THIS PROPOSED DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT. THUS, THE FILING AND DISSEMINATION OF THIS PROPOSED DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS AN AUTHORIZED SOLICITATION OF VOTES ON THE TRUSTEE'S PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE UNDER 11 U.S.C. § 1125 OR OTHERWISE.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION
www.flsb.uscourts.gov

In re Case No. 91-14561-BKC-PGH

SOUTHEAST BANKING CORPORATION, Chapter 11

Debtor.
_____/

DISCLOSURE STATEMENT WITH RESPECT TO TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

DATED DECEMBER 9, 2008

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DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS PROVIDED FOR PURPOSES OF SOLICITING VOTES ON THE TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION FOR SOUTHEAST BANKING CORPORATION (THE "PLAN"). THE INFORMATION MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF VOTES ON THE PLAN.

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

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

IN CONNECTION WITH ANY CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS THAT MAY ARISE, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS PURSUANT TO RULE 408 OF THE FEDERAL RULES OF EVIDENCE. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST OR EQUITY INTERESTS IN SOUTHEAST BANKING CORPORATION.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH HOLDER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A HOLDER UNDER THE TAX CODE; (B) SUCH DISCUSSION IS INCLUDED IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE TRUSTEE OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) EACH HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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DISCLOSURE STATEMENT WITH RESPECT TO TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION FOR SOUTHEAST BANKING CORPORATION

I. INTRODUCTION

Jeffrey H. Beck, as Chapter 11 Trustee (the "Trustee") for the Estate of Southeast Banking Corporation, Debtor (the "Debtor") submits this Disclosure Statement pursuant to Section 1125 of Title 11 of the United States Code (the "Bankruptcy Code"), in connection with the solicitation of votes on the Trustee's First Amended Chapter 11 Plan of Reorganization for Southeast Banking Corporation, dated December 9, 2008 (DE #5448) (the "Plan"). **A true and correct copy of the Plan as filed with the Bankruptcy Court is attached as Appendix A to this Disclosure Statement. All capitalized terms used in this Disclosure Statement but not otherwise defined herein have the meanings ascribed to such terms in Article I of the Plan.**

This Disclosure Statement sets forth certain information regarding the Debtor's pre-petition operating and financial history, its reasons for seeking protection under Chapter 7 of the Bankruptcy Code and subsequently converting its case to a case under Chapter 11, significant events that have occurred during the bankruptcy case, and the anticipated organization, operations, and financing of the Debtor and the affiliated entities to be created following confirmation of the Plan. This Disclosure Statement also describes certain terms and provisions of the Plan, certain effects of confirmation of the Plan, certain risk factors associated with the Plan and the securities to be issued under the Plan, and the manner in which Distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that Holders of Interests entitled to vote under the Plan must follow in order for their votes to be counted.

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

Pursuant to the provisions of the Bankruptcy Code, only classes of Claims or Interests that are (i) "impaired" by a plan of reorganization and (ii) entitled to receive a Distribution under such plan are entitled to vote on the plan. In the Debtor's case, Claims in Classes 1, 2A, 2B, 2C, 2D, 2E, and 3 are Unimpaired under former Section 1124(3) of the Bankruptcy Code,[1] and therefore are conclusively presumed to have accepted the Plan and are not entitled to vote; Interests in Class 6 are Impaired, but will be deemed to

[1] Prior to its deletion in 1994, Section 1124(3) of the Bankruptcy Code provided that a class of claims or interests was impaired under a plan unless the plan provides that, on the effective date of the plan, the holder of such claim or interest receives, on account of such claim or interest, cash equal to –

(A) with respect to a claim, the allowed amount of such claim; or

(B) with respect to an interest, if applicable, the greater of –

(i) any fixed liquidation preference to which the terms of any security representing such interest entitle the holder of such interest; or

(ii) any fixed price at which the debtor, under the terms of the security, may redeem such security from such holder.

11 U.S.C. § 1124(3) (repealed).

have rejected the Plan without necessity of ballot; and thus only Interests in Classes 4 and 5, which are Impaired and are receiving a Distribution under the Plan, are entitled to vote to accept or reject the Plan.

FOR A DESCRIPTION OF THE PLAN AND VARIOUS RISKS AND OTHER FACTORS PERTAINING TO THE PLAN, PLEASE SEE SECTION VI OF THIS DISCLOSURE STATEMENT, ENTITLED "SUMMARY OF THE CHAPTER 11 PLAN OF REORGANIZATION," AND SECTION VII OF THIS DISCLOSURE STATEMENT, ENTITLED "CERTAIN RISK FACTORS TO BE CONSIDERED."

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATING TO THE PLAN, CERTAIN EVENTS THAT HAVE OCCURRED IN THE BANKRUPTCY CASE, AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE TRUSTEE BELIEVES THAT ALL SUCH SUMMARIES ARE FAIR AND ACCURATE AS OF THE DATE HEREOF, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF UNDERLYING DOCUMENTS AND TO THE EXTENT THAT THEY MAY CHANGE AS PERMITTED BY THE PLAN AND APPLICABLE LAW. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE TRUSTEE, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. **NEITHER THE TRUSTEE NOR ANY OTHER PARTY WARRANTS OR REPRESENTS THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.**

NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT CONSTITUTES AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, IS ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR SHOULD BE CONSIDERED ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE REORGANIZATION AS TO HOLDERS OF ALLOWED CLAIMS OR INTERESTS. **YOU SHOULD CONSULT YOUR PERSONAL COUNSEL OR TAX ADVISOR WITH RESPECT TO ANY QUESTIONS OR CONCERNS REGARDING TAX, SECURITIES, OR OTHER LEGAL CONSEQUENCES OF THE PLAN.**

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING, AND CONTAINS ESTIMATES, ASSUMPTIONS, AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS. Except with respect to the pro forma financial projections set forth in the attached Appendix B (the "Projections") and except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur after the date hereof and that may have a material impact on the information contained in this Disclosure Statement. The Trustee does not undertake any obligation to, and does not intend to, update the Projections; thus, the Projections will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Projections. Further, the Trustee does not anticipate that any amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences. Accordingly, the delivery of this Disclosure Statement will not under any circumstance imply that the information herein is correct or complete as of any time after the date hereof. Moreover, the Projections are based on assumptions that, although believed to be reasonable by the Trustee, may differ from actual results.

THE TRUSTEE BELIEVES THAT THE PLAN WILL ENABLE THE DEBTOR TO REORGANIZE SUCCESSFULLY AND ACCOMPLISH THE OBJECTIVES OF CHAPTER 11, AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTOR AND THE HOLDERS OF CLAIMS AND INTERESTS TREATED UNDER THE PLAN. ACCORDINGLY, THE TRUSTEE URGES THAT ALL HOLDERS IN CLASSES WHICH ARE ELIGIBLE TO VOTE CAST THEIR BALLOTS TO ACCEPT THE PLAN.

II. OVERVIEW OF THE PLAN

The following is a brief overview of the material provisions of the Plan and is qualified in its entirety by reference to the full text of the Plan. For a more detailed description of the terms and provisions of the Plan, see Section VI of this Disclosure Statement, entitled "Summary of the Chapter 11 Plan of Reorganization."

The Plan proposes to rehabilitate SEBC and certain of its non-debtor subsidiaries by recapitalizing SEBC through an investment of $1.639 billion[2] by Investor, and reorganizing SEBC into SEBC Financial Corporation ("Reorganized SEBC"), with a new holding company, SEBC Holdings, LP ("SEBC Holdings"). SEBC Holdings will own 60% of the common stock of Reorganized SEBC and a new subsidiary, SEBC Real Estate, LLC ("Real Estate LLC"), that will acquire and hold SEBC's real estate-owning subsidiaries. The equity investment would be utilized by Reorganized SEBC to purchase senior equity securities from Investment Vehicle. Investment Vehicle, in turn, would use the proceeds from the issuance of senior equity securities to Reorganized SEBC and equity to acquire and manage a portfolio consisting of not less than $1.650 billion[3] face value in fixed-income instruments to be determined prior to Closing and to be acquired by the Investment Vehicle from an Affiliate of Investor. Depending upon the success of the business, Reorganized SEBC could later undertake a broader array of financial businesses and/or distribute the allocable portion of the earnings from Investor's equity investment to SEBC's creditors and equity holders, including SEBC Holdings. SEBC Holdings is expected to seek the continued development and ultimate sale of the real estate assets in due course. Cash flows from these sales, together with dividends, if any, on the Reorganized SEBC Common Stock owned by SEBC Holdings, would be used to pay distributions on common and preferred limited partnership units to be issued by SEBC Holdings pursuant to the Plan.

The Plan designates three Classes of Claims (including five sub-Classes) and three Classes of Interests. These Classes take into account the differing nature and priority under the Bankruptcy Code of the various Claims and Interests.

The Trustee believes that the Plan provides the best means reasonably available for the Debtor's emergence from Chapter 11.

A. General Structure of the Plan

Claims and Interests are treated generally in accordance with the priorities established under the Bankruptcy Code. All creditors holding allowed pre-petition claims have already been paid 100% of the petition date amounts of their claims, as well as a substantial amount of post-petition interest through a series of interim distributions during the Chapter 7 Case. Due to their differing levels of priority, creditors have been classified in Classes 1, 2A, 2B, 2C, 2D, 2E, and 3 (with Distributions to Classes 1 and 2 subject to reallocation under the Global Settlement Order Reallocation Formula). The remaining Classes 4, 5, and 6 consist of SEBC Series A Preferred Stock, SEBC Series E Preferred Stock, and SEBC Common Stock Interests, respectively. Each Class of Claims (Classes 1, 2A, 2B, 2C, 2D, 2E, and 3) is Unimpaired under former Section 1124(3) of the Bankruptcy Code and therefore not entitled to vote on the Plan. Class 4 and 5 Interests are Impaired and therefore entitled to vote on the Plan. Class 6 Interests, although Impaired, will be deemed pursuant to the Solicitation Order to have rejected the Plan and therefore are not entitled to vote on the Plan.

1. General Overview of Certain Material Terms of the Plan.

The Plan proposes to recapitalize SEBC through an investment of $1.639 billion[4] by Investor and to reorganize SEBC with a new holding company, SEBC Holdings, which will own 60% of the common stock of Reorganized SEBC. In addition, SEBC Holdings will own a new real estate subsidiary, Real Estate LLC, to acquire and hold SEBC's real estate-owning subsidiaries. Reorganized SEBC Class B and C Common Stock, Reorganized SEBC Senior Preferred Stock, and Reorganized SEBC Series J Junior Preferred Stock will be issued to Investor; creditors of SEBC will receive a combination of Cash, SEBC Holdings Senior Preferred Units and SEBC Holdings Junior Preferred Units, and certain creditors will receive Reorganized SEBC Series K Junior Preferred Stock; preferred stockholders of SEBC will

[2] Subject to adjustment as set forth in Section 5.6(e) of the Plan and Section VI.G.7(d) of this Disclosure Statement.

[3] *Id.*

[4] *Id.*

receive SEBC Holdings Junior Preferred Units; and common stockholders of SEBC will receive SEBC Holdings Common Units.

2. Summary of the Transaction.

In summary the Transaction involves:

(a) The creation of SEBC Holdings, which will become a public limited partnership organized to hold 60% of Reorganized SEBC Common Stock and 100% of the Real Estate LLC Membership Interests.

(b) The transfer of the Jacksonville Property to Real Estate LLC and the issuance by Real Estate LLC of a $9 million note to Reorganized SEBC.

(c) Subject to certain adjustments, the investment by Investor of $1.639 billion in Reorganized SEBC, in exchange for which Investor will receive $300 million aggregate face amount of Reorganized SEBC Series A Senior Preferred Stock; $718 million aggregate face amount of Reorganized SEBC Series B Senior Preferred Stock; $611 million aggregate face amount of Reorganized SEBC Series J Junior Preferred Stock; Reorganized SEBC Class B Common Stock representing 20% of the outstanding Reorganized SEBC Common Stock on a fully diluted basis; and Reorganized SEBC Class C Common Stock representing 20% of the outstanding Reorganized SEBC Common Stock on a fully diluted basis.

(d) Through its investment in Investment Vehicle, Reorganized SEBC will invest the proceeds in an initial investment portfolio that is assumed, for the purposes of the Projections, to return LIBOR plus 200 basis points ("bps") for 5 years.

3. Creditors

Under the terms of the Plan, creditors will receive their Pro Rata share of the following consideration in full satisfaction of their Claims of approximately $122 million[5] of post petition interest:

(a) $21 million Cash (x) plus the amount that Net Cash exceeds $8 million, or (y) minus the amount that Net Cash is less than $8 million;[6]

(b) $10.5 million[7] face amount in a combination of Reorganized SEBC Series K Junior Preferred Stock and SEBC Holdings Senior Preferred Units. Investor will be obligated to purchase not less than an aggregate $6,500,000 face amount of SEBC Holdings Senior Preferred Units and Reorganized SEBC Series K Junior Preferred Stock in lieu of the issuance of such Units and/or Stock, such that creditors shall each receive (x) a Pro Rata share of $6,500,000 in Cash and (y) a Pro Rata share of an aggregate of $4,000,000[8] face amount SEBC Series K Junior Preferred Stock and/or SEBC Holdings Senior Preferred Units, provided, however, that only Qualified Creditors shall be eligible to receive, acquire, or hold Reorganized SEBC Series K Junior Preferred Stock and provided further, however, that the Disbursing Agent shall not distribute shares of Reorganized SEBC Series K Junior Preferred Stock to more than 250 holders of record for purposes of the registration and periodic reporting obligations of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

(c) $18.7 million SEBC Holdings Junior Preferred Units.

[5] Calculated at the rate of 8% under the Global Settlement Order.

[6] This amount assumes that there will be $8 million of Available Cash on the Effective Date, but is subject to adjustment based on the actual amount of Available Cash on the Effective Date.

[7] *See* note 2, *supra*.

[8] *Id.*

Attached as Composite Appendix F are the following Summary Distribution Schedules: (i) Summary of Distributions to Bondholders – Percentage of Claims Paid; (ii) Cash and Securities Per $1,000 Claim of Postpetition Interest Claim; (iii) Cash and Securities Per $1,000 of Original Claim (Bondholders Only); (iv) Cash and Securities Per $1,000 Face Value of Bond Claim (Bondholders Only); and (v) Cash and Securities Per $1,000 of Original Claim (Non-Bondholders Only).

4. Preferred Shareholders

All currently outstanding shares of Series A Preferred Stock and Series E Preferred Stock will be converted into SEBC Holdings Junior Preferred Units with a total combined face amount of $540,000.

5. Common Stockholders

All currently outstanding shares of Old SEBC Common Stock Interests will be converted into SEBC Holdings Common Units on a one-for-one basis. Reorganized SEBC will issue 60% of Reorganized SEBC Common Stock to SEBC Holdings, and Investor will purchase the remaining 40% of Reorganized SEBC Common Stock. After giving effect to those transactions, Holders of Old SEBC Common Stock Interests will own 100% of the Common Units of SEBC Holdings, which in turn will retain a total of 60% of Reorganized SEBC Common Stock. SEBC Holdings will own 100% of the equity interest in Real Estate LLC, subject, however to the Real Estate LLC Debt.

6. Reorganized SEBC

$1,625,600,000[9] of the $1,639,000,000[10] total Cash proceeds of the Transaction will be utilized by Reorganized SEBC to acquire an interest in the Investment Vehicle, which will purchase and hold the Investment Vehicle Initial Investments. Reorganized SEBC will also own the Real Estate LLC Debt, which will have a fixed coupon equal to 5% per annum.[11] In addition, the Real Estate LLC Debt will have a participating coupon. The participating coupon will be equal to 10% of all distributions on capital by Real Estate LLC in any year that exceed the 5% fixed coupon. Upon its redemption or the liquidation of Real Estate LLC, the holder of the Real Estate LLC Debt will be entitled to the sum of (a) its remaining unpaid face amount, (b) the 5% fixed coupon that has accrued but is unpaid and (c) 10% of the excess of (1) the cumulative sum, up to such date, of the realized and unrealized value of the total assets of Real Estate LLC, over (2) the sum of $33 million and the cumulative 5% fixed coupon. The Real Estate LLC Debt will not be callable by Real Estate LLC before the 2nd anniversary of the issuance of such debt. If the Real Estate LLC Debt is still outstanding on the 7th anniversary of its issuance (or, if earlier, the redemption of all Reorganized SEBC Senior Preferred Stock), it will be mandatorily convertible into 7-year term preferred equity units of Real Estate LLC, which will have terms that correspond to the terms of the Real Estate LLC Debt. The Real Estate LLC Debt will have such other terms and conditions as will be set forth in the Plan Supplement.

Reorganized SEBC will use the dividends earned on the Investment Vehicle Senior Securities to fund the ongoing operating expenses of Reorganized SEBC and dividends and redemption amounts on the various classes of preferred stock. The dividends on the Investment Vehicle Senior Securities are expected to exceed the dividend payments on the various classes of preferred stock issued by Reorganized SEBC and hence the entity is expected to have an aggregate value (includes dividends earned and residual cash) that will accrue to Holders of Reorganized SEBC Common Stock of $25.9 million for the period to April 30, 2014 (based on and subject to the assumptions set forth in the Projections; there can be no assurance that the results set forth in the Projections will actually be obtained and such results could be more or less depending on actual asset performance and other

[9] *Id.*

[10] *Id.*

[11] *Id.*

factors). The $4.5 million[12] in Reorganized SEBC Series K Junior Preferred Stock issued to Creditors will rank ahead of Reorganized SEBC Common Stock, and will also benefit from a structural first loss position embedded in the Reorganized SEBC Series J Junior Preferred Stock.

7. SEBC Holdings

SEBC Holdings will own 60% of Reorganized SEBC Common Stock together with 100% of the common equity in Real Estate LLC. The common units in SEBC Holdings are projected to have a future value of $9.85 million at April 30, 2014 after servicing all the preferred equity units issued by it and after Real Estate LLC has serviced the Real Estate LLC Debt issued to Reorganized SEBC (based on and subject to the assumptions set forth in the Projections; there can be no assurance that the results set forth in the Projections will actually be obtained and such results could be more or less depending on actual asset performance and other factors). The performance of SEBC Holdings will in part depend on the performance of Reorganized SEBC, and in part on the development, exploitation and realization of value from the Jacksonville Property Subsidiaries.

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

The table below summarizes the classification and treatment of Claims and Interests under the Plan. All Allowed Claims have already been paid 100% of their Petition Date amounts, plus several payments of Postpetition Interest. The Claim amounts listed below therefore reflect the remaining amount of unpaid Postpetition Interest due to Holders of such Claims.

1. Valuation of SEBC Holdings

Solely for purposes of the Plan, the estimated reorganization value of the total preferred and common equity units of SEBC Holdings is assumed to be $33.5 million, as of an assumed Effective Date of April 30, 2009. The estimated reorganization value is based on a projected value of the real estate assets of $39.3 million at April 30, 2014, including both the excess mitigation credits and the partner receivables but excluding any value for the concurrency credits and the assumptions set forth in the Projections including the interest rates and implicit discount rates assumed therein. Based on the assumed reorganization value of SEBC Holdings, Structured Capital Solutions, LLC ("SCS"), the Trustee's investment banker, has determined an imputed estimate of the future value for the common equity of SEBC Holdings at April 30, 2014 of $9.85 million.

The foregoing estimate of the reorganization value of SEBC Holdings is based on a number of assumptions, including the Closing of the Transaction and the successful reorganization of SEBC's business and finances in a timely manner, the implementation of Reorganized SEBC's business plan, the achievement of the forecasts reflected in the Projections, market conditions as of November 2008 continuing through the period covered by the Projections, and the Plan becoming effective in accordance with the estimates and other assumptions discussed herein. Accordingly, there can be no assurance that the estimated value of SEBC Holdings will be obtained and the actual value could be materially less or more than the estimates.

2. Valuation of Reorganized SEBC

Solely for purposes of the Plan, the estimated reorganization value of the total preferred stock of Reorganized SEBC is assumed to be $1,633.5 million, as of an assumed Effective Date of April 30, 2009, based upon the various interest rate, implicit discount rates and other assumptions set forth in the Projections.[13] This estimate will change to reflect movements in market rates. Based upon the assumed value of Reorganized SEBC, SCS has determined an imputed estimate of the aggregate value (includes

[12] *Id.*

[13] *Id.*

dividends earned and residual cash) of the common equity of Reorganized SEBC of $25.9 million for the period to April 30, 2014.

The foregoing estimate of the reorganization value of Reorganized SEBC is based on a number of assumptions, including the Closing of the Transaction and a successful reorganization of SEBC's business and finances in a timely manner, the implementation of Reorganized SEBC's business plan, the achievement of the forecasts reflected in the Projections, market conditions as of November 2008 continuing through the period covered by the Projections, and the Plan becoming effective in accordance with the estimates and other assumptions discussed herein. Accordingly, there can be no assurance that the estimated value of Reorganized SEBC will be obtained and the actual value could be materially less or more than the estimates.

3. Projections and Assumptions

The Projections cover the operations of Reorganized SEBC and SEBC Holdings through April 30, 2014. These Projections are based on numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms; realization of the operating strategy of Reorganized SEBC and SEBC Holdings; industry performance; no material adverse changes in applicable legislation or regulations, or the administration thereof, or generally accepted accounting principles ("GAAP"); no material adverse changes in general business and economic conditions; no material adverse changes in competition; adequate financing; the absence of material contingent or unliquidated litigation, indemnity, or other claims; and other matters, many of which will be beyond the control of Reorganized SEBC and SEBC Holdings and some or all of which may not materialize.

To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Trustee, the assumptions and estimates underlying the Projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of Reorganized SEBC and SEBC Holdings. Accordingly, the Projections are only estimates and are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and are likely to increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The Projections were not prepared in accordance with standards for projections promulgated by the American Institute of Certified Public Accountants (the "AICPA"), based upon financial statements prepared in accordance with GAAP, or with a view to compliance with published guidelines of the SEC regarding projections or forecasts. Rather, the Projections have been developed by the Trustee and his advisors. The Trustee and his advisors considered a number of factors in developing the Projections, including, but not limited to, general economic conditions, market growth forecasts, and fresh start accounting adjustments. A more comprehensive discussion of the assumptions used in the Projections is found in the section entitled Summary of Significant Assumptions Adopted for Purposes of the Projections.

The Projections, financial information, and valuations for SEBC Holdings and Reorganized SEBC have not been audited, reviewed, or compiled by independent public accountants and do not purport to be in accordance with GAAP or any other comprehensive basis of accounting. The projected financial information contained in this Disclosure Statement should not be regarded as a representation or warranty by the Trustee, the Trustee's advisors, or any other Person that the Projections can or will be achieved. Neither MLE nor any of its Affiliates makes any representation or warranty as to, has independently verified or assumes any responsibility for the accuracy, completeness or sufficiency of the Projections.

The valuation assumptions are not a prediction or reflection of post-Confirmation value or trading prices, if any, of the SEBC Holdings Securities or the Reorganized SEBC Securities. Such securities may trade, if at all, at substantially lower or higher prices because of a number of factors, including, but not limited to, those discussed in Section VII herein. The value and trading

prices of securities issued under a plan of reorganization are subject to many unforeseeable circumstances and therefore cannot be predicted. It is difficult to obtain accurate pricing for the assets and securities in the current market and economic conditions, and the Projections implicitly assume some normalization of financial markets.

Class Description	**Summary of Treatment under Plan**
Administrative Claims Estimated Allowed Claims: See Estimated Cash Projections attached as Appendix C	An Administrative Claim is a Claim for payment of an Administrative Expense, and is entitled to priority pursuant to Section 507(a)(1) of the Bankruptcy Code. With respect to each Allowed Administrative Claim, except as otherwise provided for in the Plan, and subject to the requirements of Sections 9.1 through 9.5 of the Plan, on the Effective Date or the date on which such Administrative Claim becomes payable pursuant to any agreement between Reorganized SEBC or the Trustee and the Holder of such Administrative Claim, the Holder of each such Allowed Administrative Claim shall receive from the Estate, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim, (i) Cash equal to the unpaid portion of such Allowed Administrative Claim or (ii) such different treatment (on terms no more favorable to the Holder than previously agreed to among the parties) as to which the Trustee or Reorganized SEBC and such Holder shall have agreed in writing. The Professional Fee Contribution shall also be used as a source for, or in reimbursement of, Allowed Professional Fee Claims. Administrative Claims are not classified and are treated as required by the Bankruptcy Code. The Holders of such Claims are not entitled to vote on the Plan.
Class 1, Senior Noteholder Claims Allowed Claims: $3,998,578 in unpaid post-petition interest remaining due.[14]	Class 1 Consists of Senior Noteholder Claims. All principal amounts due and owing with respect to the Senior Notes have been paid in full during the Chapter 7 Case, as a result of which the Holders of Senior Notes are Unimpaired pursuant to former Section 1124(3) of the Bankruptcy Code. The Holders of the Senior Notes have Allowed Claims for and remain entitled to receive Postpetition Interest, the payment of which is governed by the Global Settlement Order, as implemented by and incorporated into the Plan. On the Distribution Date, Holders of Senior Notes shall receive, in full and final satisfaction of their Allowed Class 1 Claims, their Pro Rata share (with Classes 2 and 3) of: (i) Distributed Cash; (ii) Mixed Securities Distribution (as set forth in Section 5.7 of the Plan); and (iii) $18.7 million SEBC Holdings Junior Preferred Units. All of the foregoing consideration shall be reallocated among Holders of Senior Notes and Subordinated Notes in accordance with the provisions of the Global Settlement Order or such further order as may be entered by the Bankruptcy Court. In the event that the terms of the reallocation are not finalized by the Effective Date, the Effective Date may nevertheless occur and distributions may be made to the Holders of Allowed Class 1 Claims. Notwithstanding the foregoing, as additional consideration to the Holders of the Senior Notes, the Debtor or Reorganized SEBC shall pay, on or as soon as practicable after the Effective Date, in full in Cash, all of the Senior Indenture Trustee's reasonable Indenture Trustee Fees and Expenses incurred since July 31, 2002 (as provided in the Global Settlement Order), without application to or approval of the Bankruptcy Court and without a reduction to the recoveries of the Holders of the Senior Notes. In addition

[14] Amount calculated at the 8% Postpetition Interest rate pursuant to the Global Settlement Order, after effectuating the reallocation of Postpetition Interest payments made previously under the Global Settlement Order.

	to the foregoing, nothing contained herein shall operate to preclude the Senior Indenture Trustee from distributing to the Holders of the Senior Notes any amounts withheld by the Senior Indenture Trustee from any Interim Distribution as a reserve for Indenture Trustee Fees and Expenses in excess of the actual Indenture Trustee Fees and Expenses incurred. Class 1 Claims are Unimpaired. The Holders of such Claims are, therefore, not entitled to vote on the Plan.
Class 2, Subordinated Noteholder Claims Allowed Claims: $113,336,542 in unpaid post-petition interest remaining due.[15]	Class 2 Consists of Subordinated Noteholder Claims. All principal amounts due and owing with respect to the Subordinated Notes have been paid in full during the Chapter 7 Case, as a result of which the Holders of Subordinated Notes are Unimpaired pursuant to former Section 1124(3) of the Bankruptcy Code. The Holders of the Subordinated Notes have Allowed Claims for and remain entitled to receive Postpetition Interest, the payment of which is governed by the Global Settlement Order, as implemented by and incorporated into the Plan. On the Distribution Date, Holders of Subordinated Notes shall receive, in full and final satisfaction of their Allowed Class 2 Claims, their Pro Rata Share (with Classes 1 and 3) of: (i) Distributed Cash; (ii) Mixed Securities Distribution (as set forth in Section 5.7 of the Plan); and (iii) $18.7 million SEBC Holdings Junior Preferred Units. All of the foregoing consideration shall be reallocated among Holders of Senior Notes and Subordinated Notes in accordance with the provisions of the Global Settlement Order or such further order as may be entered by the Bankruptcy Court. In the event that the terms of the reallocation are not finalized by the Effective Date, the Effective Date may nevertheless occur and distributions may be made to the Holders of Allowed Class 2 Claims. Notwithstanding the foregoing, as additional consideration to the Holders of the Subordinated Notes, the Debtor or Reorganized SEBC shall pay, on or as soon as practicable after the Effective Date, in full in Cash, all of the Subordinated Indenture Trustees' reasonable Indenture Trustee Fees and Expenses incurred since July 31, 2002 (as provided in the Global Settlement Order), without application to or approval of the Bankruptcy Court and without a reduction to the recoveries of the Holders of the Subordinated Notes. In addition to the foregoing, nothing contained herein shall operate to preclude the Subordinated Indenture Trustees from distributing to the Holders of the Subordinated Notes any amounts withheld by the Subordinated Indenture Trustees from any Interim Distribution as a reserve for Indenture Trustee Fees and Expenses in excess of the actual Indenture Trustee Fees and Expenses incurred. Class 2 Claims are Unimpaired. The Holders of such Claims are, therefore,

[15] *Id.*

	not entitled to vote on the Plan.
Class 3, General Unsecured Creditor Claims Allowed Claims: $5,027,150 in unpaid post-petition interest remaining due.[16]	Class 3 Consists of General Unsecured Creditor Claims. All principal amounts due and owing with respect to General Unsecured Claims have been paid in full during the Chapter 7 Case, as a result of which the Holders of General Unsecured Claims are Unimpaired pursuant to former Section 1124(3) of the Bankruptcy Code. The Holders of the General Unsecured Claims have Allowed Claims for and remain entitled to receive Postpetition Interest, the payment of which is governed by the Global Settlement Order, as implemented by and incorporated into the Plan. On the Distribution Date, Holders of Allowed Class 3 Claims shall receive, in full and final satisfaction of their Allowed Class 3 Claims, their Pro Rata Share (with Classes 1 and 2) of: (i) Distributed Cash; (ii) Mixed Securities Distribution (as set forth in Section 5.7 of the Plan); and (iii) $18.7 million SEBC Holdings Junior Preferred Units. Class 3 Claims are Unimpaired. The Holders of such Claims are, therefore, not entitled to vote on the Plan.
Class 4, Series A Preferred Stock Interests Allowed Interests: 600,000 shares	Class 4 Interests consist of the Series A Preferred Stock Interests. On the Distribution Date, in full and final satisfaction of all Allowed Class 4 Interests, all shares of Series A Preferred Stock shall be converted into an aggregate of 300,000 units ($300,000 aggregate face amount) of SEBC Holdings Junior Preferred Units (the "Series A Exchange"). Effective upon the Series A Exchange, each certificate theretofore representing shares of Series A Preferred Stock (a "Series A Certificate") shall no longer represent any interest in the capital stock of SEBC, and shall represent only the right to receive a new certificate representing the number of SEBC Holdings Junior Preferred Units into which the Series A Preferred Stock Interests previously represented by the Series A Certificate shall have been converted. Class 4 Claims are Impaired. The Holders of such Interests are, therefore, entitled to vote on the Plan.
Class 5, Series E Preferred Stock Interests Allowed Interests: 240,000 shares	Class 5 Interests consist of the Series E Preferred Stock Interests. On the Distribution Date, in full and final satisfaction of all Allowed Class 5 Interests, all shares of Series E Preferred Stock shall be converted into an aggregate of 240,000 units ($240,000 aggregate face amount) of SEBC Holdings Junior Preferred Units (the "Series E Exchange"). Effective upon the Series E Exchange, each certificate theretofore representing shares of Series E Preferred Stock (a "Series E Certificate") shall no longer represent any interest in the capital stock of SEBC, and shall represent only the right to receive a new certificate representing the number of SEBC Holdings Junior Preferred Units into which the Series E Preferred Stock Interests previously represented by the Series E Certificate shall have been converted. Class 5 Claims are Impaired. The Holders of such Interests are, therefore, entitled to vote on the Plan.

[16] *Id.*

Class 6, SEBC Common Stock Interests Estimated Allowed Interests: 34,719,601 shares	Class 6 Interests consist of Old SEBC Common Stock Interests. On the Distribution Date, in full and final satisfaction of all Allowed Class 6 Interests, each of the shares of Old SEBC Common Stock Interests shall be converted into one (1) unit of SEBC Holdings Common Units (the "Common Stock Conversion"). Following the Common Stock Conversion, Holders of Allowed Class 6 Interests shall hold, in the aggregate, 100% of the SEBC Holdings Common Units. Effective upon the Common Stock Conversion, each Old SEBC Common Stock Certificate shall no longer represent any interest in the capital stock of SEBC and shall represent only the right to receive a new certificate representing the number of SEBC Holdings Common Units into which the Old SEBC Common Stock Interests previously represented by the Old SEBC Common Stock Certificate shall have been converted. Class 6 Claims are Impaired by the Plan, and, pursuant to the Solicitation Order, are deemed to have rejected the Plan, and therefore are not entitled to vote on the Plan.

As of the Petition Date, 34,719,601 shares of Old SEBC Common Stock Interests were issued and outstanding. To the best of the Trustee's knowledge, however, the most recent listing of Holders of Old SEBC Common Stock Interests is a Depository Trust Company list containing the names of financial institutions and brokerage firms which hold Old SEBC Common Stock Interests in street name, accounting for only approximately 12.4 million of the more than 34 million shares issued and outstanding as of the Petition Date. Accordingly, Section VI.D.12(b) of the Disclosure Statement describes in detail the mechanism set forth in Section 6.7(b) of the Plan for Holders of Old SEBC Common Stock Interests to establish their Allowed Interests.

C. Post-Effective Date Structure

After the Effective Date, Reorganized SEBC Common Stock will be owned 60% by SEBC Holdings and 40% by Investor. Reorganized SEBC will own the Investment Vehicle Senior Securities and the Real Estate LLC Debt. SEBC Holdings will control Real Estate LLC, which will own the Jacksonville Property. A diagram of the post-Effective Date structure is attached as Appendix D to this Disclosure Statement.

THE TRUSTEE BELIEVES THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR, AND THUS STRONGLY RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

III. PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Notice to Holders of Claims and Interests

Approval by the Bankruptcy Court of this Disclosure Statement means that the Bankruptcy Court has found that this Disclosure Statement contains information of a kind and in sufficient and adequate detail to enable Holders of Claims and Interests to make an informed judgment about whether to accept or reject the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR THEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

IF THE PLAN IS APPROVED BY THE REQUISITE VOTE OF HOLDERS OF INTERESTS ENTITLED TO VOTE AND IS SUBSEQUENTLY CONFIRMED BY THE BANKRUPTCY COURT, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTOR,

WHETHER OR NOT THEY WERE ENTITLED TO VOTE OR DID VOTE ON THE PLAN AND WHETHER OR NOT THEY RECEIVE OR RETAIN ANY DISTRIBUTIONS OR PROPERTY UNDER THE PLAN. THUS ALL HOLDERS OF INTERESTS IN THE DEBTOR ENTITLED TO VOTE ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS APPENDICES, SUPPLEMENTS AND EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR REJECT THE PLAN.

THIS DISCLOSURE STATEMENT AND THE PLAN ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement, and no person has been authorized to distribute any information concerning the Debtor other than the information contained herein or therein. No such information should be relied upon in making a determination to vote to accept or reject the Plan.

B. Voting Rights

Pursuant to the provisions of the Bankruptcy Code, only Holders of Claims and Interests in Classes that are (a) treated as "impaired" by a plan of reorganization and (b) entitled to receive a distribution under such plan are entitled to vote on the plan. Under the Plan, Holders of Claims in Classes 1, 2A, 2B, 2C, 2D, 2E, and 3 are all Unimpaired under former Section 1124(3) of the Bankruptcy Code, and as such, are not entitled to vote on the Plan. Holders of Class 4 and 5 Interests are Impaired and therefore are entitled to vote on the Plan. Holders of Class 6 Interests will be deemed, pursuant to the Solicitation Order, to have rejected the Plan, and therefore their votes will not be solicited with respect to the Plan.

Because Class 6 is deemed to have rejected the Plan (and to the extent that any other Impaired Class rejects the Plan), the Trustee shall request Confirmation of the Plan, as it may be modified from time to time, by way of Cramdown. Likewise, in the event any party in interest may seek to object to Confirmation of the Plan based on any alleged inadequacy of the number of ballots cast to accept or reject for any Class of Interests, or the procedure by which ballots were solicited, the Trustee shall request Confirmation of the Plan, as it may be modified from time to time, by way of Cramdown. The Trustee reserves the right to alter, amend, modify, revoke, or withdraw the Plan, the Plan Supplement, or any exhibit, including to amend or modify it to satisfy the requirements of Section 1129(b) of the Bankruptcy Code, if necessary.

C. Solicitation Materials

The Trustee will send to all known Holders of Claims and Interests, at their last known addresses, copies of (a) the Disclosure Statement and Plan; (b) the notice of, among other things, (i) the date, time, and place of the hearing to consider confirmation of the Plan and related matters and (ii) the deadline for filing objections to confirmation of the Plan (the "Confirmation Hearing Notice"); (c) with respect to Holders of Class 4 and 5 interests only, one or more ballots (and return envelopes) to be used in voting to accept or to reject the Plan; and (d) other materials as authorized by the Bankruptcy Court. In addition, the Disclosure Statement, Plan, the Confirmation Hearing Notice, and other materials as authorized by the Bankruptcy Court will be posted on the www.sebcglobalsettlement.com website. The Confirmation Hearing Notice will also be published one time in each of The Wall Street Journal (national edition), The New York Times, The Miami Herald, The Tampa Tribune, The St. Petersburg Times, The Orlando Sentinel, The Florida Times Union, The Charlotte Observer, The Los Angeles Times, Investors Business Daily, London Financial Times, and the Luxembourg Wort.

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

Karina Dominguez
Greenberg Traurig, P.A.
1221 Brickell Avenue
Miami, FL 33131
Telephone (305) 579-7743
Facsimile (305) 579-0717
Email: dominguezk@gtlaw.com

D. Voting Procedures, Ballots, and Voting Deadline for Holders of Class 4 and 5 Interests

After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your ballot, you are asked to indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the accompanying ballot. You should complete and sign your original ballot sent to you with this Disclosure Statement (copies will not be accepted) and return it as instructed in the envelope provided.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED NO LATER THAN [_____ __], 2009, AT 4:00 P.M. PREVAILING EASTERN TIME (THE "VOTING DEADLINE") BY THE FOLLOWING:

SOUTHEAST BANKING CORPORATION
c/o Jeffrey H. Beck, Chapter 11 Trustee
J Beck & Associates, Inc.
595 S. Federal Highway, Suite 600
Boca Raton, Florida 33432

UNLESS OTHERWISE PROVIDED IN THE INSTRUCTIONS ACCOMPANYING THE BALLOTS, FAXED BALLOTS WILL NOT BE ACCEPTED. BALLOTS THAT ARE RECEIVED BUT NOT SIGNED WILL NOT BE COUNTED. BALLOTS THAT ARE SIGNED BUT DO NOT SPECIFY WHETHER THE HOLDER ACCEPTS OR REJECTS THE PLAN WILL BE COUNTED AS AN ACCEPTANCE. DO NOT RETURN ANY STOCK CERTIFICATES OR OTHER EVIDENCES OF YOUR INTERESTS WITH YOUR BALLOT.

If you have any questions about the procedure for voting your Interest or the packet of materials that you have received, or if you wish to obtain, at your own expense unless otherwise specifically required by Bankruptcy Rule 3017(d), an additional copy of the Plan, this Disclosure Statement, or any appendices or exhibits to such documents, please contact:

Karina Dominguez
Greenberg Traurig, P.A.
1221 Brickell Avenue
Miami, FL 33131
Telephone (305) 579-7743
Facsimile (305) 579-0717
Email: dominguezk@gtlaw.com

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

THE TRUSTEE URGES ALL HOLDERS OF INTERESTS ENTITLED TO VOTE TO EXERCISE THEIR RIGHT BY COMPLETING THEIR BALLOTS AND RETURNING THEM BY THE VOTING DEADLINE.

E. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to Section 1128 of the Bankruptcy Code and Bankruptcy Rule 3017(c), the Bankruptcy Court has scheduled a Confirmation Hearing for [_____], 2009, at [___:____ a.m./p.m.] prevailing Eastern Time. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequently adjourned Confirmation Hearing. Objections to Confirmation of the Plan must be made in writing and must specify in detail the name and address of the objector, all grounds for the objection, and the amount and Class of the Claim or Interest. Any such objection must be filed with the Bankruptcy Court on or before [_____], 2009, at 4:00 p.m. prevailing Eastern Time. Objections to Confirmation of the Plan are governed by Bankruptcy Rule 9014.

IV. GENERAL INFORMATION CONCERNING THE DEBTOR

SEBC was the holding company of Southeast Bank, N.A. ("SEBNA") and its sister institution, Southeast Bank of West Florida ("SEBWF," together with SEBNA, the "Banks"), and the direct or indirect parent of a number of subsidiary corporations and affiliates, active and inactive, which at various times conducted substantial business throughout the State of Florida and beyond. The businesses of SEBC and its affiliates consisted of banking, real estate investment and development, insurance, mortgage banking, venture capital, and asset investment.

A. The Debtor's Historic Operations

SEBC was a bank holding company based in Miami, Florida. At the time of their failure the Banks had total assets of $10.5 billion and total deposits of $7.6 billion. Most of the assets were with SEBNA, which had 218 of the combined 224 branches and all but $100 million of the assets. Together, the two banks had approximately 6,200 employees, operating exclusively in Florida.

SEBC began as the First National Bank of Miami, which was founded on December 1, 1902 and became the largest bank in Florida by 1946. It was one of only two banks in Florida to survive the Great Depression of the 1930s. The bank changed its name to Southeast Bank in 1969, and throughout the 1960s and 1970s was the largest bank in Florida. Southeast Bank enjoyed a sterling reputation both in the community and in banking circles generally, and was occasionally referred to as "the Morgan of the South."

Although some regional economic problems began to weaken SEBNA in the early 1980s, it remained highly regarded in the Florida banking industry. In 1982, a hostile shareholder attempt to take control of the bank was rebuffed at a cost of $148 million. One year later, SEBNA ceded its position as the largest bank in Florida to Barnett Banks, Inc. ("Barnett"), and in succeeding years the SEBC board of directors rebuffed a series of merger overtures from Barnett while the economic franchise of Southeast Bank began what proved to be a steady decline.

In 1987, SEBNA lost $87 million on loans to lesser developed countries. In 1988 SEBNA bought First Federal Savings and Loan of Jacksonville, Florida, an acquisition that turned out to be unprofitable. Also during 1988, SEBNA began losing its deposit base to competitors. By June 30, 1990, it had fewer offices in Florida (246) than either First Union National Bank of Florida ("First Union") (390) or SunTrust Bank ("SunTrust") (369), and far fewer than Barnett (548). Although Florida's banking market was driven by consumer accounts and its economy was powered by small businesses, SEBNA was perceived in the corporate community as a bank that preferred to do business with large companies. SEBNA had developed a large Latin American private banking business, and the number of its uninsured deposits was high for a bank of its size, making up almost 13 percent of all deposits at the end of 1990 and about $760 million, or 10 percent of all deposits, at the time of failure.

Between July 1990 and January 1991, SEBNA replaced its president and entered into a formal agreement with the Office of the Comptroller of the Currency ("OCC"), in which it agreed, among other

things, to improve its real estate lending and credit administration procedures. The bank failed to comply with parts of the enforcement action, however, and continued to experience substantial losses, reporting a $172 million loss in 1990. SEBNA also experienced significant problems as a result of concentrated lending in commercial real estate, and weak underwriting and credit administration practices. As of August 31, 1991, real estate loans at SEBNA totaled $3.5 billion, or 45 percent of the bank's total loan and lease portfolio, and nonperforming assets equaled 10 percent of loans.

SEBNA reported a loss of $116.6 million for the first quarter of 1991 and $139 million for the second quarter of 1991. The announcement of the huge 1991 losses caused more depositors to withdraw their funds, and the bank's liquidity problems worsened. Total deposits declined from $11.2 billion at year-end 1990 to $8 billion at the end of August 1991, falling more than $1 billion in July and August alone. In September 1991, having already begun to borrow from the Federal Reserve's "discount window," SEBNA began to offer above-market-rate certificates of deposit in a further effort to generate liquidity.

SEBNA was by no means the only major banking institution facing financial challenges. Reacting to the well-publicized crisis in the industry that had already caused the number of bank failures to jump dramatically, the Federal Reserve agreed with Congress that it would limit its lending to undercapitalized banks to a period of 60 days out of any 120-day period. Accordingly, SEBNA was unable to obtain funding to meet its daily cash needs.

From June through early September 1991, SEBNA struggled to put together a proposal for open bank assistance from the Federal Deposit Insurance Corporation ("FDIC"). SEBNA officials worked closely with the FDIC in arranging for due diligence by teams from Barnett, First Union, NCNB Corporation, SunTrust, and a private investor group. SEBNA's President Douglas Ebert reported, however, that hopes "really dimmed" when a New York investment firm that could have provided additional capital broke off negotiations on September 13, 1991.

On September 19, 1991, the OCC notified the Board of Governors of the Federal Reserve System (the "Federal Reserve") that SEBNA was no longer a viable national association, and the Federal Reserve demanded immediate payment of its $568 million loan to SEBNA. With $10.4 billion in assets but inadequate liquidity SEBNA was unable to make payment and was closed by the OCC. On that same date the FDIC asserted its cross-guarantee authority and assessed SEBWF $143 million, the estimated cost of the FDIC's then-projected loss on SEBNA. With only $92.3 million in assets SEBWF was unable to fund this assessment, and thereupon was closed by the Florida Department of Banking and Finance (today known as of the Florida Office of Financial Regulation). At the time of its closing, SEBNA had approximately $409 million in equity capital and $430 million in loan loss reserves.

Barnett, First Union, and SunTrust all submitted bids for the two failed banks, and the bid from First Union was determined to be the least costly to the Bank Insurance Fund ("BIF"). The FDIC Board of Directors approved two purchase and assumption transactions with First Union, which paid a premium of $81 million to take over the failed banks' franchises. All depositors were protected because the FDIC determined that transferring all deposits to First Union resulted in the lowest cost transaction for the BIF. The transaction made First Union the second largest banking institution in Florida behind Barnett, and the 16th largest banking company in the United States.

On September 20, 1991, one day after the regulatory intervention of SEBNA and SEBWF, SEBC filed a voluntary petition under Chapter 7 of the Bankruptcy Code. On September 24, 1991, Jules I. Bagdan was appointed as Interim Chapter 7 Trustee.

B. Debtor's Capital Structure

Before the Petition Date, the Debtor was a party to the Senior Indenture, the 1972 Indenture, the 1984 Indenture, the 1985 Indenture, the 1987 Indenture, and the 1989 Indenture, in the total original principal amount of $349,456,945. In addition to the amounts due under the Notes, the Debtor was also

indebted to other Holders of General Unsecured Claims in the total principal amount of $10,062,375 as of the Petition Date. There were no secured claims as of the Petition Date.

As noted above, all Allowed Claims have already been paid in full 100% of their Petition Date amounts, plus several payments of Postpetition Interest. Taking into account all prior payments of Postpetition Interest as reallocated under the Global Settlement Order, and applying the 8% Legal Interest rate set forth in the Global Settlement Order, as of the Conversion Date, the total amount of indebtedness due on account of Postpetition Interest under the Senior Indenture is $3,998,578; the total amount of indebtedness due on account of Postpetition Interest under the Subordinated Indentures is $113,336,542, and the total amount of indebtedness due on account of Postpetition Interest to Holders of General Unsecured claims is $5,027,150.

1. The Senior Indenture

The Senior Indenture, dated as of March 1, 1983, between the Debtor and Manufacturers Hanover Trust Co., as Trustee, is for $57,250,000.00 in original principal amount of 11 1/4% Senior Notes due 1993. As of the Petition Date, the total amount of indebtedness claimed due under the Senior Indenture was $60,031,775. Through a series of interim distributions and implementation of the Global Settlement Order (defined below), the entire amount of pre-petition indebtedness due under the Senior Indenture has been paid in full, plus post-petition interest in the amount of $7,503,148. As of the Conversion Date, the remaining post-petition interest due under the Senior Indenture was $3,998,577.69.

2. The 1972 Indenture

The 1972 Indenture, dated as of October 15, 1972, between the Debtor and Morgan Guaranty Trust Co. of New York, as Trustee, is for $35 million in original principal amount of 4 3/4% Convertible Subordinated Debentures due 1997. As of the Petition Date, the total amount of indebtedness claimed due under the 1972 Indenture was $12,334,529.00. Through a series of interim distributions and implementation of the Global Settlement Order, the entire amount of pre-petition indebtedness due under the 1972 Indenture has been paid in full, plus post-petition interest in the amount of $1,650,760.53. As of the Conversion Date, the remaining post-petition interest due under the 1972 Indenture was $4,832,828.51.

3. The 1984 Indenture

The 1984 Indenture, dated as of December 1, 1984, between the Debtor and Morgan Guaranty Trust Co. of New York, as Trustee, is for $75 million in original principal amount of Floating Rate Subordinated Notes due 1996. As of the Petition Date, the total amount of indebtedness claimed due under the 1984 Indenture was $45,609,909.73. Through a series of interim distributions and implementation of the Global Settlement Order, the entire amount of pre-petition indebtedness due under the 1984 Indenture has been paid in full, plus post-petition interest in the amount of $6,104,377.41. As of the Conversion Date, the remaining post-petition interest due under the 1984 Indenture was $17,871,404.48.

4. The 1985 Indenture

The 1985 Indenture, dated as of November 1, 1985 between the Debtor and Morgan Guaranty Trust Co. of New York, as Trustee, is for $75 million in original principal amount of Floating Rate Subordinated Capital Notes due 1997. As of the Petition Date, the total amount of indebtedness claimed due under the 1985 Indenture was $76,759,981.25 Through a series of interim distributions and implementation of the Global Settlement Order, the entire amount of pre-petition indebtedness due under the 1985 Indenture has been paid in full, plus post-petition interest in the amount of $10,273,466.86. As of the Conversion Date, the remaining post-petition interest due under the 1985 Indenture was $30,076,987.22.

5. The 1987 Indenture

The 1987 Indenture, dated as of April 1, 1987 between the Debtor and Morgan Guaranty Trust Company of New York, is for $50 million in original principal amount of 6½% Subordinated Capital Notes Due 1999. As of the Petition Date, the total amount of indebtedness claimed due under the 1987 Indenture was $50,049,865.14. Through a series of interim distributions and implementation of the Global Settlement Order, the entire amount of pre-petition indebtedness due under the 1987 Indenture has been paid in full, plus post-petition interest in the amount of $6,698,615.89. As of the Conversion Date, the remaining post-petition interest due under the 1987 Indenture was $19,611,119.37.

6. The 1989 Indenture

The 1989 Indenture, dated as of March 15, 1989 is between the Debtor and Irving Trust Co., as Trustee, is for $100,000,000 in original principal amount of 10 1/2% Subordinated Notes due 2001. As of the Petition Date, the total amount of indebtedness claimed due under the 1989 Indenture was $104,670,884.92 Through a series of interim distributions and implementation of the Global Settlement Order, the entire amount of pre-petition indebtedness due under the 1989 Indenture has been paid in full, plus post-petition interest in the amount of $13,985,406.90. As of the Conversion Date, the remaining post-petition interest due under the 1989 Indenture was $40,944,202.28.

7. Other General Unsecured Claims

In addition to the indebtedness due under the various Indentures, the Debtor also had pre-petition indebtedness to Holders of other General Unsecured Claims, including claims of trade creditors and employees. Certain other general unsecured creditors formerly filed or held large claims against the Estate, but have waived or released their right to post-petition interest in connection with the settlement of claim objections (specifically, the following non-Noteholder unsecured creditors have waived their right to receive post-petition interest: John P. Bullard, Claim No. 903 ($496,502.00 principal claim); Douglas E. Ebert, Claim No. 525 ($596,720.69 principal claim); and Scott Holman, Claim No. 897 ($71.68 principal claim)). As of the Conversion Date, the remaining post-petition interest due with respect to those General Unsecured Claims entitled to Postpetition Interest was $5,027,149.99.

8. Preferred Stock

As of the Petition Date, the Debtor had two outstanding issues of Preferred Stock – Series A Preferred Stock and Series E Preferred Stock.

(a) The Series A Preferred Stock

The Series A Preferred Stock consists of 600,000 authorized Adjustable Rate Cumulative Preferred Stock, Series A, with a stated value of $50 per share authorized and issued by the Debtor on April 20, 1987. The Series A Preferred Stock is nonvoting except in the event of default in payment of dividends, has no conversion rights, and has a liquidation preference of $50 per share plus accumulated and unpaid dividends. To the best of the Trustee's knowledge as of the date of this Disclosure Statement, all of the issued and outstanding shares of SEBC Series A Preferred Stock are held entirely by Atlantic Investment Company, an affiliate of Norfolk Southern Corporation.

(b) The Series E Preferred Stock

The Series E Preferred Stock consists of 240,000 authorized 8.75% Cumulative Convertible Preferred Stock, Series E, with a stated value of $100 per share authorized and issued by the Debtor on May 26, 1989. The Series E Preferred Stock is nonvoting except in the event of default in payment of dividends and has a liquidation preference of $100 per share plus accumulated and unpaid dividends. Although the Series E Preferred Stock had originally been convertible into 3.125 shares of Common Stock per share of Series E Preferred Stock, those conversion rights were never exercised and have

since lapsed. The Series E Preferred Stock was originally issued to American Pioneer Savings Bank ("American Pioneer") in December of 1989, with certain debt securities, in connection with the acquisition of several bank branches by SEBNA. American Pioneer was subsequently placed into receivership of the Resolution Trust Corporation. As of the date of this Disclosure Statement, to the best of the Trustee's knowledge, all of the issued and outstanding shares of SEBC Series E Preferred Stock are now held entirely by the Federal Deposit Insurance Corporation, in its corporate capacity.

9. Common Stock

As of the Petition Date, SEBC had authorized 80,000,000 shares of Common Stock, with 34,719,601 shares issued and outstanding. There were also 7,424,989 authorized but unissued shares reserved for issuance upon the exercise of stock options, conversion of preferred stock and convertible debt instruments, or under dividend reinvestment and employee benefit plans.

Any information that the Trustee has with respect to the identity of Holders of Old SEBC Common Stock Interests, however, is long-outdated and incomplete due to changes in address and circumstances over the many years since the list was compiled. To the best of the Trustee's knowledge, the most recent listing of Holders of Old SEBC Common Stock Interests is a Depository Trust Company list containing the names of financial institutions and brokerage firms which hold Old SEBC Common Stock Interests in street name, accounting for only approximately 12.4 million of the more than 34 million shares issued and outstanding as of the Petition Date. In light of this outdated and incomplete information with respect to Holders of Old SEBC Common Stock Interests, the Trustee requested the appointment of a Legal Representative for Holders of Old SEBC Common Stock Interests, as discussed in detail in Section V.B.2. of this Disclosure Statement. Section 6.7(b) of the Plan discusses in detail the mechanism for establishing the validity of Old SEBC Common Stock Interests and for redeeming Old SEBC Common Stock Certificates for new certificates representing the number of SEBC Holdings Common Units to which the Old SEBC Common Stock Interests previously represented by the Old SEBC Common Stock Certificate shall have been converted pursuant to Section 3.4 of the Plan.

V. THE BANKRUPTCY CASE

This Bankruptcy Case, until its conversion to Chapter 11 on September 17, 2007, was the largest Chapter 7 liquidation in the history of this District. As noted above, the Chapter 7 Case arose out of the "early intervention" and regulatory seizure by federal regulators of SEBC's principal banking subsidiary, SEBNA, and the related intervention and seizure by state regulators of SEBWF, on September 19, 1991, and the appointment of the FDIC as their Receiver. On the following day, September 20, 1991, SEBC's board of directors voted to authorize the filing of a voluntary Chapter 7 petition, and then promptly resigned along with all of SEBC's officers.

It is indeed rare, if not unprecedented, for a Chapter 7 case to be converted to a case under Chapter 11 almost sixteen years after its initial filing. The unique circumstances of this case require a lengthy explanation of the significant events in the Chapter 7 Case, which follows in this Section of the Disclosure Statement.

A. The Chapter 7 Case

1. The Trustees, Professionals, and the Ad Hoc Committee

(a) The Trustees

Jules I. Bagdan was appointed Interim Trustee on September 24, 1991, and served until his resignation was accepted by the United States Trustee on April 10, 1992. Upon acceptance of Mr. Bagdan's resignation, the U.S. Trustee appointed James S. Feltman as Interim Trustee. Mr. Feltman served as Interim Trustee until William A. Brandt, Jr. was elected as Trustee at the reconvened meeting of creditors on April 14, 1992.

Mr. Brandt served as Trustee until his resignation on April 1, 1998, at which time Jeffrey H. Beck was appointed as the fourth Trustee in the case. Mr. Beck also served as the duly qualified and appointed Successor Agent to the FDIC for the SEBNA Receivership until he was discharged from that role on October 31, 2008 by the United States District Court for the Southern District of Florida (the "District Court") in Case No. 08-22286-CIV-Cooke (discussed in Section V.A.4. of this Disclosure Statement).

(b) Retention of Professionals

(i) Debtor's Counsel

Upon filing its Chapter 7 petition, the Debtor was represented by Herbert Stettin, Esq., who was retained for the limited purpose of filing the Chapter 7 petition and schedules, appearing at the Bankruptcy Code Section 341 meeting of creditors, and providing limited information to the Trustee and his counsel.

(ii) Trustee's Attorneys

Interim Trustee Bagdan retained Greenberg Traurig, P.A. (then Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A.) ("Greenberg Traurig") as his general counsel in September 1991. Greenberg Traurig continued to represent each successive Trustee as general counsel, including Trustees Feltman, Brandt, and Beck. The Trustees also retained various professionals over the course of the Chapter 7 Case, including special counsel, special litigation and appellate counsel, and litigation consultants.[17]

Since the Conversion Date, Trustee Beck has retained Greenberg Traurig and certain professionals who provided services during the Chapter 7 phase of the case to provide services in connection with the Trustee's administration of the Chapter 11 estate, and to advise the Trustee in connection with issues relating to confirmation and implementation of the proposed Plan.

McDermott Will & Emery was retained as special ERISA counsel in March 1992 by Trustee Brandt in order to provide legal advice with respect to the Trustee's powers, duties and responsibilities under the Employee Retirement Income Security Act of 1974 and other applicable law relating to employee benefits, and has continued to serve as special ERISA counsel to Trustee Beck in both the Chapter 7 and 11 phases of this case in connection with these issues, including the winding up of the Debtor's pension and other employee benefit and welfare plans.

Smith Hulsey & Busey ("Smith Hulsey") was retained as special counsel to the Trustee in December 2002 in connection with the sale of that certain property located in Jacksonville, Florida. Through its non-debtor subsidiaries, Southwest Properties, Inc., SWQ Holding, Inc. and Southwest Quadrant Joint Venture, the estate retains an interest in vacant land located at the Southwest Quadrant of J. Turner Butler Boulevard and Southside Boulevard (the "Southwest Quadrant Property"). Smith Hulsey continues to serve as special counsel during the Chapter 11 phase of this case in connection with the sale of the Southwest Quadrant Property.

(iii) Trustee's Accountants

The Trustees also retained accountants and financial advisors over the course of the Chapter 7 Case. In April of 1998 Trustee Beck retained Kapila & Company ("Kapila") as accountants and financial advisors, to provide forensic and general accounting services, financial analyses, and assist in compliance with reporting requirements. Kapila was also retained for the Chapter 11 phase of the case,

[17] Certain of these professionals, including Greenberg Traurig, McDermott Will & Emery, and Kapila & Co., have been retained by the Trustee in the Chapter 11 phase of the case pursuant to a series of orders entered since the conversion to Chapter 11 in September of 2007.

and continues to provide necessary financial consulting, accounting and tax services associated with preparation of the Plan and this Disclosure Statement.

(iv) Fee Auditor

Warren H. Smith was retained as Fee Auditor in March 2000, to conduct a comprehensive review and analysis of all interim and final fee applications filed by professionals retained by the Trustee, and all billing statements submitted by professionals providing services to non-debtor subsidiaries. During the course of his analyses, Mr. Smith reviews the reasonableness of the fees and expenses requested, and makes recommendations to the Court with respect to the allowance, award and payment of amounts sought. Mr. Smith continues to serve as fee auditor in the Chapter 11 phase of the case.

(v) Trustee's Investment Banker

Most recently, the Trustee retained an investment banker, SCS, to determine whether it may be possible to enter into a business transaction with an investor willing to invest new equity which, if accomplished, would facilitate the reorganization of SEBC to engage in some of the financial service industry activities (not including banking) in which SEBC and its affiliates historically participated. The accomplishment of this objective would create additional value for creditors and shareholders not available in Chapter 7. SCS holds considerable experience in transactions of this type, and as a direct result of SCS's retention, this case was converted to Chapter 11 and the Trustee has been able to propose the Plan as a means for implementation of the Transaction by Investor. The terms of SCS's compensation are set forth in detail in Sections V.A.5, VI.C.1(c), and VI.G.11 herein.

(c) The Ad Hoc Committee

The Ad Hoc Committee was formed in approximately 1996 as a vehicle through which certain of the largest Holders of the Debtor's Subordinated Notes could take a more active role and exercise greater oversight in the Chapter 7 Case, initially for the purpose of obtaining additional information from Trustee Brandt about the status and pursuit of certain litigation claims asserted by the Estate against former officers, directors and professionals. In 1997 the Ad Hoc Committee sought the removal of Trustee Brandt, and has remained active in the Bankruptcy Case since the appointment and qualification of Trustee Beck in April of 1998.

2. The Business of the Estate

Because this case was originally filed as a Chapter 7 liquidation case over sixteen years ago, and not as a Chapter 11 reorganization, the Debtor has had no management other than the Trustee and certain staff and employees employed by him.

Immediately upon its appointment as Receiver for the Banks on September 19, 1991, the FDIC sold substantially all of their assets to First Union in the purchase and assumption transactions referenced above. As a consequence of the seizure of the Banks, the sale of their assets and the resulting Chapter 7 filing, all of the officers and directors of SEBC and the Banks resigned or were terminated. Many of these individuals left the community or were hired by First Union or other banks, and were required to devote their attention to the business affairs of their new employers. As a result, the Trustees and their attorneys were required to marshal an overwhelming number of assets of all types with little assistance from the former officials having most knowledge of those assets. The difficulties of this task were exacerbated by a series of adversary proceedings and contested matters commenced by various parties almost immediately following entry of the order for relief in this Court.

In particular, on September 20, 1991 the FDIC commenced an adversary proceeding in the Bankruptcy Court seeking emergency relief to confirm ownership, dominion and control over the proceeds of a $28 million repurchase agreement between SEBC and SEBNA (the "FDIC Repo Adversary"). The litigation was ultimately resolved in favor of the SEBC Estate, upon the commitment by Trustee Brandt

that the funds first be applied toward payment of unfunded medical benefits owed to employees of the Banks at the time of their seizure. The proceeds of the settlement proved sufficient to pay all accrued and approved medical benefits owed through October 31, 1991, thereby eliminating the prospect of hundreds of employee claims against the estate, and return a surplus to the estate of approximately $20,000.

The subject of employee benefits also came repeatedly before the Court in the form of a series of contested matters, adversary proceedings, lawsuits and appeals (collectively, the "Employee Benefits Litigation") commenced by the former members of the SEBC Employee Benefits Committee which had previously administered certain of the Debtor's ERISA and non-ERISA-qualified employee benefit and welfare plans. Acting both to protect the Estate's interest in a projected surplus in the defined benefit pension plan and ensure that all of the plans were properly administered so as to avoid incurring claims against the Estate for non-payment of approved benefits or a shortfall that would give rise to a claim against the Estate by the Pension Benefit Guaranty Corporation, Trustee Bagdan terminated the Employee Benefits Committee and assumed direct, day-to-day control over all of the benefit and welfare plans sponsored by the Debtor. Members of the Committee challenged the removal through litigation and appeals in the Bankruptcy Court and District Court, and ultimately dropped their litigation after the Trustee repeatedly prevailed in his efforts to maintain control over the plans. As a result, in addition to their administration of the SEBC Estate and, ultimately, the SEBNA Receivership, the Trustees for SEBC successfully administered, terminated and wound up the various benefit and welfare plans. Pension, 401(k) and Health Plan benefits totaling more than $90 million were paid to former employees, and Trustee Beck recovered more than $17 million for the Estate from the surplus in the overfunded pension plan.

In addition, the regulatory seizure of the Banks and resulting Chapter 7 filing by SEBC severed the identity of interest that had historically existed between and among SEBC and over 60 affiliated entities, creating uncertainty over the ownership and use of various assets under the SEBC umbrella. Diligent review of title documents and voluminous corporate records, many obtained from the FDIC and First Union by way of contested motions filed under Bankruptcy Rule 2004, confirmed that many of the assets necessary or incidental to operation of the SEBNA branch banking system – including certain of the branch sites at which First Union commenced operations after acquiring the SEBNA franchise from the FDIC – were owned or leased not by SEBNA but by a direct subsidiary of SEBC. As Trustees Bagdan and Brandt took the necessary corporate action to assume control over those non-debtor subsidiaries, the FDIC and First Union initiated a series of challenges (collectively, the "Branch Bank Challenges") in an effort to force the turnover of these assets to First Union. In each instance the Trustees prevailed, often after litigation of contested matters with one or both of the FDIC and First Union, ultimately requiring First Union to purchase the disputed interests from the SEBC Estate at agreed market value.

The FDIC Repo Adversary, Employee Benefits Litigation and Branch Bank Challenges were by no means the only litigation surrounding the SEBC Estate. Over the course of the seventeen years that this Bankruptcy Case has been pending, the respective Trustees and their counsel have been involved in a myriad of matters before the Bankruptcy Court, in a series of related adversary proceedings, lawsuits and appeals in the District Court, the United States Court of Appeals for the Eleventh Circuit, the New York State Court of Appeals, and the United States Supreme Court. Overall, this case has involved proceedings before at least 22 different judges and magistrates of the state and federal courts in Florida, as well as more than twenty separate appeals.

In addition, the Trustees, through Court-approved actions conducted largely through non-debtor subsidiaries of SEBC, the FDIC as Receiver of SEBNA and Trustee Beck as Successor Agent to the FDIC as Receiver of SEBNA, continued the business activities of SEBC, including financial asset investment and disposition, real estate development and disposition, and disposition of mortgages and other SEBC assets. Indeed, some of those activities continue to today.

3. The Non-Debtor Subsidiaries, Real Estate Holdings, and Other Investments

(a) The Jacksonville Property.

SEBC owns several companies which own outright or interests in two parcels of real estate in Jacksonville, Florida. They are referred to as the Southwest Quadrant and Belfort properties and will be addressed separately below.

(i) Southwest Quadrant Property

Through its wholly owned subsidiaries SWQ Properties, Inc. ("SWQ") and Southeast Properties, Inc. ("SEPI"), the Estate owns a 70% interest in undeveloped residential and commercially zoned acreage located south of J.T. Butler Boulevard and west of Southside Boulevard in Jacksonville, Florida. This property has been referred to over the period of ownership by the Estate's subsidiaries as the "Southwest Quadrant" property. Upon his appointment in 1998, Trustee Beck renegotiated and obtained Bankruptcy Court approval of a settlement of long-standing litigation with the co-owners of the property that had been negotiated by the prior Trustee but had not received final approval. Since 1998, Trustee Beck has engaged in a significant and orderly sequence of steps to address zoning, planning, access and wetlands issues in order to realize the full potential and maximize the value of the Southwest Quadrant property.

First, after engaging planning and engineering firms and engaging the local co-owners of the property for management and oversight assistance, the Trustee successfully moved to rezone and change land use plan treatment of this property to categories commensurate with the highest and best use of all but one of the properties for which changes would be necessary. Then, because of steps taken by local authorities which it was believed, had the effect of inappropriately restricting access to the Southwest Quadrant property, the Trustee initiated litigation with the Jacksonville Transportation Authority ("JTA") on March 23, 2000, in the case styled *Southeast Properties, Inc., et al. v. Jacksonville Transportation Authority*, Case No. 00-2062-CA, Div. CV-G, Circuit Court, Duval County, Florida. After mediation on July 18, 2001 the parties agreed to a settlement, which was approved by the Bankruptcy Court on October 30, 2001. The settlement required the JTA to compensate SWQ, SEPI and their co-owners through a Cash payment of $2.25 million (of which 70% went to SWQ and SEPI in accordance with their ownership of the property). On August 24, 2004, a supplemental agreement to the settlement agreement was entered into between SWQ and JTA, which required the construction by JTA of the A.C. Skinner Parkway Extension, an urban four-lane divided roadway traversing the Southwest Quadrant property, which would provide excellent access to the property. In addition to the Cash and roadway, the JTA agreed to allow the Estate's subsidiaries and co-owners to utilize the construction costs over the Southwest Quadrant property as a means of obtaining a credit with local authorities toward what are called "concurrency" impact fees that would otherwise be due upon the development of the property. Using this right, the Trustee negotiated a "Fair Share" impact fee credit agreement with the City of Jacksonville for a credit in excess of $5 million toward such concurrency impact fees. The roadway, which is estimated to have cost well in excess of $10 million, was partially completed in July 2005.

Because of the then-strength of the residential market, the lack of wetlands issues on a residential parcel at the Southwest Quadrant and the partial completion of the roadway, the Trustee determined to sell that residential parcel at the Southwest Quadrant. In July 2005, the Trustee was able to sell the residential parcel of approximately 32.5 upland acres for $400,000 per acre or $13 million (for the interest of both the Estate's subsidiaries and its co-owners) to D.R. Horton Homes.

In addition to monitoring the completion of the balance of the JTA roadway, the next step in the sequence of readying the remainder of the property for development and sale was the completion of planning for the sale to third parties for development of the remaining acreage of the Southwest Quadrant property coupled with efforts to obtain a permit to fill certain of the wetlands areas of the property. In order to prepare for the requirements anticipated to be imposed for obtaining this wetlands fill permit, the Trustee sought and obtained Bankruptcy Court approval to purchase 110 "mitigation credits" from an appropriate regional mitigation bank at a cost of approximately $38,500 for each credit. Mitigation credits represent the commitment to convert upland acreage to wetlands within the same geographic area and

water basin. The Trustee, utilizing the services of engineers and environmental consultants, filed in the summer of 2005, applications with the local water management district, the St. Johns River Water Management District and with the US Army Corps of Engineers, for permission to fill certain wetland areas within the Southwest Quadrant property. The amount of upland acreage that will be available to be developed and sold depended upon the outcome of such permit applications to the regulatory authorities. A permit was approved in early April 2007 by the local water management district, and the United States Army Corps of Engineers even more recently approved the permit application regarding wetlands at the Southwest Quadrant property, largely in accord with the Estate's requested program and consistent with the permit earlier received from the local water management district. The Estate is in the process of employing a consultant to implement onsite mitigation required by the permits, and, as indicated above, the Estate had already purchased and now has allocated the other offsite mitigation credits needed for the permit.

The JTA roadway was completed in late 2006. In addition, a sale had been negotiated in late 2006 with Liberty Properties, Inc. for the sale of a parcel adjacent to the residential property sold to D.R. Horton. The buyer was to use the property to construct a facility to be leased to the U.S. General Services Administration and was subject to the buyer and this site being selected by that agency. The sale was conditioned upon the issuance of the wetlands permit sufficient to deliver to Liberty Properties approximately 11 upland acres for the construction of the anticipated facility. Unfortunately, the sale was cancelled by the buyer within the time period it was permitted to do so under the contract of sale. The Trustee believes that this was based, largely, on the fact that the wetlands permit had not been issued by both the local authority and the Army Corps of Engineers by the time a decision had to be made for the site selection for the anticipated facility.

As the permit application process had been completed, the Trustee initiated and recently has successfully completed one final rezoning application to fully complete the process of creating the maximum value from the Southwest Quadrant Property. As a result, the Southwest Quadrant Property is now fully entitled and ready for sale. As a result of the activities undertaken, there are now available for sale at Southwest Quadrant Property 70 upland acres. Of the original 110 mitigation credits, not all have been required to be used for the mitigation at the Southwest Quadrant and Belfort Properties (Belfort will be discussed below) and, accordingly, over 29 credits are still owned. Such unused credits will be resold. The Trustee has been advised that the value of such credits has increased and that such credits most recently have sold at the rate of $55,000 per credit and, accordingly, the sale could realize a total of approximately $1.6 million. In addition, pursuant to the settlement with the joint owners of the Southwest Quadrant Property, SWQ and SEPI advance the costs of planning, maintaining and entitling the Southwest Quadrant Property and the joint owners are obligated to repay their 30% share of such sums plus interest at 8% per annum out of future sales of parcels of the Southwest Quadrant Property. The amount due to SWQ and SEPI as of now is approximately $1.7 million.

(ii) Belfort Property

Through Second Pioneer Corporation, a wholly owned subsidiary of First Pioneer Corporation, a wholly owned subsidiary of SEBC, a 100% interest is held in 7.32 acres of undeveloped commercially zoned land at the intersection of Skinner Parkway and Salisbury Road in Jacksonville, Florida referred to as the "Belfort" property. Since the current Trustee's appointment, marketing efforts have proceeded with several active offers and a sale contract approved by the Court. Unfortunately, such contract offers and the approved contract were terminated by buyers for a number of reasons. The most important reason was the existence of wetlands on the property which would impair the use of the property for its highest and best use.

The Trustee determined that the full value of the Belfort parcel would not be obtained unless the wetlands issues there were properly addressed. Thus, the Trustee employed management assistance on the property and employed engineers and environmental consultants to seek a permit to fill the wetlands on the parcel from the local water management district, the St. Johns River Water Management District, and from the U.S. Army Corps of Engineers. The permit has been obtained from both agencies, utilizing a portion of the mitigation credits obtained for the Southwest Quadrant Property as described above. The

Estate already has an exemption from local "concurrency" requirements (Cash contributions to local authorities in respect of traffic and other impacts of development of undeveloped property) and drainage rights in place, so this property is now ready for sale.

(b) Trivest Fund I, Ltd.

The Debtor also owns a 9.1058% interest in Trivest Fund I, Ltd., a limited partnership ("Trivest Fund I") that held a number of investments. A number of those investments have been liquidated over the years, with the Estate receiving its allocable distributable portion. As of the date of this Disclosure Statement the Trustee does not believe that there is any remaining value left in Trivest Fund I, and accordingly anticipates no further return from the Estate's 9.1058% interest in Trivest Fund I.

(c) SEBNA Receivership

Upon the closing of SEBNA by the OCC on September 19, 1991, the FDIC was appointed as the Receiver for SEBNA. FDIC remained as Receiver for SEBNA through April 1, 1998, when Trustee Beck was elected as Successor Agent under the terms of a settlement with the FDIC (discussed in Section V.A.4(c) of this Disclosure Statement). Following his election, the Successor Agent was charged with the responsibility of administering and winding up the affairs of the SEBNA Receivership, including the payment of dividends to the Trustee as sole shareholder for the benefit of the SEBC estate.

The SEBNA Receivership has since been fully administered, with its only remaining asset as of June 30, 2008 being approximately $11,381,432 in Cash. Thus, on August 13, 2008, the Successor Agent commenced the SEBNA District Court Proceeding pursuant to 12 U.S.C. § 197(b), seeking entry of an order and final judgment approving his summary final accounting and discharging him as Successor Agent for the Receivership. By Order entered on October 31, 2008, the District Court approved the summary final accounting and discharged the Successor Agent. All Cash in the SEBNA Receivership has since been upstreamed to the Estate, and the Receivership has been closed.

4. Significant Chapter 7 Events

(a) Claims Bar Date

Upon the filing of the Chapter 7 petition, the Clerk issued a Notice of Meeting of Creditors, Procedure to File Claims and Bar Date, fixing February 10, 1992 (the "Bar Date") as the date by which proofs of claim must be filed. That Notice was entered on the Court docket on October 17, 1991. Upon expiration of the Bar Date and at various times throughout the pendency of the Chapter 7 case, comprehensive analyses of claims and reconciliation of records on claims were conducted, and objections were filed as necessary and appropriate. As a result, claims of over $1.1 billion asserted against the Estate have been reduced to less than $400 million, and the creditors holding those allowed claims, both timely and late-filed, have been paid 100% of the petition date amounts of their claims and a substantial amount of post petition interest through a series of interim distributions during the Chapter 7 case.

(b) Trading Injunction Order

The New York Stock Exchange suspended trading in and delisted the equity securities of SEBC after it had filed for bankruptcy, which as noted above, included over 34 million shares of issued and outstanding Old SEBC Common Stock. Although SEBC had previously engaged the services of a stock transfer agent, based on the status of the case as a Chapter 7 liquidation, Trustee Brandt determined that the cost of continuing to pay the fees typically charged by a stock transfer agent significantly outweighed the associated benefit of maintaining the list at that time, and accordingly terminated the services of the transfer agent several years ago.

In order to preserve certain tax attributes of SEBC which could be jeopardized upon an "ownership change" as that term is defined in Section 382 of the Internal Revenue Code, Trustee Brandt therefore sought and obtained a Trading Injunction Order from the Bankruptcy Court on July 7, 1994, prohibiting and enjoining the sale, trade or transfer of SEBC Common Stock and Series E Preferred Stock by any person or entity that owned, or would own after such sale, trade or transfer, 5% of the issued and outstanding shares of SEBC Common Stock or any amount of shares of the Series E Preferred Stock. The Trading Injunction Order remains in effect to date.

(c) FDIC Litigation and Settlement

Immediately upon the filing of this Bankruptcy Case, Trustee Bagdan and his counsel undertook to protect the Estate's interests against the FDIC, timely filing multiple claims in the SEBNA and SEBWF Receiverships back in December of 1991. The failure of the FDIC-Receiver to allow those claims within the statutorily prescribed period led to the commencement of separate litigation in the District Courts for the Northern and Southern Districts of Florida.[18] The original cases were consolidated in this District before the Honorable Stanley Marcus, and upon Judge Marcus' appointment to the United States Court of Appeals for the Eleventh Circuit, were transferred to the Honorable Daniel T.K. Hurley of the District Court as Case No. 93-0563-CIV-Hurley (the "Hurley Case"). Subsequently, special counsel for the Trustee filed two additional lawsuits against the FDIC, docketed in the District Court for the Southern District of Florida as Case Nos. 95-2602-CIV-Davis and 97-2297-CIV-Davis (collectively, the "Davis Cases," and with the Hurley Case, the "FDIC Litigation").

During the early stages of the Hurley Case, the FDIC agreed in connection with cross-motions for summary judgment to pay some $152 million to the Estate in respect of the claims arising under certain subordinated capital notes issued to the Debtor by SEBNA.[19] The Trustee and his counsel also caused the United States Supreme Court to grant certiorari, vacate a ruling of the Eleventh Circuit, and remand certain counts of the Hurley Case for further consideration of the novel legal issues raised by claims previously dismissed by the District Court. Certain of these claims were reinstated before the District Court, and all were encompassed within the ultimate settlement with the FDIC.

Under the terms of the FDIC Settlement, the Trustee obtained the relief sought in Count I in the Hurley Case pursuant to Section 197 of the National Bank Act, 12 U.S.C. §197 – the calling of a meeting of SEBNA shareholders for the purpose of electing a Successor Agent to replace the FDIC-Receiver. Following his election, the Successor Agent was charged with the responsibility of administering and winding up the affairs of the SEBNA Receivership, including the payment of dividends to the Trustee as sole shareholder for the benefit of the SEBC estate.

At that time (August of 1997), the SEBNA Receivership had assets valued at $125.2 million (almost entirely in Cash), and estimated liabilities of $98.4 million. The settlement reduced those liabilities by some $84 million, thereby increasing the surplus in the SEBNA Receivership for the ultimate benefit of the SEBC estate.

In exchange for obtaining control of the SEBNA Receivership through the election of a Successor Agent, the Trustee voluntarily dismissed all of the FDIC Litigation with prejudice, and exchanged expansive mutual releases with the FDIC and other named defendants in the FDIC Litigation.

[18] Pursuant to 12 U.S.C. § 1821(d)(6)(A), the Trustee was required initially to file a separate lawsuit in respect of each of the Banks in the District Court within which its principal place of business was located. Thus, the SEBNA action was filed in this District, and the SEBWF action was filed in the Northern District which encompasses the former Pensacola headquarters of SEBWF.

[19] The Trustee also received a partial payment of interest on the subordinated capital notes claim in November of 1996, in the amount of $16,988,116, which was made available for inclusion in future distribution to creditors upon final approval of the settlement with the FDIC.

As a condition precedent to the FDIC Settlement, all holders of allowed claims against the SEBNA Receivership, other than the FDIC in its corporate capacity (the "FDIC Corporate"), were paid the balance of accrued post-petition interest on their claims at the rate of 5.57% from September 19, 1997. These payments, estimated in the amount of $6.5 million to the Trustee in respect of the subordinated capital notes claim and approximately $1 million to other holders of allowed claims, were made by the FDIC-Receiver. The FDIC-Corporate withdrew its claim to post-petition interest in the amount of $84 million, and agreed to no further distributions from the SEBNA Receivership.

The FDIC-Receiver also released more than $30 million in claims pending against the SEBC Chapter 7 estate (Claim No. 802 filed on behalf of the SEBNA Receivership on February 10, 1992). By prior Agreed Orders dated November 29, 1993 the Court approved the withdrawal of other portions of that claim, and the entirety of separate Claim No. 803 filed on behalf of the SEBWF Receivership.

The Successor Agent assumed the unpaid liabilities and expenses of the SEBNA Receivership, and remained liable for all liabilities and expenses incurred from and after the closing of the settlement. Upon withdrawal of the $84 million claim for post-petition interest by the FDIC-Corporate and payment of $6.5 million to the Trustee and $1 million to other creditors as the remainder of post-petition interest on their claims, the liabilities of the SEBNA Receivership were reduced to less than $6.4 million.

(d) The Global Settlement Order

Beginning in 1993 the Chapter 7 Trustee made a series of interim distributions to creditors of the Estate, including the Holders of the Senior Notes and the Subordinated Notes, as described in more detail in Section V.A.4.(e). of this Disclosure Statement. As a result of the Sixth Interim Distribution made on or about July 31, 2002, all Allowed, timely-filed general unsecured Claims (including all Allowed Claims arising from the Senior Notes and Subordinated Notes) were paid in full, in Cash, including interest through the Petition Date (i.e., pre-petition interest), but without interest since such date (i.e., post-petition interest). Under the scheme of priorities established in the Bankruptcy Code, the Trustee was required next to pay those Allowed Claims that were filed after the bar date established by the Bankruptcy Court back in 1992, and then to pay post-petition interest on all Allowed Claims. In addition, the Trustee had to pay ongoing administrative expenses relating to the Bankruptcy Case, which expenses take priority over the payment of post-petition interest. The Trustee estimated that after the resolution and payment of the late-filed Claims and the payment of such administrative expenses, there would be additional funds on hand with which to pay some amount of post-petition interest to creditors.

A dispute arose between the Holder of a majority of the Senior Notes and certain Holders of Subordinated Notes (and their respective Indenture Trustees) regarding the effect of the subordination provisions contained in the Subordinated Note Indentures on the respective rights of Senior Noteholders and Subordinated Noteholders to receive post-petition interest, after the Estate had paid all Allowed Claims in full as described above. The majority Senior Noteholder and the Senior Indenture Trustee contended that (i) Holders of the Senior Notes were entitled to receive all distributions of post-petition interest that would otherwise be distributed on a pro rata basis to Subordinated Noteholders, until the Senior Noteholders received all of their post-petition interest, and (ii) for purposes of the reallocation, the post-petition interest on the Senior Notes should be calculated and compounded at the 11.25% contract rate under the Senior Indenture. The Ad Hoc Committee and the Subordinated Indenture Trustees asserted that (i) the subordination provisions of the various Indentures did not apply to distributions of post-petition interest under the Bankruptcy Code, (ii) the post-petition interest on all Claims should be calculated at the "legal rate" (as discussed below), not the contract rate; and (iii) they were entitled to receive distributions of post-petition interest on a ratable basis with Senior Noteholders. The Global Settlement Order resolved these and other important issues.

An additional dispute developed relating to the Claims of the various Indenture Trustees to receive attorneys' fees and expenses and Indenture Trustee fees and expenses under their respective Indentures, as well as the Claim of the majority Senior Noteholder and Ad Hoc Committee for reimbursement of their attorneys' fees and expenses. The Global Settlement Order also resolved these issues, as well as a number of other issues.

The statute under which post-petition interest is payable speaks of the "legal rate" of interest, without specifying that rate, and does not make clear whether interest is compounded on an annual or other periodic basis. Two of the Subordinated Notes provide for floating interest rates, while the other Senior and Subordinated Notes carry fixed rates ranging from 4.75% to 11.25%. The Global Settlement Order provided for a uniform post-petition interest rate of 5.57% per annum through May 31, 2002 for all Allowed Claims, based on the statutory federal judgment rate in effect at the time the Bankruptcy Case was filed, and for no compounding of interest. Upon conversion of the case to Chapter 11, however, the rate of interest would increase to 8% per annum from the Petition Date, and the Allowed Claim of each creditor eligible to receive post-petition interest shall include an amount equal to the difference between (i) post-petition interest on its Allowed Claim at the rate of 8% per annum through May 31, 2002 and (ii) the aggregate amount of distributions made to such creditor on account of post-petition interest during the Chapter 7 Case.

The Indentures governing the several issues of Subordinated Notes contain various subordination provisions which require that certain amounts owed in respect of the Senior Notes be "paid in full" prior to any payment on the Subordinated Notes. From 1994 through 1999 certain Holders of the Senior and Subordinated Notes and their respective Indenture Trustees were involved in litigation and a series of appeals over the application of those provisions to the Senior Noteholders' claims for post-petition interest at the contract rate out of that portion of the Interim Distributions allocable to Subordinated Noteholders; however, it was unclear whether the disposition of that litigation resolved the issue of whether the distribution of post-petition interest on the Subordinated Notes is subordinated to distributions of post-petition interest on the Senior Notes. The Global Settlement Order adopted a formula under which a portion of the post-petition interest payable in respect of the Subordinated Notes is reallocated to Holders of the Senior Notes until the Senior Noteholders have received, out of the distribution of post-petition interest otherwise allocable to the Holders of Subordinated Notes, up to 48% of the difference between (i) approximately $13 million and (ii) the Senior Noteholders' ratable share of the distributions of post-petition interest to creditors.

In addition to the payment and reallocation of post-petition interest as described above, the Global Settlement Order also provided that certain of the parties who participated in the settlement negotiations would receive payment or reimbursement from the Estate of their attorneys' fees incurred in connection with the Chapter 7 Case through July 31, 2002. This portion of the Global Settlement Order resolved an appeal pending in the District Court, in which the Senior Indenture Trustee and majority Holder of the Senior Notes were seeking the payment of some $1.35 million in fees.

Under the Global Settlement Order, the Senior and Subordinated Indenture Trustees (but not any individual Holder of Senior or Subordinated Notes) received certain post-petition attorneys' fees as provided under the terms of the various Indentures, and the Ad Hoc Committee also received payment of attorneys' fees relating to its activity in the Chapter 7 Case over the past several years. Any other creditor asserting a right to recover attorneys' fees from the Estate was afforded a period of time within which to file a claim for those fees, as incurred through and including July 31, 2002. However, the Chapter 7 Trustee and all other parties in interest in the Bankruptcy Case reserved the right to object to any such claim for fees.

(e) Interim Distributions

At various times during the pendency of the Chapter 7 case, creditors and bondholders have received or became entitled to receive nine interim distributions totaling in excess of $422 million, representing a 100% return on the principal amount of Allowed unsecured Claims and two installments of Postpetition Interest on such Claims in the amount of $47,649,997.

The first of these distributions was approved by a series of Orders issued April 15, June 25 and September 3, 1993, which authorized an initial interim distribution of not more than $50 million (the "First Interim Distribution"). Pursuant to the subordination provisions of the Indentures governing the various issues of Notes, all of the amounts paid in respect of the Subordinated Notes were remitted over to JPMorgan Chase Bank in its capacity as Indenture Trustee under the Senior Indenture ("Chase") (BNY

Senior has since replaced Chase as successor Indenture Trustee under the Senior Indenture), and the Subordinated Noteholders received none of the proceeds.

The Second Interim Distribution of $115 million was authorized by Order dated March 14, 1995, and proceeded in and after April of 1995. As with the First Interim Distribution, this distribution was paid to creditors holding Allowed Claims and to the Senior and Subordinated Indenture Trustees. This time, the Subordinated Indenture Trustees remitted over to Chase an amount calculated as sufficient to pay the outstanding principal balance and all pre-petition interest owed on the Senior Notes, and paid the balance of the distribution proceeds as an initial dividend to Subordinated Noteholders.

The Third Interim Distribution of $36 million was approved by Order dated July 22, 1997. Unlike the First and Second Interim Distributions, however, the Third Interim Distribution was paid directly to the Subordinated Noteholders, rather than through the Subordinated Indenture Trustees. By subsequent Order Granting Emergency Motion for Further Authority to Effectuate Third Interim Distribution dated September 30, 1997, the Bankruptcy Court also approved the forms of various notices and distribution instructions to the Subordinated Noteholders, and letters of transmittal governing the presentment and processing of their bonds.

The change in distribution procedures with respect to the Third Interim Distribution was the result of the commencement in September 1994 of Adversary Proceeding No. 94-0941-BKC-PGH-A (the "Debt Securities Litigation"), wherein the Senior Indenture Trustees contended that the subordination provisions of the Subordinated Indentures entitled the Senior Noteholders to receive post-petition interest, interest on delinquent payments of interest, attorneys' fees and costs prior to any distribution in respect of the Subordinated Notes. Because of the uncertainty created by the Debt Securities Litigation and the provisions in the Indentures to the effect that payments received by the Subordinated Indenture Trustees are deemed to be held "in trust" for the benefit of Senior Noteholders until the Senior Noteholders are "paid in full," the interim distributions were made directly to the Holders of the Subordinated Notes rather than through the Subordinated Indenture Trustees. In addition, the Bankruptcy Court established special distribution procedures intended to facilitate the recapture of any funds which might later have been determined to be payable to the Senior Noteholders in respect of the interest, fees and costs at issue in the Debt Securities Litigation. These procedures included the execution and delivery of certain letters of transmittal which, among other things, contained an undertaking to submit to the jurisdiction of the Bankruptcy Court, repay the proceeds of any interim distribution if so ordered by the Bankruptcy Court, and indemnify the Trustee in connection with the interim distributions. These special distribution procedures remained effective for the Fourth and Fifth Interim Distributions as well, due to the uncertainties created by the Debt Securities Litigation.

The Fourth Interim Distribution of $100 million was approved by Order dated September 3, 1998. As with the Third Interim Distribution, the Fourth Interim Distribution Order approved separate forms of transmittal documents governing the presentment and processing of the "U.S. Bonds" (consisting of the consist of the Notes issued under the 1972 Indenture, the 1987 Indenture, and the 1989 Indenture) and "Eurobonds" (consisting of the Notes issued under the 1984 Indenture and 1985 Indenture). In addition, that Order approved the engagement and payment of a $160,000 processing fee to a processing agent and a European sub-agent, established a record date of August 31, 1998 for the Fourth Interim Distribution in respect of the U.S. Bonds, and approved a foreign advertising budget to reach the Holders of the Eurobonds.

The Fifth Interim Distribution of $40 million was approved by Order dated June 17, 1999. That Order provided that the Fifth Interim Distribution would be made on the same terms and pursuant to the same procedures as the Third and Fourth Interim Distributions, and would be payable to creditors holding Allowed Claims, Subordinated Noteholders, and into a "Disputed Claims Reserve" in respect of disputed, unliquidated or contingent Claims which had not been fully reserved.

Prior to the completion of the Third, Fourth, and Fifth Interim Distributions, however, the Debt Securities Litigation was finally resolved and disposed of by the Eleventh Circuit Court of Appeals. *Chemical Bank v. First Trust of New York, Nat'l Ass'n (In re Southeast Banking Corp.)*, 179 F.3d 1307

(11th Cir. 1999) (*"Southeast V"*). On that basis, the Trustee filed a motion dated February 22, 2000, seeking authority to dispense with those special distribution procedures established by the Bankruptcy Court in consideration of the Debt Securities Litigation, and to disburse the remaining proceeds from those interim distributions directly to the Senior and Subordinated Indenture Trustees. The Trustee's motion was granted by Order dated March 27, 2000. Accordingly, as with the First and Second Interim Distributions, the Trustee distributed the remaining proceeds directly to the Indenture Trustees and dispensed with those special distribution procedures established in connection with the Third, Fourth and Fifth Interim Distributions.

The Eleventh Circuit's final judgment in *Southeast V* affirmed the Bankruptcy Court's decision that the subordination provisions did not extend to the Senior Noteholders' post-petition interest, fees and costs, and eliminated the need to maintain special distribution procedures in respect of amounts paid to the Subordinated Noteholders in the interim distributions. Based on their successful resolution of the Debt Securities Litigation, the Subordinated Indenture Trustees were once again in a position to assume responsibility for the remainder of the Third, Fourth and Fifth Interim Distributions, and all future distributions.

The Sixth Interim Distribution was approved by Order dated July 30, 2001, and authorized payment in full of Allowed timely-filed unsecured Claims, without interest from the Petition Date. Pursuant to that Order the Trustee proceeded to make that distribution in two installments, bringing the total amount paid in the six interim distributions to $359,519,319.

By a series of Orders entered in January through March of 2002, the Trustee obtained authority to settle certain long-pending litigation against the Debtor's former directors, officers and professionals (as discussed in more detail in Section V.A.4.(f)(ii) of this Disclosure Statement). Additionally, the Trustee sought and obtained authority to cause the reversion to the Estate of a surplus in the pension plan formerly maintained by the Debtor. The approval and funding of these settlements and reversion of the pension plan surplus brought sufficient Cash into the Estate to complete the final installment of the Sixth Interim Distribution, pay a Seventh Interim Distribution in respect of Allowed late-filed Claims in full under Section 726(a)(3) of the Bankruptcy Code, and make an Eighth Interim Distribution of $30 million in Postpetition Interest under Bankruptcy Code Section 726(a)(5).

Accordingly, by Order dated September 29, 2003, the Bankruptcy Court approved a Seventh Interim Distribution in the amount of $23,593,970, to pay all Allowed late-filed Claims in full, without Postpetition Interest, and allocate an additional amount to the Disputed Claims Reserve. By further Order dated November 3, 2003, the Bankruptcy Court approved the Eighth Interim Distribution of $30 million.

In connection with the First Interim Distribution, the Bankruptcy Court approved the creation of the Disputed Claims Reserve for the purpose of preserving the rights and interests of creditors whose Claims could not be fixed or estimated by the date of that distribution. The Disputed Claims Reserve was not a segregated account, but was formalized by an accounting entry reflecting an allocation for Claims that had yet to be resolved. With each succeeding interim distribution the Bankruptcy Court approved the credit or allocation of additional amounts to the Disputed Claims Reserve in respect of Claims identified as disputed, contingent or unliquidated at the time of the particular distribution. As each of these Claims was resolved the accounting for the Disputed Claims Reserve was adjusted, and funds held in respect of Claims later Allowed, in whole or in part, were distributed to the claimant so as to equalize the proportional dividend to that claimant with that paid to other general creditors.

As all of the other disputed and unliquidated Claims were resolved, the sole remaining claim covered by the Disputed Claims Reserve was the "FDIC Claim," defined in the Global Settlement Order as the Claim arising under the FDIC Subordinated Notes originally issued by the Debtor to American Pioneer Savings & Loan. In December of 2004, the Trustee and the Ad Hoc Committee reached an agreement with the FDIC pursuant to which:

(i) the FDIC Claim was deemed allowed for distribution in the reduced amount of $15,954,158.10, of which amount $5.5 million was paid immediately to the FDIC-Corporate in full and

final satisfaction of the claim and $10,454,158.10 was deemed subordinated to the Senior Notes under the FDIC Subordination Provisions and made available for substantial reallocation to the Subordinated Indenture Trustees, all as contemplated pursuant to the Global Settlement Order, and

(ii) the balance of $10,454,158.10 included in the Disputed Claims Reserve in respect of the FDIC Claim would be released for distribution to other creditors under the formula approved in the Global Settlement Order.

The Ninth Interim Distribution was approved by Order dated March 16, 2005, and authorized payment of a second installment of Postpetition Interest in the amount of $10,454,158 to creditors holding Qualified Claims (as defined in the Global Settlement Order). The Subordinated Noteholders received $9,349,601.55 of the $10,454,158 distribution on a pro rata basis in respect of Postpetition Interest. Under the reallocation formula approved in the Global Settlement Order, the Subordinated Noteholders received an additional $339,479.30 reallocated from the pro rata amount payable to the Senior Noteholders. As a result of the reallocation, Subordinated Noteholders received a total of $9,689,080.85. The amount of $397,307.90 payable in respect of Qualified Claims held by other creditors remained unaffected by the reallocation, and was paid directly by the Trustee.

As a result of these distributions, creditors and bondholders of SEBC have received more than $420 million in Cash, representing a return of 100% of the principal amount of Allowed unsecured Claims, plus several payments of Postpetition Interest.

(f) Other Significant Litigation

(i) Deloitte Litigation (Case No. 93-1830-CIV-MOORE (S.D. Fla.))

The Deloitte Litigation was commenced in 1993 by Trustee Brandt against Deloitte & Touche and Deloitte, Haskins and Sells, collectively n/k/a Deloitte & Touche USA, L.L.P. and/or Deloitte & Touche, L.L.P. (the "Deloitte Litigation"), which served as SEBC's and SEBNA's outside auditors and accountants from at least 1986 through the date the Banks were seized.

The commencement of the Deloitte Litigation was the result of the Chapter 7 Trustee's investigation into certain activities and events that led to SEBNA's financial difficulties and ultimate seizure by the FDIC. The District Court dismissed the Trustee's suit on the basis of a finding that the statute of limitations had run on the claim and that the Trustee could not plead a basis to overcome the statute of limitations. The Deloitte Litigation was the subject of an appeal from the District Court to the United States Court of Appeals for the Eleventh Circuit, *Beck v. Deloitte & Touche*, Case No. 97-4068 which reversed the ruling of the District Court. Following reversal and remand by the Eleventh Circuit of the District Court's order, the parties engaged in substantial discovery relating to the claims and defenses asserted in the Deloitte Litigation.

Without conceding as to the merits of each other's positions, the parties reached a settlement, which was approved by the Bankruptcy Court on January 22, 2002, wherein Deloitte agreed to pay the Estate a lump sum of $4.95 million, and exchange releases with the Trustee on behalf of the Estate.

(ii) Former Directors & Officers Litigation, Case No. 92-1600-CIV-MOORE (S.D. Fla.)

In 1992 Trustee Brandt commenced litigation against certain former officers and directors of SEBC or SEBNA (the "D&O Litigation") during all or part of the period from 1986 through the date the Banks were seized and National Union Fire Insurance Company of Pittsburgh, Pennsylvania ("National Union") and Great American Insurance Company ("Great American"), as the D&Os' insurers.

The commencement of the D&O Litigation was the result of the Trustee's investigation into certain activities and events that led to SEBNA's financial difficulties and ultimate seizure by the FDIC.

Prior to the bankruptcy filing, on behalf of the Defendants and other officers and directors, SEBC provided notice to National Union under its Directors' and Officers' Liability Policy No. 435-03-66 issued to SEBC (the "National Union Policy") and to Great American under its Excess Directors' and Officers' Liability Policy No. DFX0009079 issued to SEBC (the "Great American Policy") (together, the "Policies"), of potential claims which might be, and in fact were in whole or in part, subsequently made against the Defendants in D&O Litigation.

The action was the subject of a series of decisions in the District Court which ultimately dismissed the suit as a sanction for such Court's finding of misconduct by Trustee Brandt. An appeal was taken of such decision to the United States Court of Appeals for the Eleventh Circuit and prosecuted by Trustee Beck. Following the reversal in part and remand by the Eleventh Circuit of the District Court's order dismissing the D&O Litigation, the parties engaged in substantial discovery relating to the claims and defenses asserted in the D&O Litigation.

Certain of the D&Os asserted various claims against the Estate, most of which relate either to claims for deferred compensation or for indemnification. These claims included the estimated general unsecured compensation claims (in the aggregate amount of $11,134,424.09) and other unliquidated claims (for indemnification) asserted by eleven (11) former directors and officers of SEBC. The unliquidated indemnification claims asserted by the D&Os were estimated in the maximum amount of $5 million.

In connection with the Third Interim Distribution, counsel for certain of the director and officer claimants advised special counsel for the Trustee that the attorneys' fees and related costs incurred in the successful defense of the RTC Bassett Litigation were approximately $2,180,000. Thus, the total amount of estimated D&O Claims, including estimated amounts established by an estimated claims order of $16,134,424.09, plus the additional D&O claims of $2,180,000 was $18,314,424.09.

Subsequent to the Fifth Distribution, the Trustee has settled claims asserted by three of the former directors and officers of SEBC included within the aggregate estimated reserve for "Directors and Officers" (collectively, the "Previously Settled Claims"):

(1) Kristen M. Hudak (with an estimated priority claim of $2,000 and an estimated general unsecured claim of $1,619,847.83, for a total estimated claim of $1,621,847.83, which has now been settled and reduced to an allowed general unsecured claim of $600,000);

(2) William D. Plechaty (with an estimated priority claim of $2,000 and an estimated general unsecured claim of $847,284.47, for a total estimated claim of $849,284.47, which has now been settled and reduced to an allowed general unsecured claim of $400,000), and

(3) John Porta (with an estimated priority claim of $2,000 and an estimated general unsecured claim of $2,174,697.00, for a total estimated claim of $2,176,697.00, which has now been settled and reduced to an allowed general unsecured claim of $1,522,288).

Thus, the aggregate amount of estimated claims resolved by these three (3) settlements was $4,647,829.30 (of which $4,641,829.30 had been estimated as general unsecured claims, and $6,000 have been estimated as priority claims).

Trustee Beck, following the continuing discovery and trial preparation by all parties to the D&O suit, engaged in settlement discussions with the D&O defendants and mediation of disputes. After such negotiation, a settlement was negotiated with all remaining defendants ("D&O Settlement"). The D&O Settlement provided for the release of all remaining D&O Claims against the Estate (including indemnification claims), with the exception of Douglas E. Ebert, whose claim was ultimately allowed as an unsecured, non-priority claim in the total aggregate amount of $596,720.69 (subject to certain limitations on his entitlement to distributions as set forth in a stipulation with the Trustee settling his claim, approved by the Bankruptcy Court on June 19, 2003); Charles J. Zwick, who would preserve the ability to negotiate

or arbitrate a claim in the amount of no more than $320,000, with the balance of the Zwick claim being immediately disallowed; and Castle W. Jordan, who would be limited to a claim in the amount of $1,539.23, with the remainder of his claim disallowed. Thus, as a result of the D&O Settlement, the amount of estimated claims for the D&Os were reduced from nearly $14 million to less than $2 million, representing a reduction of the estimated claim reserves of nearly $12 million, and the D&Os paid the estate (through their insurance carrier) $9 million.

(iii) Ross & Hardies/Steel Hector & Davis Litigation

In 1992 Trustee Brandt retained attorney J. Joseph Bainton and the firm of Whitman & Ransom to investigate and pursue potential claims against the Debtor's former directors and officers and certain of its professionals. Thereafter, attorney Bainton, who by then had joined the law firm of Ross & Hardies, filed a series of lawsuits against a number of defendants in the District Court for the Southern District of Florida, including an action against the Debtor's former outside general counsel, the Miami-based law firm of Steel Hector & Davis. The District Court dismissed the suit and an appeal was taken by the estate to the United States Court of Appeals for the Eleventh Circuit. Trustee Beck prosecuted such appeal and the decision of the District Court dismissing the suit was overturned by the Court of Appeals. Following that, as a result of certain actions undertaken and in the various litigation matters handled by Ross & Hardies, Trustee Beck subsequently asserted claims against Ross & Hardies as well. As the suit against Steel Hector & Davis proceeded to discovery and pretrial preparations, settlement discussions and mediation ensued including both the Ross & Hardies firm and Steel Hector & Davis firm. A settlement was ultimately negotiated by Trustee Beck with both firms. The separate claims against the Steel Hector and Ross & Hardies firms were resolved by the Bankruptcy Court's approval of a single combined settlement with their common insurer for an aggregate payment to the Estate of $26 million in 2002.

(iv) The Brandt Settlement

Trustee Brandt's resignation as Chapter 7 Trustee on April 1, 1998 left unresolved his final award of fees and expenses, including time billed within the Section 326(a) cap by his firm, Development Specialists, Inc. During Mr. Brandt's tenure as Chapter 7 Trustee the Court had awarded and authorized payment from the Estate of interim fees in the amount of $4,332,904 and interim expense reimbursement of $230,213, and withheld ruling on an additional $805,960 in interim fees. By Application filed February 17, 2004 Mr. Brandt sought the allowance, award and payment of an additional $12,748,946 in fees and reimbursement of $2,299,789 in expenses (including amounts expended in prior litigation defending his actions as Chapter 7 Trustee), bringing the total sought together with interim awards to $19,611,852.

Appearing through special counsel, Trustee Beck objected to the Brandt final fee application and identified certain claims that could possibly have been asserted against Mr. Brandt by or on behalf of the Chapter 7 Estate. After submitting to mediation before the Hon. Herbert Stettin, Trustee Beck and Mr. Brandt entered into a Settlement Agreement providing, among other things, for a final award of total fees and expenses to former Trustee Brandt of $7,863,117, representing $11.75 million less than the amount sought in the Brandt final fee application and $3.3 million in excess of the amounts paid to him on an interim basis. Included in the $3.3 million was the $805,960 in fees on which the Court had previously withheld ruling, and an additional $2,494,000 in excess of Mr. Brandt's total hourly fees for services rendered as Chapter 7 Trustee. The settlement further provided for the mutual release of all claims between the Chapter 7 Estate and Mr. Brandt, with certain limited exceptions reserved by Mr. Brandt solely for defensive purposes against third parties.

Trustee Beck's Motion seeking approval of the proposed settlement was filed on March 19, 2004, and met with a series of Objections filed by various parties in interest. Following a final evidentiary hearing on June 16 and 17, 2004, the Court entered its 45-page *Order Approving Settlement Agreement and Awarding Final Compensation, Overruling Objections and Discharging Former Trustee William A. Brandt, Jr.* on August 6, 2004 (DE #4623) (the "Brandt Settlement Order"). Several parties in interest timely appealed from the Brandt Settlement Order, which was referred by U.S. District Judge K. Michael Moore to U.S. Magistrate Barry L. Garber. By Report and Recommendation issued on March 9, 2006, Magistrate Garber recommended that the Brandt Settlement Order be affirmed in part and remanded in

part for determination of an issue associated with one of Mr. Brandt's defenses. By Order dated July 10, 2006, Judge Moore affirmed the Brandt Settlement Order in its entirety, rejecting the recommendation for remand. No further appeal was taken, the Brandt Settlement Order became final, and the additional fees awarded by that Order were paid in Cash by the Estate.

(g) Other Significant Case Activity

(i) Artwork sales

Among the assets of the Chapter 7 Estate were approximately 4,300 pieces of investment-quality artwork, including modern paintings, sculptures, lithographs and prints (collectively, the "Artwork"), which as of the Petition Date were located at the corporate headquarters of SEBC in downtown Miami and in more than 225 branch bank locations of SEBNA. After retrieving and assembling all of the Artwork in a bonded storage facility in downtown Miami, Trustee Brandt retained Sotheby's, Inc. to sell approximately 49 of the "museum quality" works deemed representative of the collection. Although the auction was successful in marketing all but a few of the consigned works at or above market price, Sotheby's advised that the vast majority of the works in the collection were not well-suited for auction.

After investigating and assessing a variety of liquidation alternatives, Trustee Brandt determined that selling the remainder of the collection by direct retail sale to the public would provide the greatest net return to the estate. On November 17, 1993, the Trustee filed a Motion seeking authority to undertake all actions deemed reasonably necessary to create and operate a retail art gallery, and approval of a budget for the operation of the retail gallery for a period of two years. By Order dated February 23, 1994, the Motion was granted, and the Trustee was authorized to create and operate a retail gallery and offer the Artwork for sale to the general public free and clear of all liens, claims and encumbrances. In order to open and operate the gallery, and pursuant to Section 322(a) of the Bankruptcy Code, 11 U.S.C. § 322(a), Trustee Brandt filed a bond on July 29, 1994 in the amount of $1 million, which was maintained throughout the operation of the gallery. The lease of the gallery premises terminated on November 15, 1996, by which date all of the Artwork had been sold at retail. Liquidation of the Artwork through the retail gallery resulted in income to the estate of $530,000, after deducting all operating expenses of the gallery.

(ii) Sale of the Banking Center Properties

Immediately after his appointment in 1991, Trustee Bagdan and his counsel commenced efforts to obtain from the FDIC, First Union and former counsel for SEBC and SEBNA all of the transaction and title documents for all of the real estate formerly used in operation of SEBNA branch banks. Over the course of a comprehensive review of those files, Trustee Brandt determined that a great number of properties, including all or some portion of at least five of the banking center properties – a Dadeland Banking Center Drive-In, West Flagler Banking Center, Coral Way Banking Center Drive-In, Coral Way Banking Center Parking Lot and Hollywood Hills Banking Center Parking Lot (collectively the "Banking Center Properties") – were owned or controlled by the SEBC Estate and accordingly not included in the FDIC's sale of SEBNA assets to First Union. Accordingly, Trustee Brandt made demand upon First Union to purchase the properties at fair value or cease operations and vacate those sites. After a protracted process of negotiations with both First Union and the FDIC, Trustee Brandt filed a Motion dated October 19, 1993 seeking authority to sell and/or assume and assign the various fee and leasehold interests in the Banking Center Properties to First Union. By Order dated November 29, 1993, the Court authorized the sale of the Banking Center Properties to First Union for $2,124,000, paid in Cash at closing.

(iii) Dadeland Xtra Property

Among the more intriguing assets of the Chapter 7 Estate was the fee interest in a parcel of real property located along North Kendall Drive in Miami, Florida, almost directly across from the Dadeland Mall. Although located in a prime retail area in Miami-Dade County, the Dadeland Xtra Property was valued at only $340,000 in the Debtor's Schedules based upon the encumbrance of a ground lease dating back to March 1, 1969. In January of 1986 a predecessor of Xtra Super Food Centers, Inc. ("Xtra")

acquired the leasehold interests, and began shortly thereafter to operate an "Xtra Super Food Center" on the property.

In September of 1992 Xtra exercised the first of five 10-year renewal options under the ground lease. During that 10-year renewal term the annual rent payable to the Estate was less than $34,000, and the restrictive terms of the ground lease permitted the Trustee to increase the rent only once at the beginning of each 10-year renewal period at the maximum rate of 17%. Thus, even at maximum increases, the annual rent due under the ground lease could never exceed $70,000 a year, through the year 2042.

It need hardly be said that the existence of the ground lease substantially reduced the value of the Dadeland Xtra Property, and the term of that lease made it virtually impossible for the Estate to realize that value during the course of even this lengthy bankruptcy case. On or about March 10, 1996, however, Xtra ceased operation of the Super Food Center and removed its inventory and equipment from the premises, without notice to the Trustee. Although continuing to pay rent, taxes and other expenses required under the ground lease, Xtra completely vacated the premises and posted a sign at the main entrance reading, "Store Closed" "Out of Business."

As a result, on May 13, 1996 Trustee Brandt filed a Motion seeking to reject the unexpired ground lease on the basis that Xtra had vacated the premises and was in violation of the "opening hours" clause and other non-monetary covenants, the lease could be rejected without allowing Xtra to "remain in possession" under the form of Section 365(h)(1) of the Bankruptcy Code then in effect. The Rejection Motion sought to terminate the lease, formally evict Xtra from the premises, and prohibit Xtra from assigning its interest under the ground lease to a third party.

Following several months of contentious litigation over the Rejection Motion, Trustee Brandt and representatives of Xtra began to negotiate a resolution of the dispute in a joint effort to market the Dadeland Xtra Property to third parties. After negotiations failed Trustee Brandt resumed his efforts to pursue the Rejection Motion, while an affiliate of Xtra to which the lease had been assigned during the negotiation period entered into an agreement to assign the leasehold interest to Publix Supermarkets, Inc. for $6,250,000. Following further litigation Trustee Brandt entered into a proposed Settlement Agreement providing for sale of the fee interest in the Dadeland Xtra Property to Publix for $1,350,000. The settlement was brought before the Court by way of a Motion filed on December 31, 1997 and approved by the Court on February 2, 1998, and the purchase price was paid in Cash at closing.

(iv) Other significant asset sales

At various times during the Chapter 7 phase of the case, Trustees Brandt and Beck sold interests held by the Estate in a number of other properties and investments. A brief summary of the more significant sales is as follows:

- Southeast Venture Capital – By Motion and Order dated May 22, 1992 and June 23, 1992, respectively, Trustee Brandt sought and obtained authority to sell the Estate's interest as sole limited partner of Southeast Venture Capital Ltd. I and Southeast Venture Capital Ltd. II to the general partners of each of those entities. The combined purchase price was $2,800,000, paid in Cash at closing.

- Southeast Switch, Inc. – By Motion and Order dated June 2, 1992 and June 23, 1992, respectively, Trustee Brandt sought and obtained authority to sell all of the Estate's 7% equity interest in Southeast Switch, a corporation that owned and operated an electronic funds transfer system commonly known as the Honor System, accessible through an extensive network of automatic teller machines and point-of-sale terminals throughout the southeastern United States. The shares in Southeast Switch were sold at $5.55 per share, three times the stated book value as of December 31, 1991, for a total purchase price of $1,250,000, paid in Cash at closing.

- Doral Property – By Motion and Order dated December 15, 1992 and December 22, 1992, respectively, Trustee Brandt sought and obtained approval of an advertising budget and bidding procedures governing the sale of a 27-acre parcel of vacant land in west Miami-Dade County and known as the Doral Property. By Order dated February 26, 1993, the Court authorized the sale of the Doral Property for $4,300,000, paid in Cash at closing.

- Fort Caroline Cove Property – By Motion and Order dated September 23, 1993, and October 28, 1993, respectively, Trustee Brandt sought and obtained approval of an advertising budget and bidding procedures governing the sale of a 24-acre parcel of raw land located in Duval County, Florida, known as the Fort Caroline Cove Property. By Order dated November 29, 1993, the Court authorized the sale of the Fort Caroline Cove Property for $701,000, paid in Cash at closing.

- The Ranch Property – By Motion dated March 2, 1994, Trustee Brandt sought authorization to sell seventeen developed but unimproved residential lots located in Travis and Burnett Counties, Texas, known as the Ranch Property. By Order dated April 1, 1994, the Court authorized the sale of the Ranch Property for $800,000, pursuant to the terms and conditions set forth in the Sale Motion, paid in Cash at closing.

- Morgan Street Property – By Motion and Order dated March 8, 1994 and April 7, 1994, respectively, Trustee Brandt sought and obtained approval of an advertising budget and bidding procedures governing the sale of a parcel of predominantly vacant land located at 408 Morgan Street, Tampa, Florida, known as the Morgan Street Property. By Order dated May 16, 1994, the Court authorized the sale of the Morgan Street Property for $1,576,000, paid in Cash at closing.

- Ponte Vedra Property – By Motion dated March 29, 1995, Trustee Brandt sought authorization to sell a property located in Hillsborough County, Florida, known as the Ponte Vedra Property. By Order dated April 26, 1995, the Court authorized the sale of the Ponte Vedra Property for $350,000, pursuant to the terms and conditions set forth in the Sale Motion, paid in Cash at closing.

- The Tallahassee Townhouse – By Motion dated December 28, 1995, Trustee Brandt sought authorization to sell a condominium unit located at 1618 View Lane, #6, Tallahassee, Florida, known as the Tallahassee Townhouse. By Order dated January 12, 1996, the Court authorized the sale of the Tallahassee Townhouse for $55,000, pursuant to the terms and conditions set forth in the Deposit Receipt and Contract for Sale and Purchase Agreement attached to the Motion, paid in Cash at closing.

- Fort Caroline Cove Model Home – By Motion dated March 4, 1996, Trustee Brandt sought authorization to sell a property owned by a non-debtor subsidiary in Tallahassee, Florida, known as the Fort Caroline Cove Model Home. By Order dated March 19, 1996, the Court authorized the sale of the Fort Caroline Cove Model Home for $74,000, pursuant to the terms and conditions set forth in the Deposit Receipt and Purchase and Sale Agreement attached to the Motion, paid in Cash at closing.

- The Ranch – By Motion dated May 28, 1996, Trustee Brandt sought authorization to take necessary corporate action to facilitate the sale of a property owned by a non-debtor subsidiary in Spicewood, Texas, known as The Ranch. By Order dated June 17, 1996, the Court authorized the sale of The Ranch for $140,000, pursuant to the terms and conditions set forth in the Unimproved Property Earnest Money Contract attached to the Motion, paid in Cash at closing.

- Ponte Vedra Pointe Parcels “C” and “D” – By Motion dated May 31, 1996, Trustee Brandt sought authorization to take necessary corporate action to facilitate the sale of property

owned by a non-debtor subsidiary in St. Johns County, Florida, known as Ponte Vedra Pointe Parcels “C” and “D”. By Order dated June 17, 1996, the Court authorized the sale of Ponte Vedra Pointe Parcels “C” and “D” for $500,000, pursuant to the terms and conditions set forth in the Purchase and Sale Agreement attached to the Motion, paid in Cash at closing.

- The Crossings – By Motion dated July 23, 1996, Trustee Brandt sought authorization to take necessary corporate action to facilitate the sale of a property owned by a non-debtor subsidiary in St. Johns County, Florida, known as The Crossings. By Order dated August 20, 1996, the Court authorized the sale of the Crossings for $500,000, pursuant to the terms and conditions set forth in the Purchase and Sale Agreement attached to the Motion, paid in Cash at closing.

- Ponte Vedra Parcels “F” and “G” – By Motion dated June 23, 1997, Trustee Brandt sought authorization to take necessary corporate action to facilitate the sale of a series of out-parcels located in Ponte Vedra County, Florida, known as Ponte Vedra Parcels “F” and “G”. By Order dated July 22, 1997, the Court authorized the sale of Ponte Vedra Parcels “F” and “G” for $925,000, pursuant to the terms and conditions set forth in the Sale Motion, paid in Cash at closing.

- Latin American Agribusiness Development Corporation – By Motion dated February 17, 1998, Trustee Brandt sought authority to sell forty (40) shares of common stock in Latin American Agribusiness Development Corporation ("LAADC"), a private investment and development company. Following Mr. Brandt's resignation Trustee Beck restructured the sale process, and on May 7, 1998 the Bankruptcy Court entered a Sale Procedures Order which recognized the $800,000 bid of Gabriel Capital, L.P. as the stalking horse bid and approved a break-up fee in the amount of $75,000, subject to higher and better offers and the contractual right of first refusal held by LAADC to purchase its own shares. Pursuant to a public auction conducted before the Bankruptcy Court on July 6, 1998, the shares were sold to LAADC for the sum of $1.8 million in cash, from which the Estate realized net proceeds of $1.725 million, after payment of the previously-approved break-up fee. The sale was confirmed by Order dated July 30, 1998, and the net purchase price of $1.725 million was paid to the Estate in cash at closing.

- Belfort Property – By Motion dated May 17, 2001, Trustee Beck sought authorization to take necessary corporate action to facilitate the sale of a property owned by a non-debtor subsidiary in Duval County, Florida, known as the Belfort Property. By Order dated June 13, 2001, the Court authorized the sale of the Belford Property for $1,913,416, pursuant to the terms and conditions set forth in the Purchase and Sale Agreement attached to the Motion, paid in Cash at closing.

- Wometco Enterprises, Inc. – By Motion and Order dated July 8, 2005 and August 4, 2005, respectively, Trustee Beck sought and obtained authority to sell the Estate’s 30,000 shares of Convertible Preferred Stock in Wometco (27,700 shares of Series A and 2,300 shares of Series B), for the stipulated preferred stock put price of $426,000, paid in Cash to the Estate at closing.

Through the series of transactions described above the Estate realized in excess of $19,175,000 in Cash, much of it from assets which were carried on the books of the Debtor at far lesser values, or not reflected on those records at all.

(v) Federal Tax Refunds

For a period of several years prior to the regulatory intervention of SEBNA and SEBWF (collectively, the “Banks”) and the filing of the Chapter 7 case, the Debtor filed consolidated tax returns for itself and its eligible affiliates, including the Banks collectively, the “SEBC Taxpayer Group”). In

September of 1992 the Internal Revenue Service issued two Notices of Deficiency, asserting that taxes were due and owing from the Debtor and all members of the SEBC Taxpayer Group in the amounts of $686,727, $8,774,110, and $7,824,307 for the taxable years ending December 31, 1986, 1988 and 1989, respectively. In addition to this asserted deficiency of over $17 million, the IRS also filed a proof of claim in the Chapter 7 case in the amount of $28,375,877.24, of which $27,613,879.13 was asserted as a priority claim, in respect of the taxable years ending December 31, 1983 through December 31, 1990.

Notwithstanding the asserted tax liability of more than $45 million, Trustee Brandt and his counsel believed on the basis of the limited information initially available to them that the Estate was entitled to a significant tax refund – unliquidated in amount and disputed in ownership by the FDIC in its capacity as Receiver for SEBNA – in respect of the taxable years ending on or prior to December 31, 1991. In order to preserve that right Trustee Brandt filed an appeal in the United States Tax Court, as a means of disputing the Notices of Deficiency. Because the Notices of Deficiency sought to impose joint and several liability on each member of the Taxpayer Group, the FDIC ultimately agreed as a matter of mutual interest to work cooperatively with the Trustee to respond jointly to the Notices and, more importantly, to file a consolidated tax return and joint request for tax refund for the tax year ending December 31, 1991.

After entering into a Tax Escrow Agreement with the FDIC approved by the Bankruptcy Court in an Order entered on April 1, 1993, the Trustee engaged in protracted negotiations with the IRS and FDIC for more than two years before reaching a comprehensive settlement of the tax liabilities and refund rights. On November 16, 1995 the Trustee filed a Motion seeking approval of a settlement of the Tax Appeal, pursuant to which:

- The SEBC Taxpayer Group received an immediate tax refund in the amount of $567,555.00 for the eight-year period comprised of tax years ending December 31, 1983 through December 31, 1990;

- The SEBC Taxpayer Group received an additional tax refund in excess of $15 million for the tax year ending December 31, 1991, upon approval of the Joint Congressional Committee on Taxation as required in respect of any refund in excess of $1 million for any single tax year;

- The full $28,375,877.24 amount of the IRS proof of claim was eliminated.

The Bankruptcy Court approved the proposed settlement by Order dated November 21, 1995. Thereafter, in connection with the FDIC Settlement described in Section V.A.4(c) of this Disclosure Statement the FDIC relinquished all of its right, title and interest in the Tax Escrow, and the Chapter 7 Estate ultimately received the entire federal tax refund in an amount in excess of $15 million.

5. Efforts to Realize Additional Value through an Equity Infusion Transaction

Beginning in 2005 while the case was still pending as a case under Chapter 7, the Trustee began considering various alternatives to implement a transaction to rehabilitate SEBC, including a transaction involving the investment of SEBC's remaining Cash or investment by a third party. After consultation with the Indenture Trustees and certain significant Noteholders who had signed confidentiality agreements (the "Confidentiality Parties"), the Trustee determined that creditors would support the efforts of the Trustee and his Professionals (including their expenditure of time and money) to attract a suitable third party investor.

Accordingly, working with the Confidentiality Parties the Trustee sought to select counsel capable of soliciting and implementing a transaction with a third party investor to rehabilitate SEBC and maximize value not only for creditors, but also for the Estate's equity holders. The Trustee identified several candidate law firms, and ultimately conducted a telephonic interview of two firms, each of which presented proposals of potential transaction structures. Based on those interviews and the respective proposals, the Trustee selected Greenberg Traurig (already the Trustee's general counsel) as counsel with respect to the proposed transaction.

Greenberg Traurig attorneys worked with the Trustee from September 2005 through November 2006 to refine the proposed transaction structure in order to obtain the maximum value from SEBC's remaining assets, and then began discussions with at least five potential investors. In conjunction with those discussions, the Trustee and his attorneys encouraged each potential investor to propose alternative transaction structures as well. Unfortunately, these conversations did not prove successful in developing a mutually agreeable transaction structure with any of the proposed investors during this time period.

As noted in Section V.A.1(b)(v) of this Disclosure Statement, after the initial lack of success by Greenberg Traurig in finding a suitable counterparty for the transaction on its own, the Trustee sought and obtained approval to retain SCS as investment banker for the Estate for purposes of pursuing such a transaction and finding a suitable counterparty. By order entered on April 4, 2007, the Bankruptcy Court approved SCS's retention nunc pro tunc to February 1, 2007, and approved a percentage fee structure for SCS based on the aggregate third party consideration provided for in the transaction. Specifically, if the Plan is confirmed and the Transaction is consummated, SCS will be entitled to the SCS Structuring Fee of .04% (4 bps) of the Aggregate Purchase Price (but excluding for the purposes of this calculation from the Aggregate Purchase Price the total combined value of the 5,000,000 shares of Reorganized SEBC Class B Common Stock and the 5,000,000 shares of Reorganized SEBC Class C Common Stock purchased by Investor pursuant to Section 5.6(c) of the Plan) payable on or before the first quarterly dividend payment date for Reorganized SEBC after the Effective Date, and the SCS Annual Fee of .08% (8 bps) of the Aggregate Purchase Price (but excluding for the purposes of this calculation from the Aggregate Purchase Price the total combined value of the 5,000,000 shares of Reorganized SEBC Class B Common Stock and the 5,000,000 shares of Reorganized SEBC Class C Common Stock purchased by Investor pursuant to Section 5.6(c) of the Plan) per annum payable in four equal quarterly installments on each quarterly dividend payment date for Reorganized SEBC for so long as the Transaction remains outstanding, commencing on the first quarterly dividend payment date for Reorganized SEBC after the Effective Date.

After being retained by the Estate, SCS discussed the proposed transaction with at least seven financial institutions believed to have the sophistication and financial wherewithal to engage in such a transaction. SCS also encouraged these potential investors to propose alternative transactions. Only one financial institution made such a proposal; however, it too agreed that given certain limitations arising from SEBC's bankruptcy status, the SCS proposal was best suited for SEBC.

Other potential investors declined to proceed further because they sought an investment grade counterparty who could make certain representations and warranties that neither the Trustee nor SEBC could provide. One potential investor would only consider a transaction up to a total of no more than nine times the value of all subordinated equity, which would have resulted in a transaction of less than $200 million. Another investor proposed a transaction of $500 million. MLE, on the other hand, had the most practical proposal and after initial due diligence proposed investing approximately $1.5 billion.

Thus, after due consideration and numerous discussions with each of these financial institutions, by the middle of 2007 the Trustee decided to proceed directly with MLE based on, among other things, (i) the size of the proposed transaction with MLE; (ii) the fact that it was ready to proceed without indemnities from SEBC or its stakeholders; (iii) its reputation; and (iv) its familiarity with the transaction structure.

The selection of MLE then led to further negotiations resulting in a non-binding letter of intent dated June 28, 2007, between the Trustee and MLE. After executing the letter of intent and conferring with creditors and other parties in interest who had signed confidentiality agreements, on August 16, 2007, the Trustee filed a motion to convert the Chapter 7 Case to Chapter 11 as the first step toward implementing a transaction with MLE. After a hearing on September 11, 2007, the Bankruptcy Court entered an order on September 17, 2007, converting the Chapter 7 Case to Chapter 11. On November 14, 2007, the Trustee then entered into a enhanced non-binding letter of intent with MLE, which further refined the terms of the proposed Transaction.

B. The Chapter 11 Case

Upon conversion to the Chapter 11 Case on September 17, 2007, the Trustee now seeks to rehabilitate the Debtor through the Plan, causing it to undertake operations in the financial services (but non-banking) industry and utilize certain of its remaining assets.

1. The Trustee and His Professionals

Jeffrey H. Beck, the last Chapter 7 Trustee, was appointed as Chapter 11 Trustee. The Chapter 11 Trustee has retained Greenberg Traurig as his general counsel, Kapila as his accountant, MWE as his ERISA counsel, Smith as fee auditor, and SCS as financial advisor. SCS was likewise retained on behalf of the Chapter 11 Estate under the compensation terms previously approved in the Chapter 7 Case.

2. Creditor and Equity Representatives

No creditors or equity committees have been appointed pursuant to 11 U.S.C. § 1102.

Upon conversion of the Chapter 7 Case to the Chapter 11 Case, however, and with the possibility that there would be value for Holders of Interests in SEBC under a Plan, the Trustee requested that the Bankruptcy Court appoint a Legal Representative to represent the interests of Holders of Old SEBC Common Stock Interests – the vast majority of whom were and continue to be unknown to the Trustee – with respect to Plan-related matters. Specifically, the Trustee requested that the Bankruptcy Court appoint a Legal Representative to represent and further the interests of the Holders of Old SEBC Common Stock Interests generally in connection with the process of developing, negotiating and confirming the Plan with the Trustee, MLE, and other constituents; advising on the form and substance of notice to Holders of Old SEBC Common Stock Interests and their participation in the Plan process, including communication with Holders of Old SEBC Common Stock Interests regarding Plan issues; and otherwise acting on their behalf in connection with issues arising in connection with the confirmation of a Plan.

By Order entered on November 21, 2007 (the "Legal Representative Order"), the Bankruptcy Court authorized the appointment of a Legal Representative, and appointed Jerry M. Markowitz, Esq., to fill that role. In the Legal Representative Order, the Bankruptcy Court authorized the Legal Representative to (a) negotiate on behalf of the Holders of Old SEBC Common Stock Interests with the Trustee, MLE, and other constituencies in connection with the development, negotiation and confirmation of the Plan; (b) advise on the form and substance of supplemental notice to Holders of Old SEBC Common Stock Interests and their participation in the Plan process, including communication with Holders of Old SEBC Common Stock Interests regarding Plan issues; (c) otherwise act on behalf of Holders of Old SEBC Common Stock Interests in connection with issues arising in connection with the development, confirmation and implementation of the Plan; (d) retain counsel, and enter into such confidentiality and other agreements as may be necessary to discharge the foregoing duties and responsibilities; (e) appear both individually and through counsel, as appropriate, and be heard before the Bankruptcy Court as a party in interest pursuant to 11 U.S.C. § 1109(b) with respect to any issue falling within the scope of the duties described in the Legal Representative Order; and (f) seek payment of reasonable fees and reimbursement of expenses from the Estate for his services and those of his chosen counsel pursuant to 11 U.S.C. §§ 330 and 331.

Pursuant to an application by the Legal Representative, by Order entered on July 14, 2008, the Bankruptcy Court authorized the Legal Representative to employ Mesirow Financial Consulting ("MFC") as his financial advisor. Since their respective retentions, both the Legal Representative and MFC have taken an active role in negotiating for, advising the Trustee with respect to, and otherwise acting on behalf of, the Holders of Old SEBC Common Stock Interests.

3. Claims Bar Date

Because all pre-petition Claims have long since been administered in the Chapter 7 Case, by Order Directing that There Be No New or Additional Bar Date for Filing Proofs of Claim in This Converted Chapter 11 Case entered on September 28, 2007, the Bankruptcy Court directed that the Bar Date fixed in the Chapter 7 Case remain the claims bar date and that no new or additional bar date for filing proofs of claim be allowed.

4. Administrative Claims Bar Date

Pursuant to the Administrative Claim Bar Date Order, the Bankruptcy Court established [_____], 2009 at 4:00 p.m. prevailing Eastern time as the deadline by which all Persons holding or wishing to assert a claim (as defined in section 101(5) of the Bankruptcy Code) against the Estate, subject to certain identified exceptions, that: (a) may have arisen, accrued or otherwise become due and payable during the period from the Conversion Date through [_____], 2009; (b) is allowable as an administrative expense claim under section 503(b) of the Bankruptcy Code; and (c) is entitled to first priority under section 507(a)(1) of the Bankruptcy Code, must file a request for the allowance of such Administrative Claim or be forever barred from filing or asserting such Administrative Claim against the Debtor, Reorganized SEBC, SEBC Holdings, Real Estate LLC, any successor thereto, or their respective properties.

All requests for payment of an Administrative Claim (other than as set forth in Sections 3.1, 9.1, 9.2, 9.3, 9.4, or 9.5 of the Plan or as otherwise ordered by the Bankruptcy Court), including all final requests for payment of Professional Fee Claims pursuant to Sections 327, 328, 330, 331, or 503(b) of the Bankruptcy Code, must be made by application filed with the Bankruptcy Court and served on necessary parties in interest on or before the Administrative Claims Bar Date. All timely filed Administrative Claims, including all Professional Fee Claims, will be considered at the Confirmation Hearing. Any such applications may contain a good faith estimate of additional Professional Fee Claims to be incurred through and including the Effective Date. Objections to such applications must be filed and served on the Trustee, his counsel, counsel for MLE, the requesting Professional, the Fee Auditor Warren H. Smith, and such other parties in interest as the Bankruptcy Court may direct, within such time as may be provided under applicable Rules of the Bankruptcy Court or fixed by Order of the Bankruptcy Court. In the event that of any objection to any Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim. To the extent any asserted Administrative Claim, the amount of which is deducted from Available Cash to compute Net Cash, is disallowed, Cash in the amount of such disallowed Administrative Claim (or any portion thereof that is disallowed) shall be transferred to SEBC Holdings, whereupon such amount shall be subject to a mandatory dividend payable to holders of SEBC Holdings Junior Preferred Units on or before the next quarterly dividend date for SEBC Holdings after the date by which all such disputed Administrative Claims are finally resolved.

Any Holder of an Administrative Claim who fails to file a timely request for the allowance of an Administrative Claim: (i) shall be forever barred, estopped and enjoined from asserting such Administrative Claim against the Debtor, Reorganized SEBC, SEBC Holdings, Real Estate LLC, any successor thereto, or their respective properties (or filing a request for the allowance thereof), and the Debtor, Reorganized SEBC, SEBC Holdings, Real Estate LLC, any successor thereto, and their respective properties shall be forever discharged from any and all indebtedness or liability with respect to such Administrative Claim; and (ii) such Holder shall not be permitted to participate in any Distribution under the Plan on account of such Administrative Claim.

5. Further Negotiation of the Transaction

After further negotiations with MLE and refinement of the proposed transaction structure, the Trustee and MLE signed an updated non-binding letter of intent dated November 14, 2007. Since that time, the Trustee and his Professionals have continued to negotiate the transaction and the numerous documents to implement the transaction, including the Plan, with MLE and its professionals. As a result of those negotiations, the Master Subscription Agreement was signed on November 19, 2008, and on

November 20, 2008, the Trustee filed the Plan seeking approval of the Transaction set forth in the Master Subscription Agreement.

VI. SUMMARY OF THE CHAPTER 11 PLAN OF REORGANIZATION

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

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

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

A. Overall Structure of the Plan

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

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

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

If the Plan is confirmed by the Bankruptcy Court and consummated, Claims and Interests will be modified and receive Distributions constituting a partial recovery on such Claims and Interests. On the Effective Date, Reorganized SEBC and SEBC Holdings will distribute Cash and certain Reorganized SEBC Securities and SEBC Holdings Securities in respect of each Class of Claims and Interests as

provided in the Plan. The Classes of Claims against and Interests in the Debtor created under the Plan, the treatment of those Classes under the Plan, and the other property to be distributed under the Plan, are described below.

B. Reorganized Capital Structure Created by Plan

The Plan sets forth the capital structure of Reorganized SEBC upon its emergence from Chapter 11, which is summarized as follows:

1. Reorganized SEBC

Reorganized SEBC will emerge from Chapter 11 owning various financial securities including the Investment Vehicle Senior Securities and the Real Estate LLC Debt. Reorganized SEBC Common Stock will be owned 60% by SEBC Holdings and 40% by Investor. Investor will also own Reorganized SEBC Series A Senior Preferred Stock, Reorganized SEBC Series B Senior Preferred Stock, and Reorganized SEBC Series J Junior Preferred Stock. Qualified Creditors of SEBC will own Reorganized SEBC Series K Junior Preferred Stock, a portion of which will be purchased by Investor pursuant to the Securities Purchase Agreement (as described in Section VI.B.4. below).

2. Real Estate LLC

The Jacksonville Property Subsidiaries will each be converted into Florida limited liability companies, and the equity interests held by the Estate in each such entity will then be transferred to Real Estate LLC. Real Estate LLC will issue the Real Estate LLC Debt to Reorganized SEBC, and SEBC Holdings will acquire 100% of the Real Estate LLC Membership Interests. Real Estate LLC shall continue to manage, develop, and possibly dispose of the Jacksonville Property.

3. SEBC Holdings

SEBC Holdings will be established to hold 60% of Reorganized SEBC Common Stock and 100% of Real Estate LLC Membership Interests. All outstanding SEBC Holdings Common Units will be owned by Holders of Old SEBC Common Stock Interests. Holders of Series A Preferred Stock and Series E Preferred Stock will own $.54 million aggregate face amount of SEBC Holdings Junior Preferred Units, and Holders of Claims will own $18.7 million aggregate face amount of SEBC Holdings Junior Preferred Units and up to $6 million aggregate face amount of SEBC Holdings Senior Preferred Units,[20] a portion of which will be purchased by Investor pursuant to the Securities Purchase Agreement (as described in Section VI.B.4. below).

4. Securities Purchase for Cash

A portion of the consideration to be distributed to creditors under the Plan is the Mixed Securities Distribution, which will be $10.5 million in total consideration consisting of $6 million face amount in SEBC Holdings Senior Preferred Units and $4.5 million face amount in Reorganized SEBC Series K Junior Preferred Stock, subject, however, to adjustment pursuant to Section 5.6(e) of the Plan.

Of the Mixed Securities Distribution to be issued to Holders of Noteholder Claims and Allowed Class 3 Claims under Sections 3.2(a)(ii), 3.2(b)(ii), and 3.2(c)(ii) of the Plan, on the Effective Date Investor will purchase for Cash, pursuant to the Securities Purchase Agreement, not less than an aggregate $6,500,000 face amount of SEBC Holdings Senior Preferred Units and Reorganized SEBC Series K Junior Preferred Stock in lieu of the issuance of such units and/or stock to Holders of Noteholder Claims and Allowed Class 3 Claims. Such purchase by Investor shall be implemented so that the Holders of Noteholder Claims and Allowed Class 3 Claims shall each receive (x) a Pro Rata share of $6,500,000 in Cash and (y) a Pro Rata share of an aggregate $4,000,000 face amount in SEBC Series K Junior

[20] *See* note 2, *supra*.

Preferred Stock and/or SEBC Holdings Senior Preferred Units,[21] provided, however, that only Qualified Creditors shall be eligible to receive, acquire, or hold Reorganized SEBC Series K Junior Preferred Stock and provided further, however, that the Disbursing Agent will not distribute shares of Reorganized SEBC Series K Junior Preferred Stock to more than 250 holders of record for purposes of the registration and periodic reporting obligations of the Exchange Act.

C. Classification and Treatment of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan of reorganization must classify the claims and interests of a debtor's creditors and equity interest Holders. In accordance with Section 1122 of the Bankruptcy Code, the Plan divides Claims and Interests into Classes and sets forth the treatment for each Class (other than Administrative Claims, which, pursuant to Section 1123(a)(1), do not need to be classified). The Trustee also is required, under Section 1122 of the Bankruptcy Code, to classify Claims against and Interests in the Debtor into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class.

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

The classification of Claims and Interests and the nature of Distributions to members of each Class are summarized below. The Trustee believes that the consideration provided under the Plan to Holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests, taking into account the differing nature and priority (including applicable contractual and statutory subordination) of such Claims and Interests as resolved in the Global Settlement Order, and the fair value of the Debtor's assets. In the event that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Trustee will seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code. Specifically, Section 1129(b) of the Bankruptcy Code permits confirmation of a Chapter 11 plan in certain circumstances even if the Plan has not been accepted by all Impaired Classes of Claims and Interests. *See* Section X.H. below. Although the Trustee believes that the Plan can be confirmed under Section 1129(b), there can be no assurance that the Bankruptcy Court will find that the requirements to do so have been satisfied.

1. Treatment of Unclassified Claims under the Plan – Administrative Claims

An Administrative Claim is defined in the Plan as any cost or expense of administration in the Bankruptcy Case under Section 503 of the Bankruptcy Code, including, without express or implied limitation, any actual and necessary costs and expenses of preserving the Estate, any expenses of Professionals under Sections 330 and 331 of the Bankruptcy Code, any actual and necessary costs and expenses of operating the businesses of the Debtor, any indebtedness or obligations incurred or assumed by the Trustee on behalf of the Debtor and the Estate in connection with the conduct of the Debtor's business or for the acquisition or lease of property or the rendition of services, any allowed compensation or reimbursement of expenses under Section 503(b)(2)-(5) of the Bankruptcy Code, and any fees or charges assessed against the Estate.

[21] *Id.*

Under the Plan, except as otherwise provided for therein, and subject to the requirements of Sections 9.1 through 9.5 of the Plan, on the Effective Date or the date on which such Administrative Claim becomes payable pursuant to any agreement between Reorganized SEBC or the Trustee and the Holder of such Administrative Claim, the Holder of each such Allowed Administrative Claim shall receive from the Estate, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim, (i) Cash equal to the unpaid portion of such Allowed Administrative Claim or (ii) such different treatment (on terms no more favorable to the Holder than previously agreed to among the parties) as to which the Trustee or Reorganized SEBC and such Holder shall have agreed in writing. The Professional Fee Contribution, which consists of $300,000 in Cash to be paid by Reorganized SEBC to the Disbursing Agent on the first quarterly dividend payment date for Reorganized SEBC after the Effective Date, shall also be used as a source for, or in reimbursement of, Allowed Professional Fee Claims.

The Plan provides that all requests for payment of an Administrative Claim (other than as set forth in Sections 3.1, 9.1, 9.2, 9.3, 9.4, or 9.5 of the Plan) must be made by application filed with the Bankruptcy Court and served on counsel for the Trustee on or before the Administrative Claims Bar Date. In the event that the Trustee objects to an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim. To the extent any asserted Administrative Claim, the amount of which is deducted from Available Cash to compute Net Cash, is disallowed, Cash in the amount of such disallowed Administrative Claim (or any portion thereof that is disallowed) will be transferred to SEBC Holdings, whereupon such amount will be subject to a mandatory dividend payable to holders of SEBC Holdings Junior Preferred Units on or before the next quarterly dividend date for SEBC Holdings after the date by which all such disputed Administrative Claims are finally resolved.

(a) Payment of Professional Fee Claims

Unless otherwise ordered by the Bankruptcy Court, all final requests for payment of Professional Fee Claims pursuant to Sections 327, 328, 330, 331, or 503(b) of the Bankruptcy Code must be made by application filed with the Bankruptcy Court and served on necessary parties in interest on or before the Administrative Claims Bar Date. All such timely filed and served applications shall be heard on the date of the Confirmation Hearing. Any such applications may contain a good faith estimate of additional Professional Fee Claims to be incurred through and including the Effective Date. Objections to such applications must be filed and served on the Trustee, his counsel, counsel for MLE, the requesting Professional, the Fee Auditor Warren H. Smith, and such other parties in interest as the Bankruptcy Court may direct, within such time as may be provided under applicable Rules of the Bankruptcy Court or fixed by Order of the Bankruptcy Court.

(b) Payment of Indenture Trustee Fees and Expenses

To the extent the Indenture Trustee Fees and Expenses are paid in Cash in full by the Trustee, the Disbursing Agent, or Reorganized SEBC, distributions received by Noteholders pursuant to the Plan shall not be reduced on account of the fees and expenses of the Indenture Trustee.

Within twenty (20) days after the issuance of the Confirmation Order, the Indenture Trustees shall serve on the Trustee reasonably substantiating documents in support of the Indenture Trustee Fees and Expenses incurred to such date by the Indenture Trustees, whether incurred before or after the Petition Date and/or the Confirmation Date, together with a detailed, reasonable estimate of any fees and expenses to be incurred through the Effective Date. Such estimate may include, without limitation, projected fees and expenses relating to surrender and cancellation of the Notes and making distributions to Noteholders under the Plan. On or as soon as reasonably practicable after the Effective Date, the Trustee or Reorganized SEBC shall pay in Cash the undisputed amount of the Indenture Trustee Fees and Expenses without the need for the Indenture Trustees to file applications for the allowance thereof with the Bankruptcy Court, pursuant to Sections 3.2(a) and (b) of the Plan. If, before the Effective Date, the Trustee objects in writing to all or a portion of the Indenture Trustee Fees and Expenses, (a) the Trustee shall pay the undisputed portion of the Indenture Trustee Fees and Expenses as provided above and (b) such Indenture Trustee may, in its sole discretion, either (i) submit the disputed portion of the

Indenture Trustee Expense to the Bankruptcy Court for resolution or (ii) exercise its rights under the Indentures to ensure full payment of the Indenture Trustee Fees and Expenses. The allowance of the disputed portion of the Indenture Trustee Fees and Expenses shall be determined under a "reasonableness" standard. In connection with such allowance, the Indenture Trustees shall not be required to file fee applications or comply with guidelines and rules applicable to fee applications, and shall not be subject to Sections 330 or 503(b) of the Bankruptcy Code. Nothing in the Plan or the Confirmation Order shall be deemed to impair, waive, or discharge any rights of the Indenture Trustees with respect to the payment of any portion of the Indenture Trustee Fees and Expenses not paid by the Trustee.

Reorganized SEBC shall pay, without further order of the Bankruptcy Court, the reasonable direct out-of-pocket costs and expenses, including the reasonable attorneys' fees and expenses, incurred by the Indenture Trustees after the Effective Date in connection with making distributions under the Plan.

(c) Payment of SCS Structuring Fee

The SCS Structuring Fee is deemed to be an Allowed Administrative Claim, but shall not be paid from Available Cash. Reorganized SEBC shall pay the SCS Structuring Fee on or before the first quarterly dividend payment date for Reorganized SEBC after the Effective Date.

(d) 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 on or before the Effective Date. All such fees that arise after the Effective Date shall be paid by Reorganized SEBC. The obligation of Reorganized SEBC to pay quarterly fees to the Office of the United States Trustee pursuant to Section 1930 of Title 28 of the United States Code shall continue until the Bankruptcy Case is closed.

(e) Estimate of Allowed Administrative Claims

The Trustee has estimated that the amount of Allowed Administrative Claims expected to have been accrued up to the Effective Date, payable as of and after the Effective Date, will be approximately [$TO BE PROVIDED], including Professional Fee Claims of approximately [$TO BE PROVIDED], and fees payable under 28 U.S.C. § 1930; provided, however, that this amount does not include any fee enhancements or substantial contribution claims that may be allowed and awarded to the Trustee or, any of his Professionals, the Indenture Trustees, and Ad Hoc Committee, or any other party in interest in the case.

(f) Additional Obligations

Reorganized SEBC will have additional obligations arising on the Effective Date, as a consequence of the implementation of the Plan on that date, which include, without limitation, legal fees in the amount of $1,200,000 to be paid in four quarterly installments (of which the first $300,000 will be the Professional Fee Reimbursement, to be paid to the Disbursing Agent as a contribution to, or in reimbursement of, Allowed Professional Fee Claims); a custodial fee of approximately $100,000 per year, operating expenses of approximately $60,000 per year, the SCS Structuring Fee of approximately $651,600, and the SCS Annual Fee of approximately $1,303,200 per year. In addition, SEBC Holdings' post-Effective Date obligations will include, without limitation, operating expenses of approximately $500,000 per year.

2. Treatment of Classified Claims and Interests under the Plan

(a) Class 1, Senior Noteholder Claims

The Plan defines Senior Noteholder Claims as Claims held by the Holders of the Notes issued under the Senior Indenture. All principal amounts due and owing with respect to the Senior Notes have been paid in full during the Chapter 7 Case, as a result of which the Holders of Senior Notes are Unimpaired pursuant to former Section 1124(3) of the Bankruptcy Code. The Holders of the Senior Notes have Allowed Claims for and remain entitled to receive Postpetition Interest, the payment of which is governed by the Global Settlement Order, as implemented by and incorporated into the Plan.

The Plan provides that, on the Distribution Date, Holders of Senior Notes shall receive, in full and final satisfaction of their Allowed Class 1 Claims, their Pro Rata share (with Classes 2 and 3) of:

(i) Distributed Cash;

(ii) Mixed Securities Distribution (as set forth in Section 5.7 of the Plan); and

(iii) $18.7 million SEBC Holdings Junior Preferred Units.

The Plan further provides that all of the foregoing consideration shall be reallocated among Holders of Senior Notes and Subordinated Notes in accordance with the provisions of the Global Settlement Order or such further order as may be entered by the Bankruptcy Court. In the event that the terms of the reallocation are not finalized by the Effective Date, the Effective Date may nevertheless occur and distributions may be made to the Holders of Allowed Class 1 Claims.

Notwithstanding the foregoing, as additional consideration to the Holders of the Senior Notes, the Debtor or Reorganized SEBC shall pay, on or as soon as practicable after the Effective Date, in full in Cash, all of the Senior Indenture Trustee's reasonable Indenture Trustee Fees and Expenses incurred since July 31, 2002 (as provided in the Global Settlement Order), without application to or approval of the Bankruptcy Court and without a reduction to the recoveries of the Holders of the Senior Notes. In addition to the foregoing, nothing contained herein shall operate to preclude the Senior Indenture Trustee from distributing to the Holders of the Senior Notes any amounts withheld by the Senior Indenture Trustee from any Interim Distribution as a reserve for Indenture Trustee Fees and Expenses in excess of the actual Indenture Trustee Fees and Expenses incurred.

Class 1 Claims are Unimpaired, and therefore not entitled to vote on the Plan.

(b) Class 2, Subordinated Noteholder Claims

The Plan defines Subordinated Noteholder Claims as Claims held by the Holders of the Notes issued under the Subordinated Indentures. All principal amounts due and owing with respect to the Subordinated Notes have been paid in full during the Chapter 7 Case, as a result of which the Holders of Subordinated Notes are Unimpaired pursuant to former Section 1124(3) of the Bankruptcy Code. The Holders of the Subordinated Notes have Allowed Claims for and remain entitled to receive Postpetition Interest, the payment of which is governed by the Global Settlement Order, as implemented by and incorporated into the Plan.

The Plan provides that, on the Distribution Date, Holders of Subordinated Notes shall receive, in full and final satisfaction of their Allowed Class 2 Claims, their Pro Rata Share (with Classes 1 and 3) of:

(i) Distributed Cash;

(ii) Mixed Securities Distribution (as set forth in Section 5.7 of the Plan); and

(iii) $18.7 million SEBC Holdings Junior Preferred Units.

The Plan further provides that all of the foregoing consideration shall be reallocated among Holders of Senior Notes and Subordinated Notes in accordance with the provisions of the Global Settlement Order or such further order as may be entered by the Bankruptcy Court. In the event that the terms of the reallocation are not finalized by the Effective Date, the Effective Date may nevertheless occur and distributions may be made to the Holders of Allowed Class 2 Claims.

Notwithstanding the foregoing, as additional consideration to the Holders of the Subordinated Notes, the Debtor or Reorganized SEBC shall pay, on or as soon as practicable after the Effective Date, in full in Cash, all of the Subordinated Indenture Trustees' reasonable Indenture Trustee Fees and Expenses incurred since July 31, 2002 (as provided in the Global Settlement Order), without application to or approval of the Bankruptcy Court and without a reduction to the recoveries of the Holders of the Subordinated Notes. In addition to the foregoing, nothing contained herein shall operate to preclude the Subordinated Indenture Trustees from distributing to the Holders of the Subordinated Notes any amounts withheld by the Subordinated Indenture Trustees from any Interim Distribution as a reserve for Indenture Trustee Fees and Expenses in excess of the actual Indenture Trustee Fees and Expenses incurred.

Class 2 Claims are Unimpaired, and therefore not entitled to vote on the Plan.

(c) Class 3, General Unsecured Claims

The Plan defines General Unsecured Claims as all Allowed unsecured pre-petition Claims other than Noteholder Claims. All principal amounts due and owing with respect to General Unsecured Claims have been paid in full during the Chapter 7 Case, as a result of which the Holders of General Unsecured Claims are Unimpaired pursuant to former Section 1124(3) of the Bankruptcy Code The Holders of the General Unsecured Claims have Allowed Claims for and remain entitled to receive Postpetition Interest, the payment of which is governed by the Global Settlement Order, as implemented by and incorporated into the Plan.

The Plan provides that, on the Distribution Date, Holders of Allowed Class 3 Claims shall receive, in full and final satisfaction of their Allowed Class 3 Claims, their Pro Rata Share (with Classes 1 and 2) of:

(i) Distributed Cash;

(ii) Mixed Securities Distribution (as set forth in Section 5.7 of the Plan); and

(iii) $18.7 million SEBC Holdings Junior Preferred Units.

Class 3 Claims are Unimpaired, and therefore not entitled to vote on the Plan.

(d) Class 4, Series A Preferred Stock

The Plan defines Series A Preferred Stock Interests as the 600,000 authorized Adjustable Rate Cumulative Preferred Stock, Series A, with a stated value of $50 per share authorized and issued by the Debtor on April 20, 1987.

The Plan provides that, on the Distribution Date, in full and final satisfaction of all Allowed Class 4 Interests, all shares of Series A Preferred Stock shall be converted into an aggregate of 300,000 units ($300,000 aggregate face amount) of SEBC Holdings Junior Preferred Units (the "Series A Exchange").

The Plan further provides that, effective upon the Series A Exchange, each certificate theretofore representing shares of Series A Preferred Stock (a "Series A Certificate") shall no longer represent any interest in the capital stock of SEBC, and shall represent only the right to receive a new certificate representing the number of SEBC Holdings Junior Preferred Units into which the Series A Preferred Stock Interests previously represented by the Series A Certificate shall have been converted.

Class 4 Interests are Impaired, and therefore entitled to vote on the Plan.

(e) Class 5, Series E Preferred Stock

The Plan defines Series E Preferred Stock Interests as the 240,000 authorized 8.75% Preferred Stock, Series E, with a stated value of $100 per share authorized and issued by the Debtor on May 26, 1989.

The Plan provides that, on the Distribution Date, in full and final satisfaction of all Allowed Class 5 Interests, all shares of Series E Preferred Stock shall be converted into an aggregate of 240,000 units ($240,000 aggregate face amount) of SEBC Holdings Junior Preferred Units (the "Series E Exchange").

Effective upon the Series E Exchange, each certificate theretofore representing shares of Series E Preferred Stock (a "Series E Certificate") shall no longer represent any interest in the capital stock of SEBC, and shall represent only the right to receive a new certificate representing the number of SEBC Holdings Junior Preferred Units into which the Series E Preferred Stock Interests previously represented by the Series E Certificate shall have been converted.

Class 5 Interests are Impaired, and therefore entitled to vote on the Plan.

(f) Class 6, Old SEBC Common Stock Interests

The Plan defines Old SEBC Common Stock Interests as the shares of common stock, par value $5.00 per share, of SEBC issued and outstanding as of the Petition Date.

The Plan provides that, on the Distribution Date, in full and final satisfaction of all Allowed Class 6 Interests, each of the shares of Old SEBC Common Stock Interests shall be converted into one unit of SEBC Holdings Common Units (the "Common Stock Conversion"). Following the Common Stock Conversion, Holders of Allowed Class 6 Interests shall hold, in the aggregate, 100% of the SEBC Holdings Common Units.

The Plan further provides that, effective upon the Common Stock Conversion, each Old SEBC Common Stock Certificate shall no longer represent any interest in the capital stock of SEBC and shall represent only the right to receive a new certificate representing the number of SEBC Holdings Common Units into which the Old SEBC Common Stock Interests previously represented by the Old SEBC Common Stock Certificate shall have been converted.

Pursuant to the Solicitation Order, Holders of Interests in Class 6 are conclusively presumed to have rejected the Plan, and therefore their votes will not be solicited with respect to the Plan.

D. Allowed Claims and Interests and Distribution Rights

1. Allowance Requirement

Only Holders of Allowed Claims and Allowed Interests are entitled to receive Distributions under the Plan.

An Allowed Administrative Claim is all or any portion of an Administrative Claim that has been allowed or adjudicated in favor of the Holder by estimation or liquidation, by a Final Order.

An Allowed Claim (other than an Administrative Claim) is any Claim or any portion thereof that has been allowed.

An Allowed Interest is any Interest that has been allowed or, in the case of an Interest represented by an Old SEBC Common Stock Certificate, an Interest as to which the Trustee, Disbursing Agent or Transfer Agent, as applicable, has received documentation sufficient in his or her discretion to allow such Interest.

2. Interest on Claims

The Plan provides that no Postpetition Interest shall accrue or be allowed on any Claim after the Postpetition Interest Calculation Date.

3. Satisfaction of Subordination Rights

All Claims against the Debtor and all rights and claims between or among the Holders of Claims relating in any manner whatsoever to any claimed subordination rights shall be deemed satisfied by the distributions under, described in, contemplated by, and/or implemented in the Global Settlement Order and Section 3.2 of the Plan. Distributions under, described in, contemplated by, and/or implemented by the Plan to the various Classes of Claims hereunder shall not be subject to levy, garnishment, attachment, or like legal process by any Holder of a Claim by reason of any claimed subordination rights or otherwise, so that each Holder of a Claim shall have and receive the benefit of the distributions in the manner set forth in the Plan.

4. Distribution Record Date Requirements

In making Distributions under the Plan, the Trustee will recognize only Holders as of the applicable Distribution Record Date. As defined in the Plan, the Distribution Record Date is the record date for determining entitlement to receive Distributions under the Plan, which date shall be (a) for all Holders of Allowed Claims other than Holders of Noteholder Claims, the third Business Day after the Confirmation Date at 5:00 p.m. prevailing Eastern time; and (b) for all Holders of Noteholder Claims other than Holders of the EuroNotes, close of business on the Business Day immediately preceding the Distribution Date.

5. Distribution Date

The Plan sets the Distribution Date as the Effective Date for all Classes. Except as otherwise provided in the Plan or as ordered by the Bankruptcy Court, all distributions to Holders of Allowed Claims and Interests on the Distribution Date shall be made on or as soon as practicable after the Distribution Date; provided, however, all distributions to Holders of Interests shall be deemed to have been made on the Distribution Date, regardless of whether such distributions are claimed by the Holders on such date. Distributions made after the Effective Date shall be deemed to have been made on the Effective Date.

6. Distributions Held in Trust

For purposes of Distribution and effectuating the purchase and sale of such shares as described in Section 5.7 of the Plan, the Distributed Cash, Reorganized SEBC Series K Junior Preferred Stock, SEBC Holdings Senior Preferred Units, and SEBC Holdings Junior Preferred Units issued to Holders of Allowed Class 1, 2, and 3 Claims as set forth in Sections 3.2(a), 3.2(b), and 3.2(c) of the Plan shall be held in trust by the Disbursing Agent or the Transfer Agent/Registrar, as applicable, for the benefit of the Holders of such Allowed Noteholder Claims from and after the Effective Date, pending (x) finalization of the reallocation terms between Holders of Senior Notes and Subordinated Notes, (y) payment of such amounts in accordance with the Global Settlement Order Reallocation Formula, and (z) receipt of the Creditor Questionnaires in accordance with Section 3.6 of the Plan.

7. Creditor Questionnaire

Notwithstanding anything to the contrary set forth in the Plan, as a prerequisite to receiving any Distribution under the Plan, all Holders of Senior Notes, Subordinated Notes and Allowed Class 3 Claims shall be required to submit to the Trustee a Creditor Questionnaire, no later than thirty (30) days after the Confirmation Date. The purpose of the Questionnaire is to ensure that the Reorganized SEBC Series K Junior Preferred Stock is issued only to Qualified Creditors under the Plan.

8. Appointment of Disbursing Agent

(a) On or before the Effective Date, the Trustee shall designate the Person to serve as the Disbursing Agent under the Plan on terms and conditions mutually agreeable to the Trustee and such Person.

(b) The Disbursing Agent shall make all Distributions of Cash required to be made to Holders of Allowed Claims under the Plan, and such other Distributions to Holders of Allowed Claims and Interests as are delegated to the Disbursing Agent by the Trustee, except with respect to Noteholder Claims.

(c) The Indenture Trustees or their designated agents shall make all Distributions to Holders of Noteholder Claims in accordance with the terms of the Indentures, subject to the terms of the Plan, or shall have the right to delegate the making of such Distributions to the Disbursing Agent or the Transfer Agent/Registrar in accordance with Section 6.4(d) of the Plan, but only with the express written consent of the Disbursing Agent or Transfer Agent/Registrar, as applicable.

(d) The Disbursing Agent and Indenture Trustees, as applicable, may also employ a European sub-agent to make Distributions pursuant to subsections (b) and (c) above, of Cash, SEBC Holdings Securities and Reorganized SEBC Series K Junior Preferred Stock issued to Holders of EuroNotes.

(e) Except as provided in subparagraphs (b), (c), and (d), or unless otherwise provided herein, the Trustee shall make all Distributions required under the Plan unless the Trustee, in his sole discretion, delegates the responsibility for any distribution to the Disbursing Agent.

(f) If the Disbursing Agent is an independent third party designated to serve in such capacity, such Disbursing Agent shall receive, without further approval from the Bankruptcy Court, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out of pocket expenses incurred in connection with such services from Reorganized SEBC. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

9. Appointment of Transfer Agent/Registrar

(a) On or before the Effective Date, the Trustee shall designate the Person to serve as the Transfer Agent/Registrar under the Plan on terms and conditions mutually agreeable to the Trustee and such Person.

(b) The Transfer Agent/Registrar shall make all Distributions of SEBC Holdings Securities required to be made to Holders of Allowed Claims (except as provided in Section 6.4(d) of the Plan) and Interests under the Plan, and such other distributions to Holders of Allowed Claims as are delegated to the Transfer Agent/Registrar by the Trustee.

(c) The Transfer Agent/Registrar shall issue the new certificates representing the number of SEBC Holdings Securities into which Interests previously represented by Series A Certificates, Series E Certificates, and Old SEBC Common Stock Certificates, as applicable, shall have been converted,

pursuant to Sections 3.3(a), 3.3(b), and 3.4 of the Plan, in accordance with the procedures set forth in Section 6.7(b) of the Plan.

(d) The Indenture Trustees shall make all Distributions required to be made to Holders of Noteholder Claims; provided, however, that the Indenture Trustees shall have the right to delegate the making of such Distributions to the Disbursing Agent or the Transfer Agent/Registrar, but only with the express written consent of the Disbursing Agent or Transfer Agent/Registrar, as applicable.

(e) The Transfer Agent/Registrar shall register the ownership and transfer of all SEBC Holdings Securities and all Reorganized SEBC Securities issued under the Plan.

(f) The Transfer/Agent Registrar shall receive, without further approval from the Bankruptcy Court, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out of pocket expenses incurred in connection with such services from Reorganized SEBC or SEBC Holdings, as appropriate. No Transfer/Agent Registrar shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

10. Fractional Distributions

No fractional shares of Reorganized SEBC Securities or SEBC Holdings Securities (other than SEBC Holdings Common Units) shall be issued or distributed under the Plan. Each Person entitled to receive Reorganized SEBC Securities or SEBC Holdings Securities shall receive the total number of whole shares of Reorganized SEBC Securities or SEBC Holdings Securities, as applicable, to which such Person is entitled. Whenever any Distribution to a particular Person would otherwise call for Distribution of a fraction of shares of Reorganized SEBC Securities or SEBC Holdings Securities (other than SEBC Holdings Common Units), the actual Distribution of shares shall be rounded to the next higher or lower whole number as follows: (a) fractions one-half (1/2) or greater shall be rounded to the next higher whole number and (b) fractions of less than one-half (1/2) shall be rounded to the next lower whole number. Upon the allocation of all of the whole shares authorized under the Plan, all remaining fractional portions of the entitlements shall be cancelled and shall be of no further force and effect.

11. De Minimis Distributions and Payments

Notwithstanding anything to the contrary contained in the Plan, neither Reorganized SEBC nor the Trustee shall be required to distribute, and shall not distribute, property to the Holder of any Allowed Claim or Allowed Interest (other than a Holder of an Allowed Interest in Class 6) if the amount of property to be distributed or paid on account of such Claim or Interest is less than $100. Any Holder of an Allowed Claim or Interest on account of which the amount of property to be distributed is less than $100 shall have such Claim or Interest discharged and shall be forever barred from asserting such Claim or Interest against the Debtor, Reorganized SEBC, SEBC Holdings, Real Estate LLC, or any of their respective property. Any property not distributed pursuant to this provision shall be the property of Reorganized SEBC, free of any restrictions thereon.

12. Delivery of Distributions/Exchange of Equity Certificates

(a) Distributions to Holders of Allowed Claims

Except as otherwise set forth in the Plan, distributions to Holders of Allowed Claims shall be made (i) to the addresses set forth on the Proofs of Claim filed by such Holders, (ii) to the addresses reflected in the Schedules if no Proof of Claim has been filed, (iii) to the addresses set forth in any written notices of address change delivered to the Trustee, the Disbursing Agent or the Transfer Agent/Registrar, as applicable, after the date of any related Proof of Claim or after the date of the Schedules if no Proof of Claim was filed, or (iv) in the case of the Holders of Senior Notes or Subordinated Notes, distributions shall be sent to the Indenture Trustees or as directed by the Indenture Trustees.

(b) Exchange of Certificates from Holders of Allowed Interests

Except as otherwise set forth in the Plan, new certificates representing the number of SEBC Holdings Securities into which Interests previously represented by Series A Certificates, Series E Certificates, and Old SEBC Common Stock Certificates shall have been converted pursuant to Section 3.3(a), 3.3(b), and 3.4 of the Plan shall be delivered to the address directed by such Holder upon presentation to the Transfer Agent/Registrar of a Series A Certificate, Series E Certificate, or Old SEBC Common Stock Certificate, and a properly completed letter of transmittal including, if appropriate, a lost certificate affidavit and indemnity bond, or such other documentation as may be required by the Transfer Agent/Registrar in accordance with established practice, in connection with book entry delivery.

(c) Undeliverable and Unclaimed Distributions other than to Holders of Allowed Class 6 Interests

Unless otherwise agreed between the Trustee and the Disbursing Agent, Transfer Agent/Registrar, or Indenture Trustees, amounts of Cash in respect of unclaimed or undeliverable Distributions made by the Disbursing Agent, Transfer Agent/Registrar, or Indenture Trustees shall be turned over to and held by SEBC Holdings and held in trust until such Cash Distributions are claimed, at which time the applicable amounts shall be returned to the Disbursing Agent, Transfer Agent/Registrar, or Indenture Trustees for Distribution pursuant to the Plan and amounts of unclaimed or undeliverable Distributions in the form of SEBC Holdings Securities shall remain unissued until claimed, at which time the applicable amounts of such SEBC Holdings Securities shall be issued by SEBC Holdings for Distribution by the Disbursing Agent, Transfer Agent/Registrar or Indenture Trustees for Distribution pursuant to the Plan. No interest shall accrue after the Effective Date with respect to any unclaimed or undeliverable Distribution. All claims for unclaimed or undeliverable Distributions must be made no later than the second anniversary of the Distribution Date, after which date all unclaimed property shall be redistributed/issued Pro Rata to other Holders in the same Class and the claims of any Holder or successor to such Holder with respect to such unclaimed or undeliverable property shall be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary; provided, however, that if in the discretion of the Disbursing Agent, Transfer Agent/Registrar, or Indenture Trustees, as applicable, the amount of such redistribution is insufficient to justify the cost of making such redistribution, then the redistribution shall not be made and the total amount of property that otherwise would have been redistributed shall be donated to a charity qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, chosen by the Disbursing Agent, Transfer Agent/Registrar, or Indenture Trustees, as applicable.

(d) Unclaimed Distributions to Holders of Allowed Class 6 Interests

After the SEBC Holdings Restriction Release Date, all new certificates representing the number of SEBC Holdings Common Units into which Allowed Class 6 Interests previously represented by Old SEBC Common Stock Certificates shall have been converted pursuant to Section 3.4 of the Plan that have not been redeemed in the manner set forth in subsection (b) above shall be donated to a charity qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, chosen by the Transfer Agent/Registrar, such charity shall be deemed to be the owner of the SEBC Holdings Common Units represented by such certificates, and any claim by any Holder of Allowed Class 6 Interests to such new certificates shall be extinguished and forever barred.

(e) No Duty to Locate

Other than providing any notice required by the Bankruptcy Rules or an order of the Bankruptcy Court, and notwithstanding anything to the contrary in the Plan, none of the Trustee, Reorganized SEBC, SEBC Holdings, the Disbursing Agent, the Transfer Agent/Registrar, or any Indenture Trustee (except as otherwise required in any Indenture) shall be required to attempt to locate any Holder of a Claim or Interest for purposes of making any Distribution under the Plan.

(f) Surrender of Canceled Notes

(i) Generally

Except as set forth in Section 6.7(g) of the Plan, as a condition precedent to receiving any Distribution under the Plan on account of an Allowed Claim evidenced by any Notes canceled pursuant to Section 5.8(a) of the Plan, the Holder of such Claim shall tender such Note to the applicable Indenture Trustee. Any Distributions pursuant to the Plan on account of any Claim evidenced by such Note shall, pending such surrender, be treated as an undeliverable Distribution in accordance with Section 6.7(c) of the Plan. All payments to Holders of Noteholder Claims shall only be made after such surrender, or in the event such certificate is lost, stolen, mutilated or destroyed, upon the Holder's compliance with the requirements set forth Section 6.7(g) of the Plan. Upon surrender of such Notes certificates, the Indenture Trustees shall cancel and destroy such Notes. As soon as practicable after surrender of the Notes certificates, the Indenture Trustees shall distribute to the Holders thereof such Holder's pro rata share of the Distribution, but subject to the rights of the Indenture Trustees to assert their charging liens to the extent their Indenture Trustee Fees and Expenses are not paid pursuant to the Plan.

(ii) Failure to Surrender Canceled Notes

If any Holder of an Allowed Claim evidenced by Notes canceled pursuant to Section 5.8(a) of the Plan, fails to surrender such Note or comply with the provisions of Section 6.7(f)(i) of the Plan within two years after the Effective Date, its Claim for a Distribution under the Plan on account of such Note shall be discharged, and such Holder shall be forever barred from asserting such Claim against Reorganized SEBC or its property. In such case, any property held on account of such Claim shall be disposed of pursuant to the provisions set forth in Section 6.7(c) of the Plan.

(g) Lost, Stolen, Mutilated or Destroyed Notes

Any Holder of an Allowed Claim evidenced by Notes canceled pursuant to Section 5.8(a) of the Plan that has been lost, stolen, mutilated or destroyed, shall, in lieu of surrendering such Note: (i) deliver to the applicable Indenture Trustee (x) an affidavit of loss reasonably satisfactory to the Indenture Trustee setting forth the unavailability of such Note and (y) such additional security or indemnity as may reasonably be requested by the applicable Indenture Trustee to hold such Indenture Trustee harmless from any damages, liabilities, or costs incurred in treating such Person as a Holder of an Allowed Claim and (ii) satisfy any other requirement under the Indentures or any other relevant document. Upon compliance with this Section 6.7(g) by a Holder of an Allowed Claim evidenced by such Note, such Holder shall, for all purposes under the Plan, be deemed to have surrendered such Note.

13. Application of Distribution Record Date

At the close of business on the Distribution Record Date, all claims registers, transfer ledgers, and interests registers for all Class 1, 2A, 2D, 2E, and 3 Claims, and Class 4 and 5 Interests shall be closed, and there shall be no further changes in the record Holders of such Claims or Interests. Except as otherwise provided in the Plan, Reorganized SEBC, the Disbursing Agent, the Transfer Agent/Registrar, the Indenture Trustees, and each of their respective agents, successors, and assigns shall have no obligation to recognize any transfer of Class 1, 2A, 2D, 2E, and 3 Claims, and Class 4 and 5 Interests, occurring after the Distribution Record Date, and shall be entitled instead to recognize and deal for all purposes under the Plan with only those record Holders stated on the claims registers, transfer ledgers and interests registers as of the close of business on the Distribution Record Date.

14. Withholding, Payment, and Reporting Requirements

In connection with the Plan and all distributions thereunder, the Disbursing Agent or the Transfer Agent/Registrar, as applicable, shall, to the extent applicable, comply with all tax withholding, payment, and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority,

and all distributions thereunder shall be subject to any such withholding, payment, and reporting requirements. The Disbursing Agent or the Transfer Agent/Registrar, as applicable, shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding, payment, and reporting requirements. Notwithstanding any other provision of the Plan, each Holder of an Allowed Claim or an Allowed Interest that is to receive a Distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such Distribution.

15. No Distribution in Excess of Allowed Amounts

Except as provided for in or consistent with the Global Settlement Order, notwithstanding anything to the contrary in the Plan, no Holder of an Allowed Claim shall receive in respect of such Claim any Distribution of a value as of the Effective Date in excess of the Allowed amount of such Claim.

E. Executory Contracts, Unexpired Leases, Secured Claims, Pre-Petition Claim Resolution, Litigation Claims, and Avoidance Actions

All executory contract and unexpired lease issues were resolved long ago in the Chapter 7 Case, as have all litigation claims and avoidance actions. There are no remaining executory contracts or unexpired leases to assume or reject, and there are no remaining pre-petition litigation claims owned by the Estate. There were no secured claims against the Debtor as of the Petition Date. As noted above, all objections to pre-petition unsecured claims have long since been resolved, and all Allowed pre-petition claims have been paid in full the principal amounts of their Allowed Claims, plus payments of Postpetition Interest. Accordingly, the Plan makes no provision for executory contracts, unexpired leases, litigation claims, avoidance actions, secured claims, or resolution of any pre-petition Claims.

F. Revesting of Assets; Release of Liens

Except as otherwise provided in the Plan, the property of the Debtor's Estate, including but not limited to all intangible property such as trademarks (expressly including that certain mark registered with the United States Patent and Trademark Office under Registration Number 2251567, together with the goodwill of the business in which the mark is used, or with that part of the good will of the business connected with the use of and symbolized by the mark), copyrights, trade names and other intellectual property, together with any property of the Debtor that is not property of its Estate and that is not specifically disposed of pursuant to the Plan, shall vest in Reorganized SEBC on the Effective Date. Thereafter, Reorganized SEBC may operate its business and may use, acquire, and dispose of such property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all such property of Reorganized SEBC shall be free and clear of all Liens, Claims, and Interests, except as specifically provided in the Plan or the Confirmation Order and except for the charging lien of the Indenture Trustees to the extent the Indenture Trustee Fees and Expenses are not paid pursuant to the Plan.

G. Restructuring Transactions

1. Termination of SEBNA Receivership

The Trustee has previously taken such action as necessary to cause the Successor Agent to terminate the existence of the SEBNA Receivership by dissolution and to upstream all Cash in the SEBNA Receivership to the Estate. The SEBNA Receivership has been dissolved and the Successor Agent has been relieved of all duties in respect of the SEBNA Receivership, as authorized by the District Court in the SEBNA District Court Proceeding. The SEBNA Receivership having been closed shall therefore be free from any and all liabilities as of the Effective Date and shall not be subject to any obligations imposed upon SEBC Holdings or Reorganized SEBC by the Plan or otherwise.

2. Termination of Other Inactive Corporate Entities

The Trustee and Reorganized SEBC, as the case may be, are authorized, in their discretion, on, prior to, or after the Effective Date, to terminate the existence of the Other SEBC Subsidiaries by dissolution, merger into an affiliated company, or other mechanism permitted by applicable law, and to upstream to the Estate or Reorganized SEBC, as applicable, all Cash of the Other SEBC Subsidiaries. The foregoing terminated corporate entities shall be free from any and all liabilities as of the Effective Date and shall not be subject to any obligations imposed upon SEBC Holdings or Reorganized SEBC by the Plan or otherwise.

3. Formation of Real Estate LLC

(a) On or before the Effective Date, the Trustee or Reorganized SEBC will form Real Estate LLC, which will be treated as a partnership as of the close of the Effective Date for federal income tax purposes.

(b) On the Effective Date, Reorganized SEBC will capitalize Real Estate LLC by contributing the equity interests in the Jacksonville Property Subsidiaries to Real Estate LLC, in exchange for:

(i) the Real Estate LLC Debt; and

(ii) the Real Estate LLC Membership Interests.

(c) In connection with the foregoing contribution by Reorganized SEBC, and prior to the formation of Real Estate LLC, the Jacksonville Property Subsidiaries shall be converted into Florida limited liability companies.

(d) The Real Estate LLC Debt will have a $9 million face amount and will be issued by Real Estate LLC to Reorganized SEBC. The Real Estate LLC Debt will have a fixed coupon equal to 5% per annum.[22] In addition, the Real Estate LLC Debt will have a participating coupon. The participating coupon will be equal to 10% of all distributions on capital by Real Estate LLC in any year that exceed the 5% fixed coupon. Upon its redemption or the liquidation of Real Estate LLC, the holder of the Real Estate LLC Debt will be entitled to the sum of (a) its remaining unpaid face amount, (b) the 5% fixed coupon that has accrued but is unpaid and (c) 10% of the excess of (1) the cumulative sum, up to such date, of the realized and unrealized value of the total assets of Real Estate LLC, over (2) the sum of $33 million and the cumulative 5% fixed coupon. The Real Estate LLC Debt will not be callable by Real Estate LLC before the 2nd anniversary of the issuance of such debt. If the Real Estate LLC Debt is still outstanding on the 7th anniversary of its issuance (or, if earlier, the redemption of all Reorganized SEBC Senior Preferred Stock), it will be mandatorily convertible into 7-year term preferred equity units of Real Estate LLC, which will have terms that correspond to the terms of the Real Estate LLC Debt. The Real Estate LLC Debt will have such other terms and conditions as will be set forth in the Plan Supplement.

4. Formation of SEBC Holdings

(a) On or before the Effective Date, the Trustee or Reorganized SEBC and SEBC Holdings General Partner will form SEBC Holdings, which will be a partnership as of the close of the Effective Date for federal income tax purposes.

(b) On the Effective Date, the Holders of Allowed Class 6 Interests will capitalize SEBC Holdings by contributing all outstanding Old SEBC Common Stock Interests to SEBC Holdings in exchange for 100% of the SEBC Holdings Common Units, to be distributed as provided in Section 3.4 of the Plan.

[22] *Id.*

(c) On the Effective Date, the Holders of Allowed Class 4 and 5 Interests will capitalize SEBC Holdings by contributing all outstanding Series A Preferred Stock and Series E Preferred Stock to SEBC Holdings in exchange for $300,000 aggregate face amount of SEBC Holdings Junior Preferred Units and $240,000 aggregate face amount of SEBC Holdings Junior Preferred Units, respectively, to be distributed as provided in Section 3.3(a) and 3.3(b) of the Plan.

(d) On the Effective Date, Reorganized SEBC will contribute the Real Estate LLC Membership Interests to SEBC Holdings, in exchange for:

(i) $6 million aggregate face amount of SEBC Holdings Senior Preferred Units,[23] to be distributed to the Holders of Allowed Class 1, 2 and 3 Claims as part of the Mixed Securities Distribution as provided in Sections 3.2(a)(ii), (b)(ii) and (c)(ii) of the Plan; and

(ii) $18.7 million aggregate face amount of SEBC Holdings Junior Preferred Units, to be distributed to the Holders of Allowed Class 1, 2 and 3 Claims as provided in Sections 3.2(a)(iii), 3.2(b)(iii), and 3.2(c)(iii) of the Plan.

(e) On the Effective Date, Reorganized SEBC shall issue to SEBC Holdings the Reorganized SEBC Class A Common Stock as set forth in Section 5.9(b)(v) of the Plan, representing 60% of the outstanding shares of Reorganized SEBC Common Stock.

(f) Upon issuance of the SEBC Holdings Securities pursuant to Section 5.3 of the Plan, each holder of units of SEBC Holdings Securities shall be deemed to have executed the SEBC Holdings Partnership Agreement and shall be bound thereby.

5. Investment Vehicle

On the Closing Date, the Investment Vehicle will be created as a special purpose entity, to acquire the Investment Vehicle Initial Investments and issue the Investment Vehicle Equity and Investment Vehicle Senior Securities, as provided in the Plan Supplement.

(a) Formation of Investment Vehicle

(i) Investment Vehicle Equity

The Investment Vehicle will be capitalized by the issuance of equity to MLE or any of its Affiliates on or after the Closing Date. The Investment Vehicle Equity will be subordinated to the Investment Vehicle Senior Securities. The Investment Vehicle Senior Securities and Investment Vehicle Equity will have recourse only to the assets of the Investment Vehicle, and no additional credit support will be provided by MLE, its Affiliates, or any other party.

(ii) Investment Vehicle Senior Securities

The Investment Vehicle will issue the Investment Vehicle Senior Securities consisting of senior preferred equity issued to Reorganized SEBC on the Closing Date. The Investment Vehicle Senior Securities will rank senior to the Investment Vehicle Equity.

[23] *Id.*

(b) Investment Vehicle Investments

(i) Investment Vehicle Initial Investments

The Investment Vehicle Initial Investments will comprise not less than $1,650,000,000[24] face value in fixed-income instruments to be determined by MLE prior to the Closing Date to be acquired by the Investment Vehicle from an Affiliate of MLE.

(ii) Servicing Agreement

The Servicing Agreement is an agreement to be entered into between Reorganized SEBC and the Servicer (which will be a major financial institution), on or after the Effective Date and as from time to time supplemented or amended or any replacement thereof. The Servicer will perform certain management and administrative functions with respect to the Investment Vehicle Initial Investments and any subsequent investments as is required and customary for vehicles of this nature.

6. Charters and Governing Documents

The Reorganized SEBC Charter will be substantially in the form of such document included as an exhibit to the Master Subscription Agreement, and the Reorganized SEBC By-laws, the SEBC Holdings Charter and SEBC Holdings Partnership Agreement, and the Real Estate LLC Charter and Real Estate LLC Agreement will be substantially in the forms of such documents included in the Plan Supplement, as necessary to satisfy the provisions of the Plan and the Bankruptcy Code. Each of the foregoing documents will include, among other things, pursuant to Section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting equity securities, but only to the extent required by Section 1123(a)(6) of the Bankruptcy Code.

(a) Reorganized SEBC Charter

Reorganized SEBC and the Reorganized SEBC Securities will be governed by the Reorganized SEBC Charter, which is summarized below.

Purpose:

The purpose of Reorganized SEBC will be to engage in any or all lawful activities or business permitted by a Florida corporation; provided, however, that so long as any shares of Reorganized SEBC Preferred Stock remain outstanding, Reorganized SEBC will be authorized to engage solely in the business of (i) acquiring, holding, selling and disposing of the Investment Vehicle Senior Securities and other permitted investments, (ii) entering into agreements related to such investments from time to time and causing the Servicer to manage Reorganized SEBC's assets and liabilities and (iii) investing in the Real Estate LLC Debt, in each case in accordance with the provisions of the Reorganized SEBC Charter and the Servicing Agreement, and, in connection with such business, Reorganized SEBC may engage in any lawful act or activity which is incidental thereto and necessary or desirable in connection therewith.

Authorized Capital:

Reorganized SEBC will be authorized to issue a number of shares of capital stock to be determined prior to the consummation of the Transaction, consisting of the following:

(i) Reorganized SEBC Class A Common Stock, par value $0.001 per share; (ii) Reorganized SEBC Class B Common Stock, par value $0.001 per share; (iii) Reorganized SEBC Class C Common Stock, par value $0.001 per share; and (iv) Reorganized SEBC Preferred Stock, par value $0.001 per share, to be issued in series consisting of Reorganized SEBC Series A Senior

[24] *Id.*

Preferred Stock, Reorganized SEBC Series B Senior Preferred Stock, Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock.

The Reorganized SEBC Board may authorize the issuance of one or more additional classes or series of Reorganized SEBC Preferred Stock from time to time and determine the designations and powers, preferences and rights and qualifications, limitations and restrictions thereof; provided, however, that Reorganized SEBC may not create, authorize or issue shares of additional classes or series of stock without the affirmative vote of the holders of more than 80 percent of the outstanding shares of each of the Reorganized SEBC Series A Senior Preferred Stock, Reorganized SEBC Series B Senior Preferred Stock and Reorganized SEBC Series J Junior Preferred Stock.

Following the initial issuance of the Reorganized SEBC Common Stock and until such time after the redemption of all outstanding shares of Reorganized SEBC Senior Preferred Stock and Reorganized SEBC Series J Junior Preferred Stock as the Reorganized SEBC Board determines that the ownership and transfer restrictions in the Reorganized SEBC Charter regarding the Reorganized SEBC Common Stock will no longer remain in effect (the "Restriction Release Date"), Reorganized SEBC will not be permitted to issue, redeem, purchase, reclassify, amend or in any way otherwise modify any shares of Reorganized SEBC's capital stock unless it has received a written opinion from a law firm of national standing to the effect that such action will not adversely affect, for federal income tax purposes, the availability of Reorganized SEBC's net operating loss carryovers that were available immediately prior to such action; provided, however, that no opinion will be required in connection with a redemption of the Reorganized SEBC Preferred Stock (together with any associated Reorganized SEBC Common Stock being contemporaneously redeemed) in accordance with its terms.

Voting Rights:

Except as provided by the designations of the Reorganized SEBC Preferred Stock, all rights to vote and all voting power will be vested exclusively in the holders of the Reorganized SEBC Common Stock, with each share entitled to one vote. Except as otherwise required by law, the holders of Reorganized SEBC Class A Common Stock, Reorganized SEBC Class B Common Stock and Reorganized SEBC Class C Common Stock will vote together as a single class.

Board of Directors:

Except as provided in the designations of the Reorganized SEBC Preferred Stock, the Reorganized SEBC Board will consist of at least one director, with the exact number to be fixed from time to time in the manner provided in the Reorganized SEBC By-laws. It is currently anticipated, however, that initially, the number of directors will be set at five. No decrease in the number of directors will have the effect of shortening the term of any incumbent director. At any election of members of the Reorganized SEBC Board, (i) the holders of the Reorganized SEBC Class A Common Stock, voting separately as a class, will be entitled to elect three directors; (ii) the holders of the Reorganized SEBC Class B Common Stock, voting separately as a class, will be entitled to elect one director; and (iii) the holders of the Reorganized SEBC Class C Common Stock, voting separately as a class, will be entitled to elect one director. Directors may be removed and replaced only by the holders of the class of stock by which such directors were elected. The proceeding provisions may not be altered, amended or repealed except by an affirmative vote of at least 80 percent of the outstanding shares of all capital stock of Reorganized SEBC entitled to vote for the election of directors.

Indemnification:

Reorganized SEBC will be required to indemnify and advance expenses to its officers and directors to the fullest extent permitted by law.

Shareholder Meetings:

Except as otherwise required by law, Reorganized SEBC will not be required to hold a special meeting of shareholders unless, in addition to any other requirements of law, (i) the holders of not less than 20 percent of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date and deliver to Reorganized SEBC's Secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held; or (ii) the meeting is called by the Reorganized SEBC Board. The preceding provision may not be altered, amended or repealed except by an affirmative vote of at least 80 percent of the outstanding shares of all capital stock of Reorganized SEBC entitled to vote for the election of directors.

Preemptive Rights:

No shareholder of Reorganized SEBC will have, by reason of its holding shares of any class or series of stock of Reorganized SEBC, any preemptive or preferential rights to purchase or subscribe for any other securities of Reorganized SEBC.

Reorganized SEBC Common Stock:

The Reorganized SEBC Common Stock will have the following preferences, limitations and relative rights.

Ranking: Each class of Reorganized SEBC Common Stock will, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of Reorganized SEBC, rank on a parity with each other class of Reorganized SEBC Common Stock and junior to the Reorganized SEBC Preferred Stock.

Dividends: Dividends on the Reorganized SEBC Common Stock will be payable at the discretion of the Reorganized SEBC Board and subject to the rights of the holders of the Reorganized SEBC Preferred Stock. No Cash dividend may be declared and paid on any class of Reorganized SEBC Common Stock unless a Cash dividend in an equal per share amount is simultaneously declared and paid on the other classes of Reorganized SEBC Common Stock. Dividends or other distributions payable in shares of Reorganized SEBC stock, including distributions pursuant to stock splits or divisions, must be made in the same proportion with respect to each class of Reorganized SEBC Common Stock, but no class may receive shares of another class.

Transfer Restrictions: From and after the date of filing of the Reorganized SEBC Charter until the Restriction Release Date, any attempted sale, transfer, exchange, assignment, conveyance, or other disposition for value ("Transfer") of any Reorganized SEBC Common Stock (i) to any person (including a group of persons making a coordinated acquisition) who (A) after giving effect to such purported Transfer would become an owner of at least 4.75 percent of the Reorganized SEBC Common Stock including indirect ownership as determined under applicable Treasury Regulations under the Internal Revenue Code ("Indirect Ownership") or (B) prior to giving effect to such purported Transfer held at least 4.75 percent of the Reorganized SEBC Common Stock (including Indirect Ownership) and whose ownership percentage subsequent to such Transfer would increase, or (ii) by any person who at the time is an owner of at least 4.75 percent of the Reorganized SEBC Common Stock (including Indirect Ownership), will be void ab initio unless (x) either the transferor or the transferee receives the prior unanimous written consent of the Reorganized SEBC Board to such Transfer on twenty (20) days' prior written notice or (y) such Transfer is by certain Institutional Shareholders (as defined in the Reorganized SEBC Charter) to a person whose percentage ownership of the Reorganized SEBC Common Stock (including Indirect Ownership) after such Transfer solely reflects securities acquired from such Institutional Shareholders.

Registration: The Reorganized SEBC Common Stock will be distributed pursuant to the Plan without registration under the Securities Act, and without qualification or registration under any state or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification contained in Section 4(2) of the Securities Act and equivalent state exemptions. Any subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

Reorganized SEBC Series A Senior Preferred Stock:

The Reorganized SEBC Series A Senior Preferred Stock will have the following preferences, limitations and relative rights.

Ranking: The Reorganized SEBC Series A Senior Preferred Stock will, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of the Issuer, rank senior to the Reorganized SEBC Series B Senior Preferred Stock, the Reorganized SEBC Series J Junior Preferred Stock, the Reorganized SEBC Series K Junior Preferred Stock and the Reorganized SEBC Common Stock.

Dividends: The holder of each share of Reorganized SEBC Series A Senior Preferred Stock will be entitled to receive, subject to declaration by the Reorganized SEBC Board, a quarterly Cash dividend in an amount equal to the amount that would accrue on the face amount ($1.00) of such Reorganized SEBC Series A Senior Preferred Stock during the quarterly dividend period at the Series A Senior Quarterly Dividend Rate (as defined in the Reorganized SEBC Charter) then in effect. It is anticipated that the dividend rate will be established immediately prior to consummation of the Transaction based upon a number of market based factors. The amount of any dividend not declared, or the shortfall in the amount of any dividend that is declared, regardless of a lack of sufficient legally available funds or sufficient earnings and profits to do so, will accumulate until paid.

Notwithstanding anything in the Reorganized SEBC Charter to the contrary, no dividend may be paid on the Reorganized SEBC Series A Senior Preferred Stock unless, immediately after making such payment and giving effect thereto, the market value of certain of Reorganized SEBC's investments equals or exceeds the sum of (i) the consolidated liabilities of Reorganized SEBC and its subsidiaries plus (ii) the redemption price for all Reorganized SEBC Series A Senior Preferred Stock outstanding at such time. The Series A Senior Quarterly Dividend Rate will be adjusted for certain changes in tax law or Reorganized SEBC's tax characteristics that affect the after-tax yield on the Reorganized SEBC Series A Senior Preferred Stock.

Liquidation Preferences: Upon the voluntary or involuntary liquidation, dissolution or winding up of Reorganized SEBC, each holder of Reorganized SEBC Series A Senior Preferred Stock will be entitled to receive out of the assets of Reorganized SEBC available for distribution to its stockholders an amount in Cash, before any distribution of assets is made to the holders of Reorganized SEBC Series B Senior Preferred Stock, Reorganized SEBC Series J and Series K Junior Preferred Stock or Reorganized SEBC Common Stock, equal to the Series A Senior Liquidation Price, calculated as set forth in the Reorganized SEBC Charter, for each of such holder's shares of Reorganized SEBC Series A Senior Preferred Stock. Generally, such liquidation price will equal the Series A Senior Redemption Price. If the available assets of Reorganized SEBC are insufficient to pay the amount of the Series A Senior Liquidation Price in full on each share of Reorganized SEBC Series A Senior Preferred Stock, then such available assets will be applied pro rata among all shares of Reorganized SEBC Series A Senior Preferred Stock.

On or after the first anniversary of the date of acquisition by any holder of any shares of Reorganized SEBC Series A Senior Preferred Stock from MLE and for so long as any shares of

Reorganized SEBC Series A Senior Preferred Stock are outstanding, such holder or any of its transferees (other than MLE or any of its Affiliates) will have the right to cause Reorganized SEBC to liquidate (the "Series A Liquidation Right"). Reorganized SEBC will have the right, within 45 days after the receipt of such a demand for liquidation, to redeem the Reorganized SEBC Series A Senior Preferred Stock owned by such holder, in whole and not in part, in lieu of liquidation.

Redemption:

Holders' Elective Redemption: Upon the occurrence of certain events, including, but not limited to, Reorganized SEBC's failure to provide its audited annual consolidated financial statements, breach of any covenant in the Reorganized SEBC Charter or Master Subscription Agreement, any change in the Internal Revenue Code that reduces the dividends received deduction applicable to dividends on the Reorganized SEBC Senior Preferred Stock and Reorganized SEBC Series J Junior Preferred Stock below certain levels, a Change in Law, or a Change in Tax Law (as such terms are defined in the Reorganized SEBC Charter), holders holding more than 50 percent of the Reorganized SEBC Series A Senior Preferred Stock will have the right to cause Reorganized SEBC to redeem the Reorganized SEBC Series A Senior Preferred Stock, in whole or in part.

Corporation Optional Redemption: Reorganized SEBC may redeem the Reorganized SEBC Series A Senior Preferred Stock, by resolution of the Reorganized SEBC Board, (i) in whole and not in part (A) on or after the fifth anniversary of the first date on which Reorganized SEBC issued shares of Reorganized SEBC Preferred Stock (the "Date of Original Issue"), or (B) within 45 days after receiving the requisite notice exercising the Series B Liquidation Right (as defined below) or the Series J Liquidation Right (as defined below), or (ii) in part with respect to the shares of Reorganized SEBC Series A Senior Preferred Stock of a holder exercising the Series A Liquidation Right, within 45 days after receiving the requisite notice exercising such Series A Liquidation Right.

Scheduled Redemption: The Reorganized SEBC Series A Senior Preferred Stock must be redeemed, in whole and not in part, on the Scheduled Redemption Date in 2016.

Upon any redemption, Reorganized SEBC will pay each holder of Reorganized SEBC Series A Senior Preferred Stock the Series A Senior Redemption Price for each share of Reorganized SEBC Series A Senior Preferred Stock owned by such holder to be redeemed, in Cash out of funds legally available therefor. Generally, such redemption price will equal the face amount of such share, plus the amount of any accrued and unpaid dividends thereon, and a make whole premium, minus a redemption discount, such premium and discount to be calculated in accordance with the Reorganized SEBC Charter.

Voting Rights: The Reorganized SEBC Series A Senior Preferred Stock will have no voting rights or right to participate in the management of Reorganized SEBC, except as expressly required by applicable law; provided, however, that neither Reorganized SEBC nor any of its subsidiaries may take certain corporate actions, including, but not limited to, instituting proceedings to be adjudicated bankrupt or insolvent, consolidating or merging with another entity except in certain circumstances, disposing of all or substantially all of its assets, issuing shares of Reorganized SEBC Common Stock, or authorizing additional classes or series of stock, without the affirmative vote of the holders of more than 80 percent of the Reorganized SEBC Series A Senior Preferred Stock. Upon the occurrence of certain specified events, including, but not limited to, the institution by Reorganized SEBC of bankruptcy proceedings, the failure of Reorganized SEBC to maintain a required liquidity reserve and the failure of Reorganized SEBC to make required dividend or redemption payments, the authorized number of directors of the Reorganized SEBC Board will be automatically increased by the smallest even number divisible by three and that constitutes a majority of the Reorganized SEBC Board and one-third of such new directors will be

elected by holders holding more than 50 percent of the Reorganized SEBC Series A Senior Preferred Stock. Such directors will have the limited right to cause Reorganized SEBC to cure the event that triggered their election (including by redeeming the Reorganized SEBC Preferred Stock) and will serve for corresponding limited terms.

Transfer Restrictions: Reorganized SEBC Series A Senior Preferred Stock may only be sold or otherwise transferred to a person who is a QIB. As set forth in the Plan, a QIB is a "qualified institutional buyer" as such term is defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act").

Registration: The Reorganized SEBC Series A Senior Preferred Stock will be distributed pursuant to the Plan without registration under the Securities Act, and without qualification or registration under any state or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification contained in Section 4(2) of the Securities Act and equivalent state exemptions. Any subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

Reorganized SEBC Series B Senior Preferred Stock:

The Reorganized SEBC Series B Senior Preferred Stock will have the following preferences, limitations and relative rights.

Ranking: The Reorganized SEBC Series B Senior Preferred Stock will, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of Reorganized SEBC, rank senior to the Reorganized SEBC Series J Junior Preferred Stock, the Reorganized SEBC Series K Junior Preferred Stock and the Reorganized SEBC Common Stock and junior to the Reorganized SEBC Series A Senior Preferred Stock.

Dividends: The holder of each share of Reorganized SEBC Series B Senior Preferred Stock will be entitled to receive, subject to declaration by the Reorganized SEBC Board, a quarterly Cash dividend in an amount equal to the amount that would accrue on the face amount ($1.00) of such Reorganized SEBC Series B Senior Preferred Stock during the quarterly dividend period at the Series B Senior Quarterly Dividend Rate (as defined in the Reorganized SEBC Charter) then in effect; provided, however, that no dividends may be paid on the Reorganized SEBC Series B Senior Preferred Stock until all accrued but unpaid dividends have been, or contemporaneously are, paid on the Reorganized SEBC Series A Senior Preferred Stock. It is anticipated that the dividend rate will be established immediately prior to consummation of the Transaction based upon a number of market based factors. The amount of any dividend not declared, or the shortfall in the amount of any dividend that is declared, regardless of a lack of sufficient legally available funds or sufficient earnings and profits to do so, will accumulate until paid.

Notwithstanding anything in the Reorganized SEBC Charter to the contrary, no dividend may be paid on the Reorganized SEBC Series B Senior Preferred Stock unless, immediately after making such payment and giving effect thereto, the market value of certain of Reorganized SEBC's investments equals or exceeds the sum of (i) the consolidated liabilities of Reorganized SEBC and its subsidiaries plus (ii) the aggregate redemption price for all Reorganized SEBC Senior Preferred Stock outstanding at such time. The Series B Senior Quarterly Dividend Rate will be adjusted for certain changes in tax law or Reorganized SEBC's tax characteristics that affect the after-tax yield on the Reorganized SEBC Series B Senior Preferred Stock.

Liquidation Preferences: Upon the voluntary or involuntary liquidation, dissolution or winding up of Reorganized SEBC, each holder of Reorganized SEBC Series B Senior Preferred Stock will be entitled to receive out of the assets of Reorganized SEBC available for distribution to its stockholders an amount in Cash, after any distribution of assets is made to the holders of

Reorganized SEBC Series A Senior Preferred Stock but before any distribution of assets is made to the holders of Reorganized SEBC Series J and K Junior Preferred Stock or Reorganized SEBC Common Stock, equal to the Series B Senior Liquidation Price, calculated as set forth in the Reorganized SEBC Charter, for each of such holder's shares of Reorganized SEBC Series B Senior Preferred Stock. Generally, such liquidation price will equal the Series B Senior Redemption Price. If the available assets of Reorganized SEBC are insufficient to pay the amount of the Series B Senior Liquidation Price in full on each share of Reorganized SEBC Series B Senior Preferred Stock, then such available assets will be applied pro rata among all shares of Reorganized SEBC Series B Senior Preferred Stock.

On or before the first anniversary of the Date of Original Issue, holders holding more than 50 percent of the Reorganized SEBC Series B Senior Preferred Stock will have the right to cause Reorganized SEBC to liquidate if MLE has not sold at least $250,000,000 Face Amount of Reorganized SEBC Series A Senior Preferred Stock or Reorganized SEBC Series B Senior Preferred Stock (or a combination thereof) (the "Series B Liquidation Right"); provided, however, that Reorganized SEBC will have the right, within 45 days after the receipt of such a demand for liquidation, to redeem the Reorganized SEBC Preferred Stock, in whole and not in part, in lieu of such liquidation.

Redemption:

Holders' Elective Redemption: Upon the occurrence of certain events, including, but not limited to, Reorganized SEBC's failure to provide its audited annual consolidated financial statements, breach of any covenant in the Reorganized SEBC Charter or Master Subscription Agreement, any change in the Internal Revenue Code that reduces the dividends received deduction applicable to dividends on the Reorganized SEBC Senior Preferred Stock or Reorganized SEBC Series J Junior Preferred Stock below certain levels, a Change in Law, or a Change in Tax Law (as such terms are defined in the Reorganized SEBC Charter), holders holding more than 50 percent of the Reorganized SEBC Series B Senior Preferred Stock will have the right to cause Reorganized SEBC to redeem the Reorganized SEBC Series B Senior Preferred Stock, in whole or in part, as well as the shares of Reorganized SEBC Common Stock held by such holders of Reorganized SEBC Series B Senior Preferred Stock, in whole or in part; provided, however, that such rights are subject to the right of holders holding more than 50 percent of the Reorganized SEBC Series A Senior Preferred Stock to direct Reorganized SEBC to first redeem the Reorganized SEBC Series A Senior Preferred Stock.

Corporation Optional Redemption: Reorganized SEBC may redeem the Reorganized SEBC Series B Senior Preferred Stock, in whole and not in part, as well as the shares of Reorganized SEBC Common Stock held by such holders of Reorganized SEBC Series B Senior Preferred Stock, by resolution of the Reorganized SEBC Board (i) on or after the fifth anniversary of the Date of Original Issue or (ii) within 45 days after receiving the requisite notice exercising the Series B Liquidation Right or the Series J Liquidation Right (as defined below); provided, however, that Reorganized SEBC may not exercise this option unless it has redeemed or contemporaneously redeems, in whole and not in part, all of the outstanding shares of Reorganized SEBC Series A Senior Preferred Stock.

Scheduled Redemption: The Reorganized SEBC Series B Senior Preferred Stock, as well as the shares of Reorganized SEBC Common Stock held by such holders of Reorganized SEBC Series B Senior Preferred Stock, must be redeemed, in whole and not in part, on the Scheduled Redemption Date in 2016; provided, however, that Reorganized SEBC may not redeem the Reorganized SEBC Series B Senior Preferred Stock on the Scheduled Redemption Date unless it has redeemed, in whole and not in part, all of the outstanding shares of Reorganized SEBC Series A Senior Preferred Stock.

Upon any redemption, Reorganized SEBC will pay each holder of Reorganized SEBC Series B Senior Preferred Stock the Series B Senior Redemption Price for each share of Reorganized SEBC Series B Senior Preferred Stock owned by such holder to be redeemed, and the Common Stock Redemption Price for each share of Reorganized SEBC Common Stock owned by such holder to be redeemed, in Cash out of funds legally available therefor. Generally, the Series B Senior Redemption Price will equal the face amount of such share, plus the amount of any accrued and unpaid dividends thereon, and a make whole premium, minus a redemption discount, such premium and discount to be calculated in accordance with the Reorganized SEBC Charter. Generally, the Common Stock Redemption Price will equal the excess, if any, of the market value of the assets of Reorganized SEBC and its subsidiaries divided by the sum of the consolidated liabilities of Reorganized SEBC and its subsidiaries and the aggregate redemption price of the Reorganized SEBC Preferred Stock.

For Holders' Elective Redemption and Scheduled Redemption, if there are insufficient funds to redeem the total number of shares of Reorganized SEBC Series B Senior Preferred Stock and Reorganized SEBC Common Stock to be redeemed on such date, funds will first be used to redeem the maximum number of shares of Reorganized SEBC Series B Senior Preferred Stock pro rata and second to redeem the maximum possible number of shares of Reorganized SEBC Common Stock. At any time thereafter when additional funds are legally available for the redemption of Reorganized SEBC Series B Senior Preferred Stock or Reorganized SEBC Common Stock, such funds will be used to redeem such stock on the same basis.

Voting Rights: The Reorganized SEBC Series B Senior Preferred Stock will have no voting rights or right to participate in the management of Reorganized SEBC, except as expressly required by applicable law; provided, however, that neither Reorganized SEBC nor any of its subsidiaries may take certain corporate actions, including, but not limited to, instituting proceedings to be adjudicated bankrupt or insolvent, consolidating or merging with another entity except in certain circumstances, disposing of all or substantially all of its assets, issuing shares of Reorganized SEBC Common Stock, or authorizing additional classes or series of stock, without the affirmative vote of the holders of more than 80 percent of the Reorganized SEBC Series B Senior Preferred Stock. Upon the occurrence of certain specified events, including, but not limited to, the institution by Reorganized SEBC of bankruptcy proceedings, the failure of Reorganized SEBC to maintain a required liquidity reserve and the failure of Reorganized SEBC to make required dividend or redemption payments, the authorized number of directors of the Reorganized SEBC Board will be automatically increased by the smallest even number divisible by three and that constitutes a majority of the Reorganized SEBC Board and, depending on the triggering event, one-third or one-half of such new directors will be elected by holders holding more than 50 percent of the Reorganized SEBC Series B Senior Preferred Stock. Such directors will have the limited right to cause Reorganized SEBC to cure the event that triggered their election (including by redeeming the Reorganized SEBC Preferred Stock) and will serve for corresponding limited terms.

Transfer Restrictions: Reorganized SEBC Series B Senior Preferred Stock may only be sold or otherwise transferred to a person who is a QIB.

Registration: The Reorganized SEBC Series B Senior Preferred Stock will be distributed pursuant to the Plan without registration under the Securities Act, and without qualification or registration under any state or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification contained in Section 4(2) of the Securities Act and equivalent state exemptions. Any subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

Reorganized SEBC Series J Junior Preferred Stock:

The Reorganized SEBC Series J Junior Preferred Stock will have the following preferences, limitations and relative rights.

Ranking: The Reorganized SEBC Series J Junior Preferred Stock will, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of Reorganized SEBC, rank senior to the Reorganized SEBC Common Stock, on a parity with the Reorganized SEBC Series K Junior Preferred Stock and junior to the Reorganized SEBC Senior Preferred Stock.

Dividends: The holder of each share of Reorganized SEBC Series J Junior Preferred Stock will be entitled to receive, subject to declaration by the Reorganized SEBC Board, a quarterly Cash dividend in an amount equal to the amount that would accrue on the face amount ($1.00) of such Reorganized SEBC Series J Junior Preferred Stock during the quarterly dividend period at the Series J Junior Quarterly Dividend Rate (as defined in the Reorganized SEBC Charter) then in effect; provided, however, that no dividends may be paid on the Reorganized SEBC Series J Junior Preferred Stock until all accrued but unpaid dividends have been, or contemporaneously are, paid on the Reorganized SEBC Senior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock. It is anticipated that the dividend rate will be established immediately prior to consummation of the Transaction based upon a number of market based factors. The amount of any dividend not declared, or the shortfall in the amount of any dividend that is declared, regardless of a lack of sufficient legally available funds or sufficient earnings and profits to do so, will accumulate until paid.

Notwithstanding anything in the Reorganized SEBC Charter to the contrary, no dividend may be paid on the Reorganized SEBC Series J Junior Preferred Stock unless, immediately after making such payment and giving effect thereto, the market value of certain of Reorganized SEBC's investments equals or exceeds the sum of (i) the consolidated liabilities of Reorganized SEBC and its subsidiaries plus (ii) the aggregate redemption price for all Reorganized SEBC Preferred Stock outstanding at such time. The Series J Junior Quarterly Dividend Rate will be adjusted for certain changes in tax law or Reorganized SEBC's tax characteristics that affect the after-tax yield on the Reorganized SEBC Series J Junior Preferred Stock.

Liquidation Preferences: Upon the voluntary or involuntary liquidation, dissolution or winding up of Reorganized SEBC, each holder of Reorganized SEBC Series J Junior Preferred Stock will be entitled to receive out of the assets of Reorganized SEBC available for distribution to its stockholders an amount in Cash, after any distribution of assets is made, or contemporaneously is made, to the holders of Reorganized SEBC Senior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock, but before any distribution of assets is made to the holders of Reorganized SEBC Common Stock, equal to the Series J Junior Liquidation Price, calculated as set forth in the Reorganized SEBC Charter, for each of such holder's shares of Reorganized SEBC Series J Junior Preferred Stock. Generally, such liquidation price will equal the Series J Junior Redemption Price. If the available assets of Reorganized SEBC are insufficient to pay the amount of the Series J Junior Liquidation Price and the Series K Junior Liquidation Price in full on each share of Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock, as applicable, then such available assets will be applied pro rata among all shares of Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock.

On or before the first anniversary of the Date of Original Issue, holders holding more than 50 percent of the Reorganized SEBC Series J Junior Preferred Stock will have the right to cause Reorganized SEBC to liquidate if MLE has not sold at least $250,000,000 Face Amount Reorganized SEBC Series A Senior Preferred Stock or Series B Senior Preferred Stock (or a combination thereof) (the "Series J Liquidation Right"); provided, however, that Reorganized SEBC will have the right, within 45 days after the receipt of such a demand for liquidation, to

redeem the Reorganized SEBC Preferred Stock, in whole and not in part, in lieu of such liquidation.

Redemption:

Holders' Elective Redemption: Upon the occurrence of certain events, including, but not limited to, Reorganized SEBC's failure to provide its audited annual consolidated financial statements, breach of any covenant in the Reorganized SEBC Charter or Master Subscription Agreement, any change in the Internal Revenue Code that reduces the dividends received deduction applicable to dividends on the Reorganized SEBC Senior Preferred Stock and Reorganized SEBC Series J Junior Preferred Stock below certain levels, a Change in Law, or a Change in Tax Law (as such terms are defined in the Reorganized SEBC Charter), holders holding more than 50 percent of the Reorganized SEBC Series J Junior Preferred Stock will have the right to cause Reorganized SEBC to redeem the Reorganized SEBC Series J Junior Preferred Stock, in whole and not in part, as well as the shares of Reorganized SEBC Common Stock held by such holders of Reorganized SEBC Series J Junior Preferred Stock, in whole and not in part; provided, however, that such rights are subject to the right of holders holding more than 50 percent of each of the Reorganized SEBC Series A Senior Preferred Stock and the Reorganized SEBC Series B Senior Preferred Stock to direct Reorganized SEBC to first redeem the Reorganized SEBC Series A Senior Preferred Stock and Reorganized SEBC Series B Senior Preferred Stock, as applicable, and subject to the obligation of Reorganized SEBC to redeem the Reorganized SEBC Series K Junior Preferred Stock on a pari passu basis with the Reorganized SEBC Series J Junior Preferred Stock.

Corporation Optional Redemption: Reorganized SEBC may redeem the Reorganized SEBC Series J Junior Preferred Stock, in whole and not in part, as well as the shares of Reorganized SEBC Common Stock held by such holders of Reorganized SEBC Series J Junior Preferred Stock, by resolution of the Reorganized SEBC Board (i) on or after the fifth anniversary of the Date of Original Issue or (ii) within 45 days after receiving the requisite notice exercising the Series B Liquidation Right or the Series J Liquidation Right; provided, however, that Reorganized SEBC may not exercise this option unless it has redeemed or contemporaneously redeems, in whole and not in part, all of the outstanding shares of Reorganized SEBC Senior Preferred Stock and Series K Junior Preferred Stock.

Scheduled Redemption: The Reorganized SEBC Series J and K Junior Preferred Stock, as well as the shares of Reorganized SEBC Common Stock held by holders of Reorganized SEBC Series J Junior Preferred Stock, must be redeemed, in whole and not in part, on the Scheduled Redemption Date in 2016; provided, however, that Reorganized SEBC may not redeem the Reorganized SEBC Series J and K Junior Preferred Stock and the Reorganized SEBC Common Stock held by holders of Reorganized SEBC Series J Junior Preferred Stock on the Scheduled Redemption Date unless it has redeemed, in whole and not in part, all of the outstanding shares of Reorganized SEBC Senior Preferred Stock.

Upon any redemption, Reorganized SEBC will pay each holder of Reorganized SEBC Series J Junior Preferred Stock the Series J Junior Redemption Price for each share of Reorganized SEBC Series J Junior Preferred Stock owned by such holder to be redeemed, and the Common Stock Redemption Price for each share of Common Stock owned by such holder to be redeemed, in Cash out of funds legally available therefor. Generally, the Series J Junior Redemption Price will equal the face amount of such share, plus the amount of any accrued and unpaid dividends thereon, a make whole premium, and a gross-up redemption payment, minus a redemption discount, such premium, gross-up and discount to be calculated in accordance with the Reorganized SEBC Charter.

For Holders' Elective Redemption and Scheduled Redemption, if there are insufficient funds to redeem the total number of shares of Reorganized SEBC Series J and K Junior Preferred Stock and Reorganized SEBC Common Stock to be redeemed on such date, funds will first be used to redeem the maximum number of shares of Reorganized SEBC Series J and K Junior Preferred Stock pro rata and second to redeem the maximum possible number of shares of Reorganized SEBC Common Stock. At any time thereafter when additional funds are legally available for the redemption of Reorganized SEBC Series J and K Junior Preferred Stock or Reorganized SEBC Common Stock, such funds will be used to redeem such stock on the same basis.

Voting Rights: The Reorganized SEBC Series J Junior Preferred Stock will have no voting rights or right to participate in the management of Reorganized SEBC, except as expressly required by applicable law; provided, however, that neither Reorganized SEBC nor any of its subsidiaries may take certain corporate actions, including, but not limited to, instituting proceedings to be adjudicated bankrupt or insolvent, consolidating or merging with another entity except in certain circumstances, disposing of all or substantially all of its assets, issuing shares of Reorganized SEBC Common Stock, or authorizing additional classes or series of stock, without the affirmative vote of the holders of more than 80 percent of the Reorganized SEBC Series J Junior Preferred Stock. Upon the occurrence of certain specified events, including, but not limited to, the institution by Reorganized SEBC of bankruptcy proceedings, the failure of Reorganized SEBC to maintain a required liquidity reserve and the failure of Reorganized SEBC to make required dividend or redemption payments, the authorized number of directors of the Reorganized SEBC Board will be automatically increased by the smallest even number divisible by three and that constitutes a majority of the Reorganized SEBC Board and, depending on the triggering event, one-third of such new directors will be elected by holders holding more than 50 percent of the Reorganized SEBC Series J Junior Preferred Stock or all of such directors will be elected by holders holding more than 50 percent of the Reorganized SEBC Series J and K Junior Preferred Stock, voting as a class. Such directors will have the limited right to cause Reorganized SEBC to cure the event that triggered their election (including by redeeming the Reorganized SEBC Preferred Stock) and will serve for corresponding limited terms.

Transfer Restrictions: Reorganized SEBC Series J Junior Preferred Stock may only be sold or otherwise transferred to a person who is a QIB.

Registration: The Reorganized SEBC Series J Junior Preferred Stock will be distributed pursuant to the Plan without registration under the Securities Act, and without qualification or registration under any state or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification contained in Section 4(2) of the Securities Act and equivalent state exemptions. Any subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

Reorganized SEBC Series K Junior Preferred Stock:

The Reorganized SEBC Series K Junior Preferred Stock will have the following preferences, limitations and relative rights.

Ranking: The Reorganized SEBC Series K Junior Preferred Stock will, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of Reorganized SEBC, rank senior to the Reorganized SEBC Common Stock, on a parity with the Reorganized SEBC Series J Junior Preferred Stock and junior to the Reorganized SEBC Senior Preferred Stock.

Dividends: The holder of each share of Reorganized SEBC Series K Junior Preferred Stock will be entitled to receive, subject to declaration by the Reorganized SEBC Board, a quarterly Cash dividend in an amount equal to the amount that would accrue on the face amount ($1.00) of such

Reorganized SEBC Series K Junior Preferred Stock during the quarterly dividend period at the Series K Junior Quarterly Dividend Rate (as defined in the Reorganized SEBC Charter) then in effect; provided, however, that no dividends may be paid on the Reorganized SEBC Series K Junior Preferred Stock until all accrued but unpaid dividends have been, or contemporaneously are, paid on the Reorganized SEBC Senior Preferred Stock and Reorganized SEBC Series J Junior Preferred Stock. It is anticipated that the dividend rate will be established immediately prior to consummation of the Transaction based upon a number of market based factors. The amount of any dividend not declared, or the shortfall in the amount of any dividend that is declared, regardless of a lack of sufficient legally available funds or sufficient earnings and profits to do so, will accumulate until paid.

Notwithstanding anything in the Reorganized SEBC Charter to the contrary, no dividend may be paid on the Reorganized SEBC Series K Junior Preferred Stock unless, immediately after making such payment and giving effect thereto, the market value of certain of Reorganized SEBC's investments equals or exceeds the sum of (i) the consolidated liabilities of Reorganized SEBC and its subsidiaries plus (ii) the aggregate redemption price for all Reorganized SEBC Preferred Stock outstanding at such time.

Liquidation Preferences: Upon the voluntary or involuntary liquidation, dissolution or winding up of Reorganized SEBC, each holder of Reorganized SEBC Series K Junior Preferred Stock will be entitled to receive out of the assets of Reorganized SEBC available for distribution to its stockholders an amount in Cash, after any distribution of assets is made, or contemporaneously is made, to the holders of Reorganized SEBC Senior Preferred Stock and Reorganized SEBC Series J Junior Preferred Stock, but before any distribution of assets is made to the holders of Reorganized SEBC Common Stock, equal to the Series K Junior Liquidation Price, calculated as set forth in the Reorganized SEBC Charter, for each of such holder's shares of Reorganized SEBC Series K Junior Preferred Stock. Generally, such liquidation price will equal the face amount of such share, plus the amount of any accrued and unpaid dividends thereon. If the available assets of Reorganized SEBC are insufficient to pay the amount of the Series J Junior Liquidation Price and the Series K Junior Liquidation Price in full on each share of Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock, respectively, then such available assets will be applied pro rata among all shares of Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock.

Redemption:

Corporation Optional Redemption: Reorganized SEBC may redeem the Reorganized SEBC Series K Junior Preferred Stock, in whole and not in part, by resolution of the Reorganized SEBC Board (i) on or after the fifth anniversary of the Date of Original Issue or (ii) within 45 days after receiving the requisite notice exercising the Series B Liquidation Right or the Series J Liquidation Right; provided, however, that Reorganized SEBC may not exercise this option unless it has redeemed or contemporaneously redeems, in whole and not in part, all of the outstanding shares of Reorganized SEBC Senior Preferred Stock and Reorganized SEBC Series J Junior Preferred Stock.

Scheduled Redemption: The Reorganized SEBC Series J and K Junior Preferred Stock must be redeemed, in whole and not in part, on the Scheduled Redemption Date in 2016; provided, however, that Reorganized SEBC may not redeem the Reorganized SEBC Junior Preferred Stock on the Scheduled Redemption Date unless it has redeemed, in whole and not in part, all of the outstanding shares of Reorganized SEBC Senior Preferred Stock. If there are insufficient funds to redeem the total number of shares of Reorganized SEBC Series J and K Junior Preferred Stock to be redeemed on such date, funds will be applied pro rata among all shares of Reorganized SEBC Series J and K Junior Preferred Stock.

Additional Redemption: Upon the occurrence of a Holders Elective Redemption with regard to the Reorganized SEBC Series J Junior Preferred Stock, Reorganized SEBC will, subject to the priority rights of the Reorganized SEBC Senior Preferred Stock, redeem the Reorganized SEBC Series K Junior Preferred Stock on a pari passu basis with the Reorganized SEBC Series J Junior Preferred Stock. If there are insufficient funds to redeem the total number of shares of Reorganized SEBC Series J and K Junior Preferred Stock and Reorganized SEBC Common Stock held by the holders of Reorganized SEBC Series J Junior Preferred Stock to be redeemed on such date, funds will first be used to redeem the maximum number of shares of Reorganized SEBC Series J and K Junior Preferred Stock pro rata and second to redeem the maximum possible number of shares of Reorganized SEBC Common Stock. At any time thereafter when additional funds are legally available for the redemption of Reorganized SEBC Series J and K Junior Preferred Stock or Reorganized SEBC Common Stock, such funds will be used to redeem such stock on the same basis.

Upon any redemption, Reorganized SEBC will pay each holder of Reorganized SEBC Series K Junior Preferred Stock the Series K Junior Redemption Price for each share of Reorganized SEBC Series K Junior Preferred Stock owned by such holder to be redeemed, in Cash out of funds legally available therefor. Generally, such redemption price will equal the Series K Junior Liquidation Price.

Voting Rights: The Reorganized SEBC Series K Junior Preferred Stock will have no voting rights or right to participate in the management of Reorganized SEBC, except as expressly required by applicable law; provided, however, that Reorganized SEBC may not take certain corporate actions, including, but not limited to, authorizing additional classes or series of stock which rank senior to the Reorganized SEBC Series K Junior Preferred Stock or amending the Reorganized SEBC Charter to adversely affect any of the rights, powers, preferences, privileges, terms or par value of the Reorganized SEBC Series K Junior Preferred Stock, without the affirmative vote of the holders of more than 80 percent of the Reorganized SEBC Series K Junior Preferred Stock. Upon failure of Reorganized SEBC to declare and pay in full the required quarterly dividends on two or more consecutive quarterly dividend payment dates or the failure of Reorganized SEBC to pay in full the aggregate Series K Junior Redemption Price when due, the authorized number of directors of the Reorganized SEBC Board will be automatically increased by the smallest even number divisible by three that constitutes a majority of the Reorganized SEBC Board and such additional directors will be elected by holders holding more than 50 percent of the Reorganized SEBC Series J and K Junior Preferred Stock, voting as a single class. Such directors will have the limited right to cause Reorganized SEBC to cure the event that triggered their election (including by redeeming the Reorganized SEBC Preferred Stock) and will serve for corresponding limited terms.

Transfer Restrictions: Reorganized SEBC Series K Junior Preferred Stock may only be sold or otherwise transferred to a person who is a QIB or an Institutional Accredited Investor. In addition, a "holder of record" (as defined for purposes of Sections 12(g) and 15(d) of the Exchange Act) of shares of Reorganized SEBC Series K Junior Preferred Stock may not sell or otherwise transfer any of such shares "held of record" (as defined for purposes of Section 12(g) and 15(d) of the Exchange Act) by such holder unless such sale or transfer is to a single holder of record and includes all shares of Reorganized SEBC Series K Junior Preferred Stock held of record by such holder of record immediately prior to any sale or transfer.

Registration: The Reorganized SEBC Series K Junior Preferred Stock will be distributed pursuant to the Plan without registration under the Securities Act, and without qualification or registration under any state or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification

contained in Section 1145 of the Bankruptcy Code. This exemption applies only to the distribution of such securities under the Plan and not to any subsequent sale, exchange, transfer or other disposition of such securities or any interest therein by persons who constitute "underwriters" or "issuers," as such terms are defined pursuant to Section 1145 of the Bankruptcy Code, and each such subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

(b) Reorganized SEBC By-laws

The Reorganized SEBC By-laws will contain standard provisions regarding the conduct of meetings of the shareholders of Reorganized SEBC, the operation of the Reorganized SEBC Board and its committees and the election and removal of officers of Reorganized SEBC. The Reorganized SEBC By-laws will provide for the shareholders of Reorganized SEBC to act by the written consent of the holders of outstanding Reorganized SEBC Securities entitled to vote on the action having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, and for the Reorganized SEBC Board to act by unanimous written consent. The Reorganized SEBC By-laws will also provide that Reorganized SEBC will have the power to indemnify all of its directors, officers, employees and agents, and advance expenses reasonably incurred by such directors, officers, employees and agents in defending any civil, criminal, administrative or investigative action, suit or proceeding, except to the extent that such indemnification or advancement may be prohibited by Florida law. The Reorganized SEBC By-laws may be altered, amended or repealed and new by-laws adopted by the Reorganized SEBC Board; provided, however, that any by-law or amendment thereto as adopted by the Reorganized SEBC Board may be altered, amended or repealed by vote of the shareholders (with each class or series of stock voting as a separate class), or a new by-law in lieu thereof may be adopted by the shareholders (with each class or series of stock voting as a separate class), and the shareholders may prescribe in any by-law made by them that such by-law shall not be altered, amended or repealed by the Reorganized SEBC Board.

(c) SEBC Holdings Partnership Agreement

Organization:

The designation of the SEBC Holdings General Partner shall be disclosed in a filing made with the Bankruptcy Court no later than ten (10) days before the Confirmation Hearing. The SEBC Holdings General Partner will not have an economic interest in SEBC Holdings. Except as described below, the SEBC Holdings General Partner will conduct, direct and manage SEBC Holdings' activities. All management powers over SEBC Holdings' business and affairs are exclusively vested in the SEBC Holdings General Partner. No limited partner or assignee has any management powers over SEBC Holdings' business and affairs. SEBC Holdings may conduct any business allowed by Delaware law.

Powers of Attorney:

Each person or entity who becomes a limited partner in SEBC Holdings grants to the SEBC Holdings General Partner and, if a liquidator has been appointed, the liquidator, a power of attorney to, among other things, execute and file documents required for SEBC Holdings' qualification, continuance or dissolution and amend, and to make consents and waivers under, the SEBC Holdings Partnership Agreement in accordance with the terms thereof.

Limited Liability:

Assuming that a limited partner does not participate in the control of the business of SEBC Holdings, within the meaning of the Delaware Revised Uniform Limited Partnership Act, and that the limited partner otherwise acts in conformity with the provisions of the SEBC Holdings Partnership Agreement, a limited partner's liability under the Delaware Revised Uniform Limited Partnership Act will

be limited, subject to possible exceptions, to the amount of capital the limited partner is obligated to contribute to SEBC Holdings for the limited partner's SEBC Holdings Common Units plus its share of any of SEBC Holdings' undistributed profits and assets. However, if it were determined that the right, or exercise of the right, by the limited partners as a group:

- to remove or replace the SEBC Holdings General Partner;
- to approve particular amendments to the SEBC Holdings Partnership Agreement; or
- to take other action pursuant to the SEBC Holdings Partnership Agreement,

constituted participation in the control of SEBC Holdings' business for the purposes of the Delaware Revised Uniform Limited Partnership Act, then the limited partners could be held personally liable for the obligations of SEBC Holdings under the laws of the State of Delaware, to the same extent as the SEBC Holdings General Partner. This liability would extend to persons who transact business with SEBC Holdings and who reasonably believe that a limited partner is a general partner. Neither the SEBC Holdings Partnership Agreement nor the Delaware Revised Uniform Limited Partnership Act specifically provides for legal recourse against the SEBC Holdings General Partner if a limited partner were to lose limited liability through any fault of the SEBC Holdings General Partner.

Under the Delaware Revised Uniform Limited Partnership Act, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of SEBC Holdings, would exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Revised Uniform Limited Partnership Act provides that the fair value of property subject to a liability for which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware Revised Uniform Limited Partnership Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Revised Uniform Limited Partnership Act shall be liable to the limited partnership for the amount of that distribution for three years from the date of the distribution. Under the Delaware Revised Uniform Limited Partnership Act, an assignee who becomes a substituted limited partner of a limited partnership is liable for the obligations of its assignor to make contributions to SEBC Holdings, except the assignee is not obligated for liabilities unknown to him at the time he became a limited partner and which could not be ascertained from the SEBC Holdings Partnership Agreement.

Rights of Limited Partners:

The SEBC Holdings Partnership Agreement provides that a limited partner can, for a purpose reasonably related to its interest as a limited partner, upon reasonable demand and at its own expense, have furnished to such limited partner:

- a current list of the name and last known address of each partner;
- a copy of SEBC Holdings' tax returns;
- information as to the amount of Cash, and a description and statement of the agreed value of any other property or services contributed or to be contributed by each partner and the date on which each became a partner;
- copies of the SEBC Holdings Partnership Agreement, the SEBC Holdings Charter, related amendments and powers of attorney under which they have been executed;
- any other information regarding SEBC Holdings' affairs as is just and reasonable.

The SEBC Holdings General Partner may, and intends to, keep confidential from the limited partners trade secrets or other information the disclosure of which the SEBC Holdings General Partner believes in good faith is not in SEBC Holdings' best interests or which SEBC Holdings is required by law or by agreements with third parties to keep confidential.

Transfer of Common Units:

From and after the Effective Date until the SEBC Holdings Restriction Release Date, any attempted Transfer of any SEBC Holdings Common Units (i) to any person (including a group of persons making a coordinated acquisition) who (A) after giving effect to such purported Transfer would become an owner of at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership), or (B) prior to giving effect to such purported Transfer held at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership) and whose ownership percentage subsequent to such Transfer would increase, or (ii) by any person who at the time is an owner of at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership), will be void ab initio. These restrictions will not apply to the Depository Trust Company as holder of any global units.

An assignee of a SEBC Holdings Common Unit, after executing and delivering a transfer application, but pending its admission as a substituted limited partner, is entitled to an interest in SEBC Holdings equivalent to that of a limited partner for the right to share in allocations and distributions from SEBC Holdings, including liquidating distributions.

Transferees that do not execute and deliver a transfer application will be treated neither as assignees nor as record holders of SEBC Holdings Common Units, and will not receive Cash distributions, federal income tax allocations or reports furnished to holders of SEBC Holdings Common Units. The only right such transferees will have is the right to negotiate their SEBC Holdings Common Units to a purchaser or other transferee and the right to transfer the right to request admission as a substituted limited partner with respect to the transferred SEBC Holdings Common Units to a purchaser or other transferee who executes a transfer application with respect to those SEBC Holdings Common Units.

A nominee or broker who has executed a transfer application with respect to SEBC Holdings Common Units held in street name or nominee accounts will receive the distributions and reports pertaining to those SEBC Holdings Common Units.

Transfer of General Partner Interest:

Prior to the redemption by Reorganized SEBC of all of the Reorganized SEBC Preferred Stock, the SEBC Holdings General Partner may not transfer its general partner interest. Thereafter, no transfer by the SEBC Holdings General Partner of all or any part of its general partner interest to another person will be permitted unless:

- the transferee agrees to assume the rights and duties of the general partner under the SEBC Holdings Partnership Agreement and to be bound by the provisions of the SEBC Holdings Partnership Agreement;

- the transfer would not result in the loss of limited liability of any limited partner or cause SEBC Holdings to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes; and

- the transferee agrees to purchase all, or the appropriate portion thereof, if applicable, of the SEBC Holdings General Partner's interest in any of SEBC Holdings' subsidiaries.

At any time, the owner of the SEBC Holdings General Partner may sell or transfer its ownership interest in the SEBC Holdings General Partner without the approval of SEBC Holdings' unit holders.

Capital Contributions:

Unit holders are not obligated to make additional capital contributions, except as described above under "Limited Liability."

Issuance of Additional Partnership Interests:

SEBC Holdings shall not issue additional partnership interests other than in connection with its formation in accordance with the Plan.

Allocations and Distributions:

Allocations of profits shall first be made to the holders of the SEBC Holdings Senior Preferred Units and SEBC Holdings Junior Preferred Units (collectively, the "SEBC Holdings Preferred Units") in accordance with their terms and then to the holders of the SEBC Holdings Common Units. Allocations of losses shall first be made to the holders of SEBC Holdings Common Units until their capital accounts are reduced to zero, second to the holders of SEBC Holdings Preferred Units until their capital accounts are reduced to zero and thereafter to the SEBC Holdings General Partner.

SEBC Holdings is required to distribute all available Cash each quarter, which means all Cash available after reasonable reserves are withheld for SEBC Holdings as determined by the SEBC Holdings General Partner. Distributions of available Cash will first be made to the holders of the SEBC Holdings Senior Preferred Units for any required distributions to be paid or that have not been paid, second to the holders of the SEBC Holdings Junior Preferred Units for any required distributions to be paid or that have not been paid, third to the SEBC Holdings Senior Preferred Units until their redemption price has been paid, fourth to the SEBC Holdings Junior Preferred Units until their redemption price has been paid and fifth to the holders of the SEBC Holdings Common Units.

Restriction on Authority of the General Partner:

Except as otherwise restricted in the designations of the SEBC Holdings Preferred Units, the SEBC Holdings General Partner may not, without prior approval of the specific act by the holders of a majority of the SEBC Holdings Common Units take any action in contravention of the SEBC Holdings Partnership Agreement, including (i) the commission of any act that would make it impossible to carry on the ordinary business of SEBC Holdings; or (ii) the possession of property, or the assignment of any rights in specific property, for other than a partnership purpose. In addition, the SEBC Holdings General Partner may not own any units of SEBC Holdings.

Indemnification:

Under the SEBC Holdings Partnership Agreement and in most circumstances, SEBC Holdings will indemnify and hold harmless, to the fullest extent permitted by law any person or entity by reason of their status as:

- the SEBC Holdings General Partner;
- a departing general partner;
- a person who is or was an affiliate of the SEBC Holdings General Partner or a departing general partner;
- a person who is or was an officer, director, employee, partner, agent or trustee of the SEBC Holdings General Partner, a departing general partner or an affiliate of the SEBC Holdings General Partner or a departing general partner; or

- a person who is or was serving at the request of the SEBC Holdings General Partner or a departing general partner or an affiliate of the SEBC Holdings General Partner or a departing general partner as an officer, director, employee, partner, agent, or trustee of another person, from and against any of the following in which they may be involved, or threatened to be involved, as a party or otherwise arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative:

- losses, claims, damages and liabilities, whether joint or several;

- expenses, including, without limitation, legal fees and expenses; and

- judgments, fines, penalties, interest, settlements and other amounts.

Any indemnification of these persons or entities will only be made out of SEBC Holdings' assets. The SEBC Holdings General Partner will not be personally liable for, or have any obligation to contribute or loan funds or assets to SEBC Holdings to enable it to effectuate this indemnification.

In addition, none of the persons described above will be liable for monetary damages to SEBC Holdings, the limited partners, their assignees or any other persons who have acquired SEBC Holdings Securities, for losses sustained or liabilities incurred as a result of any act or omission if such person acted in good faith. Also, the SEBC Holdings General Partner will not be responsible for any misconduct or negligence on the part of any agent appointed by the SEBC Holdings General Partner in good faith to exercise any of the powers granted to the SEBC Holdings General Partner or to perform any of the duties imposed upon it by the SEBC Holdings Partnership Agreement.

Conflicts of Interest and Fiduciary Responsibilities:

Unless otherwise provided for in a partnership agreement, Delaware law generally requires a general partner of a Delaware limited partnership to adhere to fiduciary duty standards under which it owes its limited partners the highest duties of good faith, fairness and loyalty and which generally prohibit a general partner from taking any action or engaging in any transaction as to which it has a conflict of interest. The SEBC Holdings Partnership Agreement expressly permits the SEBC Holdings General Partner to resolve conflicts of interest between itself or its affiliates, on the one hand, and SEBC Holdings or its unit holders, on the other, and to consider, in resolving such conflicts of interest, the interests of other parties in addition to the interests of its unit holders. In effect, these and other provisions limit the SEBC Holdings General Partner's fiduciary duties to SEBC Holdings and its unit holders. The SEBC Holdings Partnership Agreement also restricts the remedies available to its unit holders for actions taken that might, without those limitations, constitute breaches of fiduciary duty.

The directors and officers of the SEBC Holdings General Partner have fiduciary duties to manage the SEBC Holdings General Partner in a manner beneficial to its equity holder. At the same time, the SEBC Holdings General Partner has fiduciary duties to manage SEBC Holdings in a manner beneficial to SEBC Holdings and its unit holders. The duties of the SEBC Holdings General Partner to SEBC Holdings and its unit holders, therefore, may conflict with the duties of the directors and officers of the SEBC Holdings General Partner to its equity holder.

Whenever a conflict arises between the SEBC Holdings General Partner or its affiliates, on the one hand, and SEBC Holdings or any partner, on the other, the SEBC Holdings General Partner will resolve that conflict. The SEBC Holdings General Partner will not be in breach of its obligations under the SEBC Holdings Partnership Agreement or in breach of its duties to SEBC Holdings or its unit holders if the resolution of the conflict is considered to be fair and reasonable to SEBC Holdings. Any resolution is considered to be fair and reasonable to SEBC Holdings if it is:

- approved by a majority of the holders of the SEBC Holdings Senior Preferred Units, the SEBC Holdings Junior Preferred Units or the SEBC Holdings Common Units, whichever are the most senior units outstanding;

- on terms no less favorable to SEBC Holdings than those generally being provided to or available from unrelated third parties; or

- fair to SEBC Holdings, taking into account the totality of the relationships between the parties involved, including other transactions that may be particularly favorable or advantageous to SEBC Holdings.

The SEBC Holdings Partnership Agreement also contains provisions that provide for the mandatory waiver or consent from SEBC Holdings' limited partners regarding particular conduct by the SEBC Holdings General Partner and its affiliates that might otherwise be prohibited, including those described above, and to have agreed that such conflicts of interest and actions do not constitute a breach by the SEBC Holdings General Partner of any duty stated or implied by law or equity. For example, the SEBC Holdings Partnership Agreement permits the SEBC Holdings General Partner to make a number of decisions in its "sole discretion." This entitles the SEBC Holdings General Partner to consider only those interests and factors that it desires and it has no duty or obligation to give any consideration to any interest of, or factors affecting, SEBC Holdings, its affiliates or any of the limited partners. Other provisions of the SEBC Holdings Partnership Agreement provide that the SEBC Holdings General Partner's actions must be made in its reasonable discretion. These standards reduce the obligations to which the SEBC Holdings General Partner would otherwise be held. The latitude given in the SEBC Holdings Partnership Agreement to the SEBC Holdings General Partner in resolving conflicts of interest may significantly limit the ability of a unit holder to challenge what might otherwise be a breach of fiduciary duty.

In addition to the other more specific provisions limiting the obligations of the SEBC Holdings General Partner, the SEBC Holdings Partnership Agreement further provides that the SEBC Holdings General Partner and its officers and directors will not be liable for monetary damages to SEBC Holdings, the limited partners or their assignees for errors of judgment or for any acts or omissions if the SEBC Holdings General Partner and those other persons acted in good faith. The SEBC Holdings General Partner may also exercise any of its powers and perform any of its duties either directly or by or through its agents, and it will not be responsible for any misconduct or negligence on the part of any such agent if appointed in good faith.

Pursuant to the SEBC Holdings Partnership Agreement, any standard of care and duty imposed by the SEBC Holdings Partnership Agreement or under the Delaware Revised Uniform Limited Partnership Act or any other applicable law, rule or regulation is to be modified, waived or limited as required to permit the SEBC Holdings General Partner to act under the SEBC Holdings Partnership Agreement and to permit it to make any decision pursuant to its authority under the SEBC Holdings Partnership Agreement so long as that action is reasonably believed by the SEBC Holdings General Partner to be in, or not inconsistent with, SEBC Holdings' best interests.

Withdrawal or Removal of the General Partner:

The SEBC Holdings General Partner shall be deemed to have withdrawn as general partner if it transfers all of its general partner interest in SEBC Holdings, if it is removed, if it files bankruptcy (whether voluntarily or not) or if it is dissolved. The SEBC Holdings General Partner may voluntarily withdraw with the approval of a majority of each of the outstanding SEBC Holdings Preferred Units. Upon the withdrawal of the SEBC Holdings General Partner, certain of the unit holders may select a successor to that withdrawing general partner.

The general partner may not be removed unless that removal is approved by the vote of the holders of at least a majority of each of the SEBC Holdings Senior and Junior Preferred Units and after

the SEBC Holdings Preferred Units' redemption, the holders of a majority of the SEBC Holdings Common Units. Any removal of the general partner is also subject to SEBC Holdings' receipt of an opinion of counsel regarding limited liability and tax matters.

Termination and Dissolution:

SEBC Holdings will continue as a limited partnership until SEBC Holdings is dissolved (but not before the redemption by Reorganized SEBC of all of the Reorganized SEBC Preferred Stock), the entry of a decree of judicial dissolution of SEBC Holdings pursuant to the provisions of the Delaware Revised Uniform Limited Partnership Act or certain events of withdrawal or the removal of the SEBC Holdings General Partner.

Liquidation and Distribution of Proceeds:

Upon SEBC Holdings' dissolution, unless SEBC Holdings is reconstituted and continued as a new limited partnership, the liquidator authorized to wind up SEBC Holdings' affairs will, acting with all of the powers of the SEBC Holdings General Partner that the liquidator deems necessary or desirable in its good faith judgment, liquidate SEBC Holdings' assets. The proceeds of such liquidation shall be distributed first to the holders of the SEBC Holdings Senior Preferred Units in an amount equal to their liquidation price, second to the holders of the SEBC Holdings Junior Preferred Units in an amount equal to their liquidation price and thereafter to the holders of the SEBC Holdings Common Units in proportion to their positive balances in their capital accounts. The liquidator may defer liquidation of SEBC Holdings' assets, except those necessary to satisfy creditors, for a reasonable period of time or distribute assets to partners in kind if it determines that an immediate sale would be impractical or would cause undue loss to the partners.

The SEBC Holdings General Partner will not be personally liable for, and will have no obligation to contribute or loan any monies or property to SEBC Holdings to enable SEBC Holdings to effectuate the return of the capital contributions of the limited partners, or any portion thereof. Any such return will be made solely from SEBC Holdings' assets.

No partner will have any obligation to restore any negative balance in its capital account upon SEBC Holdings' liquidation.

Amendment of the SEBC Holdings Partnership Agreement

Amendments to the SEBC Holdings Partnership Agreement may be proposed only by or with the consent of the SEBC Holdings General Partner. To adopt a proposed amendment, other than the amendments discussed below, the SEBC Holdings General Partner must generally seek approval of the holders of a majority of the SEBC Holdings Common Units. In addition, if an amendment would have an adverse effect on the SEBC Holdings Senior Preferred Units, the approval of the holders of a majority of the SEBC Holdings Senior Preferred Units is required. However, if the effect of an amendment would have an adverse effect on the rights or preferences of any class of outstanding units in relation to any other class of outstanding units, the approval of at least a majority of the outstanding units of the class so affected is required to adopt the amendment. Any amendment that reduces the voting percentage required to take any action must be approved by the affirmative vote of limited partners constituting not less than the voting requirement sought to be reduced.

No amendment may be made that would:

- enlarge the obligations of any limited partner, without its consent;
- enlarge the obligations of the SEBC Holdings General Partner, without its consent, which may be given or withheld in its sole discretion;

- restrict in any way any action by, or rights of the SEBC Holdings General Partner, as set forth in the SEBC Holdings Partnership Agreement;

- modify the amounts distributable, reimbursable or otherwise payable by SEBC Holdings to the SEBC Holdings General Partner;

- change the term of SEBC Holdings;

- give any person the right to dissolve SEBC Holdings; or

- cause Reorganized SEBC to undergo a "change of control" within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended, during any period during which any of the Reorganized SEBC Preferred Stock is outstanding.

The SEBC Holdings General Partner may generally make amendments to the SEBC Holdings Partnership Agreement without the approval of any limited partner or assignee to reflect:

- a change in SEBC Holdings' name, the location of SEBC Holdings' principal place of business, SEBC Holdings' registered agent or registered office;

- the admission, substitution, withdrawal or removal of partners in accordance with the SEBC Holdings Partnership Agreement;

- a change that, in the sole discretion of the SEBC Holdings General Partner, is necessary or appropriate to qualify or continue SEBC Holdings' qualification as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or that is necessary or advisable in the opinion of the SEBC Holdings General Partner to ensure that SEBC Holdings will not be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes; or

- a change that:

    - in the sole discretion of the SEBC Holdings General Partner, does not adversely affect the limited partners in any material respect;

    - is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including the Delaware Revised Uniform Limited Partnership Act) or that is necessary or desirable to facilitate the trading of the SEBC Holdings Preferred or Common Units (including the division of SEBC Holdings' outstanding units into different classes to facilitate uniformity of tax consequences within such classes of units) or to comply with any rule, regulation, guideline or requirement of any national securities exchange on which the SEBC Holdings Preferred or Common Units are or will be listed for trading, compliance with, any of which the SEBC Holdings General Partner determines in its sole discretion to be in SEBC Holdings' best interest;

    - prior to all Reorganized SEBC Preferred Stock being redeemed, does not cause Reorganized SEBC to, or is reasonably anticipated to ensure Reorganized SEBC does not, undergo a "change in control" within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended;

    - is necessary or desirable to implement tax-related provisions of the SEBC Holdings Partnership Agreement; or

  - is required to effect the intent of the provisions of the SEBC Holdings Partnership Agreement or is otherwise contemplated by the SEBC Holdings Partnership Agreement;

- a change in SEBC Holdings' fiscal year or taxable year and any changes that, in the sole discretion of the SEBC Holdings General Partner, are necessary or appropriate as a result of a change in SEBC Holdings' fiscal year or taxable year including, without limitation, if the SEBC Holdings General Partner shall so determine, a change in the definition of "quarter" and the dates on which SEBC Holdings make distributions;

- an amendment that is necessary to prevent SEBC Holdings or the SEBC Holdings General Partner or its directors or officers from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended (the "1940 Act"), the Investment Advisers Act of 1940, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, whether or not substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

- any amendment expressly permitted in the SEBC Holdings Partnership Agreement to be made by the SEBC Holdings General Partner acting alone;

- an amendment that, in the sole discretion of the SEBC Holdings General Partner, is necessary or desirable to reflect, account for and deal with appropriately SEBC Holdings' formation of, or SEBC Holdings' investment in, any corporation, partnership, joint venture, limited liability company or other entity, in connection with SEBC Holdings' conduct of activities permitted by the SEBC Holdings Partnership Agreement; or

- any other amendments substantially similar to the foregoing.

Merger

The SEBC Holdings Partnership Agreement generally prohibits the SEBC Holdings General Partner, without the prior approval of the holders of a majority of the outstanding SEBC Holdings Common Units, from causing SEBC Holdings to merge or consolidate with another entity.

Terms of the Senior Preferred Units

Each SEBC Holdings Senior Preferred Unit shall be paid a distribution each fiscal quarter out of available Cash of SEBC Holdings an amount that accrues on $1.00, its face amount, based on a rate to be determined in accordance with the Master Subscription Agreement and the Plan. Any amount not paid shall accrue at the same rate and shall be paid as soon as there is available Cash to pay such amount in a following fiscal quarter. If there is additional available Cash after payment of the required distribution and any accrued but unpaid distributions on the Preferred Units, such additional available Cash shall be distributed to the holders of the SEBC Holdings Senior Preferred Units until an amount equal to the face amount has been cumulatively paid thereon. Upon liquidation of SEBC Holdings, the SEBC Holdings Senior Preferred Units shall be entitled to receive the face amount plus all accrued distributions.

No distribution shall be paid on the SEBC Holdings Senior Preferred Units unless, immediately after making such payment and giving effect thereto, the market value of SEBC Holdings' permitted investments and SEBC Holdings' investment in Real Estate, LLC and the Reorganized SEBC Common Stock equals or exceeds the consolidated liabilities of SEBC Holdings.

All of the SEBC Holdings Senior Preferred Units will be redeemed by SEBC Holdings on the earliest to occur of (i) the scheduled redemption date which shall be seven years after issuance, (ii) the date available Cash is distributed as described above in an amount equal to the face amount plus all quarterly distributions including any amount accrued thereon, (iii) any date for redemption set by the

additional general partner appointed by the holders of the SEBC Holdings Senior Preferred Units as described below to effect a cure event as described below, or (iv) upon the liquidation of SEBC Holdings. The price at which such redemption shall be made shall equal any remaining face amount, distributions and accruals thereon that have not already been distributed.

Without the affirmative vote of the limited partners holding 100% of the SEBC Holdings Senior Preferred Units, so long as there are any outstanding SEBC Holdings Senior Preferred Units, SEBC Holdings shall not:

- institute voluntary bankruptcy proceedings or otherwise consent to such proceedings, consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of SEBC Holdings or of a substantial part of the property of SEBC Holdings, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any corporate or other action in furtherance of any such action;

- consolidate or merge SEBC Holdings or any subsidiary;

- voluntarily dissolve, liquidate or wind up the affairs of SEBC Holdings or any subsidiary;

- issue Common Units;

- create, authorize or issue units of additional classes or series of units;

- own any assets other than specified investments or equity of subsidiaries;

- create, authorize, issue, incur or suffer to exist any indebtedness for borrowed money or other liability other than in the ordinary course of business in an aggregate amount not exceeding $100,000;

- have any salaried employees;

- amend, alter or repeal any provision of the SEBC Holdings Partnership Agreement or SEBC Holdings Charter so as to adversely affect any of the rights, powers, preferences, privileges or terms of any SEBC Holdings Senior Preferred Unit or to modify any of the limitations provided to the holders of the SEBC Holdings Senior Preferred Units; or

- do anything that requires the affirmative vote of each class of voting securities of SEBC Holdings;

provided, however, that notwithstanding the above, no vote of the SEBC Holdings Senior Preferred Units shall be required in connection with the sale, lease, conveyance or other disposition of SEBC Holdings' equity interest in, or the assets of, Real Estate LLC.

The same restrictions described above apply to any action SEBC Holdings takes with respect to any subsidiaries of SEBC Holdings.

The holders of the SEBC Holdings Senior Preferred Units shall be entitled to appoint an additional general partner upon the occurrence of any of the following:

- if SEBC Holdings institutes voluntary bankruptcy proceedings or otherwise consents to such proceedings, consents to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of SEBC Holdings or of a substantial part of the property of SEBC Holdings, or makes any assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due, or take any corporate or other action in furtherance of any such action;

- any involuntary action described in the above clause;

- the failure of SEBC Holdings to make a distribution of all available Cash for any fiscal quarter on the applicable payment date; or

- the failure of SEBC Holdings to pay in full the aggregate applicable redemption price on the SEBC Holdings Senior Preferred Units on the applicable redemption date.

Upon the appointment of the additional general partner, it shall have the power to cause SEBC Holdings to either make the required payment or redeem the SEBC Holdings Senior Preferred Units, as applicable. The original general partner shall continue to operate the business of SEBC Holdings. Once one of those actions are taken, the additional general partner shall no longer be a general partner of SEBC Holdings.

As long as there are outstanding SEBC Holdings Senior Preferred Units, SEBC Holdings shall not:

- engage in any business other than acquiring, holding, managing, selling and disposing of its permitted investments, its interest in Real Estate LLC and its interest in Reorganized SEBC Common Stock;

- invest any available monies or funds of SEBC Holdings other than in permitted investments;

- take any action that would cause it to be required to register as an investment company under the 1940 Act;

- fail to ensure that any transaction entered into with any person (other than a wholly-owned subsidiary) is fair to each party, constitutes an exchange for fair consideration and for reasonably equivalent value, and is made in good faith and without any intent to hinder, delay or defraud creditors;

- take any action with respect to, and will not engage in transactions with, any person unless it determines in a reasonable fashion that such actions or transactions are in the best interests of SEBC Holdings; and

- make any distribution or other payment on, or redeem or otherwise acquire, any of its common units except for payment of a quarterly distribution on all of its common units pursuant to the declaration of such quarterly distribution by the SEBC Holdings General Partner.

Terms of the Junior Preferred Units

Each SEBC Holdings Junior Preferred Unit shall be paid a distribution each fiscal quarter out of available Cash of SEBC Holdings an amount that accrues on $1.00, its face amount, based on a rate to be determined in accordance with the Master Subscription Agreement and the Plan. Any amount not paid shall accrue at the same rate and shall be paid as soon as there is available Cash to pay such amount in a following fiscal quarter. If there is additional available Cash after payment of the required distribution and any accrued but unpaid distributions on the SEBC Holdings Preferred Units and after redemption of all of the SEBC Holdings Senior Preferred Units, such additional available Cash shall be distributed to the holders of the SEBC Holdings Junior Preferred Units until an amount equal to the face amount has been cumulatively paid thereon. Upon liquidation of SEBC Holdings, the SEBC Holdings Junior Preferred Units shall be entitled to receive the face amount plus all accrued distributions, subject to prior payment of such amount on the SEBC Holdings Senior Preferred Units.

No distribution shall be paid on the SEBC Holdings Junior Preferred Units unless, immediately after making such payment and giving effect thereto, the market value of SEBC Holdings' permitted investments and SEBC Holdings' investment in Real Estate LLC and the Reorganized SEBC Common

Stock equals or exceeds the sum of the redemption price on the SEBC Holdings Senior Preferred Units plus the consolidated liabilities of SEBC Holdings.

All of the SEBC Holdings Junior Preferred Units will be redeemed by SEBC Holdings on the earliest to occur of (i) the scheduled redemption date which shall be seven years after issuance, (ii) the date available Cash is distributed as described above in an amount equal to the face amount plus all quarterly distributions including any amount accrued thereon, or (iii) upon the liquidation of SEBC Holdings. The price at which such redemption shall be made shall equal any remaining face amount, distributions and accruals thereon that have not already been distributed.

Without the affirmative vote of the limited partners holding 80% of the SEBC Holdings Junior Preferred Units, so long as there are any outstanding junior preferred units, SEBC Holdings shall not:

- create, authorize or issue units of additional classes or series of units;
- amend, alter or repeal any provision of the SEBC Holdings Partnership Agreement or SEBC Holdings Charter so as to adversely affect any of the rights, powers, preferences, privileges or terms of any SEBC Holdings Senior Preferred Unit or to modify any of the limitations provided to the holders of the SEBC Holdings Senior Preferred Units; or
- do anything that requires the affirmative vote of each class of voting securities of SEBC Holdings.

As long as there are outstanding SEBC Holdings Junior Preferred Units, SEBC Holdings shall not:

- engage in any business other than acquiring, holding, managing, selling and disposing of its permitted investments, its interest in Real Estate LLC and its interest in Reorganized SEBC Common Stock;
- invest any available monies or funds of SEBC Holdings other than in permitted investments;
- take any action that would cause it to be required to register as an investment company under the 1940 Act;
- fail to ensure that any transaction entered into with any person (other than a wholly-owned subsidiary) is fair to each party, constitutes an exchange for fair consideration and for reasonably equivalent value, and is made in good faith and without any intent to hinder, delay or defraud creditors;
- take any action with respect to, and will not engage in transactions with, any person unless it determines in a reasonable fashion that such actions or transactions are in the best interests of SEBC Holdings; and
- make any distribution or other payment on, or redeem or otherwise acquire, any of SEBC Holdings Common Units except for payment of a quarterly distribution on all SEBC Holdings Common Units pursuant to the declaration of such quarterly distribution by the SEBC Holdings General Partner.

(d) Real Estate LLC Agreement

Pursuant to the Real Estate LLC Agreement, Reorganized SEBC will contribute to Real Estate LLC certain parcels of real property and Cash in exchange for the issuance by Real Estate LLC of the Real Estate LLC Debt and $24 million of the Real Estate LLC Membership Interests. Reorganized SEBC will contribute the Real Estate LLC Membership Interests to SEBC Holdings, which will then be the holder

of the Real Estate LLC Membership Interests. Real Estate LLC is intended to be taxed as a partnership for federal income tax purposes.

The Real Estate LLC Debt will have a $9 million face amount and will be issued by Real Estate LLC to Reorganized SEBC. The Real Estate LLC Debt will have a fixed coupon equal to 5% per annum.[25] In addition, the Real Estate LLC Debt will have a participating coupon. The participating coupon will be equal to 10% of all distributions on capital by Real Estate LLC in any year that exceed the 5% fixed coupon. Upon its redemption or the liquidation of Real Estate LLC, the holder of the Real Estate LLC Debt will be entitled to the sum of (a) its remaining unpaid face amount, (b) the 5% fixed coupon that has accrued but is unpaid and (c) 10% of the excess of (1) the cumulative sum, up to such date, of the realized and unrealized value of the total assets of Real Estate LLC, over (2) the sum of $33 million and the cumulative 5% fixed coupon. The Real Estate LLC Debt will not be callable by Real Estate LLC before the 2nd anniversary of the issuance of such debt. If the Real Estate LLC Debt is still outstanding on the 7th anniversary of its issuance (or, if earlier, the redemption of all Reorganized SEBC Senior Preferred Stock), it will be mandatorily convertible into 7-year term preferred equity units of Real Estate LLC, which will have terms that correspond to the terms of the Real Estate LLC Debt. The Real Estate LLC Debt will have such other terms and conditions as will be set forth in the Plan Supplement.

SEBC Holdings shall have the power to appoint the manager and [TO BE DETERMINED] shall be the initial manager of Real Estate LLC. The manager and any officers of Real Estate LLC shall be entitled to indemnification for actions taken in such capacity. The manager while acting in connection with Real Estate LLC's affairs shall not be liable for a breach of fiduciary duty if the manager relied upon the terms of the Real Estate LLC Agreement. Each member may have other business activities, including those that may compete with Real Estate LLC.

Real Estate LLC shall be dissolved and wound up upon the written consent of SEBC Holdings and Reorganized SEBC, the entry of a decree of judicial winding up of Real Estate LLC or the disposition of all of the assets of Real Estate LLC and the distribution of the proceeds from such disposition(s) to SEBC Holdings and Reorganized SEBC, as applicable. The manager shall act as liquidator and shall satisfy all debts, obligations and liabilities of Real Estate LLC and then distribute any remaining funds to SEBC Holdings and Reorganized SEBC in proportion to their respective capital accounts.

7. The Master Subscription Agreement and Aggregate Purchase Price

(a) The Aggregate Purchase Price and Other Contributions

On the Effective Date, Reorganized SEBC shall be authorized to enter into the transactions contemplated by the Master Subscription Agreement and related documents included in the Plan Supplement and shall consummate the Transaction.

As part of the Transaction, subject to the terms and conditions of the Master Subscription Agreement and subject to Section 5.6(e) of the Plan, Investor shall contribute $1.639 billion in Cash to Reorganized SEBC (the "Aggregate Purchase Price"). In consideration for Aggregate Purchase Price, subject, however, to Section 5.6(e) of the Plan, Investor shall receive:

(i) 300,000,000 shares ($300 million aggregate face amount) of Reorganized SEBC Series A Senior Preferred Stock;

(ii) 718,000,000 shares ($718 million aggregate face amount) of Reorganized SEBC Series B Senior Preferred Stock;

(iii) 611,000,000 shares ($611 million aggregate face amount) of Reorganized SEBC Series J Junior Preferred Stock;

[25] *Id.*

(iv) 5,000,000 shares of Reorganized SEBC Class B Common Stock, representing 20% of the outstanding Reorganized SEBC Common Stock on a fully diluted basis; and

(v) 5,000,000 shares of Reorganized SEBC Class C Common Stock, representing 20% of the outstanding Reorganized SEBC Common Stock on a fully diluted basis.

The Aggregate Purchase Price, together with Available Cash, shall be used as follows:

(i) An amount equal to Distributed Cash shall be distributed to Noteholders and Holders of Allowed Class 3 Claims in accordance with Sections 3.2(a)(i); 3.2(b)(i), and 3.2(c)(i) of the Plan;

(ii) Subject to Section 5.6(e) of the Plan, $ 1,625,600,000 shall be used to purchase the Investment Vehicle Senior Securities on the Closing Date;

(iii) A loan in an aggregate principal amount to be determined based on a good-faith projection of first-year operating expenses of SEBC Holdings, but in no case to exceed $600,000, shall be made to SEBC Holdings for a 3-year term, such loan to be paid in full at the end of the 3-year period, pursuant to the terms of a loan agreement, to be in a form mutually acceptable to Investor and the Trustee and entered into by the applicable parties on or prior to the Effective Date; and

(iv) the balance shall be used for general corporate purposes of Reorganized SEBC, subject to any limitations set forth in the Reorganized SEBC Charter.

(b) Adjustment of Certain Values

Notwithstanding anything to the contrary set forth in the Plan, Section 5.6(e) of the Plan provides that the following values, as described more fully in Sections 1.95(i)(a), 5.3(d)(i), 5.6(b), 5.6(c), 5.6(d)(ii), 5.7(b)(y), 5.9(a)(i), 5.9(b)(i), 5.9(b)(ii), 5.9(b)(iii), and 5.9(b)(iv) of the Plan, shall be calculated two Business Days prior to the Closing Date and shall be subject to adjustment for (i) the five-year swap rate, (ii) the credit spread for the Investment Vehicle Senior Securities relative to LIBOR, (iii) occurrence of the Closing Date earlier than April 30, 2009, (iv) federal and state taxes and (v) fees and expenses directly attributable to the Transactions:

(i) the Aggregate Purchase Price;

(ii) the aggregate purchase price of the Reorganized SEBC Class B Common Stock and Reorganized SEBC Class C Common Stock, and the aggregate face value of the Reorganized SEBC Series A Senior Preferred Stock, Reorganized SEBC Series B Senior Preferred Stock, Reorganized SEBC Series J Junior Preferred Stock, Reorganized SEBC Series K Junior Preferred Stock, and SEBC Holdings Senior Preferred Units;

(iii) the face value of the Investment Vehicle Senior Securities; and

(iv) the fixed coupon rate for the Real Estate LLC Debt.

Such calculations and adjustments shall be mutually acceptable to Investor and the Trustee.

(c) SEBC Holdings' Assets and Operations

Upon consummation of the Transaction, the assets of SEBC Holdings will consist of (i) Reorganized SEBC Class A Common Stock, representing 60% of the outstanding Reorganized SEBC Common Stock on a fully diluted basis, and (ii) 100% of the Real Estate LLC Membership Interests. Reorganized SEBC will use the dividends earned on the Investment Vehicle Senior Securities to fund,

among other things, Reorganized SEBC's dividend obligations and operating expenses. Dividends to SEBC Holdings from Reorganized SEBC, together with income from Real Estate LLC, will be used to pay the operating expenses of SEBC Holdings, Real Estate LLC, and the Jacksonville Property Subsidiaries.

(d) Master Subscription Agreement

The Master Subscription Agreement sets forth certain terms and conditions of the Transaction that have been agreed to by the Trustee and Investor, which are summarized below.

Pre-Closing Adjustments: The Aggregate Purchase Price, the aggregate purchase price of the Reorganized SEBC Class B and Class C Common Stock, the aggregate face value of the Reorganized SEBC Preferred Stock and the SEBC Holdings Senior Preferred Units, the face value of the Investment Vehicle Senior Securities, and the fixed coupon rate for the Real Estate LLC Debt will be calculated two Business Days prior to the Closing Date and will be subject to adjustment from the above-described values for (i) the five-year swap rate, (ii) the credit spread for the Investment Vehicle Senior Securities relative to LIBOR, (iii) occurrence of the Closing Date earlier than April 30, 2009, (iv) federal and state taxes and (v) fees and expenses directly attributable to the Transaction.

Purchase of Securities: Investor will purchase not less than an aggregate of $6,500,000 face amount of SEBC Holdings Senior Preferred Units and Reorganized SEBC Series K Junior Preferred Stock pursuant to the Securities Purchase Agreement (as described in Section VI.G.8. below).

Reimbursement Fee: On or about December 2, 2008, Investor paid to the Estate a reimbursement fee of $500,000 (the "Reimbursement Fee"), which the Trustee has caused the Estate to hold in a separate account until the earlier of the repayment of such Reimbursement Fee to Investor, which must occur under certain circumstances, as described below, and the Closing Date.

Expenses: Reorganized SEBC will (i) reimburse Investor for legal expenses in an aggregate amount not to exceed $900,000 and (ii) pay to the Disbursing Agent other expenses in an aggregate amount not to exceed $300,000. The aggregate amount of such expenses will be paid in four quarterly installments of $300,000 for a period of one year after the Closing Date, the first such installment to be paid to the Disbursing Agent and the subsequent installments to be paid to Investor.

Conditions to Closing: The obligations of the Trustee and Investor under the Master Subscription Agreement are subject to the termination provisions set forth below, the satisfaction of customary closing conditions, including the accuracy of representations and warranties, the performance of covenants by each of the parties, and the performance by each party of their respective obligations at the Closing, including, without limitation, the consummation by Reorganized SEBC of the other transactions contemplated by the Plan. In addition, the parties' obligations are further subject to the Confirmation Order, in form and substance reasonably satisfactory to Investor, having been entered and having become a Final Order. The obligations of Investor under the Master Subscription Agreement are also subject to, among other things, (i) the Bankruptcy Court having established one or more deadlines for the filing of Administrative Expenses against the Estate and such deadlines having passed, (ii) SEBC having Available Cash immediately prior to the Closing in an amount at least equal to $5,000,000, after deducting allowed but unpaid Administrative Expenses and asserted but not yet allowed Administrative Expenses to the extent not disallowed and (iii) there having been no changes in applicable investment company law or facts or tax law or facts in respect of the Transaction between the execution of the Master Subscription Agreement and the Closing Date that in either case would cause the advice rendered by counsel to Investor in accordance with the Master Subscription Agreement to be inaccurate or invalid in any material respect.

Representations and Warranties: The Master Subscription Agreement contains customary representations and warranties of both the Trustee and Investor, including those regarding organization and powers, authorization and enforceability, governmental approvals, this Disclosure Statement, litigation, environmental matters, compliance with laws and agreements, subsidiaries, registration under the Securities Act and the 1940 Act, tax matters, books and records, eligible investments and financial

resources. The representations and warranties will survive until the third anniversary of the Closing Date, except for those representations and warranties of the Trustee regarding tax matters and books and records, which will survive until the expiration of the applicable statute of limitations.

Termination: The Master Subscription Agreement may be terminated and the Transactions may be abandoned:

(i) by mutual written agreement of the Trustee and Investor at any time before the conclusion of the Confirmation Hearing;

(ii) by either the Trustee or Investor: (A) if any court of competent jurisdiction or any governmental authority takes action to permanently enjoin, restrain or otherwise prohibit the Transaction as a matter of law or (B) if the Confirmation Order is not entered on or before March 16, 2009, unless the failure of the Confirmation Order to be entered is the result of a material breach of the Master Subscription Agreement by the party seeking its termination;

(iii) by Investor, if the Trustee breaches his representations and warranties or covenants set forth in the Master Subscription Agreement such that certain conditions precedent to the Closing would not be satisfied;

(iv) by the Trustee, if (A) Investor breaches its representations and warranties or covenants set forth in the Master Subscription Agreement such that certain conditions precedent to the Closing would not be satisfied or (B) prior to Confirmation, the Trustee determines, upon the advice of counsel, that a failure to terminate the Master Subscription Agreement would be inconsistent with his fiduciary duty owed to the Estate and the parties in interest in the Bankruptcy Case;

(v) by Investor in its sole and absolute discretion upon any event, change, circumstance or effect relating (A) to the United States economy in general and to Investor, (B) in general to the capital markets in the United States, (C) to a general moratorium on commercial banking activities that has been declared by U.S. federal or New York State authorities, or (D) to any outbreak or escalation of hostilities or act of terrorism involving the United States or any declaration of war by the United States, in each case that, in the judgment of Investor, is material and adverse and makes it impracticable or inadvisable to proceed with the Transaction, provided that the Estate will retain the Reimbursement Fee (as defined below) in the event of such a termination; or

(vi) by Investor in its sole and absolute discretion for any reason, or for no reason at all, provided that the Estate will retain the Reimbursement Fee in the event of such a termination.

Termination by Investor pursuant to clauses (v) or (iv) of the above Termination provisions will be deemed to cure any breach by Investor of the representations and warranties or covenants set forth in the Master Subscription Agreement that would provide the Trustee with the right to terminate the Master Subscription Agreement pursuant to clause (iv)(A) of the above Termination provisions.

Payment of Break-Up Fee by SEBC: The Trustee and Investor have each acknowledged and agreed that the other has expended considerable time and expense in connection with the structuring, drafting, and negotiation of the Master Subscription Agreement and the Transaction. In consideration therefor, contemporaneously with the filing of the Plan and Disclosure Statement with the Bankruptcy Court, the Trustee will file with and seek the approval of the Bankruptcy Court of a motion (the "Break-Up Fee Motion") to authorize the payment by SEBC to Investor of a break-up fee if, under certain conditions, the Transaction is not effectuated with Investor but SEBC effectuates an alternative transaction. If the Break-Up Fee Motion is approved by the Bankruptcy Court, SEBC will pay to Investor, as liquidated damages and not as a penalty and as the sole and exclusive remedy, a break-up fee in an amount equal

to $1,500,000 in immediately available funds on the first Business Day after the earliest to occur of any of the following events:

(i) the Bankruptcy Court confirms, prior to the first anniversary of the date of the Master Subscription Agreement, a plan of reorganization with respect to SEBC that provides for the implementation of an alternative method of effectuating the reorganization or recapitalization of SEBC by means of a transaction other than the Transaction that includes an investment in SEBC by a party other than Investor or any of its affiliates, whether in a single transaction or series of related transactions, in an aggregate amount of not less than $500,000,000 (an "Alternative Transaction");

(ii) to the extent SEBC is no longer under the jurisdiction of the Bankruptcy Court (whether as a result of the dismissal of the Bankruptcy Case or the consummation of a plan of reorganization with respect to SEBC), SEBC or SEBC as reorganized under a plan consummates an Alternative Transaction prior to the first anniversary of the date of the Master Subscription Agreement;

(iii) the Trustee terminates the Master Subscription Agreement prior to confirmation of the Plan because the Trustee determines, upon the advice of counsel, that a failure to terminate the Master Subscription Agreement would be inconsistent with his fiduciary duty owed to the Estate and the parties in interest in the Bankruptcy Case and an Alternative Transaction is consummated prior to the first anniversary of the Master Subscription Agreement; or

(iv) the Trustee terminates the Master Subscription Agreement because the Confirmation Order is not entered on or before March 16, 2009 and the failure of the Confirmation Order to be entered is not the result of a material breach of the Master Subscription Agreement by the Trustee or Investor and an Alternative Transaction is consummated prior to the first anniversary of the Master Subscription Agreement.

No break-up fee will be payable if the Master Subscription Agreement is terminated (A) pursuant to clauses (i), (ii)(A), (ii)(B) if the failure of the Confirmation Order to be entered is the result of a material breach by Investor of the Master Subscription Agreement, (iv)(A), (v) or (vi) of the Termination provisions described in this Section VI.G.7(d), or (B) by Investor pursuant to clause (ii)(B) of the Termination provisions described in this Section VI.G.7(d) if the failure of the Confirmation Order to be entered is not the result of a material breach of the Master Subscription Agreement by the Trustee.

Payment of Break-Up Fee by Investor: In the event that the Trustee terminates the Master Subscription Agreement due to Investor's breach of the Master Subscription Agreement, which breach has not been cured by the sooner of the 30th day following receipt by Investor of a notice of breach or March 16, 2009, Investor will pay to the Estate a break-up fee in an amount equal to $1,000,000 in immediately available funds (the "SEBC Break-Up Fee"), as liquidated damages and not as a penalty and as the sole and exclusive remedy, on the first Business Day after such termination of the Master Subscription Agreement.

Repayment of Reimbursement Fee: The Estate must repay the Reimbursement Fee to Investor as liquidated damages in the event that the Master Subscription Agreement is terminated (i) at any time before the conclusion of the Confirmation Hearing by mutual written agreement of the Trustee and Investor; (ii) by either the Trustee or Investor (A) if any court of competent jurisdiction or any governmental authority takes action to permanently enjoin, restrain or otherwise prohibit the Transactions as a matter of law or (B) if the Confirmation Order is not entered on or before March 16, 2009; (iii) by Investor, if the Trustee breaches his representations and warranties or covenants set forth in the Master Subscription Agreement such that certain conditions precedent to the Closing would not be satisfied; or (iv) by the Trustee, if (A) Investor breaches its representations and warranties or covenants set forth in the Master Subscription Agreement such that certain conditions precedent to the Closing would not be satisfied (provided that the SEBC Break-Up Fee has been or is simultaneously paid to the Estate), or (B)

prior to Confirmation, the Trustee determines, upon the advice of counsel, that a failure to terminate the Master Subscription Agreement would be inconsistent with his fiduciary duty owed to the Estate and the parties in interest in the Bankruptcy Case.

Certain Other Covenants: The Master Subscription Agreement contains customary covenants of both the Trustee and Investor, including those summarized below.

(i) *Voting Rights Events*: Following the Closing, if an event occurs which causes the voting rights of the Reorganized SEBC Senior Preferred Stock or the Reorganized SEBC Series J Junior Preferred Stock to become effective (as described in Section VI.G.6(a) above), then to the extent applicable, each of Reorganized SEBC and Investor will (A) use its commercially reasonable efforts to make an appropriate filing of a Notification and Report Form pursuant to the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and any other submission under the HSR Act which either of them determines should be made and (B) cooperate with one another in promptly determining whether any filings are required to be or should be made or consents, approvals, permits or authorizations are required to be or should be obtained under any other federal, state or foreign law or regulation and, if determined, making such filings or obtaining such consents, approvals or waivers and resolving any objections thereto. Reorganized SEBC and Investor will also use commercially reasonable efforts to contest and resist any administrative or judicial actions challenging the Transaction.

(ii) *Public Announcements*: The Trustee and Investor will consult with one another before issuing any press release or otherwise making any public statements with respect to the Master Subscription Agreement or Transaction and will not issue any such press release or make any such public statement without the prior consent of the other party, which consent will not be unreasonably withheld or delayed; provided, however, that either party may, without the prior consent of the other party, issue such press release or make such public statement as may be required by law, regulation or, in the case of Investor, the applicable rules of the New York Stock Exchange.

(iii) *Administrative Expenses*: Reorganized SEBC will make adequate reserves for and promptly pay when due all Administrative Expenses not paid by the Estate prior to the Closing.

Governing Law; Jurisdiction: The Master Subscription Agreement will be construed in accordance with and governed by the laws of the State of New York. Until the Closing is consummated, any action or proceeding arising out of or relating to the Master Subscription Agreement or any other transaction document, or for recognition or enforcement of any judgment, will be subject to the exclusive jurisdiction of the Bankruptcy Court and, after such consummation and subject to any retained jurisdiction of the Bankruptcy Court, will be subject to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York and, in all cases, any appellate court from any of such courts.

8. Mixed Securities Distribution

A portion of the consideration to be distributed to Noteholders and Holders of Allowed Class 3 Claims under the Plan is the Mixed Securities Distribution, which will be $10.5 million in total consideration consisting of $6 million aggregate face amount of SEBC Holdings Senior Preferred Units and $4.5 million in aggregate face amount of Reorganized SEBC Series K Junior Preferred Stock, subject, however, to adjustment pursuant to Section 5.6(e) of the Plan.

On the Effective Date, Investor shall purchase, pursuant to the Securities Purchase Agreement, not less than an aggregate $6,500,000 face amount of SEBC Holdings Senior Preferred Units and Reorganized SEBC Series K Junior Preferred Stock in lieu of the issuance of such units and/or stock to Holders of Noteholder Claims and Allowed Class 3 Claims under Sections 3.2(a)(ii), 3.2(b)(ii), and 3.2(c)(ii) of the Plan as the Mixed Securities Distribution.

Such purchase by Investor shall be implemented so that the Holders of Noteholder Claims and Allowed Class 3 Claims shall each receive (x) a Pro Rata share of $6,500,000 in Cash and (y) a Pro Rata share of an aggregate of $4,000,000 face amount SEBC Series K Junior Preferred Stock and/or SEBC Holdings Senior Preferred Units,[26] provided, however, that only Qualified Creditors shall be eligible to receive, acquire, or hold Reorganized SEBC Series K Junior Preferred Stock and provided further, however, that the Disbursing Agent shall not distribute shares of Reorganized SEBC Series K Junior Preferred Stock to more than 250 holders of record for purposes of the registration and periodic reporting obligations of the Exchange Act.

9. Cancellation of Notes; Release of Indenture Trustees

On the Effective Date, (i) the Notes, the Indentures, and any other note, bond, or indenture evidencing or creating any public indebtedness or obligation of the Debtor shall be deemed automatically extinguished, cancelled and of no further force or effect, and (ii) the obligations of the Debtor under any agreements, Indentures, or certificates of designations governing the Notes and any other note, bond, or indenture evidencing or creating any indebtedness or obligation of the Debtor with respect to the Notes shall be automatically discharged in each case without further act or action under any applicable agreement, law, regulation, order, or rule and without any action on the part of the Bankruptcy Court or any Person; provided, however, that the Notes and the Indentures shall continue in effect solely for the purposes of (w) allowing the Holders of the Notes to receive the Distributions provided to Classes 1 and 2 hereunder, (x) allowing the Disbursing Agent, the Transfer Agent/Registrar, or the Indenture Trustees, as the case may be, to make Distributions to Classes 1 and 2, (y) preserving the rights and liens of the Indenture Trustees with respect to the Indenture Trustee Fees and Expenses to the extent not otherwise paid, and (z) implementing and/or enforcing the Global Settlement Order. The Indentures shall terminate completely upon the completion of all Distributions to the Holders of Notes and the payment of the Indenture Trustees' Indenture Trustee Fees and Expenses.

After the performance by the Indenture Trustees or their respective agents of any duties that are required under the Plan, the Confirmation Order and/or under the terms of the Indentures, the Indenture Trustees and their respective agents and advisors shall be relieved of, and released from, all obligations associated with the Notes arising under the Indentures or under other applicable agreements or law and the Indenture Trustees shall be fully released and discharged.

10. Authorization and Issuance of SEBC Holdings Securities, Reorganized SEBC Securities, and Real Estate LLC Securities

(a) SEBC Holdings shall authorize and issue on the Effective Date the SEBC Holdings Securities, such that after such issuance and distribution the SEBC Holdings Securities shall be held as follows:

(i) $6 million[27] aggregate face amount of SEBC Holdings Senior Preferred Units shall be held by Holders of Senior Notes, Subordinated Notes and Allowed Class 3 Claims as provided in Sections 3.2(a)(ii), 3.2(b)(ii), and 3.2(c)(ii) of the Plan, subject to Investor's purchase of a portion of the Mixed Securities Distribution as set forth in Section 5.7 of the Plan;

(ii) $18.7 million aggregate face amount of SEBC Holdings Junior Preferred Units shall be held by Holders of Allowed Class 1, 2 and 3 Claims as provided in Sections 3.2(a)(iii), 3.2(b)(iii), and 3.2(c)(iii) of the Plan;

(iii) $0.54 million aggregate face amount of SEBC Holdings Junior Preferred Units shall be held (x) $300,000 by the Holder of Allowed Class 4 Interests and (y) $240,000 by the Holder of Allowed Class 5 Interests, as provided in Sections 3.3(a) and (b) of the Plan; and

[26] *Id.*

[27] *Id.*

(iv) 100% of the SEBC Holdings Common Units shall be held by Holders of Allowed Class 6 Interests as provided in Section 3.4 of the Plan.

(b) Reorganized SEBC shall authorize and issue on the Effective Date the Reorganized SEBC Securities, such that upon consummation of the Transaction and after such issuance and distribution the Reorganized SEBC Securities shall be held, subject to Section 5.6(e) of the Plan, as follows:

(i) 300,000,000 shares ($300 million aggregate face amount) of Reorganized SEBC Series A Senior Preferred Stock shall be held by Investor;

(ii) 718,000,000 shares ($718 million aggregate face amount) of Reorganized SEBC Series B Senior Preferred Stock shall be held by Investor;

(iii) 611,000,000 shares ($611 million aggregate face amount) of Reorganized SEBC Series J Junior Preferred Stock shall be held by Investor;

(iv) 4,500,000 shares ($4.5 million aggregate face amount) of Reorganized SEBC Series K Junior Preferred Stock shall be held by Holders of Allowed Class 1, 2 and 3 Claims as provided in Sections 3.2(a)(ii), 3.2(b)(ii), and 3.2(c)(ii) of the Plan, subject to Investor's purchase of a portion of the Mixed Securities Distribution as set forth in Section 5.7 of the Plan; and

(v) Reorganized SEBC Class A Common Stock, representing 60% of all outstanding shares of Reorganized SEBC Common Stock shall be held by SEBC Holdings; Reorganized SEBC Class B Common Stock, representing 20% of all outstanding shares of Reorganized SEBC Common Stock shall be held by Investor; and Reorganized SEBC Class C Common Stock, representing 20% of all outstanding shares of Reorganized SEBC Common Stock, shall be held by Investor.

(c) Real Estate LLC shall authorize on the Effective Date the Real Estate LLC Securities, such that after such issuance and distribution the Real Estate LLC Securities shall be held as follows:

(i) 100% of the Real Estate LLC Membership Interests shall be held by SEBC Holdings; and

(ii) 100% of the Real Estate LLC Debt shall be held by Reorganized SEBC.

(d) Except as set forth in Section 5.3 of the Plan, the Reorganized SEBC Securities, SEBC Holdings Securities and Real Estate LLC Securities issued under the Plan shall not be subject to dilution based upon the issuance of any other shares or units of Reorganized SEBC, SEBC Holdings or Real Estate LLC issued after the Effective Date.

(e) The issuance of the Reorganized SEBC Securities, SEBC Holdings Securities and Real Estate LLC Securities pursuant to distributions under the Plan shall be deemed authorized as of the Effective Date without further act or action by any Person, except as may be required by the Reorganized SEBC Charter, the Reorganized SEBC By-laws, the SEBC Holdings Charter, SEBC Holdings Partnership Agreement, Real Estate LLC Charter, Real Estate LLC Agreement, or applicable law, regulation, order or rule; and all documents evidencing same shall be executed and delivered as provided for in the Plan or the Plan Supplement.

(f) Pursuant to Section 1145 of the Bankruptcy Code, the issuance, offer, or sale of the SEBC Holdings Securities and the Reorganized SEBC Series K Junior Preferred Stock shall not be subject to Section 5 of the Securities Act or any State or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security. This exemption applies only to the distribution of such securities under the Plan and not to any

subsequent sale, exchange, transfer or other disposition of such securities or any interest therein by persons who constitute "underwriters" or "issuers," as such terms are defined pursuant to Section 1145 of the Bankruptcy Code, and each such subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available ("Securities Restrictions").

(g) Pursuant to Section 4(2) of the Securities Act, the issuance, offer, or sale of the Reorganized SEBC Senior Preferred Stock, Reorganized SEBC Series J Junior Preferred Stock, and Reorganized SEBC Common Stock shall not be subject to Section 5 of the Securities Act or any State or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security.

(h) Upon issuance, all SEBC Holdings Common Units will be subject to restrictions on transfer through the SEBC Holdings Restriction Release Date, as set forth in the SEBC Holdings Partnership Agreement, and all Reorganized SEBC Common Stock will be subject to restrictions on transfer through the Restriction Release Date.

11. Payment of SCS Annual Fee

The SCS Annual Fee is deemed to be an Allowed Administrative Claim, but shall not be paid from Available Cash. As of the Effective Date, Reorganized SEBC will be authorized and directed to pay the SCS Annual Fee as it becomes due, without further notice, hearing, or order of the Bankruptcy Court.

12. Effectuating Documents; Further Transactions

The Trustee, as authorized agent for Reorganized SEBC through the Closing Date, or any appropriate officer of Reorganized SEBC, shall be deemed authorized to execute, deliver, file, or record such contracts, instruments, certificates or articles of formation or incorporation (including amendments and restatements thereof), releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, including but not limited to such documents as may be necessary to create and/or consummate the Transaction with the Investor, SEBC Holdings and Real Estate LLC.

13. Corporate Action

On the Effective Date, the adoption and filing of the Reorganized SEBC Charter and Reorganized SEBC By-laws, the SEBC Holdings Charter and SEBC Holdings Partnership Agreement, and the Real Estate LLC Charter and Real Estate LLC Agreement; the appointment of directors and officers of Reorganized SEBC, the SEBC Holdings General Partner, and the manager of Real Estate LLC; and all actions contemplated by the Plan, shall be deemed authorized and approved in all respects pursuant to the Plan. All matters provided for in the Plan involving the corporate structure of the Debtor, Reorganized SEBC, SEBC Holdings and/or Real Estate LLC and any corporate action required by the Debtor, Reorganized SEBC, SEBC Holdings or Real Estate LLC in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the stockholders, directors or managers of the Debtor, Reorganized SEBC, SEBC Holdings and/or Real Estate LLC. On the Effective Date, the appropriate officers, directors or managers of Reorganized SEBC, SEBC Holdings and Real Estate LLC are authorized and directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated by the Plan in the name of and on behalf of Reorganized SEBC, SEBC Holdings and Real Estate LLC, respectively, without the need for any required approvals, authorizations, or consents, except for any express consents required under the Plan.

14. Trustee's Authority Under the Plan

The Trustee shall be authorized to act as a duly authorized agent for Reorganized SEBC, SEBC Holdings and Real Estate LLC for purposes of implementing the Plan and the Transaction; and to execute on behalf of Reorganized SEBC, SEBC Holdings and Real Estate LLC all documents reasonably necessary to effectuate the Plan and the Transaction; and to bind Reorganized SEBC, SEBC Holdings and Real Estate LLC thereto.

15. Exemption From Certain Transfer Taxes

Pursuant to former Section 1146(c) of the Bankruptcy Code, (a) the issuance, transfer or exchange of any securities, instruments, or documents; (b) the creation of any lien, mortgage, deed of trust, or other security interest; or (c) the making or assignment of any lease or sublease, or the making, delivery, filing, or recording of any deed or other instrument of transfer under, pursuant to, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with the Plan, shall not be taxed under any law imposing a stamp tax, documentary tax, real estate transfer tax, sales or use tax, intangible tax, recording or filing fee, privilege tax, or other similar tax or fee. Such exemption specifically applies, without limitation, to all documents necessary to evidence and implement the provisions of and the distributions to be made under the Plan, including the Reorganized SEBC Charter, Reorganized SEBC By-laws, and the Transaction.

16. Operations Between Confirmation Date and Effective Date

The Debtor shall continue to operate under control of the Trustee during the period from the Confirmation Date through and until the Effective Date.

H. Post-Consummation Corporate Structure, Management and Operation

1. Continued Corporation Existence

Reorganized SEBC shall continue to exist after the Effective Date as a separate legal entity, in accordance with the applicable laws of the State of Florida and pursuant to the Reorganized SEBC Charter and Reorganized SEBC By-laws.

2. Directors of Reorganized SEBC

On the Effective Date, there shall be a new board of directors of Reorganized SEBC composed of five (5) directors, which shall include three (3) individuals designated by the Trustee and two (2) individuals designated by Investor. The initial directors shall serve from the Effective Date until their successors are duly elected or qualified or until earlier removed or replaced in accordance with the Reorganized SEBC Charter or the Reorganized SEBC By-laws. The designation of the five (5) directors shall be disclosed in a filing made with the Bankruptcy Court no later than ten (10) days before the Confirmation Hearing.

3. General Partner of SEBC Holdings

On the Effective Date, a limited liability company owned, controlled and managed by [TO BE DETERMINED], shall be appointed as sole, non-equity general partner of SEBC Holdings to conduct, direct and manage all activities of SEBC Holdings in accordance with the SEBC Holdings Partnership Agreement. The designation of the SEBC Holdings General Partner shall be disclosed in a filing made with the Bankruptcy Court no later than ten (10) days before the Confirmation Hearing.

4. Management of Real Estate LLC

On the Effective Date, a manager shall be appointed for Real Estate LLC, to conduct, direct and manage all activities of Real Estate LLC in accordance with the Real Estate LLC Charter. The designation of the manager of Real Estate LLC shall be disclosed in a filing made with the Bankruptcy Court no later than ten (10) days before the Confirmation Hearing. The manager of Real Estate LLC may be the same Person as the SEBC Holdings General Partner.

5. Reorganized SEBC's Obligations Under Plan

From and after the Effective Date, Reorganized SEBC shall:

(a) take all steps and execute all instruments and documents necessary to effectuate the Plan;

(b) make decisions regarding the retention, engagement, payment, and replacement of its professionals, employees and consultants;

(c) pay to SCS the SCS Structuring Fee and the SCS Annual Fee;

(d) exercise such other powers as necessary or prudent to carry out the provisions of the Plan;

(e) file appropriate tax returns;

(f) file quarterly financial reports as required by the Office of the United States Trustee until the Bankruptcy Case is closed; and

(g) take such other action as may be necessary or appropriate to administer or close the Bankruptcy Case.

6. SEBC Holdings' Obligations Under Plan

From and after the Effective Date, SEBC Holdings shall:

(a) take all steps and execute all instruments and documents necessary to effectuate the Plan;

(b) make decisions regarding the retention, engagement, payment, and replacement of its professionals, employees and consultants;

(c) exercise such other powers as necessary or prudent to carry out the provisions of the Plan; and

(d) file appropriate tax returns.

7. Other Transactions

On, as of, or after the Effective Date, with the consent of the Reorganized SEBC Board, Reorganized SEBC may enter into such transactions and may take such actions as may be necessary or appropriate, in accordance with any applicable state law, to effect a corporate or operational restructuring of its business, to otherwise simplify its corporate or operational structure, to achieve corporate or operational efficiencies, or to otherwise improve financial results; provided, however, that such transactions or actions are not otherwise inconsistent with the Plan, the distributions to be made under the Plan, the Reorganized SEBC Charter, the Reorganized SEBC By-laws, or the Transaction. Such

transactions or actions may include such mergers, consolidations, restructurings, dispositions, liquidations, closures, or dissolutions, as may be determined by Reorganized SEBC to be necessary or appropriate.

8. Successors and Assigns and Binding Effect

The rights, benefits, and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, personal representative, successor, or assign of such entity, including, but not limited to, Reorganized SEBC, SEBC Holdings, Real Estate LLC, and all other parties-in-interest in the Bankruptcy Case.

9. Compromises and Settlements

From and after the Effective Date, Reorganized SEBC, SEBC Holdings, and Real Estate LLC may compromise and settle various Claims filed in the Bankruptcy Case, and any other claims and causes of action that it may have against other Persons ("Third Party Actions"), without any further approval by the Bankruptcy Court. Until the Effective Date occurs, the Trustee expressly reserves the right to compromise and settle Claims and Third Party Actions, subject to the approval of the Bankruptcy Court upon notice and opportunity for hearing pursuant to Bankruptcy Rule 9019.

I. Releases, Discharge, Injunction, Exculpation and Indemnification

1. Discharge of Debtor

Except as otherwise provided in the Plan or in the Confirmation Order, all consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims of any nature whatsoever against, and all Interests of any nature whatsoever in, the Debtor or any of its assets or properties and, regardless of whether any property shall have been abandoned by order of the Bankruptcy Court, retained, or distributed pursuant to the Plan on account of such Claims, upon the Effective Date, the Debtor shall (i) be deemed discharged and released under Section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in Section 502 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, (C) a Claim based upon such debt is or has been disallowed by order of the Bankruptcy Court, or (D) the Holder of a Claim based upon such debt accepted the Plan, and (ii) terminate all Interests.

As of the Effective Date, except as provided in the Plan or the Confirmation Order or under the terms of the documents evidencing and orders approving the Transaction, all Persons shall be precluded from asserting against the Debtor, Reorganized SEBC, SEBC Holdings, or Real Estate LLC any other or further claims, debts, rights, causes of action, claims for relief, liabilities, or equity interests relating to the Debtor based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred before the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtor and termination of all Interests, pursuant to Sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtor at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

2. Discharge of Trustee

As of the Effective Date, except as provided in the Plan or the Confirmation Order, the Trustee shall be discharged and relieved of all duties and obligations with respect to the Debtor, the Jacksonville

Property Subsidiaries, the Other SEBC Subsidiaries, any and all other Affiliates and subsidiaries of the Debtor, the SEBNA Receivership, and any and all Affiliates and subsidiaries of the SEBNA Receivership.

3. Injunction

Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against the Debtor, Reorganized SEBC, SEBC Holdings, Real Estate LLC, the Indenture Trustees, and their respective subsidiaries or Affiliates or their property, on account of any such discharged Claims, debts, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtor, Reorganized SEBC, SEBC Holdings, or Real Estate LLC, the Indenture Trustees, and their respective subsidiaries or Affiliates or their property; or (v) commencing or continuing any action, in each such case in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

Without limiting the effect of the provisions of Section 9.13 of the Plan upon any Person, by accepting Distributions pursuant to the Plan, each Holder of an Allowed Claim or Allowed Interest receiving Distributions pursuant to the Plan shall be deemed to have specifically consented to the injunctions set forth in Section 9.13 of the Plan.

4. Exculpation and Limitation of Liability

The Plan contains standard exculpation provisions applicable to the key parties in interest with respect to their conduct in the Bankruptcy Case. Specifically, the Plan provides that none of the Trustee, the Indenture Trustees, the Ad Hoc Committee, Reorganized SEBC, SEBC Holdings, Real Estate LLC, the Legal Representative, Investor, Disbursing Agent, Transfer Agent/Registrar, their respective subsidiaries, or any of their respective present or former members, officers, directors, employees, advisors, Professionals, or agents, shall have or incur any liability to any Holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, advisors, attorneys, or Affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Bankruptcy Case (including without limitation the negotiation, drafting, execution and implementation of the Global Settlement Order), the formulation, negotiation, or implementation of the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which are the result of fraud, gross negligence, or willful misconduct; provided, however, that nothing contained in the foregoing provisions shall limit, modify, or otherwise affect the ability of any Person to enforce its rights under the Plan or any agreements or other documents provided for, in, or otherwise contemplated by the Plan. The foregoing is not intended to limit or otherwise restrict or affect any defense of qualified immunity that may be available under applicable law.

Moreover, the Plan provides that notwithstanding any other provision of the Plan, no Holder of a Claim or an Interest, no other party in interest, none of their respective agents, employees, representatives, advisors, attorneys, or Affiliates, and none of their respective successors or assigns shall have any right of action against the Trustee, the Debtor, Reorganized SEBC, SEBC Holdings, Real Estate LLC, the Legal Representative, the Indenture Trustees, the Ad Hoc Committee, Investor, Disbursing Agent, the Transfer Agent/Registrar, any of the Debtor's or Reorganized SEBC's subsidiaries or Affiliates, or of their respective present or former members, officers, directors, employees, advisors, Professionals, or agents, for any act or omission in connection with, relating to, or arising out of, the Bankruptcy Case (including without limitation the negotiation, drafting, execution and implementation of the Global Settlement Order), the formulation, negotiation, or implementation of the Plan, solicitation of

acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, the administration of the Plan, or the property to be distributed under the Plan, except for acts or omissions which are the result of fraud, gross negligence, or willful misconduct; provided, however, that nothing contained in the foregoing provisions shall limit, modify, or otherwise affect the ability of any Person to enforce its rights under the Plan or any agreements or other documents provided for, in, or otherwise contemplated by the Plan.

The exculpations contained in the Plan are appropriate and are standard in large Chapter 11 cases such as the Debtor's Chapter 11 Case. The exculpations are appropriately limited in scope, applying only to acts and omissions occurring after the Petition Date and in connection with the Bankruptcy Case or the Plan and conferring only a qualified immunity by excluding acts or omissions which are the result of fraud, gross negligence or willful misconduct. Moreover, these exculpations have, in the Trustee's view, been earned. The beneficiaries of the exculpations have made significant contributions to the Debtor's reorganization, which contributions have allowed for the formulation of the Plan and which, in the Trustee's view, provides for the best possible recoveries for Claims against the Debtor. In the Trustee's view, the beneficiaries of the exculpations would not have contributed as they did without the prospect of the limited immunity reflected in the exculpations. The Trustee is also unaware of any valid causes of action against any of the beneficiaries of the exculpations. In view of the foregoing, the exculpations are appropriate and in the best interests of the Debtor's Estate.

5. Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays provided for in the Bankruptcy Case under Sections 105 or 362 of the Bankruptcy Code or otherwise, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Effective Date.

J. Retention of Jurisdiction

The Plan provides that under Sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, and except as otherwise ordered by the Bankruptcy Court, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Bankruptcy Case and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

(a) allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured, or unsecured status of, any Claim not otherwise Allowed under the Plan, including the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the allowance or priority of Claims;

(b) hear and determine all applications for compensation and reimbursement of expenses of the Trustee and Professionals under the Plan or under Sections 327, 328, 330, 331 and 503(b) of the Bankruptcy Code; *provided*, *however,* that payment of the fees and expenses of the retained Professionals of Reorganized SEBC, SEBC Holdings, and Real Estate LLC incurred from and after the Effective Date shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(c) effectuate performance of and payments under the provisions of the Plan and enforce remedies upon any default under the Plan;

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

(e) enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan, and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement, or the Confirmation Order;

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

(g) 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 the implementation, consummation, or enforcement of the Plan or the Confirmation Order;

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

(i) hear and determine any matters arising in connection with or relating to the interpretation, implementation, consummation, or enforcement of the Plan, the Plan Supplement, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Plan Supplement, the Disclosure Statement, or the Confirmation Order *provided*, *however*, that any dispute arising under or in connection with the Master Subscription Agreement or any document related thereto shall be dealt with in accordance with the provisions of the governing documents;

(j) enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Bankruptcy Case (whether or not the Bankruptcy Case has been closed), including without limitation the Global Settlement Order;

(k) hear and determine matters concerning state, local, and federal taxes in accordance with Sections 346, 505, and 1146 of the Bankruptcy Code;

(l) hear and determine all disputes involving the existence, nature, or scope of the Debtor's discharge;

(m) hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code; and

(n) enter a final decree closing the Bankruptcy Case.

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Bankruptcy Case, including the matters set forth in Section 8.1 of the Plan, the provisions of Article VIII of the Plan shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

K. Amendment, Alteration and Revocation of Plan

The Trustee may alter, amend, or modify the Plan or any exhibits thereto under Section 1127(a) of the Bankruptcy Code at any time before the Confirmation Date with the express written consent of Investor (which consent shall not be unreasonably withheld, delayed, or conditioned); provided, however, that such modification shall not adversely affect the treatment of Classes 1, 2 or 3 under the Plan. The Trustee shall provide parties in interest with notice of such amendments or modifications as may be required by the Bankruptcy Code and Rules or order of the Bankruptcy Court.

After the Confirmation Date and before substantial consummation (as defined in Section 1101(2) of the Bankruptcy Code) of the Plan, the Trustee, Reorganized SEBC, SEBC Holdings or Real Estate

LLC, as the case may be, may file a motion or seek relief in the Bankruptcy Court under Section 1127(b) of the Bankruptcy Code, to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement approved with respect to the Plan, or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of the Plan so long as such proceedings do not adversely affect the treatment of Holders of Claims or Interests under the Plan; provided, however, that prior notice of such proceedings shall be served on parties in interest in accordance with the Bankruptcy Code and Rules or order of the Bankruptcy Court.

A Holder of an Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified, or clarified, if the proposed alteration, amendment, modification, or clarification does not materially and adversely change the treatment of the Interest of such Holder. In the event of any dispute as to whether such proposed alteration, amendment, modification, or clarification materially and adversely changes the treatment of the Interest of any such Holder, the Trustee, Reorganized SEBC, SEBC Holdings or Real Estate LLC, as the case may be, shall bear the burden of demonstrating that such proposed alteration, amendment, modification, or clarification does not materially adversely change the treatment of the Interest of such Holder.

The Trustee reserves the right to revoke or withdraw the Plan at any time before the Confirmation Date and to file subsequent plans of reorganization. If the Trustee revokes or withdraws the Plan, or if Confirmation or the Effective Date does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims) and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims against, or any Interests in the Debtor or other claims by or against the Debtor or any other Person, (ii) prejudice in any manner the rights of the Debtor, the Trustee, or any Person in any further proceedings involving the Debtor, or (iii) constitute an admission of any sort by the Debtor, the Trustee, or any other Person.

If, before Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Trustee, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted; provided, however, that such alteration or interpretation shall not adversely affect the treatment of Classes 1, 2, or 3 under the Plan. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

L. Plan Implementing Documents

The documents necessary to implement the Plan include the following:

(a) Master Subscription Agreement;

(b) Reorganized SEBC Charter;

(c) Reorganized SEBC By-laws;

(d) SEBC Holdings Charter;

(e) SEBC Holdings Partnership Agreement;

(f) Real Estate LLC Charter;

(g) Real Estate LLC Agreement;

(h) Real Estate LLC Debt instrument issued to SEBC;

(i) Securities Purchase Agreement;

(j) Agreement with Disbursing Agent;

(k) Agreements between SEBC and Investment Vehicle;

(l) Agreements with Transfer Agent for SEBC and SEBC Holdings Securities;

(m) Custodial/Servicing Agreement for SEBC;

(n) DTC Agreement for SEBC;

(o) DTC Agreement for SEBC Holdings; and

(p) such other documents as may be included in the Plan Supplement.

Proposed forms of the foregoing documents will each be included in the Plan Supplement. The Plan Supplement will be filed with the Clerk of the Bankruptcy Court at least ten (10) days before the Confirmation Hearing. Holders of Claims or Interests may obtain a copy of any document included in the Plan Supplement upon written request to the Debtors in accordance with Section 9.18 of the Plan.

M. Confirmation and Consummation

Described below are certain important considerations under the Bankruptcy Code in connection with confirmation of the Plan.

1. Requirements for Confirmation of the Plan

Before the Plan can be confirmed, the Bankruptcy Court must determine at the Confirmation Hearing that, among others, the following requirements for confirmation, set forth in Section 1129 of the Bankruptcy Code, have been satisfied:

(a) The Plan complies with the applicable provisions of the Bankruptcy Code.

(b) The Trustee has complied with the applicable provisions of the Bankruptcy Code.

(c) The Plan has been proposed in good faith and not by any means forbidden by law.

(d) Any payment made or promised by the Debtor or by a Person issuing securities or acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

(e) The Trustee has disclosed (a) the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of Reorganized SEBC or any successor to the Debtor under the Plan (and the appointment to, or continuance in, such office of such individual(s) is consistent with the interests of Claim and Interest holders and with public policy), and (b)

the identity of any insider that will be employed or retained by the Debtor and the nature of any compensation for such insider.

(f) With respect to each Class of Claims or Interests, each Impaired Claim and Impaired Interest Holder either has accepted the Plan or will receive or retain under the Plan, on account of the Claims or Interests held by such Holder, property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtor was liquidated on such date under Chapter 7 of the Bankruptcy Code. See Section X.D. hereto.

(g) The Plan provides that Administrative Claims will be paid in full on the Effective Date, except to the extent that the Holder of any such Claim has agreed to a different treatment. See Section VI.C.1. hereto.

(h) If a Class of Claims or Interests is Impaired under the Plan, at least one Class of Impaired Claims or Interests has accepted the Plan, determined without including any acceptance of the Plan by insiders holding Claims or Interests in such Class.

(i) Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan. See Section X.A. hereto.

(j) The Plan provides for the continuation after the Effective Date of all retiree benefits, if any, at the level established pursuant to Section 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code at any time before confirmation of the Plan, for the duration of the period the Debtor has obligated itself to provide such benefits.

The Trustee believes that, upon receipt of the votes required to confirm the Plan, the Plan will satisfy all the statutory requirements of Chapter 11 of the Bankruptcy Code, that the Trustee has complied or will have complied with all of the requirements of Chapter 11, and that the Plan has been proposed and submitted to the Bankruptcy Court in good faith.

2. Conditions to Confirmation Date and Effective Date

The Plan specifies conditions precedent to the Confirmation Date and the Effective Date.

Under the Plan, the conditions precedent to the occurrence of the Confirmation Date, which is the date of entry by the Clerk of the Bankruptcy Court of the Confirmation Order, are that: (a) an order finding that the Disclosure Statement contains adequate information pursuant to Section 1125 of the Bankruptcy Code shall have been entered; and (b) the proposed Confirmation Order shall be in form and substance reasonably satisfactory to Investor.

The Plan further provides that the conditions that must be satisfied on or before the Effective Date, which is the Business Day, on or before April 30, 2009, upon which all conditions to the consummation of the Plan have been satisfied or waived and the Plan becomes effective, are that: (a) the Confirmation Order shall have been entered in form and substance reasonably satisfactory to Investor and shall, among other things: (i) provide that the Trustee, Reorganized SEBC, SEBC Holdings, Real Estate LLC and the Disbursing Agent are authorized and directed to take all actions necessary or appropriate to enter into, implement, and consummate the contracts, instruments, releases, and other agreements or documents created in connection with the Plan; (ii) approve and authorize the Transaction; (iii) authorize the issuance of the Reorganized SEBC Securities, the SEBC Holdings Securities and the Real Estate LLC Securities; (iv) authorize the Trustee to act as a duly authorized agent for Reorganized SEBC for purposes of implementing the Plan and the Transaction; to execute on behalf of Reorganized SEBC, SEBC Holdings and Real Estate LLC all transaction documents and any other documents reasonably necessary to effectuate the Plan and the Transaction; and to bind Reorganized SEBC, SEBC Holdings and Real Estate LLC thereto; and (v) provide that notwithstanding Rule 3020(e) of the

Bankruptcy Rules, the Confirmation Order shall be immediately effective, subject to the terms and conditions of the Plan; (b) the Confirmation Order shall be a Final Order; and (c) all conditions to the occurrence of the Closing Date, other than the occurrence of the Effective Date, shall have occurred or been waived in accordance with the terms of Master Subscription Agreement.

The Plan provides that each of the aforementioned conditions, with the express exception of the conditions contained in Sections 7.2(a)(i), (a)(ii), (a)(iii), (a)(iv) and (b) of the Plan, may be waived in whole or in part by the Trustee without any notice to parties-in-interest or the Bankruptcy Court and without a hearing; provided, however, that such waiver shall be subject to any consent of Investor required under the Master Subscription Agreement.

3. Anticipated Effective Date

The length of time between a confirmation date and an effective date varies from case to case and depends upon how long it takes to satisfy each of the conditions precedent to the occurrence of the effective date specified in the particular plan of reorganization. Under the Trustee's Plan, of the conditions precedent set forth above, the time necessary to satisfy the conditions relating to the Transaction is most likely to dictate the Effective Date. Regardless, however, the Effective Date will not occur later than April 30, 2009.

VII. CERTAIN RISK FACTORS TO BE CONSIDERED

The holders of Interests in Classes 4 and 5 should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks associated with the Plan and its implementation.

A. General Considerations

The Plan sets forth the means for satisfying the Claims against and Interests in the Debtor. Although Claims will not receive payment in full of the remaining amount of post-petition interest due and owing, reorganization of the Debtor's business and operations under the proposed Plan is intended to generate modest additional value for Holders of Claims on account of their remaining post-petition interest claims, as well as for Holders of Interests who otherwise would have received no distributions at all in a Chapter 7 liquidation.

B. Certain Bankruptcy Considerations

Because Class 6 is deemed to have rejected the Plan (and to the extent that any other Impaired Class rejects the Plan), the Trustee shall request Confirmation of the Plan, as it may be modified from time to time, by way of Cramdown under Section 1129(b) of the Bankruptcy Code. Likewise, in the event any party in interest may seek to object to Confirmation of the Plan based on any alleged inadequacy of the number of ballots cast to accept or reject for any Class of Interests, or the procedure by which ballots were solicited, the Trustee shall request Confirmation of the Plan, as it may be modified from time to time, by way of Cramdown. The Trustee reserves the right to alter, amend, modify, revoke, or withdraw the Plan, the Plan Supplement, or any exhibit, including to amend or modify it to satisfy the requirements of Section 1129(b) of the Bankruptcy Code, if necessary.

Even if all voting Impaired Classes vote in favor of the Plan, and even if with respect to any Impaired Class deemed to have rejected the Plan the requirements for Cramdown are met, the Bankruptcy Court, which, as a court of equity, may exercise substantial discretion, may choose not to confirm the Plan. Section 1129 of the Bankruptcy Code requires, among other things, a showing that confirmation of the Plan will not be followed by liquidation or the need for further financial reorganization of the Debtor, see Section X.A. hereto, and that the value of distributions to dissenting Holders of Claims

and Interests will not be less than the value such Holders would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. See Section X.C. hereto. Although the Trustee believes that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion. See Section X.D. for a liquidation analysis of the Debtor.

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

The Debtor's future results are dependent upon the successful confirmation and implementation of a plan of reorganization. Failure to obtain this approval in a timely manner could adversely affect the Debtor's operating results, as the Debtor's ability to consummate the Transaction may be harmed by protracted bankruptcy proceedings.

C. Conditions Precedent to Consummation; Timing

The Plan provides for certain conditions that must be satisfied (or waived) before the Confirmation Date and for certain other conditions that must be satisfied (or waived) before the Effective Date. As of the date of this Disclosure Statement, there can be no assurance that any or all of the conditions in the Plan will be satisfied (or waived). Moreover, Investor has the right to terminate the Master Subscription Agreement at its option provided that the Estate would retain the $500,000 Reimbursement Fee. Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the restructuring completed.

D. Inherent Uncertainty of Financial Projections

The Projections cover the operations of Reorganized SEBC and SEBC Holdings through April 30, 2014. These Projections are based on numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms; realization of the operating strategy of Reorganized SEBC and SEBC Holdings; industry performance; no material adverse changes in applicable legislation or regulations, or the administration thereof, or GAAP; no material adverse changes in general business and economic conditions; no material adverse changes in competition; adequate financing; the absence of material contingent or unliquidated litigation, indemnity, or other claims; and other matters, many of which will be beyond the control of Reorganized SEBC and SEBC Holdings and some or all of which may not materialize.

To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Trustee, the assumptions and estimates underlying the Projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of Reorganized SEBC and SEBC Holdings. Accordingly, the Projections are only estimates and are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and are likely to increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The Projections were not prepared in accordance with standards for projections promulgated by the AICPA, based upon financial statements prepared in accordance with GAAP, or with a view to compliance with published guidelines of the SEC regarding projections or forecasts. Rather, the Projections have been developed by the Trustee and his advisors. The Trustee and his advisors considered a number of factors in developing the Projections, including, but not limited to, general economic conditions, market growth forecasts, and fresh start accounting adjustments. A more comprehensive discussion of the assumptions used in the Projections is found in the section entitled Summary of Significant Assumptions Adopted for Purposes of the Projections.

The Projections, financial information, and valuations for SEBC Holdings and Reorganized SEBC have not been audited, reviewed, or compiled by independent public accountants and do not purport to be in accordance with GAAP or any other comprehensive basis of accounting. The projected financial

information contained in this Disclosure Statement should not be regarded as a representation or warranty by the Trustee, the Trustee's advisors, or any other Person that the Projections can or will be achieved. Neither MLE nor any of its Affiliates makes any representation or warranty as to, has independently verified or assumes any responsibility for the accuracy, completeness or sufficiency of the Projections.

E. Certain Risk Factors Relating to Securities to be Issued Under the Plan

1. No Current Public Market for Securities

There is currently no established public trading market for either the Reorganized SEBC Securities or the SEBC Holdings Securities to be issued pursuant to the Plan. Neither Reorganized SEBC nor SEBC Holdings intends to apply to list the Reorganized SEBC Securities or SEBC Holdings Securities, respectively, on any securities exchange and there can be no assurance as to the development or liquidity of any market for any of the securities. If a trading market does not develop in the Over-the-Counter market or is not maintained, holders of the Reorganized SEBC Securities and the SEBC Holdings Securities may experience difficulty in reselling such securities or may be unable to sell them at all. Even if such a market were to exist, such securities could trade at prices higher or lower than the estimated value set forth in this Disclosure Statement depending upon many factors, including, without limitation, prevailing interest rates, markets for similar securities, industry conditions and the performance of, and investor expectations for, Reorganized SEBC and SEBC Holdings.

Furthermore, Persons to whom either the Reorganized SEBC Securities or the SEBC Holdings Securities are issued pursuant to the Plan may prefer to liquidate their investments rather than hold such securities on a long-term basis. Accordingly, any market that does develop for such securities may be volatile.

One or more series of the Reorganized SEBC Securities or the SEBC Holdings Securities may be deemed to be a "penny stock" if, among other things, the price for such series is below $5.00 per share or unit, it is not listed on a national securities exchange or approved for quotation on the Nasdaq Stock Market or any other national stock exchange or it has not met certain net tangible asset or average revenue requirements. Broker-dealers who sell penny stocks must provide purchasers of these stocks with a standardized risk-disclosure document prepared by the SEC. This document provides information about penny stocks and the nature and level of risks involved in investing in the penny-stock market. A broker must also give a purchaser, orally or in writing, bid and offer quotations and information regarding broker and salesperson compensation, make a written determination that the penny stock is a suitable investment for the purchaser and obtain the purchaser's written agreement to the purchase. Broker-dealers must also provide customers that hold penny stock in their accounts with such broker-dealer a monthly statement containing price and market information relating to the penny stock. If a penny stock is sold to an investor in violation of the penny stock rules, the investor may be able to cancel its purchase and get its money back. If applicable, the penny stock rules may make it difficult for holders to sell their shares of Reorganized SEBC Securities or SEBC Holdings Securities. Because of the rules and restrictions applicable to a penny stock, there is less trading in penny stocks and the market price of the Reorganized SEBC Securities or SEBC Holdings Securities may be adversely affected. Also, many brokers choose not to participate in penny stock transactions. Accordingly, holders may not always be able to resell their Reorganized SEBC Securities or SEBC Holdings Securities publicly at times and prices that they feel are appropriate.

In addition, it is anticipated that Reorganized SEBC will not be a reporting company under the Exchange Act, and SEBC Holdings is not expected to register its equity securities under the Exchange Act until after if completes if first fiscal year after the Reorganization is consummated. Accordingly, until such registration and the filing of periodic reports with the SEC by SEBC Holdings, holders and prospective purchasers of its securities will have limited information regarding its financial condition and operations. The absence of such information may effectively prevent the establishment of an active trading market for Reorganized SEBC Series K Junior Preferred Stock or for SEBC Holdings Securities in

the over the counter market or otherwise. Accordingly, the market value and volume of trading activity in such securities is likely to be adversely affected.

2. Transfer Restrictions

The Reorganized SEBC Charter and the SEBC Holdings Partnership Agreement will contain restrictions on the transfer of Reorganized SEBC Common Stock and SEBC Holdings Common Units, as applicable. From and after the date of filing of the Reorganized SEBC Charter and until the Restriction Release Date, any Transfer of any Reorganized SEBC Common Stock (i) to any person (including a group of persons making a coordinated acquisition) who (A) after giving effect to such purported Transfer would become an owner of at least 4.75% of Reorganized SEBC Common Stock (including Indirect Ownership) or (B) prior to giving effect to such purported Transfer held at least 4.75% of Reorganized SEBC Common Stock (including Indirect Ownership) and whose ownership percentage subsequent to such Transfer would increase, or (ii) by any person who at the time is an owner of at least 4.75% of Reorganized SEBC Common Stock (including Indirect Ownership), will be void ab initio unless (x) either the transferor or the transferee receives the prior unanimous written consent of the Reorganized SEBC Board to such Transfer on twenty (20) days' prior written notice or (y) such Transfer is by certain Institutional Shareholders to a person whose percentage ownership of Reorganized SEBC Common Stock (including Indirect Ownership) after such Transfer solely reflects securities acquired from such Institutional Shareholders.

From and after the Effective Date until the SEBC Holdings Restriction Release Date, any attempted Transfer of any Common Units (i) to any person (including a group of persons making a coordinated acquisition) who (A) after giving effect to such purported Transfer would become an owner of at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership), or (B) prior to giving effect to such purported Transfer held at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership) and whose ownership percentage subsequent to such Transfer would increase, or (ii) by any person who at the time is an owner of at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership), will be void ab initio. These restrictions will not apply to the Depository Trust Company as holder of any global units. In addition, Securities Restrictions on resale under the securities laws as described above in Section VI(G)10(f) will apply.

Securities Restrictions will also apply to SEBC Holdings Senior Preferred Units and SEBC Holdings Junior Preferred Units. In addition, a holder of record of SEBC Holdings Senior Preferred Units may not sell or otherwise transfer any of such units held of record by such holder unless such sale or transfer is to a single holder of record and includes all SEBC Holdings Senior Preferred Units held of record by such holder immediately prior to any such sale or transfer.

The Reorganized SEBC Charter, in order to ensure Reorganized SEBC's exemption from registration under the 1940 Act, will contain provisions which prohibit the transfer of Reorganized SEBC Series K Junior Preferred Stock to any person who is not a QIB (as defined in Rule 144A under the Securities Act) or an institutional accredited investor (as defined in paragraphs 1, 2, 3 and 7 of Rule 501(a) of Regulation D under the Securities Act. In addition, a "holder of record" (as defined for purposes of Sections 12(g) and 15(d) of the Exchange Act) of shares of Reorganized SEBC Series K Junior Preferred Stock may not sell or otherwise transfer any of such shares "held of record" (as defined for purposes of Sections 12(g) and 15(d) of the Exchange Act) by such holder unless such sale or transfer is to a single holder of record and includes all shares of Reorganized SEBC Series K Junior Preferred Stock held of record by such holder immediately prior to any such sale or transfer. In addition, Securities Restrictions on resale of the Reorganized SEBC Series K Junior Preferred Stock will apply.

In addition, Persons who are deemed to be statutory underwriters for purposes of Section 1145 of the Bankruptcy Code and who receive Reorganized SEBC Securities or SEBC Holdings Securities under the Plan would not be permitted to sell such Reorganized SEBC Securities or SEBC Holdings Securities unless such securities were registered under the Securities Act, or an exemption from such registration requirements is available. See Article VIII, Section B.

3. Potential Dilution

Although it is currently not anticipated that either Reorganized SEBC or SEBC Holdings will issue additional equity securities after the Plan becomes effective, there can be no assurance that either will not need to raise additional capital through the issuance of equity securities in the future. Any such issuances could materially and adversely affect the market value of Reorganized SEBC and SEBC Holdings Securities and could be at prices that would be dilutive to existing holders.

4. Dividends

The ability of Reorganized SEBC to pay Cash dividends with respect to the Reorganized SEBC Preferred Stock will be dependent upon the income generated by Reorganized SEBC from its assets, which will be limited to the Investment Vehicle Initial Investments, other investments permitted by the Reorganized SEBC Charter, and the Real Estate LLC Debt. There can be no assurance that the income generated from the assets of Reorganized SEBC will be sufficient to cover the ongoing operating expenses of Reorganized SEBC and to provide for all required dividends. Moreover, if Reorganized SEBC fails to pay required dividends, then the holders of Reorganized SEBC Senior Preferred Stock and Series J Junior Preferred Stock and Series K Junior Preferred Stock (voting as a single class with the Series J Junior Preferred Stock) will be entitled to certain rights, including the right to elect a majority of the Reorganized SEBC Board. In addition, under such circumstances, Reorganized SEBC could be required to redeem the Reorganized SEBC Preferred Stock. The ability of Reorganized SEBC to pay the full redemption prices of the Reorganized SEBC Preferred Stock will be dependent upon the value of its assets at the time of redemption. There can be no assurance that these assets, if liquidated, would provide sufficient funds to pay such redemption prices in full.

Scheduled distributions on the SEBC Holdings Preferred Units will be payable in Cash or by accumulation. As a practical matter, the ability of SEBC Holdings to pay such distributions in Cash will be primarily dependent upon dividends from Reorganized SEBC and income generated by SEBC Holdings from the real estate assets to be transferred under the Plan to Real Estate LLC, which will be controlled by SEBC Holdings, subject, however to the Real Estate LLC Debt. Such real estate assets consist solely of undeveloped land which currently produces no income and, in fact, will impose significant carrying costs upon Real Estate LLC and SEBC Holdings, including, without limitation, servicing of the Real Estate LLC Debt issued to Reorganized SEBC, real estate taxes and development costs. Accordingly, there can be no assurance that SEBC Holdings will be in a position to pay any such distributions in Cash unless and until such real estate development business to be engaged in by Real Estate LLC generates sufficient income or sales. The real estate development business of Real Estate LLC will encompass the management, development, and possible disposition of two properties in Jacksonville, Florida and is subject to numerous risks, including, but not limited to: (a) an inability to obtain required governmental permits and authorizations to allow a purchaser to develop the property, particularly those relating to environmental and land use regulations; (b) increases in real estate property taxes and/or insurance premiums; (c) the occurrence of hurricanes and other natural disasters in Florida; (d) the availability to a prospective purchaser of real estate financing on favorable terms or at all; (e) demand for real estate in the Jacksonville area and the impact of competing real estate developments; (f) the condition of both the national and Jacksonville economies; and (g) compliance with building codes and other local regulations. The Trustee does not anticipate that distributions will be paid with respect to the SEBC Holdings Common Units until liquidation. See Sections VI.G.6(c), VII.E.5, VII.F.

5. Operations of SEBC Holdings

The operations of SEBC Holdings will consist predominantly of the real estate development business of Real Estate LLC, which will be controlled by SEBC Holdings. The real estate development business of Real Estate LLC will encompass the management, development, and possible disposition of two properties in Jacksonville, Florida which will be transferred under the Plan to Real Estate LLC. The real estate development business of Real Estate LLC is subject to particular development risks, including, but not limited to, the following.

The undeveloped properties are subject to federal, state and local environmental regulations and restrictions that may impose significant limitations on the development of the undeveloped properties to develop such properties. Such regulations and restrictions could materially and adversely affect the demand for and value of Real Estate LLC's undeveloped real estate. In most cases, approval to develop requires multiple permits which involve a long, uncertain and costly regulatory process. The undeveloped properties contain jurisdictional wetlands, some of which may be unsuitable for development or prohibited from development by law. Development approval most often requires mitigation for impacts to wetlands that require land to be conserved at a disproportionate ratio versus the actual wetlands impacted and approved for development. The undeveloped properties are located in areas where development may have to avoid, minimize or mitigate for impacts to the natural habitats of various protected wildlife or plant species. The undeveloped properties are in coastal areas that usually have a more restrictive permitting burden and must address issues such as coastal high hazard, hurricane evacuation, floodplains and dune protection.

Approval to develop real property in Florida entails an extensive entitlements process involving multiple and overlapping regulatory jurisdictions and often requiring discretionary action by local government. This process is often political, uncertain and may require significant exactions in order to secure approvals. Real estate projects in Florida must generally comply with the provisions of the Local Government Comprehensive Planning and Land Development Regulation Act (the "Growth Management Act") and local land development regulations. In addition, development projects that exceed certain specified regulatory thresholds require approval of a comprehensive Development of Regional Impact (the "DRI"), application. Compliance with the Growth Management Act, local land development regulations and the DRI process is usually lengthy and costly and can be expected to materially affect the real estate development activities of Real Estate LLC. Although the Trustee has engaged in a significant and orderly sequence of steps to resolve zoning, planning, access and wetlands issues for the undeveloped properties, these issues have not been finally resolved and the steps taken towards resolution may not meet the needs of all potential purchasers. See Section V.A.3(a).

Property insurance companies doing business in Florida have reacted to recent hurricanes by significantly increasing premiums, requiring higher deductibles, reducing limits, restricting coverages, imposing exclusions, refusing to insure certain property owners, and in some instances, ceasing insurance operations in the state. These actions have been most dramatically applied to coastal communities. The undeveloped properties are located in such coastal communities. This trend of rising insurance rates could continue if there are severe hurricanes in the future. Current high insurance costs and future increases in such costs could materially and adversely affect the demand for and value of Real Estate LLC's undeveloped real estate.

Because of its location between the Gulf of Mexico and the Atlantic Ocean, Florida is particularly susceptible to the occurrence of hurricanes. Importantly, regardless of actual impact of these storms on Real Estate LLC's undeveloped properties, the occurrence of hurricanes in Florida and the southeastern United States could negatively impact demand for the undeveloped properties because of consumer perceptions of hurricane risks. For example, the southeastern United States experienced a record-setting hurricane season in 2005. In particular, Hurricane Katrina, which struck New Orleans and the Mississippi Gulf Coast, caused severe devastation to those areas and received prolonged national media attention. Another severe hurricane or hurricane season in the future could have a similar negative effect on real estate in the southeastern United States.

Changing market conditions may adversely affect companies in the real estate industry which rely upon credit in order to finance their purchases of land, which could materially and adversely affect the demand for and value of Real Estate LLC's undeveloped real estate. Changes in interest rates and other economic factors can dramatically affect the availability of capital for potential purchasers of the undeveloped properties. Residential and commercial developers who may seek to acquire the undeveloped properties typically rely upon third party financing to provide the capital necessary for their acquisition of land. Changes in economic and other external market conditions may result in a developer's inability to obtain suitable financing, which could adversely impact Real Estate LLC's ability to

sell the undeveloped properties, or force Real Estate LLC to sell the undeveloped properties at lower prices.

The undeveloped properties are both located in Jacksonville, Florida. As a result, economic, real estate and other, general conditions in Florida will significantly affect the value of Real Estate LLC's properties. Business layoffs or downsizing, industry slowdowns, changing demographics and other similar factors may adversely affect the economic climate in Florida. Any resulting oversupply or reduced demand for real estate properties in Florida could adversely affect the demand for and value of the properties owned by Real Estate LLC.

6. Change of Control

The transfer restrictions upon the Reorganized SEBC Securities and the SEBC Holdings Securities described elsewhere herein will effectively prevent a change of control of either entity.

7. Early Redemption of Reorganized SEBC Securities

The Reorganized SEBC Charter permits the majority holders of Reorganized SEBC Series B Senior Preferred Stock or Series J Junior Preferred Stock to require Reorganized SEBC to liquidate Reorganized SEBC or to redeem all outstanding shares of Reorganized SEBC Preferred Stock if MLE is unable to sell at least $250 million face amount of Reorganized SEBC Senior Preferred Stock prior to the first anniversary of the Closing Date. In addition, on or after the first anniversary of the date of acquisition by any holder of any Reorganized SEBC Series A Senior Preferred Stock from MLE and for so long as any shares of Reorganized SEBC Series A Senior Preferred Stock are outstanding, such holder or any of its transferees (other than MLE or any of its Affiliates) will have the right to cause Reorganized SEBC to liquidate or to redeem all of the Reorganized SEBC Series A Senior Preferred Stock owned by such holder in lieu of liquidation. Upon any such liquidation or redemption, the holders of the Reorganized SEBC Series K Junior Preferred Stock would be entitled to be paid a liquidation preference or redemption price equal to the face amount of their shares plus any unpaid dividends accrued to the date of liquidation or redemption. There can be no assurance that holders would be able to reinvest the proceeds of any such liquidation or redemption in other investments providing an equal or better return than the Reorganized SEBC Series K Junior Preferred Stock. Moreover, there can be no assurance that the assets of Reorganized SEBC will be adequate to pay the full liquidation preferences or redemption prices on all Reorganized SEBC Securities.

8. Limited Voting Rights

The holders of Reorganized SEBC Series K Junior Preferred Stock will have limited voting rights. Generally, such holders will not be entitled to vote in the election of directors of Reorganized SEBC. In addition, they will ordinarily be entitled to vote on only certain limited matters, such as the creation, authorization or issuance of additional equity securities ranking senior to or on parity with their respective series of Reorganized SEBC Preferred Stock or the adoption of an amendment to the Reorganized SEBC Charter that adversely affects the Reorganized SEBC Preferred Stock. See Section VI.G.6(a).

9. SEBC Holdings Partnership Agreement

(a) General Risks

(i) Unit holders may not have limited liability in specified circumstances and may be liable for the return of distributions.

The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some states. If it were determined that SEBC Holdings had been conducting business in any state without compliance with the applicable limited partnership statute, or that the right, or the exercise of the right by the limited partners as a group, to:

- remove or replace the SEBC Holdings' General Partner;

- make specified amendments to SEBC Holdings' partnership agreements; or

- take other action pursuant to SEBC Holdings' partnership agreements that constitutes participation in the "control" of SEBC Holdings' business,

then the limited partners could be held liable in some circumstances for SEBC Holdings' obligations to the same extent as a general partner.

In addition, under some circumstances a unit holder may be liable to SEBC Holdings for the amount of a distribution for a period of three years from the date of the distribution. Unit holders will not be liable for assessments in addition to their initial capital investment in SEBC Holdings Securities. Under Delaware law, SEBC Holdings may not make a distribution to SEBC Holdings' unit holders if the distribution causes all SEBC Holdings' liabilities to exceed the fair value of SEBC Holdings' assets. Liabilities to partners on account of their partnership interests and liabilities for which recourse is limited to specific property are not counted for purposes of determining whether a distribution is permitted. Delaware law provides that a limited partner who receives such a distribution and knew at the time of the distribution that the distribution violated the Delaware law will be liable to the limited partnership for the distribution amount for three years from the distribution date. Under Delaware law, an assignee that becomes a substituted limited partner of a limited partnership is liable for the obligations of the assignor to make contributions to SEBC Holdings. However, such an assignee is not obligated for liabilities unknown to that assignee at the time such assignee became a limited partner if the liabilities could not be determined from the SEBC Holdings Partnership Agreements.

(ii) SEBC Holdings General Partner's liability to SEBC Holdings' unit holders may be limited.

The SEBC Holdings Partnership Agreement contains language limiting the liability of the SEBC Holdings' General Partner to SEBC Holdings Securities. For example, the SEBC Holdings Partnership Agreement provides that:

- The SEBC Holdings' General Partner does not breach any duty to SEBC Holdings' unit holders by taking any actions consistent with the standards of reasonable discretion outlined in the definitions of available Cash and Cash from operations contained in the SEBC Holdings Partnership Agreement; and

- The SEBC Holdings' General Partner does not breach any standard of care or duty by resolving conflicts of interest unless the SEBC Holdings General Partner acts in bad faith.

The modifications of state law standards of fiduciary duty contained in the SEBC Holdings Partnership Agreement may significantly limit the ability of unit holders to successfully challenge the actions of the SEBC Holdings General Partner as being a breach of what would otherwise have been a fiduciary duty. These standards include the highest duties of good faith, fairness and loyalty to the limited partners. Such a duty of loyalty would generally prohibit a general partner of a Delaware limited partnership from taking any action or engaging in any transaction for which it has a conflict of interest. Under the SEBC Holdings Partnership Agreement, the SEBC Holdings' General Partner may exercise its broad discretion and authority in SEBC Holdings' management and the conduct of SEBC Holdings' operations as long as the SEBC Holdings' General Partner's actions are in SEBC Holdings' best interest.

(iii) The SEBC Holdings General Partner has broad discretion to determine the amount of "available Cash" for distribution to holders of SEBC Holdings Securities through the establishment and maintenance of Cash reserves, thereby potentially lessening and limiting the amount of "available Cash" eligible for distribution.

The SEBC Holdings General Partner determines the timing and amount of SEBC Holdings' distributions and has broad discretion in determining the amount of funds that will be recognized as "available Cash." Part of this discretion comes from the ability of the SEBC Holdings General Partner to establish and make additions to SEBC Holdings' reserves. Decisions as to amounts to be placed in or released from reserves have a direct impact on the amount of available Cash for distributions because increases and decreases in reserves are taken into account in computing available Cash. Funds within or added to SEBC Holdings' reserves are not considered to be "available Cash" and are therefore not required to be distributed. Each fiscal quarter, the SEBC Holdings General Partner may, in its reasonable discretion, determine the amounts to be placed in or released from reserves, subject to restrictions on the purposes of the reserves. Reserves may be made, increased or decreased for any proper purpose, including, but not limited to, reserves:

- to provide for the proper conduct of business of SEBC Holdings' business and that of SEBC Holdings' subsidiaries;

- to comply with the terms of any of SEBC Holdings' agreements or obligations; and

- to provide for distributions of Cash over the succeeding four quarter periods.

The decision by the SEBC Holdings General Partner to establish, increase or decrease SEBC Holdings' reserves may limit the amount of Cash available for distribution to holders of SEBC Holdings Securities. Holders of SEBC Holdings Securities will not receive payments required by such securities unless SEBC Holdings is able to first satisfy SEBC Holdings' own obligations and the establishment of any reserves.

(iv) Unit holders have limits on their voting rights; the SEBC Holdings General Partner manages and operates SEBC Holdings, thereby generally precluding the participation of SEBC Holdings' unit holders in operational decisions.

The SEBC Holdings General Partner manages and operates SEBC Holdings. Unlike the holders of common stock in a corporation, unit holders have only limited voting rights on matters affecting SEBC Holdings' business. Amendments to the SEBC Holdings Partnership Agreement may be proposed only by or with the consent of the SEBC Holdings General Partner. Proposed amendments must generally be approved by holders of at least a majority of outstanding SEBC Holdings Common Units.

Unit holders will have no right to elect the SEBC Holdings General Partner on an annual or other continuing basis, and SEBC Holdings General Partner may not be removed except by a majority interest of specified holders of SEBC Holdings Securities.

(v) Ownership of the SEBC Holdings General Partner may be transferred which could cause a change of SEBC Holdings' management and affect the decisions made by the SEBC Holdings General Partner regarding resolutions of conflicts of interest.

The owner of the SEBC Holdings General Partner may, in some circumstances, transfer the equity of the SEBC Holdings General Partner without the consent of the holders of SEBC Holdings Securities. In such an instance, the SEBC Holdings General Partner will remain bound by the SEBC

Holdings' Partnership Agreement. If, however, through equity ownership or otherwise, persons not now affiliated with the SEBC Holdings General Partner were to acquire the SEBC Holdings General Partner or effective control of the SEBC Holdings General Partner, SEBC Holdings' management and resolutions of conflicts of interest, such as those described above, could change substantially.

(b) Tax Risks

(i) The IRS could treat SEBC Holdings as a corporation for tax purposes, which would substantially reduce the Cash available for distribution to SEBC Holdings' unit holders.

The anticipated after-tax economic benefit of an investment in SEBC Holdings depends largely on SEBC Holdings' being treated as a partnership for federal income tax purposes. SEBC Holdings believes that, under current law, SEBC Holdings will be classified as a partnership for federal income tax purposes. One of the requirements for such classification is that at least 90% of SEBC Holdings' gross income for each taxable year will be "qualifying income" within the meaning of Section 7704 of the Internal Revenue Code. Whether SEBC Holdings will continue to be classified as a partnership in part depends on SEBC Holdings' ability to meet this qualifying income test in the future.

If SEBC Holdings were classified as a corporation for federal income tax purposes, SEBC Holdings would pay tax on SEBC Holdings' income at corporate rates and SEBC Holdings would probably pay additional state income taxes as well. In addition, distributions would generally be taxable to the recipient as corporate distributions and no income, gains, losses or deductions would flow through to SEBC Holdings' unit holders. Because a tax would be imposed upon SEBC Holdings as a corporation, the Cash available for distribution to SEBC Holdings' unit holders would be substantially reduced. Therefore, treatment of SEBC Holdings as a corporation would result in a material reduction in the anticipated Cash flow and after-tax return to SEBC Holdings' unit holders and thus would likely result in a substantial reduction in the value of SEBC Holdings Common Units.

A change in current law or a change in SEBC Holdings' business could cause SEBC Holdings to be treated as a corporation for federal income tax purposes or otherwise subject SEBC Holdings to entity-level taxation.

(ii) A successful IRS contest of the federal income tax positions SEBC Holdings takes may reduce the market value of SEBC Holdings Common Units and the costs of any contest will be borne by SEBC Holdings and therefore indirectly by SEBC Holdings' unit holders and the SEBC Holdings General Partner.

SEBC Holdings has not requested any ruling from the IRS with respect to:

- SEBC Holdings' classification as a partnership for federal income tax purposes; or

- whether SEBC Holdings' operations generate "qualifying income" under Section 7704 of the Internal Revenue Code.

The IRS may adopt positions that differ from those expressed herein or from the positions SEBC Holdings takes. It may be necessary to resort to administrative or court proceedings in an effort to sustain some or all of the positions SEBC Holdings takes, and some or all of these positions ultimately may not be sustained. Any contest with the IRS may materially reduce the market value of SEBC Holdings Common Units and the prices at which SEBC Holdings Common Units trade. In addition, SEBC Holdings' cost of any contest with the IRS will be borne by SEBC Holdings and therefore indirectly by SEBC Holdings' unit holders and the SEBC Holdings General Partner.

(iii) Unit holders may be required to pay taxes on income from SEBC Holdings even if unit holders do not receive any Cash distributions from SEBC Holdings.

A unit holder will be required to pay federal income taxes and, in some cases, state and local income taxes on its share of SEBC Holdings' taxable income, even if it does not receive Cash distributions from SEBC Holdings. A unit holder may not receive Cash distributions equal to its share of SEBC Holdings' taxable income or even the tax liability that results from that income. Further, a unit holder may incur a tax liability in excess of the amount of Cash it receives upon the sale of its units.

(iv) There are limits on the deductibility of losses

In the case of unit holders subject to the passive loss rules (generally, individuals, closely held corporations and regulated investment companies), any losses generated by SEBC Holdings will only be available to offset SEBC Holdings' future income and cannot be used to offset income from other activities, including passive activities or investments. Unused losses may be deducted when the unit holder disposes of its entire investment in SEBC Holdings in a fully taxable transaction with an unrelated party. A unit holder's share of SEBC Holdings' net passive income may be offset by unused losses carried over from prior years, but not by losses from other passive activities, including losses from other publicly-traded partnerships.

(v) Tax gain or loss on the disposition of SEBC Holdings Common Units could be different than expected.

If a unit holder sells its SEBC Holdings Common Units, the unit holder will recognize a gain or loss equal to the difference between the amount realized and its tax basis in those Common Units. Prior distributions in excess of the total net taxable income the unit holder was allocated for a SEBC Holdings Common Unit, which decreased its tax basis in that SEBC Holdings Common Unit, will, in effect, become taxable income to the unit holder if the SEBC Holdings Common Unit is sold at a price greater than its tax basis in that Common Unit, even if the price received is less than its original cost. A substantial portion of the amount realized, whether or not representing a gain, may be ordinary income to that unit holder. Should the IRS successfully contest some positions SEBC Holdings takes, a selling unit holder could recognize more gain on the sale of units than would be the case under those positions, without the benefit of decreased income in prior years. In addition, if a unit holder sells its units, the unit holder may incur a tax liability in excess of the amount of Cash that unit holder receives from the sale.

(vi) Tax-exempt entities, regulated investment companies, and foreign persons face unique tax issues from owning common equity units that may result in additional tax liability or reporting requirements for them.

An investment in SEBC Holdings Common Units by tax-exempt entities, such as employee benefit plans, individual retirement accounts, regulated investment companies, generally known as mutual funds, and non-U.S. persons, raises issues unique to them. For example, virtually all of SEBC Holdings' income allocated to organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, will be unrelated business taxable income and thus will be taxable to them. Net income from a "qualified publicly-traded partnership" is qualifying income for a regulated investment company, or mutual fund. However, no more than 25% of the value of a regulated investment company's total assets may be invested in the securities of one or more qualified publicly-traded partnerships. SEBC Holdings expects to be treated as a qualified publicly-traded partnership. Distributions to non-U.S. persons will be reduced by withholding taxes, at the highest effective tax rate applicable to individuals, and non-U.S. persons will be required to file federal income tax returns and generally pay tax on their share of SEBC Holdings' taxable income.

(vii) Certain information relating to a unit holder's investment may be subject to special IRS reporting requirements.

Treasury regulations require taxpayers to report particular information on Form 8886 if they participate in a "reportable transaction." Unit holders may be required to file this form with the IRS. A transaction may be a reportable transaction based upon any of several factors. The IRS may impose significant penalties on a unit holder for failure to comply with these disclosure requirements. Disclosure and information maintenance obligations are also imposed on "material advisors" that organize, manage or sell interests in reportable transactions, which may require SEBC Holdings or SEBC Holdings' material advisors to maintain and disclose to the IRS certain information relating to unit holders.

(viii) Reporting of partnership tax information is complicated and subject to audits; SEBC Holdings cannot guarantee conformity to IRS requirements.

SEBC Holdings will furnish each unit holder with a Schedule K-1 that sets forth that unit holder's allocable share of income, gains, losses and deductions. In preparing these schedules, SEBC Holdings will use various accounting and reporting conventions and adopt various depreciation and amortization methods. SEBC Holdings cannot guarantee that these schedules will yield a result that conforms to statutory or regulatory requirements or to administrative pronouncements of the IRS. If any of the information on these schedules is successfully challenged by the IRS, the character and amount of items of income, gain, loss or deduction previously reported by unit holders might change, and unit holders might be required to adjust their tax liability for prior years and incur interest and penalties with respect to those adjustments.

(ix) Unit holders may lose tax benefits as a result of nonconforming depreciation conventions.

Because SEBC Holdings cannot match transferors and transferees of SEBC Holdings Securities, uniformity of the economic and tax characteristics of SEBC Holdings Securities to a purchaser of SEBC Holdings Securities of the same class must be maintained. To maintain uniformity and for other reasons, SEBC Holdings will take depreciation and amortization positions that may not conform to all aspects of the Treasury Regulations. A successful IRS challenge to those positions could reduce the amount of tax benefits available to SEBC Holdings' unit holders. A successful challenge could also affect the timing of these tax benefits or the amount of gain from the sale of SEBC Holdings Securities and could have a negative impact on the value of SEBC Holdings Securities or result in audit adjustments to a unit holder's tax returns.

(x) States may subject partnerships to entity-level taxation in the future, thereby decreasing the amount of Cash available to SEBC Holdings for distributions and potentially causing a decrease in SEBC Holdings' distribution levels, including a decrease in the minimum quarterly distribution.

Several states have enacted or are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. If additional states were to impose a tax upon SEBC Holdings as an entity, the Cash available for distribution to unit holders would be reduced.

10. Investment Company

If either Reorganized SEBC or SEBC Holdings is deemed an investment company and either company were then required to register under the 1940 Act, it would be subject to restrictions under that Act that could make it impracticable for Reorganized SEBC or SEBC Holdings either to enter into or continue its business as contemplated. The impact of these regulatory restrictions of the 1940 Act could

have a material adverse impact on the return on and value of the Reorganized SEBC Securities and the SEBC Holdings Securities, or could require the redemption of such securities prior to their intended maturity. The Trustee does not believe that Reorganized SEBC will be required to register as an "investment company" under the 1940 Act because the nature of its assets, operations and ownership would not cause it to fall within the definition of an investment company under the 1940 Act, or would allow it to remain exempt from registration pursuant to an exemptive rule adopted by the SEC, and SEBC Holdings will not fall within the definition of an investment company under the 1940 Act due to the nature of its assets and operations. It is anticipated that Reorganized SEBC and SEBC Holdings will conduct their operations so that each will not be deemed an investment company. However, if either entity were to be deemed an investment company, it could seek exemptive relief from the SEC to remove or limit the impact of such provisions, although there is no assurance that such relief, if sought, would be available. If restrictions were imposed by the 1940 Act, the restrictions could include limitations on the capital structure and the ability of each to transact with affiliates. These restrictions could make it impractical for Reorganized SEBC or SEBC Holdings to continue its business as contemplated.

F. Operational Risk Factors

Reorganized SEBC will face a number of risks with respect to its continuing business operations upon emergence from Chapter 11, including but not limited to the following: the ability of the Jacksonville Property Subsidiaries to realize value from their real estate holdings, either through sale, lease or other disposition, or through development and continued ownership; changes in federal, state or local laws or regulations, particularly those affecting real estate development, including zoning, environmental impact and land use; general economic conditions affecting both the national and the Jacksonville real estate market and real estate values; lack of inflation in construction costs; changes in the capital markets affecting the availability and cost of real estate and construction financing; and demographic trends in the Jacksonville area and the demand for real estate and housing. Because the Jacksonville Property is located in Florida, there are a number of risks related to possible hurricane and windstorm activity in the region. Windstorm activity affecting Florida and the southeastern United States could negatively affect demand for the Jacksonville Property, as well as cause increases in the cost of construction and windstorm insurance, and there can be no assurance that the impact of hurricanes and windstorms will not have a material adverse effect on the ability of Real Estate LLC to realize anticipated values from the real estate.

Reorganized SEBC is also exposed to the risks associated largely with the performance of the Investment Vehicle and interest rates including the prevailing market interest rates at the time of or leading up to the Effective Date. It is expected and assumed that the Investment Vehicle Senior Securities are properly priced with expected loss estimates reasonably predicted using ratings agency expected loss tables. It is acknowledged that these tables have not been good predictors in the recent circumstances of substantial negative shifts in economic and financial market circumstances but given that Reorganized SEBC will be investing during a period when such exigencies are well known the gauging of actual risk will be more realistic. Secondly, by virtue of the liquidation and redemption rights applicable to the Reorganized SEBC Series J Junior Preferred Stock, MLE takes substantial first loss of 99% of any unexpected loss on Reorganized SEBC's investments up to the entire $611 million face amount of Reorganized SEBC Series J Junior Preferred Stock. This will accommodate unexpected loss experience at many times the statistically projected expected loss such that even if loss experience was five times expected loss, the effect on holders of other series of Reorganized SEBC Preferred Stock and Reorganized SEBC Common Stock would be mitigated. The most significant variable to value is prevailing interest rates on the Effective Date. It is expected that Reorganized SEBC will invest on a fixed rate basis, or use the interest swaps to achieve the same for any floating rate assets acquired; however, between now and the Effective Date, market interest rates including both the level of swap rates and the pricing of credit spreads will fluctuate and the revenues of Reorganized SEBC will move directly with such changes. The implementation of the recapitalization will respond directly to such movements and the parties will in good faith determine the corresponding adjustments to both the Projections and the dividend rates on each class of securities, and the face value of the Reorganized SEBC Series K Junior Preferred Stock and SEBC Holdings Senior Preferred Units issued to creditors.

Reorganized SEBC is also subject to the risk of legislative and regulatory change including but not limited to securities laws, taxation laws, corporations laws and accounting rules which could affect the nature and profitability of operations.

G. Environmental and Other Regulations

The Trustee is not aware of any material environmental condition at the Jacksonville Property. It is possible, however, that environmental investigations of the Jacksonville Property might not have revealed all potential environmental liabilities or might have underestimated certain potential environmental issues. It is also possible that future environmental laws and regulations, or new interpretations of existing environmental laws, will impose material environmental liabilities on the Jacksonville Property Subsidiaries, Real Estate LLC, SEBC Holdings, or Reorganized SEBC, or that current environmental conditions of the Jacksonville Property will be adversely affected by hazardous substances associated with other nearby properties or the actions of unrelated third parties. The costs to defend any future environmental claims, perform any future environmental remediation, satisfy any environmental liabilities, or respond to changed environmental conditions could have a material adverse effect on the financial condition and operating results of the Jacksonville Property Subsidiaries, Real Estate LLC, SEBC Holdings, or Reorganized SEBC.

H. Litigation

Jacksonville Property Subsidiaries, Real Estate LLC, SEBC Holdings, or Reorganized SEBC may be subject to various claims and legal actions arising in the ordinary course of their businesses. The Trustee is not able to predict the nature and extent of any such claims and actions and cannot guarantee that the ultimate resolution of such claims and actions will not have a material adverse effect on Jacksonville Property Subsidiaries, Real Estate LLC, SEBC Holdings, or Reorganized SEBC.

I. Adverse Publicity

Adverse publicity or news coverage relating to Reorganized SEBC, including but not limited to publicity or news coverage in connection with the Bankruptcy Case, may negatively impact the Reorganized SEBC's efforts to establish and promote name recognition and a positive image after the Effective Date.

J. Certain Tax Considerations

There are a number of income tax considerations, risks, and uncertainties associated with consummation of the Plan. Interested parties should read carefully the discussions set forth in Section IX of this Disclosure Statement regarding certain U.S. federal income tax consequences of the transactions proposed by the Plan to the Debtor and Reorganized SEBC and to certain holders of Claims and Interests who are entitled to vote to accept or reject the Plan.

VIII. APPLICABILITY OF FEDERAL AND OTHER SECURITIES LAWS

The Trustee believes that, subject to certain exceptions described below, various provisions of the Securities Act, the Bankruptcy Code, and state securities laws exempt from federal and state securities registration requirements (a) the offer and the sale of the Reorganized SEBC Preferred Stock and SEBC Holdings Securities pursuant to the Plan and (b) subsequent transfers of certain of such securities.

A. Offer and Sale of New Securities; Bankruptcy Code Exemption

Under the Plan, Holders of Allowed Claims and Interests will receive SEBC Holdings Securities, and certain Holders of Allowed Claims will receive Series K Junior Preferred Stock. Investor will receive shares of Reorganized SEBC Class B and C Common Stock, Reorganized SEBC Senior Preferred Stock,

and Reorganized SEBC Series J Junior Preferred Stock. Section 1145(a)(1) of the Bankruptcy Code exempts the offer or sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act and state laws if three principal requirements are satisfied: (1) the securities must be issued "under a plan" of reorganization by the debtor or its successor under a plan or by an affiliate participating in a joint plan of reorganization with the debtor; (2) the recipients of the securities must hold a pre-petition or administrative expense claim against the debtor or an interest in the debtor; and (3) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or "principally" in such exchange and "partly" for Cash or property. In reliance upon this exemption, the Trustee believes that the offer and sale of the Reorganized SEBC Series K Junior Preferred Stock and the SEBC Holdings Securities under the Plan will be exempt from registration under the Securities Act and state securities laws.

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

B. Subsequent Transfer of New Securities

Section 1145(b) of the Bankruptcy Code defines the term "underwriter" for purposes of the Securities Act as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer," (1) purchases a claim against, interest in, or claim for an administrative expense in the case concerning the debtor, if such purchase is with a view to distributing any security received in exchange for such a claim or interest; (2) offers to sell securities offered or sold under a plan for the holders of such securities; (3) offers to buy securities offered or sold under the plan from the holders of such securities, if the offer to buy is: (a) with a view to distribution of such securities and (b) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (4) is an "issuer" with respect to the securities, as the term "issuer" is defined in Section 2(11) of the Securities Act.

The term "issuer" is defined in Section 2(4) of the Securities Act; however, the reference contained in Section 1145(b)(1)(D) of the Bankruptcy Code to Section 2(11) of the Securities Act purports to include as statutory underwriters all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. "Control" (as such term is defined in Rule 405 of Regulation C under the Securities Act) means the possession, direct or indirect, of the power to direct or cause the direction of the policies of a person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor (or its successor) under a plan of reorganization may be deemed to be a "control person," particularly if such management position is coupled with the ownership of a significant percentage of the debtor's (or successor's) voting securities. Mere ownership of securities of a reorganized debtor could result in a person being considered to be a "control person."

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

Pursuant to the Plan, certificates evidencing Reorganized SEBC Series K Junior Preferred Stock and SEBC Holdings Securities will bear a legend regarding restrictions on transfer arising under the Securities Act.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the Reorganized SEBC Securities or SEBC Holdings Securities to be issued pursuant to the Plan, or an "affiliate" of Reorganized SEBC or SEBC Holdings, would depend upon various facts and circumstances applicable to that person. Accordingly, the Trustee expresses no view as to whether any such person would be such an "underwriter" or "affiliate." PERSONS WHO RECEIVE REORGANIZED SEBC SERIES K JUNIOR PREFERRED STOCK OR SEBC HOLDINGS SECURITIES UNDER THE PLAN ARE URGED TO CONSULT THEIR OWN LEGAL ADVISOR WITH RESPECT TO THE RESTRICTIONS APPLICABLE UNDER RULE 144 AND THE CIRCUMSTANCES UNDER WHICH SECURITIES MAY BE SOLD IN RELIANCE UPON SUCH RULE.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. THE TRUSTEE MAKES NO REPRESENTATIONS CONCERNING, AND DOES NOT PROVIDE, ANY OPINIONS OR ADVICE WITH RESPECT TO THE NEW SEBC SECURITIES OR THE BANKRUPTCY MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT. IN LIGHT OF THE UNCERTAINTY CONCERNING THE AVAILABILITY OF EXEMPTIONS FROM THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS, THE TRUSTEE ENCOURAGES EACH CREDITOR AND PARTY-IN-INTEREST TO CONSIDER CAREFULLY AND CONSULT WITH ITS OWN LEGAL ADVISORS WITH RESPECT TO ALL SUCH MATTERS. BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR HOLDER MAY BE AN UNDERWRITER, THE TRUSTEE MAKES NO REPRESENTATION CONCERNING THE ABILITY OF A PERSON TO DISPOSE OF THE NEW SEBC SECURITIES.

C. Possible Restrictions on Transfer of New Securities

The Reorganized SEBC Charter and the SEBC Holdings Partnership Agreement will contain restrictions on the transfer of the Reorganized SEBC Common Stock and SEBC Holdings Common Units. The following restrictions will apply, but generally only during the Restriction Period (as defined below):

From and after the date of filing of the Reorganized SEBC Charter and until the Restriction Release Date, any attempted Transfer of any Reorganized SEBC Common Stock (i) to any person (including a group of persons making a coordinated acquisition) who (A) after giving effect to such purported Transfer would become an owner of at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership) or (B) prior to giving effect to such purported Transfer held at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership) and whose ownership percentage subsequent to such Transfer would increase, or (ii) by any person who at the time is an owner of at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership), will be void ab initio unless (x) either the transferor or the transferee receives the prior unanimous written consent of the Reorganized SEBC Board to such Transfer on twenty (20) days' prior written notice or (y) such Transfer is by certain Institutional Shareholders to a person whose percentage ownership of the Reorganized SEBC Common Stock (including Indirect Ownership) after such Transfer solely reflects securities acquired from such Institutional Shareholders.

From and after the Effective Date until the SEBC Holdings Restriction Release Date, any attempted Transfer of any SEBC Holdings Common Units (i) to any person (including a group of persons making a coordinated acquisition) who (A) after giving effect to such purported Transfer would become an owner of at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership), or (B) prior to giving effect to such purported Transfer held at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership) and whose ownership percentage subsequent to such Transfer would increase, or (ii) by any person who at the time is an owner of at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership), will be void ab initio. These restrictions will not apply to the Depository Trust Company as holder of any global units. In addition, a holder of record of

SEBC Holdings Senior Preferred Units may not sell or otherwise transfer any of such units held of record by such holder unless such sale or transfer is to a single holder of record and includes all SEBC Holdings Senior Preferred Units held of record by such holder immediately prior to any such Transfer.

The Reorganized SEBC Charter, in order to ensure Reorganized SEBC's exemption from registration under the 1940 Act, will contain provisions that prohibit the transfer of Reorganized SEBC Series K Junior Preferred Stock to any person who is not a QIB or an Institutional Accredited Investor. In addition, a "holder of record" (as defined for purposes of Sections 12(g) and 15(d) of the Exchange Act) of shares of Reorganized SEBC Series K Junior Preferred Stock may not Transfer any of such shares "held of record" (as defined for purposes of Sections 12(g) and 15(d) of the Exchange Act) by such holder unless such Transfer is to a single holder of record and includes all shares of Reorganized SEBC Series K Junior Preferred Stock held of record by such holder immediately prior to any such Transfer.

In addition, Persons who are deemed to be statutory underwriters for purposes of Section 1145 of the Bankruptcy Code and who receive Reorganized SEBC Securities or SEBC Holdings Securities under the Plan will not be permitted to sell such Reorganized SEBC Securities or SEBC Holdings Securities unless such securities were registered under the Securities Act, or an exemption from such registration requirements is available. See Section VIII.B.

The period during which the transfer restrictions described above (the "Restriction Period") apply will commence on the Effective Date and will remain in effect until the Restriction Release Date or the SEBC Holdings Restriction Release Date, as applicable.

The Trustee believes there are very few, if any, equity holders who will, on the Effective Date, hold more than 4.75% of the outstanding SEBC Holdings Common Units and none will own any shares of Reorganized SEBC Common Stock. Accordingly, the Trustee determined that the imposition of these restrictions on transfer is in the best interests of Reorganized SEBC.

These restrictions will be included in the Reorganized SEBC Charter and SEBC Holdings Partnership Agreement. It is a condition precedent to the effectiveness of the Plan that the Reorganized SEBC Charter and SEBC Holdings Partnership Agreement be in form and substance reasonably acceptable to both the Trustee and Investor.

IX. CERTAIN U.S. FEDERAL TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain anticipated U.S. federal income tax consequences of the Plan to the Debtor and certain Holders of Claims and Interests that are entitled to vote to accept or reject the Plan. This summary is provided for information purposes only and is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury regulations promulgated thereunder, judicial authorities, and current administrative rulings and practice, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect, that could adversely affect the U.S. federal income tax consequences described below.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to a particular Holder of a Claim or Interest in light of its particular facts and circumstances or to certain types of Holders of Claims subject to special treatment under the Tax Code (for example, non-U.S. persons, financial institutions, broker-dealers, life insurance companies, tax-exempt organizations, real estate investment trusts, regulated investment companies, grantor trusts, persons holding a Claim or Interest as part of a "hedging," "integrated," or "constructive" sale or straddle transaction, persons holding claims through a partnership or other pass-through entity, persons that have a "functional currency" other than the U.S. dollar, and persons who have acquired an equity interest or a security in the Debtor in connection with the performance of services). In addition, this summary does not discuss any aspects of state, local, or non-U.S. taxation and does not address the U.S. federal income tax consequences to Holders of Claims or Interests that are unimpaired under the Plan or Holders of Claims or Interests that are not entitled to receive or retain any property under the Plan.

A substantial amount of time may elapse between the date of this Disclosure Statement and the receipt of a final Distribution under the Plan. Events occurring after the date of this Disclosure Statement, such as additional tax legislation, court decisions, or administrative changes, could affect the U.S. federal income tax consequences of the Plan and the transactions contemplated thereunder. There can be no assurance that the Internal Revenue Service (the "IRS") will not take a contrary view with respect to one or more of the issues discussed below. No ruling will be sought from the IRS with respect to any of the tax aspects of the Plan, and no opinion of counsel has been or will be obtained by the debtors with respect thereto.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH HOLDER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A HOLDER UNDER THE TAX CODE; (B) SUCH DISCUSSION IS INCLUDED IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE TRUSTEE OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) EACH HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. U.S. Federal Income Tax Consequences to the Debtor

Under applicable federal income tax rules, if a "loss corporation," which includes a corporation like SEBC that has net operating loss ("NOL") carryovers, undergoes a change in control, the loss corporation is limited, following such ownership change, in the use of its own NOL carryovers. In making the determination as to whether a loss corporation has undergone a change in control, certain types of preferred stock are ignored. In the reorganization, the amount of new Debtor common stock to be issued to Investor is anticipated to be in an amount that is less than the 50% statutory threshold that would trigger a change in control. The Debtor believes that the issuance of the Reorganized SEBC Preferred Stock and the SEBC Holdings Senior Preferred Units and SEBC Holdings Junior Preferred Units should be ignored in determining whether a change in control has occurred. The transfer of the old Debtor common stock to SEBC Holdings should not have an effect on the change in control analysis because the existing Debtor Common Stock Holders will receive all of the SEBC Holdings Common Units in exchange for such contribution. Accordingly, it is not anticipated that the reorganization will cause the Debtor to become limited in its use of its NOL carryovers. No opinion of counsel or ruling from the IRS has been obtained on this issue, however, and it is possible that the IRS could take a contrary position.

The Debtor will cause its subsidiaries holding the Jacksonville Property and the Belfort Property (sometimes, the "real estate") to merge with and into limited liability companies. These mergers will be treated as liquidations of such subsidiaries. Following these mergers, the real estate held by the subsidiaries will be considered to be held by the Debtor directly. The discussion below reflects that the surviving limited liability companies are disregarded until the ownership interests in such companies are distributed to holders of the common stock of the Debtor and to Creditors.

The Debtor will realize income upon the distribution of the Real Estate LLC interests in an amount equal to the excess of the fair value of the real estate over the adjusted basis of the real estate in the hands of Debtor's subsidiaries currently holding such assets. This income arises from two related rules. First, when a debtor, here, the Debtor, transfers property with a value in excess of its tax basis in settlement of a claim, here the claims of the Creditors, the debtor is treated as though it sold such property for its fair market value. Second, when a corporation distributes appreciated property in respect of its stock, the corporation recognizes gain as though the property were sold for its fair value. In either case, the Debtor anticipates that such gain will be sheltered by its NOL carryovers (subject to a possible alternative minimum tax). The Debtor intends to use the appraisals prepared by Broom, Moody, Johnson & Grainger, Inc. (the "Appraisals") to determine the fair value of the real estate held by the Debtor's subsidiaries and, hence, the amount of its gain. There cannot be a guarantee that the IRS will agree with such valuation. The IRS could assert that the real estate has a value in excess of the amount shown on such appraisals and assert that the Debtor recognized additional gain.

B. U.S. Federal Income Tax Consequences to Claim Holders

This section focuses on Claims Holders who are individual citizens or residents of the United States and has only limited application to corporations, estates, trusts, non-resident aliens, foreign corporations, tax-exempt institutions, individual retirement accounts, real estate investment trusts, dealers or traders in securities or mutual funds. Participation in the reorganization by such taxpayers raises issues unique to such persons and may substantially increase the tax liability and requirements imposed on such taxpayers. Each Claims Holder should consult, and depend on, its own tax advisor in analyzing the federal, state, local and foreign tax consequences particular to that Claims Holder of participation in the reorganization.

1. Cash

Cash being distributed to Claims Holders should be characterized based upon the underlying right giving rise to the right to receive Cash. Since the right giving rise on the part of Claims Holders to receive Cash is based upon Postpetition Interest that has accrued on the Claims held by the Claims Holders, such Cash should be taxable as ordinary interest income.

If the Claims Holder possesses the Claim that it holds as property held for investment, then the Cash paid to such Claims Holder should constitute investment income. The amount of investment income realized by a non-corporate taxpayer acts as a limitation on the amount of investment interest deductible by such taxpayer.

2. Reorganized SEBC Series K Junior Preferred Stock.

Claims Holders who receive Reorganized SEBC Series K Junior Preferred Stock will be taxable on their receipt of such stock in an amount equal to the fair market value of such stock. To the extent applicable, Reorganized SEBC will report the fair market value of such stock as equal to the par value of such stock. As was the case with the distribution of Cash, the transfer of the Reorganized SEBC Series K Junior Preferred Stock should be treated as an in-kind payment of Postpetition Interest.

Claims Holders who continue to hold the shares of Reorganized SEBC Series K Junior Preferred Stock will have the right to receive dividends, as and when declared by the Reorganized SEBC Board. It is anticipated that the dividends to be paid on the Reorganized SEBC Series K Junior Preferred Stock will be eligible for the beneficial federal income tax rates applicable to "qualified dividend income." Qualified dividend income is eligible to be taxed at a maximum tax rate of 15% through taxable years ending on or before December 31, 2010. In addition, in order for dividends paid on preferred stock, such as the Reorganized SEBC Series K Junior Preferred Stock, to constitute qualified dividend income, the holder of the stock giving rise to such dividends must hold such stock for at least 60 days within the 121-day period beginning prior to the ex-dividend date for the stock. Special rules apply in determining whether the applicable holding period will be satisfied. Claims Holders who will hold shares of Reorganized SEBC Series K Junior Preferred Stock should contact their own tax advisors to determine whether they will be considered to have held such stock for the applicable holding period or otherwise would be precluded from treating dividends on such stock as qualified dividend income.

Gain or loss from the disposition of shares of Reorganized SEBC Series K Junior Preferred Stock will be capital gain or loss and will be long-term capital gain or loss if the Reorganized SEBC Series K Junior Preferred Stock has been held for more than one year as of the date of the disposition. A Claims Holder's initial basis in the shares of Reorganized SEBC Series K Junior Preferred Stock should be equal to the fair market value of such shares when they are transferred to the Claims Holder. Net long-term capital gains are eligible for the benefits of a reduced tax rate of no more than 15% for dispositions occurring in taxable years ending on or prior to December 31, 2010.

3. SEBC Holdings Senior Preferred Units.

Claims Holders who receive SEBC Holdings Senior Preferred Units will be taxable on their receipt of such stock in an amount equal to the fair market value of such units. To the extent applicable, Reorganized SEBC will report the fair market value of such units as equal to the par value of such instruments. As was the case with the distribution of Cash, the transfer of the SEBC Holdings Senior Preferred Units should be treated as an in-kind payment of Postpetition Interest.

SEBC Holdings intends to elect to be taxed as a partnership for federal income tax purposes. The Internal Revenue Code provides that publicly-traded partnerships will, as a general rule, be taxed as corporations. However, an exception, referred to as the "Qualifying Income Exception," exists with respect to publicly-traded partnerships of which 90% or more of the gross income for every taxable year consists of "qualifying income." Although it is expected that SEBC Holdings and Real Estate LLC will conduct their business so as to enable SEBC Holdings to meet the Qualifying Income Exception, if SEBC Holdings fails to meet the Qualifying Income Exception, other than a failure that is determined by the IRS to be inadvertent and that is cured within a reasonable time after discovery, SEBC Holdings will be treated as if it had transferred all of its assets, subject to liabilities, to a newly formed corporation on the first day of the year in which it fails to meet the Qualifying Income Exception in return for stock in that corporation, and as if it had then distributed that stock to the holders of interests in SEBC Holdings in liquidation of their interests in it. This contribution and liquidation should be tax-free to SEBC Holdings so long as SEBC Holdings, at that time, does not have liabilities in excess of the tax basis of its assets and should be tax-free to a holder so long as that holder generally does not have liabilities allocated to that holder in excess of the tax basis in that holder's units. Thereafter, SEBC Holdings would be treated as a corporation for federal income tax purposes. The remainder of this discussion assumes that SEBC Holdings is properly treated as a partnership for federal income tax purposes.

The SEBC Holdings Senior Preferred Units should be considered to be partnership interests for federal income tax purposes. Subject to the discussion regarding "publicly-traded partnerships" below, a partnership is not itself subject to federal income tax. Instead, each partner of a partnership is required to take into account that partner's allocable share of items of income, gain, loss and deduction of the partnership in computing that partner's federal income tax liability, regardless of whether Cash distributions are made. Each item generally will have the same character as if the partner had received the item directly.

Distributions to a holder of SEBC Holdings Senior Preferred Units will not be taxable to that holder for federal income tax purposes to the extent of the tax basis in that holder's SEBC Holdings Senior Preferred Units immediately before the distribution. Any Cash distributions in excess of a holder's tax basis will be considered to be gain from the sale or exchange of the SEBC Holdings Senior Preferred Units. Any reduction in a holder's share of SEBC Holdings liabilities for which no partner, including the SEBC Holdings General Partner, bears the economic risk of loss, which are known as "nonrecourse liabilities," will be treated as a distribution of Cash to that holder.

A holder of SEBC Holdings Senior Preferred Units will have an initial tax basis for its common units equal to the fair market value of the SEBC Holdings Senior Preferred Units at the time that such units are distributed to such holder plus that holder's share of SEBC Holdings' nonrecourse liabilities. That basis will be increased by that holder's share of SEBC Holdings' income and by any increases in that holder's share of SEBC Holdings' nonrecourse liabilities. That basis will be decreased, but not below zero, by distributions that that holder receives from SEBC Holdings, by that holder's share of SEBC Holdings' losses, by any decreases in that holder's share of SEBC Holdings nonrecourse liabilities and by that holder's share of SEBC Holdings' expenditures that are not deductible in computing SEBC Holdings' taxable income and are not required to be capitalized. A holder will have no share of SEBC Holdings' debt which is recourse to SEBC Holdings' general partner, but will have a share, primarily based on that holder's share of profits, of SEBC Holdings' nonrecourse liabilities.

The deduction by a holder of that holder's share of SEBC Holdings losses will be limited to the holder's tax basis in its interests in SEBC Holdings and, in the case of an individual holder or a corporate

holder (if more than 50% of the value of the corporate holder's stock is owned directly or indirectly by five or fewer individuals or particular tax-exempt organizations), to the amount for which the holder is considered to be "at risk" with respect to SEBC Holdings' activities, if that is less than the holder's tax basis. A holder must recapture losses deducted in previous years to the extent that SEBC Holdings' distributions cause that holder's at risk amount to be less than zero at the end of any taxable year. Losses disallowed to a holder or recaptured as a result of these limitations will carry forward and will be allowable to the extent that the holder's tax basis or at risk amount, whichever is the limiting factor, subsequently increases. Upon the taxable disposition of SEBC Holdings Senior Preferred Units, any gain recognized by a holder can be offset by losses that were previously suspended by the at risk limitation, provided that the holder has no other interests in SEBC Holdings but, in any event, may not be offset by losses suspended by the basis limitation. Any excess loss, above such gain, previously suspended by the at risk or basis limitations would no longer be utilizable.

Gain or loss will be recognized on a sale of SEBC Holdings Senior Preferred Units equal to the difference between the amount realized and the holder's tax basis for the SEBC Holdings Senior Preferred Units sold. A holder's amount realized will be measured by the sum of the Cash or the fair market value of other property received plus that holder's share of SEBC Holdings' nonrecourse liabilities. Because the amount realized includes a holder's share of SEBC Holdings' nonrecourse liabilities, the gain recognized on the sale of SEBC Holdings Senior Preferred Units could result in a tax liability in excess of any Cash received from such sale.

Except as noted below, gain or loss recognized by a holder on the sale or exchange of SEBC Holdings Senior Preferred Units will be taxable as capital gain or loss. Capital gain recognized on the sale of SEBC Holdings Senior Preferred Units held for more than 12 months will be taxed at a maximum rate of 15% for sales occurring prior to January 1, 2011. A portion of this gain or loss, which will likely be minimal, however, will be separately computed and taxed as ordinary income or loss to the extent attributable to assets giving rise to depreciation recapture or other "unrealized receivables" or to "inventory items" owned by SEBC Holdings. The term "unrealized receivables" includes potential recapture items, including depreciation recapture. Ordinary income attributable to unrealized receivables, inventory items and depreciation recapture may exceed net taxable gain realized upon the sale of SEBC Holdings Common Units and may be recognized even if there is a net taxable loss realized on the sale of SEBC Holdings Senior Preferred Units. Thus, a holder may recognize both ordinary income and a capital loss upon a disposition of SEBC Holdings Common Units. Net capital loss may offset no more than $3,000 of ordinary income in the case of individuals and may only be used to offset capital gain in the case of corporations.

The IRS has ruled that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis for all those interests. Upon a sale or other disposition of less than all of such interests, a portion of that tax basis must be allocated to the interests sold using an "equitable apportionment" method.

4. Holders of EuroNotes

The Holders of the EuroNotes are, per se, not U.S. citizens or resident taxpayers. Distributions of securities under the Plan to Holders of EuroNotes should be considered distributions of unpaid interest. Such distributions should be treated as portfolio interest for both foreign individuals under 26 U.S.C. § 871(h) and for foreign corporations under 26 U.S.C. § 881(c), unless the recipient of such securities is a bank or owns more than 10% of the payor. Payments of portfolio interest to non-U.S. persons described in the preceding sentence are not subject to United States taxation or withholding, provided that the Holders of the EuroNotes do not hold such Notes in connection with the conduct of a trade or business in the United States.

C. U.S. Federal Income Tax Consequences to Interest Holders

In the reorganization, shares of old Debtor common stock will be automatically converted into shares of SEBC Holdings Common Units. For federal income tax purposes, however, Interest Holders

first should be considered to have received a distribution of SEBC Holdings Common Units to the extent of their interest in the Jacksonville Property and the Belfort Property as a distribution on their old Debtor common stock. Since the interest of the Interest Holders in these properties is expected to be de minimis, the Debtor does not intend to report any amount as a taxable distribution to Interest Holders. Interest Holders will then be considered to have contributed their old Debtor common stock to SEBC Holdings in exchange for SEBC Holdings Common Units. This contribution should be considered to be a non-taxable contribution to the capital of SEBC Holdings.

A holder of SEBC Holdings Common Units will have an initial tax basis for its Units determined with reference to the tax basis of the Old SEBC Common Stock Interests surrendered in exchange for the SEBC Holdings Common Units plus that holder's share of SEBC Holdings' nonrecourse liabilities. That basis will be increased by that holder's share of SEBC Holdings' income and by any increases in that holder's share of SEBC Holdings' nonrecourse liabilities. That basis will be decreased, but not below zero, by distributions that that holder receives from SEBC Holdings, by that holder's share of SEBC Holdings' losses, by any decreases in that holder's share of SEBC Holdings nonrecourse liabilities and by that holder's share of SEBC Holdings' expenditures that are not deductible in computing SEBC Holdings' taxable income and are not required to be capitalized. A holder will have no share of SEBC Holdings' debt that is recourse to the SEBC Holdings General Partner, but will have a share, primarily based on that holder's share of profits, of SEBC Holdings' nonrecourse liabilities.

For federal income tax purposes, however, SEBC Holdings expects to be taxed as a partnership. Specifically, SEBC Holdings expects to be taxed as a publicly-traded partnership. The Internal Revenue Code provides that publicly-traded partnerships will, as a general rule, be taxed as corporations. However, an exception, referred to as the "Qualifying Income Exception," exists with respect to publicly-traded partnerships of which 90% or more of the gross income for every taxable year consists of "qualifying income." Although it is expected that SEBC Holdings and Real Estate LLC will conduct their business so as to enable SEBC Holdings to meet the Qualifying Income Exception, if SEBC Holdings fails to meet the Qualifying Income Exception, other than a failure that is determined by the IRS to be inadvertent and that is cured within a reasonable time after discovery, SEBC Holdings will be treated as if it had transferred all of its assets, subject to liabilities, to a newly formed corporation on the first day of the year in which it fails to meet the Qualifying Income Exception in return for stock in that corporation, and as if it had then distributed that stock to the holders of interests in SEBC Holdings in liquidation of their interests in it. This contribution and liquidation should be tax-free to SEBC Holdings so long as it, at that time, does not have liabilities in excess of the tax basis of its assets and should be tax-free to a holder so long as that holder does not have liabilities allocated to that holder in excess of the tax basis in that holder's interests in SEBC Holdings. Thereafter, SEBC Holdings would be treated as a corporation for federal income tax purposes. The remainder of this discussion assumes that SEBC Holdings is properly treated as a partnership for federal income tax purposes.

The SEBC Holdings Common Units should be considered to be partnership interests for federal income tax purposes. Subject to the discussion regarding "publicly-traded partnerships" above, a partnership is not itself subject to federal income tax. Instead, each partner of a partnership is required to take into account that partner's allocable share of items of income, gain, loss and deduction of SEBC Holdings in computing that partner's federal income tax liability, regardless of whether Cash distributions are made. Each item generally will have the same character as if the partner had realized the item directly.

Distributions to a holder of SEBC Holdings Common Units will not be taxable to that holder for federal income tax purposes to the extent of the tax basis in that holder's SEBC Holdings Common Units immediately before the distribution. Any Cash distributions in excess of a holder's tax basis will be considered to be gain from the sale or exchange of the SEBC Holdings Common Units. Any reduction in a holder's share of SEBC Holdings liabilities for which no partner, including the SEBC Holdings General Partner, bears the economic risk of loss, which are known as "nonrecourse liabilities," will be treated as a distribution of Cash to that holder.

The deduction by a holder of that holder's share of SEBC Holdings' losses will be limited to the holder's tax basis in its interests in SEBC Holdings and, in the case of an individual holder or a corporate holder (if more than 50% of the value of the corporate holder's stock is owned directly or indirectly by five or fewer individuals or particular tax-exempt organizations), to the amount for which the holder is considered to be "at risk" with respect to SEBC Holdings' activities, if that is less than the holder's tax basis. A holder must recapture losses deducted in previous years to the extent that SEBC Holdings' distributions cause that holder's at risk amount to be less than zero at the end of any taxable year. Losses disallowed to a holder or recaptured as a result of these limitations will carry forward and will be allowable to the extent that the holder's tax basis or at risk amount, whichever is the limiting factor, subsequently increases. Upon the taxable disposition of SEBC Holdings Common Units, any gain recognized by a holder can be offset by losses that were previously suspended by the at risk limitation, provided that the holder has no other interests in SEBC Holdings but, in any event, may not be offset by losses suspended by the basis limitation. Any excess loss, above such gain, previously suspended by the at risk or basis limitations would no longer be utilizable.

Gain or loss will be recognized on a sale of SEBC Holdings Common Units equal to the difference between the amount realized and the holder's tax basis for the SEBC Holdings Common Units sold. A holder's amount realized will be measured by the sum of the Cash or the fair market value of other property received plus that holder's share of SEBC Holdings' nonrecourse liabilities. Because the amount realized includes a holder's share of SEBC Holdings' nonrecourse liabilities, the gain recognized on the sale of SEBC Holdings Common Units could result in a tax liability in excess of any Cash received from such sale.

Except as noted below, gain or loss recognized by a holder on the sale or exchange of SEBC Holdings Common Units will be taxable as capital gain or loss. Capital gain recognized on the sale of SEBC Holdings Common Units held for more than 12 months will be taxed at a maximum rate of 15% for sales occurring prior to January 1, 2011. A portion of this gain or loss, however, will be separately computed and taxed as ordinary income or loss to the extent attributable to assets giving rise to depreciation recapture or other "unrealized receivables" or to "inventory items" owned by SEBC Holdings. The term "unrealized receivables" includes potential recapture items, including depreciation recapture. Ordinary income attributable to unrealized receivables, inventory items and depreciation recapture may exceed net taxable gain realized upon the sale of SEBC Holdings Common Units and may be recognized even if there is a net taxable loss realized on the sale of SEBC Holdings Common Units. Thus, a holder may recognize both ordinary income and a capital loss upon a disposition of SEBC Holdings Common Units. Net capital loss may offset no more than $3,000 of ordinary income in the case of individuals and may only be used to offset capital gain in the case of corporations.

The IRS has ruled that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis for all those interests. Upon a sale or other disposition of less than all of such interests, a portion of that tax basis must be allocated to the interests sold using an "equitable apportionment" method.

D. Information Reporting and Backup Withholding

Certain payments, including certain payments of Claims pursuant to the Plan, payments of interest, payments of dividends, if any, on the Reorganized SEBC Securities and the proceeds from the sale or other taxable disposition of the Reorganized SEBC Securities, may be subject to information reporting to the IRS. Moreover, such reportable payments may be subject to backup withholding at the then-applicable withholding rate unless the taxpayer: (i) comes within certain exempt categories (which generally include corporations) or (ii) provides a correct taxpayer identification number and otherwise complies with applicable backup withholding provisions. In addition, Treasury regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

E. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

X. FEASIBILITY OF THE PLAN AND BEST INTERESTS OF CREDITORS

A. Feasibility of the Plan

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

To support his belief in the feasibility of the Plan, the Trustee has relied upon the Projections, which are annexed to this Disclosure Statement as Appendix B.

The Projections indicate that SEBC Holdings and Reorganized SEBC should have sufficient Cash flow to pay and service their obligations and to fund their operations. Accordingly, the Trustee believes that the Plan complies with the financial feasibility standard of Section 1129(a)(11) of the Bankruptcy Code.

The Projections are based on numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms; realization of the operating strategy of Reorganized SEBC; industry performance; no material adverse changes in applicable legislation or regulations, or the administration thereof, or GAAP; no material adverse changes in general business and economic conditions; no material adverse changes in competition; adequate financing; the absence of material contingent or unliquidated litigation, indemnity, or other claims; and other matters, many of which will be beyond the control of Reorganized SEBC and some or all of which may not materialize.

To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Trustee, the assumptions and estimates underlying the Projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of Reorganized SEBC. Accordingly, the Projections are only estimates and are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and are likely to increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The Projections were not prepared in accordance with standards for projections promulgated by the American Institute of Certified Public Accountants or with a view to compliance with published guidelines of the SEC regarding projections or forecasts. The Projections have not been audited, reviewed, or compiled by independent public accountants. Reorganized SEBC will be required to adopt "fresh start" accounting upon its emergence from Chapter 11. The actual adjustments for "fresh start" accounting that Reorganized SEBC may be required to adopt upon emergence, may differ substantially from those "fresh start" adjustments in the Projections. The projected financial information contained in this Disclosure Statement should not be regarded as a representation or warranty by the Trustee, the Trustee's advisors, or any other Person that the Projections can or will be achieved. Neither MLE nor any of its Affiliates makes any representation or warranty as to, has independently verified or assumes any responsibility for the accuracy, completeness or sufficiency of the Projections.

The Projections should be read together with the information in Section VII of this Disclosure Statement entitled "Certain Risk Factors to be Considered," which sets forth important factors that could cause actual results to differ from those in the Projections.

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

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Certain statements made in this Disclosure Statement and the Projections contained in this Disclosure Statement, and other written or oral statements made by the Trustee or on the Trustee's behalf, may constitute "forward-looking statements" within the meaning of the federal securities laws. Statements regarding future events and developments and the Debtor's future performance, as well as management's expectations, beliefs, plans, estimates, or projections related to the future, are forward-looking statements within the meaning of these laws. These forward-looking statements include and may be indicated by words or phrases such as "anticipate," "estimate," "plans," "expects," "projects," "should," "will," "believes," or "intends" and similar words and phrases.

All forward-looking statements, as well as the Debtor's business and strategic initiatives, are subject to risks and uncertainties that could cause actual results to differ materially from expected results after the Effective Date. The Trustee believes that these forward-looking statements are reasonable. However, you should not place undue reliance on such statements. These statements are based on current expectations and speak only as of the date of such statements. The Trustee undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of future events, new information or otherwise. Additional information concerning the risks and uncertainties listed below, and other factors that you may wish to consider, are contained in this Disclosure Statement and SEBC's other filings with the SEC. A number of factors could cause the Debtor's actual results to differ materially from the expected results described in the Debtor's forward-looking statements after the Effective Date.

Reorganized SEBC will face a number of risks with respect to its continuing business operations upon emergence from Chapter 11, including but not limited to the following: the ability of the Jacksonville Property Subsidiaries to realize value from their real estate holdings, either through sale, lease or other disposition, or through development and continued ownership; changes in federal, state or local laws or regulations, particularly those affecting real estate development, including zoning, environmental impact and land use; general economic conditions affecting both the national and the Jacksonville real estate market and real estate values; lack of inflation in construction costs; changes in the capital markets affecting the availability and cost of real estate and construction financing; and demographic trends in the Jacksonville area and the demand for real estate and housing. Because the Jacksonville Property is located in Florida, there are a number of risks related to possible hurricane and windstorm activity in the region. Windstorm activity affecting Florida and the southeastern United States could negatively affect demand for the Jacksonville Property, as well as cause increases in the cost of construction and windstorm insurance, and there can be no assurance that the impact of hurricanes and windstorms will not have a material adverse effect on the ability of Real Estate LLC to realize anticipated values from the real estate.

Reorganized SEBC is exposed to the risks associated largely with the performance of the Investment Vehicle and interest rates including the prevailing market interest rates at the time of or leading up to the Effective Date. It is expected and assumed that the Investment Vehicle Senior Securities are properly priced with expected loss estimates reasonably predicted using ratings agency expected loss tables. It is acknowledged that these tables have not been good predictors in the recent circumstances of substantial negative shifts in economic and financial market circumstances but given that Reorganized SEBC will be investing during a period when such exigencies are well known the gauging of actual risk will be more realistic. Secondly, by virtue of the liquidation and redemption rights applicable to the Reorganized SEBC Series J Junior Preferred Stock, MLE takes substantial first loss of

99% of any unexpected loss on Reorganized SEBC's investments up to the entire $611 million face amount of Reorganized SEBC Series J Junior Preferred Stock. This will accommodate unexpected loss experience at many times the statistically projected expected loss such that even if loss experience was five times expected loss, the effect on holders of other series of Reorganized SEBC Preferred Stock and Reorganized SEBC Common Stock would be mitigated. The most significant variable to value is prevailing interest rates on the Effective Date. It is expected that Reorganized SEBC will invest on a fixed rate basis, or use the interest swaps to achieve the same for any floating rate assets acquired; however, between now and the Effective Date, market interest rates including both the level of swap rates and the pricing of credit spreads will fluctuate and the revenues of Reorganized SEBC will move directly with such changes. The implementation of the recapitalization will respond directly to such movements and the parties will in good faith determine the corresponding adjustments to both the Projections and the dividend rates on each class of securities and the face value of the Reorganized SEBC Series K Junior Preferred Stock and SEBC Holdings Senior Preferred Units issued to creditors.

Reorganized SEBC is also subject to the risk of legislative and regulatory change including but not limited to securities laws, taxation laws, corporations laws and accounting rules which could affect the nature and profitability of operations.

Reorganized SEBC is also exposed to the risk that MLE is unable to resell the Reorganized SEBC Series A Senior Preferred Stock such that this would trigger the early liquidation of Reorganized SEBC or the redemption of Reorganized SEBC Securities. This would result in the expected earnings beyond year one being significantly reduced. While creditors would still be entitled to receive the liquidation preference on the Reorganized SEBC Series K Junior Preferred Stock, the value of the Reorganized SEBC Common Stock would be reduced. In such event, creditors would be largely dependent on the performance of the real estate for all future value; however, at Reorganized SEBC the exposure is effectively the $9 million Real Estate LLC Debt which has first claim against real estate value and is considered secure based on appraisals at over three times this value. MLE is also well-placed to sell the Reorganized SEBC Series A Senior Preferred Stock, as MLE's Affiliates have a substantial track record of selling such instruments, the Reorganized SEBC Series A Senior Preferred Stock is structurally superior to all other classes and, accordingly, is likely to be considered a well secured investment, and the yield is expected to be attractive for such an investment. However current market turbulence makes it clear that this remains a risk area.

Consummation of the Plan is also subject to the risk that the pending merger of Merrill Lynch & Co., Inc. and Bank of America Corporation is not consummated, which may render MLE unwilling to proceed, or that it is consummated but that Bank of America Corporation determines not to proceed with the Transaction.

B. Acceptance of the Plan

As a condition to Confirmation, the Bankruptcy Code requires that each Class of Impaired Claims and Interests vote to accept the Plan, except under certain circumstances.

1. Classes 1 through 3.

Pursuant to former Section 1124(3) of the Bankruptcy Code, Classes 1, 2A, 2B, 2C, 2D, 2E, and 3 are Unimpaired and therefore deemed to have accepted the Plan. Accordingly, the Trustee will not solicit the votes of the Holders of Claims in Classes 1, 2A, 2B, 2C, 2D, 2E, and 3.

2. Classes 4 and 5.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired interests as acceptance by holders of at least two-thirds (2/3) in dollar amount in the class, but for that purpose counts only those who actually vote to accept or to reject the Plan. Thus, Holders of Interests in each of Classes 4 and 5 will have voted to accept the Plan only if two-thirds (2/3) in amount actually

voting in each Class cast their ballots in favor of acceptance. Holders of Interests who fail to vote are not counted as either accepting or rejecting a plan.

3. Class 6.

Pursuant to the Solicitation Order, Holders of Interests in Class 6 are conclusively presumed to have rejected the Plan, and therefore their votes will not be solicited with respect to the Plan.

C. Best Interests Test

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

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

The amount of liquidation value available to creditors would be reduced by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the Chapter 7 case and the Chapter 11 case. Costs of liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, and all unpaid expenses incurred in the Debtor's Chapter 11 case (such as compensation of attorneys, financial advisors, and accountants) that are allowed in the Chapter 7 case. This case was initially filed as a Chapter 7 case and was converted to a case under Chapter 11 after sixteen years in order to realize incremental value not only for Holders of Claims, but also for Holders of Interests. **As set forth in the Liquidating Analysis that appears below, if the case were reconverted to Chapter 7, Holders of Claims would not receive payment in full of their post-petition interest claims, and Holders of Interests would receive no distribution at all**.

In the event that the Plan is not accepted by each Holder of an Impaired Interest in Classes 4, 5 and 6, the Bankruptcy Court must then determine whether each such Holder will receive or retain property under the Plan or value that is not less than the amount that each such Holder would receive in a liquidation of the Estate under Chapter 7. As set forth in the Liquidation Analysis that appears below, the estimated net value available for distribution in a Chapter 7 liquidation is far less than the amount of unpaid post-petition interest owed to the Holders of Class 1, 2 and 3 Claims at the rate of 5.57% set forth in the Global Settlement Order, such that the Holders of Impaired Interests in Classes 4, 5 and 6 would receive no distribution in Chapter 7. Accordingly, the Trustee believes that with respect to these Impaired Classes of Interests the Plan satisfies the best interests test established under Section 1129(a)(7)(A)(ii) of the Bankruptcy Code.

D. Liquidation Analysis

For purposes of the best interests test under Section 1129(a)(7)(A)(ii) of the Bankruptcy Code, in order to determine the amount of liquidation value available to Creditors, the Trustee, with the assistance of his investment banker, SCS, and his accountants, Kapila & Co., prepared a liquidation analysis (the "Liquidation Analysis"), which concludes that in a Chapter 7 liquidation, holders of Allowed Claims would receive all of the value distributed in a Chapter 7 liquidation, and the Holder of Impaired Class 4, 5 and 6

Interests would receive no value whatsoever in respect of their Interests. This conclusion is premised upon the assumptions set forth in the Liquidation Analysis, which the Trustee, SCS and Kapila believe are reasonable.

Notwithstanding the foregoing, the Trustee believes that any liquidation analysis with respect to the Debtor is inherently speculative. The Liquidation Analysis for the Debtor necessarily contains estimates of the net proceeds that would be received from a forced sale of assets. The Liquidation Analysis is attached hereto as Appendix E.

E. Valuation of SEBC Holdings

Solely for purposes of the Plan, the estimated reorganization value of the total preferred and common equity units of SEBC Holdings is assumed to be $33.5 million, as of an assumed Effective Date of April 30, 2009. The estimated reorganization value is based on a projected value of the real estate assets of $39.3 million at April 30, 2014, including both the excess mitigation credits and the partner receivables but excluding any value for the concurrency credits and the assumptions set forth in the Projections including the interest rates and implicit discount rates assumed therein. Based on the assumed reorganization value of SEBC Holdings, SCS has determined an imputed estimate of the future value for the common equity of SEBC Holdings at April 30, 2014 of $9.85 million.

The foregoing estimate of the reorganization value of SEBC Holdings is based on a number of assumptions, including the Closing of the Transaction and the successful reorganization of SEBC's business and finances in a timely manner, the implementation of Reorganized SEBC's business plan, the achievement of the forecasts reflected in the Projections, market conditions as of November 2008 continuing through the period covered by the Projections, and the Plan becoming effective in accordance with the estimates and other assumptions discussed herein. Accordingly, there can be no assurance that the estimated value of SEBC Holdings will be obtained and the actual value could be materially less or more than the estimates.

F. Valuation of Reorganized SEBC

Solely for purposes of the Plan, the estimated reorganization value of the total preferred stock of Reorganized SEBC is assumed to be $1,633.5 million, as of an assumed Effective Date of April 30, 2009, based upon the various interest rate, implicit discount rates and other assumptions set forth in the Projections.[28] This estimate will change to reflect movements in market rates. Based upon the assumed value of Reorganized SEBC, SCS has determined an imputed estimate of the aggregate value (includes dividends earned and residual cash) of the common equity of Reorganized SEBC of $25.9 million for the period to April 30, 2014.

The foregoing estimate of the reorganization value of Reorganized SEBC is based on a number of assumptions, including the Closing of the Transaction and a successful reorganization of SEBC's business and finances in a timely manner, the implementation of Reorganized SEBC's business plan, the achievement of the forecasts reflected in the Projections, market conditions as of November 2008 continuing through the period covered by the Projections, and the Plan becoming effective in accordance with the estimates and other assumptions discussed herein. Accordingly, there can be no assurance that the estimated value of Reorganized SEBC will be obtained and the actual value could be materially less or more than the estimates.

G. Application of the "Best Interests" of Creditors Test to the Liquidation Analysis and the Valuation

Notwithstanding the difficulty in quantifying recoveries with precision, the Trustee believes that the financial disclosures and projections contained in this Disclosure Statement imply a greater recovery

[28] *Id.*

to Holders of Claims than the recovery available in a Chapter 7 liquidation, and provide a recovery to Holders of Interests who otherwise would receive no recovery whatsoever in a Chapter 7 liquidation. Accordingly, the Trustee believes that the "best interests" test of Section 1129 of the Bankruptcy Code is satisfied.

H. Confirmation Without Acceptance of All Impaired Classes: "Cramdown"

As set forth in Section VI.C. above, the Trustee will seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code. Specifically, Section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm a plan at the request of the trustee if the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted the plan. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

The Trustee believes the Plan does not discriminate unfairly with respect to the Interests in Classes 4, 5, and 6. Such Classes include Interests that are subordinated to other Claims under Section 510(b) or (c) of the Bankruptcy Code, Section 726(a)(2)(C), (a)(3), (a)(4), or (a)(5) of the Bankruptcy Code as incorporated into Section 1129(a)(7) of the Bankruptcy Code, and/or under the Global Settlement Order, or are otherwise not entitled to payment under the absolute priority rule until all creditors have been paid in full. Because all Holders of Interests in Classes 4, 5, and 6 are similarly treated, there is no unfair discrimination with respect to such Holders of Interests.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (i) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest or (ii) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property at all.

The Trustee believes that the Plan will meet the "fair and equitable" requirements of Section 1129(b) of the Bankruptcy Code with respect to Holders of Interests in Classes 4, 5, and 6, and the Trustee will demonstrate at the Confirmation Hearing that the Plan does not discriminate unfairly and is fair and equitable with respect to such Classes. The fair and equitable test for Class 4 and 5 Interests is that the Plan provides property to the Holders of Interests in Classes 4 and 5 that has a value, as of the Effective Date, equal to the greatest allowed amount of any fixed liquidation preference to which such Holder is entitled or any fixed redemption price to which such Holder is entitled, or the value of such Interest. The fair and equitable test for Class 6 Interests is that the Plan provides property to the Holders of Interests in Class 6 that has a value, as of the Effective Date, equal to the greatest allowed amount of any fixed liquidation preference to which such Holder is entitled or any fixed redemption price to which such Holder is entitled, or the value of such Interest, or that the Holder of any Interest that is junior to the Interests of Class 6 will not receive or retain under the Plan on account of such junior interest any property at all (because Class 6 is the most junior Class of Interests). The treatment proposed for Classes 4, 5, and 6 satisfies the fair and equitable test and can be crammed down.

XI. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Trustee believes that the Plan affords Holders of Claims in Classes 2 and 3, and Holders of Interests in Classes 4, 5, and 6 the potential for the greatest realization on the Debtor's assets and, therefore, is in the best interests of such Holders. If, however, the requisite acceptances are not received or the Plan is not confirmed and consummated, the theoretical alternatives include (a) formulation of an alternative plan or plans of reorganization or (b) liquidation of the Debtor under Chapter 7 or Chapter 11 of the Bankruptcy Code.

A. Alternative Plans of Reorganization

If the requisite acceptances are not received or if the Plan is not confirmed, the Trustee or any other party in interest could attempt to formulate and propose a different plan or plans of reorganization. Such a plan or plans might involve either a reorganization and resumption of the Debtor's businesses or an orderly liquidation of assets. The Trustee notes, however, that pursuant to Section 1121(c)(1) of the Bankruptcy Code, any party interest could have filed an alternative plan at any time since the Conversion Date, but to date no party in interest has done so.

The Trustee believes that the Plan enables Claim and Interest Holders to realize the greatest possible value under the circumstances and has the greatest chance to be confirmed and consummated.

B. Liquidation under Chapter 7 or Chapter 11

If no plan is confirmed, the Debtor's case may be reconverted to a case under Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Debtor's remaining assets for distribution in accordance with the priorities established by the Bankruptcy Code. The proceeds of the liquidation would continue to be distributed to Holders of Claims in accordance with the Global Settlement Order, and there would be no distribution available to Holders of Interests.

The Trustee believes that in a liquidation under Chapter 7, additional administrative expenses involved in the appointment of a trustee and attorneys, accountants, and other professionals to assist such trustee would cause a substantial diminution in the value of the Debtor's Estate. The assets available for distribution to Claim Holders would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, and the failure to realize the greater going concern value of the Debtor's assets.

The Debtor could also be liquidated pursuant to the provisions of a Chapter 11 plan of reorganization. In a liquidation under Chapter 11, the Debtor's assets theoretically could be sold in an orderly fashion over a more extended period of time than in a liquidation under Chapter 7, thus resulting in a potentially greater recovery. Any recovery in a Chapter 11 liquidation, while potentially greater than in a Chapter 7 liquidation, would also be highly uncertain.

Although preferable to a Chapter 7 liquidation, the Trustee believes that any alternative liquidation under Chapter 11 is a much less attractive alternative to Creditors than the Plan because of the greater return anticipated by the Plan.

XII. THE SOLICITATION: VOTING PROCEDURES

A. Parties in Interest Entitled to Vote

In general, a holder of a claim or interest may vote to accept or to reject a plan if (a) the claim or interest is "allowed," which means generally that no party in interest has objected to such claim or interest and (b) the claim or interest is "impaired" by the plan.

Under Section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be "impaired" under a plan unless (i) the plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default. In addition, under former Section 1124(3) of the Bankruptcy Code, creditors who have received payment in full of their allowed prepetition claims without postpetition interest were unimpaired.

Prior to its repeal as a part of the Bankruptcy Reform Act of 1994 (the "Reform Act"), Section 1124(3) of the Bankruptcy Code provided that a class of claims or interests was impaired under a plan, unless "on the effective date of the plan, the holder of such claim or interest receives, on account of such claim or interest, Cash equal to- (A) with respect to a claim, the allowed amount of such claim. . . ." 11 U.S.C. § 1124(3)(A). By its own terms, the Reform Act is not retroactive, and only applies to cases commenced after October 22, 1994. To be sure, Section 702(b) of the Reform Act expressly provides that "amendments made by this Act shall not apply with respect to cases commenced under title 11 of the United States Code before the date of the enactment of this Act." Pub. L. No. 103-394. Relying on this section, numerous courts have found the Reform Act to be inapplicable to cases commenced prior to October 22, 1994. E.g., In re Westar Paving, Inc., 246 B.R. 390, 395 (Bankr. C.D. Cal. 1999) (case commenced prior to effective date governed by Bankruptcy Code as it existed prior to the Reform Act); In re Rocha, 179 B.R. 305, 307 n.1 (Bankr. M.D. Fla. 1995) (case was not subject to provisions enacted or modified by Reform Act because it was filed prior to the effective date).

Because the Chapter 7 Case was commenced before October 22, 1994 the Reform Act does not apply, and former Section 1124(3) remains applicable to determine whether classes of claims and interests are impaired and entitled to vote on the Plan. This analysis remains unaffected by the 2007 conversion of the case from a case under Chapter 7 to a case under Chapter 11, in that the conversion of a case operates as an order for relief under the Chapter to which it is converted as of the original petition date. 11 U.S.C. s 348(a).

Under Section 1126(f) of the Bankruptcy Code, "a class not impaired under a plan, and each holder of a claim or interest in such class, are conclusively presumed to have accepted the plan." Based upon the plain language of former Section 1124(3), Classes 1, 2, and 3 are Unimpaired and accordingly not entitled to vote and are deemed to have accepted the Plan.

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

Only Holders of Interests in Classes 4 and 5 are entitled to vote to accept or reject the Plan. By operation of law, each Unimpaired Class of Claims is deemed to have accepted the Plan, and pursuant to the Solicitation Order, Class 6 Interests will be deemed to have rejected the Plan and, therefore, are not entitled to vote to accept or reject the Plan.

C. Solicitation Order

On [_____, 2008], the Bankruptcy Court entered an order that, among other things, determined that only Holders of Class 4 and 5 Interests are entitled to vote on the Plan, and established the dates, procedures, and forms applicable to the solicitation of votes on the Plan (the "Solicitation Order"). Parties in interest may obtain a copy of the Solicitation Order by making written request to the Trustee's counsel or may access www.sebcglobalsettlement.com.

D. Waivers of Defects, Irregularities, Etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of ballots will be determined by the Trustee in his sole discretion, which determination will be final and binding. As indicated below under "Withdrawal of Ballots; Revocation," effective withdrawals of ballots must be delivered to the Trustee before the Voting Deadline. The Trustee reserves the absolute right to contest the validity of any such withdrawal. The Trustee also reserves the right to reject any and all ballots not in proper form, the acceptance of which would, in the opinion of the Trustee or his counsel, be unlawful. The Trustee further reserves the right to waive any defects or irregularities or conditions of delivery as to any particular ballot. The interpretation (including the ballot and the respective instructions thereto) by the Trustee, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of ballots must be cured within such time as the Trustee (or the Bankruptcy Court) determines. Neither the Trustee nor any other Person will be under

any duty to provide notification of defects or irregularities with respect to deliveries of ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

E. Withdrawal of Ballots; Revocation

Any party who has delivered a valid ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Trustee at any time before the Voting Deadline. To be valid, a notice of withdrawal must (i) contain the description of the Interest(s) to which it relates and the aggregate principal amount represented by such Interest(s), (ii) be signed by the withdrawing party in the same manner as the ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Interest(s) and possesses the right to withdraw the vote sought to be withdrawn, and (iv) be received by the Trustee in a timely manner at SOUTHEAST BANKING CORPORATION, c/o Jeffrey H. Beck, Chapter 11 Trustee, J Beck & Associates, Inc., 595 S. Federal Highway, Suite 600, Boca Raton, Florida 33432. As stated above, the Trustee expressly reserves the absolute right to contest the validity of any such withdrawals of ballots.

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

Any party who has previously submitted to the Trustee before the Voting Deadline a properly completed ballot may revoke such ballot and change his or its vote by submitting to the Trustee before the Voting Deadline a subsequent properly completed ballot for acceptance or rejection of the Plan. In the case where more than one timely, properly completed ballot is received, only the ballot which bears the latest date will be counted for purposes of determining whether the requisite acceptances have been received.

F. Further Information; Additional Copies

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

Karina Dominguez
Greenberg Traurig, P.A.
1221 Brickell Avenue
Miami, FL 33131
Telephone (305) 579-7743
Facsimile (305) 579-0717
Email: dominguezk@gtlaw.com

RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Trustee believes that confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Trustee urges all Holders of Interests in Classes 4 and 5 to vote to ACCEPT the Plan, and to complete and return their ballots so that they will be RECEIVED on or before 4:00 p.m. Eastern Time on the Voting Deadline.

Dated: December 9, 2008

SOUTHEAST BANKING CORPORATION

By: _____
Name: Jeffrey H. Beck
Title: Chapter 11 Trustee

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Counsel for Jeffrey H. Beck, Chapter 11 Trustee

APPENDIX A

TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION
www.flsb.uscourts.gov

In re	Case No. 91-14561-BKC-PGH
SOUTHEAST BANKING CORPORATION,	Chapter 11
Debtor. _____/	

TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

DATED DECEMBER 9, 2008

Mark D. Bloom
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Counsel for Jeffrey H. Beck, Chapter 11 Trustee

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CHAPTER 11 PLAN OF REORGANIZATION

INTRODUCTION

Jeffrey H. Beck, as Chapter 11 Trustee (the "Trustee") for the Estate of Southeast Banking Corporation, Debtor (the "Debtor") hereby proposes this plan of reorganization (the "Plan") for the resolution of the outstanding Claims (as defined below) against and Interests (as defined below) in the Debtor. Reference is made to the Disclosure Statement (as defined below) distributed contemporaneously herewith for a discussion of the Debtor's history, businesses, properties, results of operations, projections for future operations, risk factors, and a summary and analysis of the Plan and certain related matters, including distributions to be made under the Plan. The Trustee is the proponent of the Plan within the meaning of Section 1129 of the Bankruptcy Code (as defined below).

All Holders of Interests who are entitled to vote on the Plan are encouraged to read the Plan and the Disclosure Statement in their entirety before voting to accept or reject the Plan. Subject to certain restrictions and requirements set forth in Section 1127 of the Bankruptcy Code, Rule 3019 of the Bankruptcy Rules (as defined below), and Article IX of the Plan, the Trustee reserves the right to alter, amend, modify, revoke, or withdraw the Plan before its substantial consummation.

For purposes of the Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms used in the Plan and not otherwise defined in the Plan shall have the meanings ascribed to them in Article I of the Plan. Any capitalized term used in the Plan that is not defined in the Plan, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules. Whenever the context requires, such terms shall include the plural as well as the singular number, the masculine gender shall include the feminine, and the feminine gender shall include the masculine.

ARTICLE I
DEFINITIONS

For purposes of the Plan, (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (b) any reference in the Plan to an existing document or exhibit means such document or exhibit as it may be amended, modified, or supplemented from time to time; (c) unless otherwise specified, all references in the Plan to sections, articles, schedules, and exhibits are references to sections, articles, schedules, and exhibits of or to the Plan; (d) the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (e) captions and headings to articles and sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; and (f) the rules of construction set forth in Section 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply.

1.1 "Ad Hoc Committee" means the Ad Hoc Committee of Subordinated Noteholders.

1.2 "Administrative Claim" means a Claim for an Administrative Expense.

1.3 "Administrative Claims Bar Date" means the last day for filing Administrative Claims, as set forth in the Administrative Claims Bar Date Order.

1.4 "Administrative Claims Bar Date Order" means an Order of the Bankruptcy Court setting a bar date for the filing of Administrative Claims.

1.5 "Administrative Expense" means any cost or expense of administration in the Bankruptcy Case under Section 503 of the Bankruptcy Code, including, without express or implied limitation, any actual and necessary costs and expenses of preserving the Estate, any expenses of Professionals under Sections 330 and 331 of the Bankruptcy Code, any actual and necessary costs and expenses of operating the businesses of the Debtor, any indebtedness or obligations incurred or assumed by the Trustee on behalf of the Debtor and the Estate in connection with the conduct of the Debtor's business or for the acquisition or lease of property or the rendition of services, any allowed compensation or reimbursement of expenses under Section 503(b)(2)-(5) of the Bankruptcy Code, and any fees or charges assessed against the Estate.

1.6 "Affiliate" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any officer, director, manager, general partner, member or trustee of such Person or (iii) any Person who is an officer, director, manager, general partner, member or trustee of any Person described in clauses (i) or (ii) of this sentence. For purposes of this definition, the terms "controlling," "controlled by" or "under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or interests, by contract or otherwise, or the power to elect at least 50% of the directors, managers, general partners, members or persons exercising similar authority with respect to such Person.

1.7 "Aggregate Purchase Price" shall have the meaning set forth in Section 5.6(b) of the Plan.

1.8 "Allowed" means, (a) when used with respect to an Administrative Claim, all or any portion of an Administrative Claim that has been allowed or adjudicated in favor of the Holder by estimation or liquidation, by a Final Order; (b) when used with respect to a Claim other than an Administrative Claim, such Claim or any portion thereof that has been allowed; or (c) when used with respect to an Interest, such Interest that has been allowed or, in the case of an Interest represented by an Old SEBC Common Stock Certificate, as to which the Trustee, Disbursing Agent or Transfer Agent, as applicable, has received documentation sufficient in his or her discretion to allow such Interest.

1.9 "Available Cash" means all Cash held by the Estate, the SEBNA Receivership, the Jacksonville Property Subsidiaries, and the Other SEBC Subsidiaries on the

Effective Date, all of which shall have been upstreamed to the Estate immediately prior to the Closing in accordance with Section 5.15 of the Plan.

1.10 "Bankruptcy Case" means the Chapter 7 Case and the Chapter 11 Case collectively.

1.11 "Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as in effect on the Petition Date or as thereafter amended to the extent the amendment is applicable to the Bankruptcy Case.

1.12 "Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of Florida or such other court as may have jurisdiction over the Bankruptcy Case or any aspect thereof.

1.13 "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure.

1.14 "BNY Senior" means The Bank of New York Mellon, in its capacity as Indenture Trustee under the Senior Indenture.

1.15 "BNY Sub" means The Bank of New York Mellon, in its capacity as Indenture Trustee under the 1972 Indenture and the 1989 Indenture.

1.16 "Business Day" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City, New York and Miami, Florida.

1.17 "Cash" means legal tender of the United States or equivalents thereof.

1.18 "Chapter 7 Case" means the Chapter 7 case of the Debtor.

1.19 "Chapter 11 Case" means the Chapter 11 case of the Debtor.

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

1.21 "Class" means a category of Holders of Claims or Interests, as described in Article II of the Plan.

1.22 "Closing" means the closing of the Transaction and delivery of the agreements and documents and other acts set forth in the Master Subscription Agreement.

1.23 "Closing Date" means the Effective Date.

1.24 "Common Stock Conversion" shall have the meaning set forth in Section 3.4 of the Plan.

1.25 "Confirmation" means approval of the Plan by the Bankruptcy Court pursuant to Section 1129 of the Bankruptcy Code.

1.26 "Confirmation Date" means the date of entry by the Clerk of the Bankruptcy Court of the Confirmation Order.

1.27 "Confirmation Hearing" means the hearing to consider Confirmation of the Plan under Section 1128 of the Bankruptcy Code.

1.28 "Confirmation Order" means the order entered by the Bankruptcy Court confirming the Plan.

1.29 "Cramdown" means Confirmation of the Plan notwithstanding the rejection or deemed rejection of the Plan by an Impaired Class of Claims or Interests, as provided in Section 1129(b) of the Bankruptcy Code.

1.30 "Creditor Questionnaire" means the questionnaire, in substantially the form attached as Exhibit M to the Plan, to be submitted by each Holder of Senior Notes, Subordinated Notes, and Allowed Class 3 Claims in order to determine whether such Holder is a Qualified Creditor, the submission of which shall be a prerequisite to any Distribution to such Holder under the Plan.

1.31 "Debtor" means Southeast Banking Corporation, a Florida corporation.

1.32 "Disbursing Agent" means any Person or Persons designated by the Trustee in his discretion to serve as disbursing agent under the Plan with respect to Distributions to Holders of particular Classes of Claims or Interests, and any agent appointed by such Disbursing Agent for the purpose of effectuating such Distributions.

1.33 "Disclosure Statement" means the Disclosure Statement with Respect to Trustee's First Amended Chapter 11 Plan of Reorganization of Southeast Banking Corporation, as amended, supplemented, or modified from time to time, and that is prepared, approved and distributed in accordance with Section 1125 of the Bankruptcy Code and Rule 3018 of the Bankruptcy Rules.

1.34 "Distributed Cash" means $21 million (x) plus the amount that Net Cash exceeds $8 million, or (y) minus the amount that Net Cash is less than $8 million.

1.35 "Distribution" means the payment or delivery to any Holder of an Allowed Claim or Interest of the consideration payable to such Holder under the terms of and in accordance with the Plan.

1.36 "Distribution Date" means the Effective Date for all Classes.

1.37 "Distribution Record Date" means the record date for determining entitlement to receive Distributions under the Plan, which date shall be (a) for all Holders of Allowed Claims other than Holders of Noteholder Claims, the third (3rd) Business Day after the Confirmation Date at 5:00 p.m. prevailing Eastern time; and (b) for all Holders of Noteholder Claims other than Holders of the EuroNotes, the close of business on the Business Day immediately preceding the Distribution Date.

1.38 "Effective Date" means the Business Day, on or before April 30, 2009, upon which all conditions to the consummation of the Plan as set forth in Section 7.2 of the Plan have been satisfied or waived as provided in Section 7.3 of the Plan and the Plan becomes effective.

1.39 "Estate" means the estate of the Debtor in the Bankruptcy Case created pursuant to Section 541 of the Bankruptcy Code.

1.40 "EuroNotes" means the Floating Rate Subordinated Notes due 1996 and Floating Rate Subordinated Capital Notes due 1997, as issued under the 1984 Indenture and 1985 Indenture, respectively.

1.41 "FDIC" means the Federal Deposit Insurance Corporation, whether in its former capacity as receiver for SEBNA and/or Southeast Bank of West Florida or in its corporate capacity, as Holder of the Allowed Class 5 Interest under the Plan, as appropriate in the context of the reference.

1.42 "Final Order" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in the Bankruptcy Case, or the docket of any such other court, the operation or effect of which has not been stayed, reversed, or amended, and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal or seek review or rehearing or leave to appeal has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, no appeal or petition for review or rehearing remains pending; *provided, however*, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order or judgment shall not cause such order or judgment not to be a Final Order.

1.43 "General Unsecured Claims" means all Allowed unsecured pre-petition Claims, other than Noteholder Claims, which are entitled to receive Postpetition Interest.

1.44 "Global Settlement Order" means the Order Approving and Implementing Global Settlement of Issues Affecting Calculation and Payment of Post Petition Interest and Attorneys' Fees and Related Priority and Subordination Issues, and Procedure for Interim Distributions of Post Petition Interest on Negative Notice Without Hearing issued by the Bankruptcy Court on November 3, 2003, a copy of which is attached as Exhibit K to the Plan.

1.45 "Global Settlement Order Reallocation Formula" shall mean the formula by which distributions to be made to the Holders of Allowed Class 1 and 2 Claims pursuant

to the Plan are reallocated pursuant to the Global Settlement Order or such further Order as may be entered by the Bankruptcy Court consistent with the terms of the Global Settlement Order.

1.46 "Holder" means the Person holding the beneficial interest in a Claim or Interest.

1.47 "Impaired" means, with respect to any Claim or Interest, that such Claim or Interest is impaired within the meaning of former Section 1124 of the Bankruptcy Code.

1.48 "Indenture Trustee Fees and Expenses" means any and all reasonable fees, expenses, disbursements and advances of the Indenture Trustees (and their counsel, agents, and advisors) that are provided for under the respective Indentures (including, without limitation, in connection with Distributions under the Plan and for payments made in connection with indemnity claims), which are incurred at any time prior to or after the Effective Date.

1.49 "Indenture Trustees" means, collectively, the Senior Indenture Trustee and the Subordinated Indenture Trustees.

1.50 "Indentures" means the 1972 Indenture, 1984 Indenture, 1985 Indenture, 1987 Indenture, 1989 Indenture, and the Senior Indenture.

1.51 "Institutional Accredited Investor" means an "accredited investor" as such term is defined in paragraphs (1), (2), (3) and (7) of Rule 501(a) of Regulation D under the Securities Act of 1933, as amended.

1.52 "Interests" means all equity interests in the Debtor, specifically including but not limited to, the Old SEBC Common Stock Interests, the Series A Preferred Stock, Series E Preferred Stock, and all other issued, unissued, authorized or outstanding shares of stock together with any warrants, options or contract rights to purchase or acquire such interests at any time (other than any equity interests to be issued under the Plan).

1.53 "Interim Distributions" means the series of Interim Cash distributions approved by the Bankruptcy Court and made to Holders of Allowed Claims during the Chapter 7 Case.

1.54 "Investment Vehicle" means a newly formed special purpose vehicle to be established to acquire the Investment Vehicle Initial Investments on or after the Closing Date.

1.55 "Investment Vehicle Equity" means the equity to be issued to MLE or any of its Affiliates on or after the Closing Date.

1.56 "Investment Vehicle Initial Investments" means not less than $1,650,000,000 face value in fixed-income instruments to be determined by Investor prior to the Closing Date to be acquired by the Investment Vehicle from an Affiliate of Investor.

1.57 "Investment Vehicle Senior Securities" means that certain senior preferred equity to be issued by Investment Vehicle to Reorganized SEBC on or after the Closing Date.

1.58 "Investor" means MLE and/or any other entity to which MLE validly assigns its rights under the Master Subscription Agreement and related documents including, without limitation, the Third Party Investor.

1.59 "Jacksonville Property" means the interests in real property and personal property currently owned by various non-debtor subsidiaries of the Estate in and/or relating to certain parcels of real property located in Jacksonville, Florida and more particularly described as follows: (i) the Southwest Quadrant Property, a 145.022-acre parcel consisting of (x) a 17.662-acre parcel of vacant land owned by Southeast Properties, Inc. ("SEPI"), a non-debtor wholly owned subsidiary of the Estate, (y) a 121.85-acre parcel owned 50% by SWQ Holdings, Inc. ("SWQ"), a non-debtor subsidiary wholly owned by the Estate, and 50% by an unrelated joint venture ("SQJV") in which the Estate has no interest, and (z) a 5.51-acre parcel owned in fee simple with undivided interests each by SEPI, SWQ, and SQJV. Notwithstanding the aforesaid legal ownership, in respect of the 145.022 acres of the Southwest Quadrant Property, SEPI and SWQ hold the right to receive 70% from the proceeds of any sale, and SQJV owns the right to receive the remaining 30% of the proceeds, pursuant to an agreement entered into by, between, and among the Estate, SEPI, SWQ, and SQJV in April of 1998, and approved by the Bankruptcy Court in the Chapter 7 Case; (ii) 7.321 acres of vacant land owned by Second Pioneer Corporation, a non-debtor subsidiary wholly owned by First Pioneer Corporation, a non-debtor subsidiary wholly owned by the Estate; and (iii) the Townsend Road Property, an approximate 40-acre parcel owned by First Pioneer Corporation.

1.60 "Jacksonville Property Subsidiaries" means, collectively, SEPI, SWQ, First Pioneer Corporation, and Second Pioneer Corporation, each of which shall, on or before the Effective Date, be converted into a Florida limited liability company which shall not be permitted to elect to be taxed as a corporation for federal income tax purposes.

1.61 "Legal Rate" means simple interest at the rate of 8% per annum, without compounding of any type, as provided in the Global Settlement Order, or as otherwise determined by the Bankruptcy Court.

1.62 "Legal Representative" means Jerry M. Markowitz, Esq., the legal representative for Holders of Old SEBC Common Stock Interests, as appointed by the Bankruptcy Court in its *Order Appointing Legal Representative for Holders of SEBC Common Stock* entered in the Bankruptcy Case on or about November 23, 2007.

1.63 "Lien" means a charge against or interest in property of the Debtor to secure payment of a debt or performance of an obligation owed by the Debtor.

1.64 "Master Subscription Agreement" means that certain Master Subscription Agreement between the Trustee and MLE (including all schedules and exhibits thereto), which is attached as Exhibit L to the Plan.

1.65 "Mixed Securities Distribution" means $10.5 million in total consideration consisting of $6 million in SEBC Holdings Senior Preferred Units and $4.5 million in Reorganized SEBC Series K Junior Preferred Stock, subject, however, to adjustment pursuant to Section 5.6(e) of the Plan.

1.66 "MLE" means Modena 2004-1 LLC, a Delaware limited liability company and indirect wholly owned subsidiary of Merrill Lynch & Co., Inc., and any of Modena 2004-1 LLC's Affiliates to which it validly assigns its rights under the Master Subscription Agreement and related documents.

1.67 "Net Cash" means Available Cash after deducting from such Available Cash all Allowed but unpaid Administrative Expenses (excluding the SCS Structuring Fee and the SCS Annual Fee) and the total amount of all asserted but not yet Allowed Administrative Expenses, to the extent such Administrative Expenses shall not have been disallowed by a Final Order of the Bankruptcy Court.

1.68 "1972 Indenture" means that certain Indenture between the Debtor and Morgan Guaranty Trust Co. of New York, as Trustee, dated as of October 15, 1972, for $35 million in original principal amount of 4-3/4% Convertible Subordinated Debentures due 1997.

1.69 "1984 Indenture" means that certain Indenture between the Debtor and Morgan Guaranty Trust Co. of New York, as Trustee, dated as of December 1, 1984, for $75 million in original principal amount of Floating Rate Subordinated Notes due 1996.

1.70 "1985 Indenture" means that certain Indenture between the Debtor and Morgan Guaranty Trust Co. of New York, as Trustee, dated as of November 1, 1985, for $75 million in original principal amount of Floating Rate Subordinated Capital Notes due 1997.

1.71 "1987 Indenture" means that certain Indenture between the Debtor and Morgan Guaranty Trust Company of New York, dated as of April 1, 1987 for $50 million in original principal amount of 6½% Subordinated Capital Notes Due 1999.

1.72 "1989 Indenture" means that certain Indenture between the Debtor and Irving Trust Co., as Trustee, dated as of March 15, 1989, for $100 million in original principal amount of 10 1/2% Subordinated Notes due 2001.

1.73 "Noteholder" means any Holder of a Note.

1.74 "Noteholder Claim" shall mean a Claim asserted by a Noteholder.

1.75 "Notes" means, collectively, the Senior Notes and the Subordinated Notes.

1.76 "Old SEBC Common Stock Certificate" means a certificate or other writing reflecting the ownership of Old SEBC Common Stock Interests.

1.77 "Old SEBC Common Stock Interests" means the shares of common stock, par value $5.00 per share, of SEBC issued and outstanding as of the Petition Date.

1.78 "Other SEBC Subsidiaries" means First Development Corp. of Jacksonville, a Florida corporation and wholly-owned subsidiary of the Estate; The First National Bank of Palm Beach, Incorporated, an inactive Florida corporation and wholly-owned subsidiary of the Estate; and any other subsidiaries of the Estate other than SEBNA Receivership and the Jacksonville Property Subsidiaries.

1.79 "Person" means any individual, firm, partnership, corporation, trust, association, company, limited liability company, joint stock company, joint venture, governmental unit, or other entity or enterprise.

1.80 "Petition Date" means September 20, 1991, the date on which the Debtor filed its petition for relief under Chapter 7 of the Bankruptcy Code, commencing the case that is now being administered as the Chapter 11 Case.

1.81 "Plan" means this Trustee's First Amended Chapter 11 Plan of Reorganization of Southeast Banking Corporation, all exhibits annexed to the Plan or referenced in the Plan, as the same may be amended, modified, or supplemented from time to time.

1.82 "Plan Supplement" means the supplement to the Plan containing, without limitation, the Securities Purchase Agreement, SEBC Holdings Charter, Real Estate LLC Charter, and all schedules and exhibits thereto, and the Reorganized SEBC By-laws, SEBC Holdings Partnership Agreement, Real Estate LLC Agreement, and all schedules and exhibits thereto.

1.83 "Postpetition Interest" means interest on any Allowed Claim which has accrued or is calculated for the period from and after the Petition Date through the Postpetition Interest Calculation Date, at the Legal Rate as provided in the Global Settlement Order.

1.84 "Postpetition Interest Calculation Date" means May 31, 2002.

1.85 "Professional" means (i) any professional employed in the Bankruptcy Case pursuant to Section 327 of the Bankruptcy Code; (ii) the Legal Representative; (iii) any attorney or financial advisor retained by the Legal Representative and approved by the Bankruptcy Court to be employed in the Bankruptcy Case; and (iv) any professional seeking compensation or reimbursement of expenses in connection with the Bankruptcy Case pursuant to Section 503(b) of the Bankruptcy Code.

1.86 "Professional Fee Claim" means (i) a Claim of a Professional for compensation or reimbursement of costs and expenses relating to services rendered after the Petition Date and before and including the Effective Date, arising under Section 327, 328, 330 or 331 of the Bankruptcy Code, and (ii) a Claim by the Trustee for compensation or reimbursement of costs and expenses relating to services rendered after the Petition

Date and before and including the Effective Date, arising under Section 326 of the Bankruptcy Code.

1.87 "Professional Fee Contribution" means $300,000 in Cash to be paid by Reorganized SEBC to the Disbursing Agent on the first quarterly dividend payment date for Reorganized SEBC after the Effective Date, which amount shall be applied toward payment of Allowed Professional Fee Claims or reimbursement of the Disbursing Agent for prior payment of such Allowed Professional Fee Claims.

1.88 "Proof of Claim" means a Proof of Claim filed with the Bankruptcy Court in connection with the Chapter 7 Case.

1.89 "Proof of Interest" means (i) a Proof of Interest filed with the Bankruptcy Court in connection with the Chapter 7 Case, or (ii) a Proof of Claim filed with the Bankruptcy Court in connection with the Chapter 7 Case that was reclassified by the Bankruptcy Court and temporarily allowed as an Interest, without prejudice to the right of the Trustee or any other party in interest to seek reconsideration of such Interests pursuant to Section 502(j) of the Bankruptcy Code.

1.90 "Pro Rata" means, at any time, the proportion that the amount of a Claim in a particular Class or across Classes (or portions thereof, as applicable) bears to the aggregate amount of all Claims in such Class or across Classes (or portions thereof, as applicable), unless the Plan provides otherwise; provided, however, that certain Distributions referred to in the Plan as Pro Rata may be subject to reallocation between Holders of Senior Notes and Subordinated Notes pursuant to the Global Settlement Order.

1.91 "QIB" means a "qualified institutional buyer" as such term is defined in Rule 144A under the Securities Act of 1933, as amended.

1.92 "Qualified Creditor" means a QIB or an Institutional Accredited Investor.

1.93 "Real Estate LLC" means SEBC Real Estate LLC, a Delaware limited liability company to be established under the Plan to acquire the Jacksonville Property Subsidiaries on or after the Effective Date, following their conversion into Florida limited liability companies.

1.94 "Real Estate LLC Agreement" means the Limited Liability Company Agreement of Real Estate LLC, which shall be substantially in the form included in the Plan Supplement.

1.95 "Real Estate LLC Charter" means the Certificate of Formation of Real Estate LLC, which shall be substantially in the form included in the Plan Supplement.

1.96 "Real Estate LLC Debt" means $9 million face amount in debt to be issued by Real Estate LLC to Reorganized SEBC, which (i) will have a total coupon equal to the sum of (a) a fixed coupon of 5% per annum, subject to Section 5.6(e) of the Plan, and (b) a participating coupon equal to 10% of all distributions on capital by Real Estate LLC

in any year that exceed the dollar amount distributed pursuant to clause (i)(a) above; (ii) will, at any particular date, have a total amount payable upon its redemption or upon the liquidation of Real Estate LLC, as the case may be, equal to the sum of (a) its remaining unpaid face amount, (b) any amounts payable pursuant to clause (i)(a) above theretofore accrued but unpaid and (c) 10% of the excess of (1) the cumulative sum, up to such date, of the realized and unrealized value of the total assets of Real Estate LLC, over (2) the sum of $33 million and any amount paid, or accrued and unpaid pursuant to clause (i)(a) above; (iii) will not be callable at the option of the issuer before the 2nd anniversary of the issuance; (iv) will, by its terms, be mandatorily convertible into 7-year term preferred equity units of Real Estate LLC with corresponding economic terms, at the earlier of (a) the 7th anniversary of the issuance of the Real Estate LLC Debt and (b) the redemption of all Reorganized SEBC Senior Preferred Stock; and (v) will have such other terms and conditions as will be set forth in the Plan Supplement.

1.97 "Real Estate LLC Membership Interests" means the new membership interests of Real Estate LLC, based on an initial capital contribution of $24 million, to be issued to the Trustee or Reorganized SEBC and contributed to SEBC Holdings under Section 5.3(d) of the Plan as of the Effective Date, with terms substantially as set forth in the Real Estate LLC Agreement.

1.98 "Real Estate LLC Securities" means the Real Estate LLC Debt and the Real Estate LLC Membership Interests.

1.99 "Reorganized SEBC" means the Debtor as reorganized pursuant to the Plan, on and after the Effective Date, to be named SEBC Financial Corporation, a Florida corporation.

1.100 "Reorganized SEBC Board" means the Board of Directors of Reorganized SEBC, to be constituted as of the Effective Date pursuant to Section 5.11 of the Plan.

1.101 "Reorganized SEBC By-laws" means the by-laws of Reorganized SEBC, which shall be substantially in the form included in the Plan Supplement.

1.102 "Reorganized SEBC Charter" means the articles of incorporation of Reorganized SEBC, which shall be substantially in the form included in the Plan Supplement.

1.103 "Reorganized SEBC Class A Common Stock" means the new common stock, par value $0.001 per share, of Reorganized SEBC to be authorized and issued under Section 5.9(b) of the Plan as of the Effective Date, with terms substantially as set forth in the Reorganized SEBC Charter and the Reorganized SEBC By-laws, as described on Exhibit A hereto.

1.104 "Reorganized SEBC Class B Common Stock" means the new common stock, par value $0.001 per share, of Reorganized SEBC to be authorized and issued under Section 5.9(b) of the Plan as of the Effective Date, with terms substantially as set forth in the Reorganized SEBC Charter and the Reorganized SEBC By-laws, as described on Exhibit B hereto.

1.105 "Reorganized SEBC Class C Common Stock" means the new common stock, par value $0.001 per share, of Reorganized SEBC to be authorized and issued under Section 5.9(b) of the Plan as of the Effective Date, with terms substantially as set forth in the Reorganized SEBC Charter and the Reorganized SEBC By-laws, as described on Exhibit C hereto.

1.106 "Reorganized SEBC Common Stock" means, collectively the Reorganized SEBC Class A Common Stock, Reorganized SEBC Class B Common Stock, and Reorganized SEBC Class C Common Stock.

1.107 "Reorganized SEBC Junior Preferred Stock" means Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock.

1.108 "Reorganized SEBC Preferred Stock" means Reorganized SEBC Junior Preferred Stock and Reorganized SEBC Senior Preferred Stock.

1.109 "Reorganized SEBC Securities" means, collectively, Reorganized SEBC Common Stock, Reorganized SEBC Senior Preferred Stock, Reorganized SEBC Series J Junior Preferred Stock, and Reorganized SEBC Series K Junior Preferred Stock.

1.110 "Reorganized SEBC Senior Preferred Stock" means Reorganized SEBC Series A Senior Preferred Stock and Reorganized SEBC Series B Senior Preferred Stock.

1.111 "Reorganized SEBC Series A Senior Preferred Stock" means the new senior preferred stock, par value $0.001 per share, of Reorganized SEBC to be authorized and issued under Section 5.9(b) of the Plan as of the Effective Date, with terms substantially as set forth in the Reorganized SEBC Charter and the Reorganized SEBC By-laws, as described on Exhibit D hereto.

1.112 "Reorganized SEBC Series B Senior Preferred Stock" means the new senior preferred stock, par value $0.001 per share, of Reorganized SEBC to be authorized and issued under Section 5.9(b) of the Plan as of the Effective Date, with terms substantially as set forth in the Reorganized SEBC Charter and the Reorganized SEBC By-laws, as described on Exhibit E hereto.

1.113 "Reorganized SEBC Series J Junior Preferred Stock" means the new cumulative preferred stock, par value $0.001 per share, of Reorganized SEBC to be authorized and issued under Section 5.9(b) of the Plan as of the Effective Date, with terms substantially as set forth in the Reorganized SEBC Charter and the Reorganized SEBC By-laws as described on Exhibit F hereto.

1.114 "Reorganized SEBC Series K Junior Preferred Stock" means the new cumulative preferred stock, par value $0.001 per share, of Reorganized SEBC to be authorized and issued under Section 5.9(b) of the Plan as of the Effective Date, with terms substantially as set forth in the Reorganized SEBC Charter and the Reorganized SEBC By-laws, as described on Exhibit G hereto.

1.115 "Schedules" means the schedules of assets and liabilities, schedules of executory contracts and unexpired leases, and the statements of financial affairs filed in the Bankruptcy Court by the Debtor, as amended or supplemented from time to time in accordance with Rule 1009 of the Bankruptcy Rules or orders of the Bankruptcy Court.

1.116 "SCS" means Structured Capital Solutions, LLC, investment banker for the Estate.

1.117 "SCS Structuring Fee" means .04% (4 bps) of the Aggregate Purchase Price, but excluding for the purposes of this calculation from the Aggregate Purchase Price the total combined value of the 5,000,000 shares of Reorganized SEBC Class B Common Stock and the 5,000,000 shares of Reorganized SEBC Class C Common Stock purchased by Investor pursuant to Section 5.6(c) of the Plan.

1.118 "SCS Annual Fee" means .08% (8 bps) of the Aggregate Purchase Price, but excluding for the purposes of this calculation from the Aggregate Purchase Price the total combined value of the 5,000,000 shares of Reorganized SEBC Class B Common Stock and the 5,000,000 shares of Reorganized SEBC Class C Common Stock purchased by Investor pursuant to Section 5.6(c) of the Plan, *per annum* payable in four equal quarterly installments on each quarterly dividend payment date for Reorganized SEBC for so long as the Transaction remains outstanding, commencing on the first quarterly dividend payment date for Reorganized SEBC after the Effective Date.

1.119 "SEBC" means Southeast Banking Corporation, a Florida corporation, which is the Debtor in the Bankruptcy Case.

1.120 "SEBC Holdings" means SEBC Holdings, LP, a Delaware limited partnership to be established under the Plan.

1.121 "SEBC Holdings Charter" means the Certificate of Limited Partnership of SEBC Holdings, which shall be substantially in the form included in the Plan Supplement.

1.122 "SEBC Holdings Common Units" means the new common units of SEBC Holdings to be authorized under Section 5.9(a) of the Plan as of the Effective Date, with terms substantially as set forth in the SEBC Holdings Partnership Agreement, as described in Exhibit H hereto.

1.123 "SEBC Holdings General Partner" means the general partner appointed for SEBC Holdings as set forth in Section 5.10 of the Plan.

1.124 "SEBC Holdings Junior Preferred Units" means the new junior preferred units of SEBC Holdings to be authorized under Section 5.9(a) of the Plan as of the Effective Date, with terms substantially as set forth in the SEBC Holdings Partnership Agreement, as described in Exhibit J hereto.

1.125 "SEBC Holdings Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of SEBC Holdings, which shall be substantially in the form included in the Plan Supplement.

1.126 "SEBC Holdings Restriction Release Date" means any date selected by the SEBC Holdings General Partner after the redemption of all outstanding Reorganized SEBC Senior Preferred Stock and Reorganized SEBC Series J Junior Preferred Stock, if the SEBC Holdings General Partner in good faith determines that it is in the best interests of SEBC Holdings and the holders of SEBC Holdings Common Units for the ownership and transfer limitations set forth in the SEBC Holdings Charter or SEBC Holdings Partnership Agreement to expire.

1.127 "SEBC Holdings Securities" means, collectively, the SEBC Holdings Common Units, SEBC Holdings Senior Preferred Units, and SEBC Holdings Junior Preferred Units.

1.128 "SEBC Holdings Senior Preferred Units" means the new senior preferred units of SEBC Holdings to be authorized under Section 5.9(a) of the Plan as of the Effective Date, with terms substantially as set forth in the SEBC Holdings Partnership Agreement, as described in Exhibit I hereto.

1.129 "SEBNA" means Southeast Bank, N.A.

1.130 "SEBNA District Court Proceeding" means that certain action commenced by the Successor Agent in connection with the termination of the SEBNA Receivership and docketed on August 13, 2008 in the United States District Court for the Southern District of Florida as Case No. 08-22286-CIV-COOKE.

1.131 "SEBNA Receivership" means the receivership for SEBNA, for which the FDIC was the initial receiver and as to which the Trustee has been elected as the Successor Agent.

1.132 "Securities Purchase Agreement" means the agreement pursuant to which Investor shall purchase not less than an aggregate of $6.5 million of the Mixed Securities Distribution in accordance with Section 5.7 of the Plan.

1.133 "Senior Indenture" means that certain Indenture between the Debtor and BNY Senior, as successor Trustee, dated as of March 1, 1983, for $57,250,000 in original principal amount of 11 1/4% Senior Notes due 1993.

1.134 "Senior Indenture Trustee" means BNY Senior as successor to JPMorgan Chase Bank f/k/a The Chase Manhattan Bank, as successor by merger to Manufacturers Hanover Trust Co., in its capacity as the Indenture Trustee under the Senior Indenture. Any reference to a Distribution or other payment being made "to the Senior Indenture Trustee" shall mean a Distribution or payment "to the Senior Indenture Trustee, for the benefit of Holders of Senior Notes (except to the extent the Distribution or other payment is in payment of the Senior Indenture Trustee's Indenture Trustee Fees and Expenses)."

1.135 "Senior Noteholders" means Holders of Senior Notes.

1.136 "Senior Notes" means the Notes issued by the Debtor under the Senior Indenture.

1.137 "Series A Certificate" shall have the meaning set forth in Section 3.3(a) of the Plan.

1.138 "Series A Exchange" shall have the meaning set forth in Section 3.3(a) of the Plan.

1.139 "Series A Preferred Stock" means the 600,000 authorized Adjustable Rate Cumulative Preferred Stock, Series A, with a stated value of $50 per share authorized and issued by the Debtor on April 20, 1987.

1.140 "Series E Certificate" shall have the meaning set forth in Section 3.3(b) of the Plan.

1.141 "Series E Exchange" shall have the meaning set forth in Section 3.3(b) of the Plan.

1.142 "Series E Preferred Stock" means the 240,000 authorized 8.75% Cumulative Convertible Preferred Stock, Series E, with a stated value of $100 per share authorized and issued by the Debtor on May 26, 1989.

1.143 "Solicitation Order" means an order of the Bankruptcy Court determining certain procedures relating to the solicitation of votes under the Plan.

1.144 "Subordinated Indentures" means, collectively, the 1972 Indenture, the 1984 Indenture, the 1985 Indenture, the 1987 Indenture, and the 1989 Indenture.

1.145 "Subordinated Indenture Trustees" means, collectively, BNY Sub and U.S. Bank. Any reference to a Distribution or other payment being made "to the Subordinated Indenture Trustees" shall mean a Distribution or payment "to the Subordinated Indenture Trustees, for the benefit of Holders of Subordinated Notes (except to the extent the Distribution or other payment is in payment of the Subordinated Indenture Trustee's Indenture Trustee Fees and Expenses)."

1.146 "Subordinated Noteholders" means Holders of Subordinated Notes.

1.147 "Subordinated Notes" means the notes issued by the Debtor under each of the Subordinated Indentures.

1.148 "Successor Agent" means the Trustee, in his capacity as Successor Agent to the FDIC for the SEBNA Receivership.

1.149 "Third Party Investor" means, collectively, one or more investors that may acquire from MLE, in whole or in part, Reorganized SEBC Series A Senior Preferred

Stock or Reorganized SEBC Series B Senior Preferred Stock (or a combination thereof) and Reorganized SEBC Class B Common Stock or Reorganized SEBC Class C Common Stock on or after the Effective Date.

1.150 "Transaction" means, collectively, the transactions contemplated by the Plan, the exhibits to the Plan (including, without limitation, the Master Subscription Agreement), and the documents comprising the Plan Supplement.

1.151 "Transfer Agent/Registrar" means a Person appointed pursuant to the Plan to effectuate the Series A Exchange, Series E Exchange, the Common Stock Conversion, and such other duties as set forth in Section 6.4 of the Plan, or any agent appointed by or for such Person pursuant to the Plan with respect to any Claim or Interest under the Plan.

1.152 "Trustee" means Jeffrey H. Beck, as Chapter 11 Trustee for SEBC.

1.153 "Unimpaired" means, with respect to any Claim or Interest, that such Claim or Interest is not impaired within the meaning of former Section 1124 of the Bankruptcy Code.

1.154 "U.S. Bank" means U.S. Bank National Association, in its capacity as successor Indenture Trustee under the 1984 Indenture, the 1985 Indenture, and the 1989 Indenture.

ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS

2.1 Introduction

(a) In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims have not been classified, and the respective treatment of such unclassified Claims is set forth in Section 3.1 of the Plan.

(b) A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and such Claim or Interest has not been paid, released, or otherwise settled before the Effective Date. A Claim or Interest may be and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes.

2.2 Unimpaired/Non-voting Classes of Claims

The following Classes contain Claims that are Unimpaired by the Plan and are therefore not entitled to vote on the Plan.

Class 1: Senior Noteholder Claims

Class 1 consists of all Senior Noteholder Claims.

Class 2: Subordinated Noteholder Claims

Class 2 consists of all Subordinated Noteholder Claims, comprised of the following sub-Classes:

Class 2A: Subordinated Noteholder Claims under the 1972 Indenture

Class 2B: Subordinated Noteholder Claims under the 1984 Indenture

Class 2C: Subordinated Noteholder Claims under the 1985 Indenture

Class 2D: Subordinated Noteholder Claims under the 1987 Indenture

Class 2E: Subordinated Noteholder Claims under the 1989 Indenture

Class 3: General Unsecured Claims

Class 3 consists of all General Unsecured Claims.

2.3 Impaired/Voting Classes of Interests

The following Classes contain Interests that are Impaired by the Plan and are entitled to vote on the Plan.

Class 4: Series A Preferred Stock Interests

Class 4 consists of all Series A Preferred Stock Interests.

Class 5: Series E Preferred Stock Interests

Class 5 consists of all Series E Preferred Stock Interests.

2.4 Impaired/Non-Voting Classes of Interests Deemed to Reject Plan.

The following Class contains Interests that are Impaired by the Plan, and, pursuant to the Solicitation Order, are deemed to have rejected the Plan, and therefore are not entitled to vote on the Plan.

Class 6: Old SEBC Common Stock Interests

Class 6 consists of all Old SEBC Common Stock Interests.

ARTICLE III
TREATMENT OF CLAIMS AND INTERESTS

3.1 Unclassified Claims: Administrative Claims

With respect to each Allowed Administrative Claim, except as otherwise provided for herein, and subject to the requirements of Sections 9.1 through 9.5 of the Plan, on

the Effective Date or the date on which such Administrative Claim becomes payable pursuant to any agreement between Reorganized SEBC or the Trustee and the Holder of such Administrative Claim, the Holder of each such Allowed Administrative Claim shall receive from the Estate in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim, (i) Cash equal to the unpaid portion of such Allowed Administrative Claim or (ii) such different treatment (on terms no more favorable to the Holder than previously agreed to among the parties) as to which the Trustee or Reorganized SEBC and such Holder shall have agreed in writing. The Professional Fee Contribution shall also be used as a source for, or in reimbursement of, Allowed Professional Fee Claims.

3.2 Unimpaired/Non-Voting Classes of Claims

(a) Class 1: Senior Noteholder Claims

All principal amounts due and owing with respect to the Senior Notes have been paid in full during the Chapter 7 Case, as a result of which the Holders of Senior Notes are Unimpaired pursuant to former Section 1124(3) of the Bankruptcy Code. The Holders of the Senior Notes have Allowed Claims for and remain entitled to receive Postpetition Interest, the payment of which is governed by the Global Settlement Order, as implemented by and incorporated into the Plan.

On the Distribution Date, Holders of Senior Notes shall receive, in full and final satisfaction of their Allowed Class 1 Claims, their Pro Rata share (with Classes 2 and 3) of:

(i) Distributed Cash;

(ii) Mixed Securities Distribution (as set forth in Section 5.7 of the Plan); and

(iii) $18.7 million SEBC Holdings Junior Preferred Units.

All of the foregoing consideration shall be reallocated among Holders of Senior Notes and Subordinated Notes in accordance with the provisions of the Global Settlement Order or such further order as may be entered by the Bankruptcy Court. In the event that the terms of the reallocation are not finalized by the Effective Date, the Effective Date may nevertheless occur and distributions may be made to the Holders of Allowed Class 1 Claims.

Notwithstanding the foregoing, as additional consideration to the Holders of the Senior Notes, the Debtor or Reorganized SEBC shall pay, on or as soon as practicable after the Effective Date, in full in Cash, all of the Senior Indenture Trustee's reasonable Indenture Trustee Fees and Expenses incurred since July 31, 2002 (as provided in the Global Settlement Order), without application to or approval of the Bankruptcy Court and without a reduction to the recoveries of the Holders of the Senior Notes. In addition to the foregoing, nothing contained herein shall operate to preclude the Senior Indenture Trustee from distributing to the Holders of the Senior Notes any amounts

withheld by the Senior Indenture Trustee from any Interim Distribution as a reserve for Indenture Trustee Fees and Expenses in excess of the actual Indenture Trustee Fees and Expenses incurred.

(b) Class 2: Subordinated Noteholder Claims

All principal amounts due and owing with respect to the Subordinated Notes have been paid in full during the Chapter 7 Case, as a result of which the Holders of Subordinated Notes are Unimpaired pursuant to former Section 1124(3) of the Bankruptcy Code. The Holders of the Subordinated Notes have Allowed Claims for and remain entitled to receive Postpetition Interest, the payment of which is governed by the Global Settlement Order, as implemented by and incorporated into the Plan.

On the Distribution Date, Holders of Subordinated Notes shall receive, in full and final satisfaction of their Allowed Class 2 Claims, their Pro Rata Share (with Classes 1 and 3) of:

(i) Distributed Cash;

(ii) Mixed Securities Distribution (as set forth in Section 5.7 of the Plan); and

(iii) $18.7 million SEBC Holdings Junior Preferred Units.

All of the foregoing consideration shall be reallocated among Holders of Senior Notes and Subordinated Notes in accordance with the provisions of the Global Settlement Order or such further order as may be entered by the Bankruptcy Court. In the event that the terms of the reallocation are not finalized by the Effective Date, the Effective Date may nevertheless occur and distributions may be made to the Holders of Allowed Class 2 Claims.

Notwithstanding the foregoing, as additional consideration to the Holders of the Subordinated Notes, the Debtor or Reorganized SEBC shall pay, on or as soon as practicable after the Effective Date, in full in Cash, all of the Subordinated Indenture Trustees' reasonable Indenture Trustee Fees and Expenses incurred since July 31, 2002 (as provided in the Global Settlement Order), without application to or approval of the Bankruptcy Court and without a reduction to the recoveries of the Holders of the Subordinated Notes. In addition to the foregoing, nothing contained herein shall operate to preclude the Subordinated Indenture Trustees from distributing to the Holders of the Subordinated Notes any amounts withheld by the Subordinated Indenture Trustees from any Interim Distribution as a reserve for Indenture Trustee Fees and Expenses in excess of the actual Indenture Trustee Fees and Expenses incurred.

(c) Class 3: General Unsecured Claims

All principal amounts due and owing with respect to General Unsecured Claims have been paid in full during the Chapter 7 Case, as a result of which the Holders of

General Unsecured Claims are Unimpaired pursuant to former Section 1124(3) of the Bankruptcy Code The Holders of the General Unsecured Claims have Allowed Claims for and remain entitled to receive Postpetition Interest, the payment of which is governed by the Global Settlement Order, as implemented by and incorporated into the Plan.

On the Distribution Date, Holders of Allowed Class 3 Claims shall receive, in full and final satisfaction of their Allowed Class 3 Claims, their Pro Rata Share (with Classes 1 and 2) of:

(i) Distributed Cash;

(ii) Mixed Securities Distribution (as set forth in Section 5.7 of the Plan); and

(iii) $18.7 million SEBC Holdings Junior Preferred Units.

3.3 Impaired/Voting Classes of Interests

(a) Class 4: Series A Preferred Stock Interests

On the Distribution Date, in full and final satisfaction of all Allowed Class 4 Interests, all shares of Series A Preferred Stock shall be converted into an aggregate of 300,000 units ($300,000 aggregate face amount) of SEBC Holdings Junior Preferred Units (the **"Series A Exchange"**).

Effective upon the Series A Exchange, each certificate theretofore representing shares of Series A Preferred Stock (a **"Series A Certificate"**) shall no longer represent any interest in the capital stock of SEBC, and shall represent only the right to receive a new certificate representing the number of SEBC Holdings Junior Preferred Units into which the Series A Preferred Stock Interests previously represented by the Series A Certificate shall have been converted.

(b) Class 5: Series E Preferred Stock Interests

On the Distribution Date, in full and final satisfaction of all Allowed Class 5 Interests, all shares of Series E Preferred Stock shall be converted into an aggregate of 240,000 units ($240,000 aggregate face amount) of SEBC Holdings Junior Preferred Units (the **"Series E Exchange"**).

Effective upon the Series E Exchange, each certificate theretofore representing shares of Series E Preferred Stock (a **"Series E Certificate"**) shall no longer represent any interest in the capital stock of SEBC, and shall represent only the right to receive a new certificate representing the number of SEBC Holdings Junior Preferred Units into which the Series E Preferred Stock Interests previously represented by the Series E Certificate shall have been converted.

3.4 Impaired/Non-voting Classes of Interests - Class 6: Old SEBC Common Stock Interests

On the Distribution Date, in full and final satisfaction of all Allowed Class 6 Interests, each of the shares of Old SEBC Common Stock Interests shall be converted into one (1) unit of SEBC Holdings Common Units (the **"Common Stock Conversion"**). Following the Common Stock Conversion, Holders of Allowed Class 6 Interests shall hold, in the aggregate, 100% of the SEBC Holdings Common Units.

Effective upon the Common Stock Conversion, each Old SEBC Common Stock Certificate shall no longer represent any interest in the capital stock of SEBC and shall represent only the right to receive a new certificate representing the number of SEBC Holdings Common Units into which the Old SEBC Common Stock Interests previously represented by the Old SEBC Common Stock Certificate shall have been converted.

3.5 Distributions Held in Trust

For purposes of Distribution and effectuating the purchase and sale of such shares as described in Section 5.7 of the Plan, the Distributed Cash, Reorganized SEBC Series K Junior Preferred Stock, SEBC Holdings Senior Preferred Units, and SEBC Holdings Junior Preferred Units issued to Holders of Allowed Class 1, 2, and 3 Claims as set forth in Sections 3.2(a), 3.2(b), and 3.2(c) of the Plan shall be held in trust by the Disbursing Agent or the Transfer Agent/Registrar, as applicable, for the benefit of the Holders of such Allowed Noteholder Claims from and after the Effective Date, pending (x) finalization of the reallocation terms between Holders of Senior Notes and Subordinated Notes, (y) payment of such amounts in accordance with the Global Settlement Order Reallocation Formula, and (z) receipt of the Creditor Questionnaires in accordance with Section 3.6 of the Plan.

3.6 Creditor Questionnaire

Notwithstanding anything to the contrary set forth in the Plan, as a prerequisite to receiving any Distribution under the Plan, all Holders of Senior Notes, Subordinated Notes and Allowed Class 3 Claims shall be required to submit to the Trustee a Creditor Questionnaire, no later than thirty (30) days after the Confirmation Date.

ARTICLE IV
ACCEPTANCE OR REJECTION OF THE PLAN

4.1 Impaired Classes of Interests Entitled to Vote

Holders of Interests in each Impaired Class of Interests, other than Holders of Interests in Class 6, are entitled to vote as a Class to accept or reject the Plan. Accordingly, only the votes of the Holders of Interests in Class 4 and Class 5 shall be solicited with respect to the Plan.

4.2 Unimpaired Classes of Claims Not Entitled to Vote

Holders of Claims in each Unimpaired Class of Claims are conclusively presumed to have accepted the Plan, and therefore are not entitled to vote on the Plan. Accordingly, the votes of the Holders of Claims in Class 1, Class 2A, Class 2B, Class 2C, Class 2D, Class 2E, and Class 3 will not be solicited with respect to the Plan.

4.3 Impaired Classes of Interests Deemed to Have Rejected the Plan

Pursuant to the Solicitation Order, Holders of Interests in Class 6 are conclusively presumed to have rejected the Plan, and therefore their votes will not be solicited with respect to the Plan.

4.4 Acceptance by Impaired Class of Interests

In accordance with Section 1126(d) of the Bankruptcy Code, and except as provided in Section 1126(e) of the Bankruptcy Code, an Impaired Class of Interests shall have accepted the Plan if the Plan is accepted by the Holders of at least two-thirds (2/3) in amount of the Allowed Interests of such Class that have timely and properly voted to accept or reject the Plan.

4.5 Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code

Because Class 6 is deemed to have rejected the Plan (and to the extent that any other Impaired Class rejects the Plan), the Trustee shall request Confirmation of the Plan, as it may be modified from time to time, by way of Cramdown. The Trustee reserves the right to alter, amend, modify, revoke, or withdraw the Plan, the Plan Supplement, or any exhibit, including to amend or modify it to satisfy the requirements of Section 1129(b) of the Bankruptcy Code, if necessary.

ARTICLE V
MEANS FOR IMPLEMENTATION OF THE PLAN

5.1 Continued Corporate Existence of SEBC

Reorganized SEBC shall continue to exist after the Effective Date as a separate legal entity, in accordance with the applicable laws of the State of Florida and pursuant to the Reorganized SEBC Charter and Reorganized SEBC By-laws.

5.2 Formation of Real Estate LLC

(a) On or before the Effective Date, the Trustee or Reorganized SEBC will form Real Estate LLC, which will be treated as a partnership as of the close of the Effective Date for federal income tax purposes.

(b) On the Effective Date, Reorganized SEBC will capitalize Real Estate LLC by contributing the equity interests in the Jacksonville Property Subsidiaries to Real Estate LLC, in exchange for:

(i) the Real Estate LLC Debt; and

(ii) the Real Estate LLC Membership Interests.

(c) In connection with the foregoing contribution by Reorganized SEBC, and prior to the formation of Real Estate LLC, the Jacksonville Property Subsidiaries shall be converted into Florida limited liability companies.

5.3 Formation of SEBC Holdings

(a) On or before the Effective Date, the Trustee or Reorganized SEBC and SEBC Holdings General Partner will form SEBC Holdings, which will be a partnership as of the close of the Effective Date for federal income tax purposes.

(b) On the Effective Date, the Holders of Allowed Class 6 Interests will capitalize SEBC Holdings by contributing all outstanding Old SEBC Common Stock Interests to SEBC Holdings in exchange for 100% of the SEBC Holdings Common Units, to be distributed as provided in Section 3.4 of the Plan.

(c) On the Effective Date, the Holders of Allowed Class 4 and 5 Interests will capitalize SEBC Holdings by contributing all outstanding Series A Preferred Stock and Series E Preferred Stock to SEBC Holdings in exchange for $300,000 SEBC Holdings Junior Preferred Units and $240,000 SEBC Holdings Junior Preferred Units, respectively, to be distributed as provided in Section 3.3(a) and 3.3(b) of the Plan.

(d) On the Effective Date, Reorganized SEBC will contribute the Real Estate LLC Membership Interests to SEBC Holdings, in exchange for:

(i) $6 million aggregate face amount of SEBC Holdings Senior Preferred Units, to be distributed to the Holders of Allowed Class 1, 2 and 3 Claims as part of the Mixed Securities Distribution as provided in Sections 3.2(a)(ii), (b)(ii) and (c)(ii) of the Plan; and

(ii) $18.7 million aggregate face amount of SEBC Holdings Junior Preferred Units, to be distributed to the Holders of Allowed Class 1, 2 and 3 Claims as provided in Sections 3.2(a)(iii), 3.2(b)(iii), and 3.2(c)(iii) of the Plan.

(e) On the Effective Date, Reorganized SEBC shall issue to SEBC Holdings the Reorganized SEBC Class A Common Stock as set forth in Section 5.9(b)(iv) of the Plan, representing 60% of the outstanding shares of Reorganized SEBC Common Stock.

(f) Upon issuance of the SEBC Holdings Securities pursuant to this Section 5.3 of the Plan, each holder of units of SEBC Holdings Securities shall be deemed to have executed the SEBC Holdings Partnership Agreement and shall be bound thereby.

5.4 Formation of Investment Vehicle

On the Effective Date, the Investment Vehicle will be created as a special purpose entity, to acquire the Investment Vehicle Initial Investments and issue the Investment Vehicle Equity and Investment Vehicle Senior Securities, as provided in the Plan Supplement.

5.5 Charters and Governing Documents

The Reorganized SEBC Charter shall be substantially in the form of such document included as an exhibit to the Master Subscription Agreement, and the Reorganized SEBC By-laws, the SEBC Holdings Charter and SEBC Holdings Partnership Agreement, and the Real Estate LLC Charter and Real Estate LLC Agreement shall be substantially in the forms of such documents included in the Plan Supplement, as necessary to satisfy the provisions of the Plan and the Bankruptcy Code. Each of the foregoing documents shall include, among other things, pursuant to Section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting equity securities, but only to the extent required by Section 1123(a)(6) of the Bankruptcy Code.

5.6 Aggregate Purchase Price and Other Contributions

(a) On the Effective Date, Reorganized SEBC shall be authorized to enter into the transactions contemplated by the Master Subscription Agreement and related documents included in the Plan Supplement, and on the Closing Date, Reorganized SEBC shall consummate the Transaction.

(b) As part of the Transaction, subject to the terms and conditions of the Master Subscription Agreement and subject to Section 5.6(e) of the Plan, Investor shall contribute $1.639 billion in Cash to Reorganized SEBC (the **"Aggregate Purchase Price"**).

(c) In consideration for Aggregate Purchase Price, subject, however, to Section 5.6(e) of the Plan, Investor shall receive:

(i) 300,000,000 shares ($300 million aggregate face amount) of Reorganized SEBC Series A Senior Preferred Stock;

(ii) 718,000,000 shares ($718 million aggregate face amount) of Reorganized SEBC Series B Senior Preferred Stock;

(iii) 611,000,000 shares ($611 million aggregate face amount) of Reorganized SEBC Series J Junior Preferred Stock;

(iv) 5,000,000 shares of Reorganized SEBC Class B Common Stock, representing 20% of the outstanding Reorganized SEBC Common Stock on a fully diluted basis; and

(v) 5,000,000 shares of Reorganized SEBC Class C Common Stock, representing 20% of the outstanding Reorganized SEBC Common Stock on a fully diluted basis.

(d) The Aggregate Purchase Price, together with Available Cash, shall be used as follows:

(i) An amount equal to Distributed Cash shall be distributed to Noteholders and Holders of Allowed Class 3 Claims in accordance with Sections 3.2(a)(i); 3.2(b)(i), and 3.2(c)(i) of the Plan;

(ii) Subject to Section 5.6(e) of the Plan, $1,625,600,000 shall be used to purchase the Investment Vehicle Senior Securities on or after the Closing Date;

(iii) A loan in an aggregate principal amount to be determined based on a good-faith projection of first-year operating expenses of SEBC Holdings, but in no case to exceed $600,000, shall be made to SEBC Holdings for a 3-year term, such loan to be paid in full at the end of the 3-year period, pursuant to the terms of a loan agreement, to be in a form mutually acceptable to Investor and the Trustee and entered into by the applicable parties on or prior to the Effective Date; and

(iv) the balance shall be used for general corporate purposes of Reorganized SEBC, subject to any limitations set forth in the Reorganized SEBC Charter.

(e) Notwithstanding anything to the contrary set forth in the Plan, the following values, as described more fully in Sections 1.96(i)(a), 5.3(d)(i), 5.6(b), 5.6(c), 5.6(d)(ii), 5.7(b)(y), 5.9(a)(i), 5.9(b)(i), 5.9(b)(ii), 5.9(b)(iii), and 5.9(b)(iv) of the Plan, shall be calculated two Business Days prior to the Closing Date and shall be subject to adjustment for (i) the five-year swap rate, (ii) the credit spread for the Investment Vehicle Senior Securities relative to LIBOR, (iii) occurrence of the Closing Date earlier than April 30, 2009, (iv) federal and state taxes and (v) fees and expenses directly attributable to the Transactions:

(i) the Aggregate Purchase Price;

(ii) the aggregate purchase price of the Reorganized SEBC Class B Common Stock and Reorganized SEBC Class C Common Stock, and the aggregate face value of the Reorganized SEBC Series A Senior Preferred Stock, Reorganized SEBC Series B Senior Preferred Stock, Reorganized SEBC Series J Junior Preferred Stock, Reorganized SEBC Series K Junior Preferred Stock, and SEBC Holdings Senior Preferred Units;

(iii) the face value of the Investment Vehicle Senior Securities; and

(iv) the fixed coupon rate for the Real Estate LLC Debt.

Such calculations and adjustments shall be mutually acceptable to Investor and the Trustee.

5.7 Mixed Securities Distribution

(a) On the Effective Date, Investor shall purchase, pursuant to the Securities Purchase Agreement, not less than an aggregate $6,500,000 face amount of SEBC Holdings Senior Preferred Units and Reorganized SEBC Series K Junior Preferred Stock in lieu of the issuance of such units and/or stock to Holders of Noteholder Claims and Allowed Class 3 Claims under Sections 3.2(a)(ii), 3.2(b)(ii), and 3.2(c)(ii) of the Plan as the Mixed Securities Distribution.

(b) Such purchase by Investor shall be implemented so that the Holders of Noteholder Claims and Allowed Class 3 Claims shall each receive (x) a Pro Rata share of $6,500,000 in Cash and (y) a Pro Rata share of an aggregate of $4,000,000 SEBC Series K Junior Preferred Stock and/or SEBC Holdings Senior Preferred Units, provided, however, that only Qualified Creditors shall be eligible to receive, acquire, or hold Reorganized SEBC Series K Junior Preferred Stock and provided further, however, that the Disbursing Agent shall not distribute shares of Reorganized SEBC Series K Junior Preferred Stock to more than 250 holders of record for purposes of the registration and periodic reporting obligations of the Securities Exchange Act of 1934, as amended.

5.8 Cancellation of Notes; Release of Indenture Trustees

(a) On the Effective Date, (i) the Notes, the Indentures, and any other note, bond, or indenture evidencing or creating any public indebtedness or obligation of the Debtor shall be deemed automatically extinguished, cancelled and of no further force or effect, and (ii) the obligations of the Debtor under any agreements, Indentures, or certificates of designations governing the Notes and any other note, bond, or indenture evidencing or creating any indebtedness or obligation of the Debtor with respect to the Notes shall be automatically discharged in each case without further act or action under any applicable agreement, law, regulation, order, or rule and without any action on the part of the Bankruptcy Court or any Person; provided, however, that the Notes and the Indentures shall continue in effect solely for the purposes of (w) allowing the Holders of the Notes to receive the Distributions provided to Classes 1 and 2 hereunder, (x) allowing the Disbursing Agent, the Transfer Agent/Registrar, or the Indenture Trustees, as the case may be, to make Distributions to Classes 1 and 2, (y) preserving the rights and liens of the Indenture Trustees with respect to the Indenture Trustee Fees and Expenses to the extent not otherwise paid, and (z) implementing and/or enforcing the Global Settlement Order. The Indentures shall terminate completely upon the completion of all Distributions to the Holders of Notes and the payment of the Indenture Trustees' Indenture Trustee Fees and Expenses.

(b) After the performance by the Indenture Trustees or their respective agents of any duties that are required under the Plan, the Confirmation Order and/or under the terms of the Indentures, the Indenture Trustees and their respective agents and advisors shall be relieved of, and released from, all obligations associated with the Notes arising

under the Indentures or under other applicable agreements or law and the Indenture Trustees shall be fully released and discharged.

5.9 Authorization and Issuance of SEBC Holdings Securities, Reorganized SEBC Securities, and Real Estate LLC Securities

(a) SEBC Holdings shall authorize and issue on the Effective Date the SEBC Holdings Securities, such that after such issuance and distribution the SEBC Holdings Securities shall be held as follows:

(i) $6 million aggregate face amount of SEBC Holdings Senior Preferred Units shall be held by Holders of Senior Notes, Subordinated Notes and Allowed Class 3 Claims as provided in Sections 3.2(a)(ii), 3.2(b)(ii), and 3.2(c)(ii) of the Plan, subject to Investor's purchase of a portion of the Mixed Securities Distribution as set forth in Section 5.7 of the Plan;

(ii) $18.7 million aggregate face amount of SEBC Holdings Junior Preferred Units shall be held by Holders of Allowed Class 1, 2 and 3 Claims as provided in Sections 3.2(a)(iii), 3.2(b)(iii), and 3.2(c)(iii) of the Plan;

(iii) $0.54 million aggregate face amount of SEBC Holdings Junior Preferred Units shall be held (x) $300,000 by the Holder of Allowed Class 4 Interests and (y) $240,000 by the Holder of Allowed Class 5 Interests, as provided in Sections 3.3(a) and (b) of the Plan; and

(iv) 100% of the SEBC Holdings Common Units shall be held by Holders of Allowed Class 6 Interests as provided in Section 3.4 of the Plan.

(b) Reorganized SEBC shall authorize and issue on the Effective Date the Reorganized SEBC Securities, such that upon consummation of the Transaction and after such issuance and distribution the Reorganized SEBC Securities shall be held, subject to Section 5.6(e) of the Plan, as follows:

(i) 300,000,000 shares ($300 million aggregate face amount) of Reorganized SEBC Series A Senior Preferred Stock shall be held by Investor;

(ii) 718,000,000 shares ($718 million aggregate face amount) of Reorganized SEBC Series B Senior Preferred Stock shall be held by Investor;

(iii) 611,000,000 shares ($611 million aggregate face amount) of Reorganized SEBC Series J Junior Preferred Stock shall be held by Investor;

(iv) 4,500,000 shares ($4.5 million aggregate face amount) of Reorganized SEBC Series K Junior Preferred Stock shall be held by Holders of Allowed Class 1, 2 and 3 Claims as provided in Sections 3.2(a)(ii), 3.2(b)(ii), and 3.2(c)(ii) of the Plan, subject to Investor's purchase of a portion of the Mixed Securities Distribution as set forth in Section 5.7 of the Plan; and

(v) Reorganized SEBC Class A Common Stock, representing 60% of all outstanding shares of Reorganized SEBC Common Stock shall be held by SEBC Holdings; Reorganized SEBC Class B Common Stock, representing 20% of all outstanding shares of Reorganized SEBC Common Stock shall be held by Investor; and Reorganized SEBC Class C Common Stock, representing 20% of all outstanding shares of Reorganized SEBC Common Stock, shall be held by Investor.

(c) Real Estate LLC shall authorize on the Effective Date the Real Estate LLC Securities, such that after such issuance and Distribution the Real Estate LLC Securities shall be held as follows:

(i) 100% of the Real Estate LLC Membership Interests shall be held by SEBC Holdings; and

(ii) 100% of the Real Estate Debt shall be held by Reorganized SEBC.

(d) Except as set forth in Section 5.3 of the Plan, the Reorganized SEBC Securities, SEBC Holdings Securities and Real Estate LLC Securities issued under the Plan shall not be subject to dilution based upon the issuance of any other shares or units of Reorganized SEBC, SEBC Holdings or Real Estate LLC issued after the Effective Date.

(e) The issuance of the Reorganized SEBC Securities, SEBC Holdings Securities and Real Estate LLC Securities pursuant to distributions under the Plan shall be deemed authorized as of the Effective Date without further act or action by any Person, except as may be required by the Reorganized SEBC Charter, the Reorganized SEBC By-laws, the SEBC Holdings Charter, SEBC Holdings Partnership Agreement, Real Estate LLC Charter, Real Estate LLC Agreement, or applicable law, regulation, order or rule; and all documents evidencing same shall be executed and delivered as provided for in the Plan or the Plan Supplement.

(f) Pursuant to Section 1145 of the Bankruptcy Code, the issuance, offer, or sale of the SEBC Holdings Securities and the Reorganized SEBC Series K Junior Preferred Stock shall not be subject to section 5 of the Securities Act of 1933 (the "Securities Act") or any State or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security.

(g) Pursuant to Section 4(2) of the Securities Act, the issuance, offer, or sale of the Reorganized SEBC Senior Preferred Stock, Reorganized SEBC Series J Junior Preferred Stock, and Reorganized SEBC Common Stock shall not be subject to section 5 of the Securities Act of 1933 or any State or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security.

(h) Upon issuance, all SEBC Holdings Common Units will be subject to restrictions on transfer through the SEBC Holdings Restriction Release Date, as set

forth in the SEBC Holdings Partnership Agreement, and all Reorganized SEBC Common Stock will be subject to restrictions on transfer through the Restriction Release Date (as set forth and defined in the Reorganized SEBC Charter).

5.10 General Partner of SEBC Holdings

On the Effective Date, a limited liability company owned, controlled and managed by [to be identified in Disclosure Statement or by way of Plan modification to be filed on or before date of Disclosure Statement hearing]**,** shall be appointed as sole, non-equity general partner of SEBC Holdings to conduct, direct and manage all activities of SEBC Holdings in accordance with the SEBC Holdings Partnership Agreement. The designation of the general partner of SEBC Holdings shall be disclosed in a filing made with the Bankruptcy Court no later than ten (10) days before the Confirmation Hearing.

5.11 Directors of Reorganized SEBC

On the Effective Date, there shall be a new board of directors of Reorganized SEBC composed of 5 directors, which shall include 3 individuals designated by the Trustee and 2 individuals designated by Investor. The initial directors shall serve from the Effective Date until their successors are duly elected or qualified or until earlier removed or replaced in accordance with the Reorganized SEBC Charter or the Reorganized SEBC By-laws. The designation of the 5 directors shall be disclosed in a filing made with the Bankruptcy Court no later than ten (10) days before the Confirmation Hearing.

5.12 Management of Real Estate LLC

On the Effective Date, a manager shall be appointed for Real Estate LLC, to conduct, direct and manage all activities of Real Estate LLC in accordance with the Real Estate LLC Charter. The designation of the manager of Real Estate LLC shall be disclosed in a filing made with the Bankruptcy Court no later than ten (10) days before the Confirmation Hearing. The manager of Real Estate LLC may be the same Person as the SEBC Holdings General Partner.

5.13 Revesting of Assets; Release of Liens

Except as otherwise provided herein, the property of the Debtor's Estate, including but not limited to all intangible property such as trademarks (expressly including that certain mark registered with the United States Patent and Trademark Office under Registration Number 2251567, together with the goodwill of the business in which the mark is used, or with that part of the good will of the business connected with the use of and symbolized by the mark), copyrights, trade names and other intellectual property, together with any property of the Debtor that is not property of its Estate and that is not specifically disposed of pursuant to the Plan, shall vest in Reorganized SEBC on the Effective Date. Thereafter, Reorganized SEBC may operate its business and may use, acquire, and dispose of such property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all such property of Reorganized SEBC shall be free and clear of all Liens,

Claims, and Interests, except as specifically provided in the Plan or the Confirmation Order and except for the charging lien of the Indenture Trustees to the extent the Indenture Trustee Fees and Expenses are not paid pursuant to the Plan.

5.14 Payment of SCS Annual Fee

The SCS Annual Fee is deemed to be an Allowed Administrative Claim, but shall not be paid from Available Cash. As of the Effective Date, Reorganized SEBC will be authorized and directed to pay the SCS Annual Fee as it becomes due, without further notice, hearing, or order of the Bankruptcy Court.

5.15 Restructuring Transactions

(a) The Trustee has previously taken such action as necessary to cause the Successor Agent to terminate the existence of the SEBNA Receivership by dissolution and to upstream all Cash in the SEBNA Receivership to the Estate. The SEBNA Receivership has been dissolved and the Successor Agent has been relieved of all duties in respect of the SEBNA Receivership, as authorized by the United States District Court for the Southern District of Florida in the SEBNA District Court Proceeding. The SEBNA Receivership having been closed shall therefore be free from any and all liabilities as of the Effective Date and shall not be subject to any obligations imposed upon SEBC Holdings or Reorganized SEBC by the Plan or otherwise.

(b) The Trustee and Reorganized SEBC, as the case may be, are authorized, in their discretion, on, prior to, or after the Effective Date, to terminate the existence of the Other SEBC Subsidiaries by dissolution, merger into an affiliated company, or other mechanism permitted by applicable law, and to upstream to the Estate or Reorganized SEBC, as applicable, all Cash of the Other SEBC Subsidiaries. The foregoing terminated corporate entities shall be free from any and all liabilities as of the Effective Date and shall not be subject to any obligations imposed upon SEBC Holdings or Reorganized SEBC by the Plan or otherwise.

(c) On, as of, or after the Effective Date, with the consent of the Reorganized SEBC Board, Reorganized SEBC may enter into such transactions and may take such actions as may be necessary or appropriate, in accordance with any applicable state law, to effect a corporate or operational restructuring of its business, to otherwise simplify its corporate or operational structure, to achieve corporate or operational efficiencies, or to otherwise improve financial results; *provided, however,* that such transactions or actions are not otherwise inconsistent with the Plan, the distributions to be made under the Plan, the Reorganized SEBC Charter, the Reorganized SEBC By-laws, or the Transaction. Such transactions or actions may include such mergers, consolidations, restructurings, dispositions, liquidations, closures, or dissolutions, as may be determined by Reorganized SEBC to be necessary or appropriate.

5.16 Effectuating Documents; Further Transactions

The Trustee, as authorized agent for Reorganized SEBC through the Closing Date, or any appropriate officer of Reorganized SEBC, shall be deemed authorized to

execute, deliver, file, or record such contracts, instruments, certificates or articles of formation or incorporation (including amendments and restatements thereof), releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, including but not limited to such documents as may be necessary to create and/or consummate the Transaction with the Investor, SEBC Holdings and Real Estate LLC.

5.17 Exemption From Certain Transfer Taxes

Pursuant to former Section 1146(c) of the Bankruptcy Code, (a) the issuance, transfer or exchange of any securities, instruments, or documents; (b) the creation of any lien, mortgage, deed of trust, or other security interest; or (c) the making or assignment of any lease or sublease, or the making, delivery, filing, or recording of any deed or other instrument of transfer under, pursuant to, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with the Plan, shall not be taxed under any law imposing a stamp tax, documentary tax, real estate transfer tax, sales or use tax, intangible tax, recording or filing fee, privilege tax, or other similar tax or fee. Such exemption specifically applies, without limitation, to all documents necessary to evidence and implement the provisions of and the distributions to be made under the Plan, including the Reorganized SEBC Charter, Reorganized SEBC By-laws, and the Transaction.

5.18 Corporate Action

On the Effective Date, the adoption and filing of the Reorganized SEBC Charter and Reorganized SEBC Bylaws, the SEBC Holdings Charter and SEBC Holdings Partnership Agreement, and the Real Estate LLC Charter and Real Estate LLC Agreement; the appointment of directors and officers of Reorganized SEBC, the SEBC Holdings General Partner, and the manager of Real Estate LLC; and all actions contemplated hereby, shall be deemed authorized and approved in all respects pursuant to the Plan. All matters provided for herein involving the corporate structure of the Debtor, Reorganized SEBC, SEBC Holdings and/or Real Estate LLC and any corporate action required by the Debtor, Reorganized SEBC, SEBC Holdings or Real Estate LLC in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the stockholders, directors or managers of the Debtor, Reorganized SEBC, SEBC Holdings and/or Real Estate LLC. On the Effective Date, the appropriate officers, directors or managers of Reorganized SEBC, SEBC Holdings and Real Estate LLC are authorized and directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated by the Plan in the name of and on behalf of Reorganized SEBC, SEBC Holdings and Real Estate LLC, respectively, without the need for any required approvals, authorizations, or consents, except for any express consents required under the Plan.

5.19 Reorganized SEBC's Obligations Under Plan

From and after the Effective Date, Reorganized SEBC shall:

(a) take all steps and execute all instruments and documents necessary to effectuate the Plan;

(b) make decisions regarding the retention, engagement, payment, and replacement of its professionals, employees and consultants;

(c) pay to SCS the SCS Structuring Fee and the SCS Annual Fee;

(d) exercise such other powers as necessary or prudent to carry out the provisions of the Plan;

(e) file appropriate tax returns;

(f) file quarterly financial reports as required by the Office of the United States Trustee until the Bankruptcy Case is closed; and

(g) take such other action as may be necessary or appropriate to administer or close the Bankruptcy Case.

5.20 SEBC Holdings' Obligations Under Plan

From and after the Effective Date, SEBC Holdings shall:

(a) take all steps and execute all instruments and documents necessary to effectuate the Plan;

(b) make decisions regarding the retention, engagement, payment, and replacement of its professionals, employees and consultants;

(c) exercise such other powers as necessary or prudent to carry out the provisions of the Plan; and

(d) file appropriate tax returns.

5.21 Trustee's Authority Under the Plan

The Trustee shall be authorized to act as a duly authorized agent for Reorganized SEBC, SEBC Holdings and Real Estate LLC for purposes of implementing the Plan and the Transaction; and to execute on behalf of Reorganized SEBC, SEBC Holdings and Real Estate LLC all documents reasonably necessary to effectuate the Plan and the Transaction; and to bind Reorganized SEBC, SEBC Holdings and Real Estate LLC thereto.

5.22 Operations Between Confirmation Date and Effective Date

The Debtor shall continue to operate under control of the Trustee during the period from the Confirmation Date through and until the Effective Date.

ARTICLE VI
PROVISIONS GOVERNING DISTRIBUTIONS

6.1 Distributions for Allowed Claims and Interests

(a) Except as otherwise provided herein or as ordered by the Bankruptcy Court, all distributions to Holders of Allowed Claims and Interests on the Distribution Date shall be made on or as soon as practicable after the Distribution Date; *provided*, *however*, all distributions to Holders of Interests shall be deemed to have been made on the Distribution Date, regardless of whether such distributions are claimed by the Holders on such date.

(b) Distributions made after the Effective Date shall be deemed to have been made on the Effective Date.

6.2 Interest on Claims

No Postpetition Interest shall accrue or be allowed on any Claim after the Postpetition Interest Calculation Date.

6.3 Appointment of Disbursing Agent

(a) On or before the Effective Date, the Trustee shall designate the Person to serve as the Disbursing Agent under the Plan on terms and conditions mutually agreeable to the Trustee and such Person.

(b) The Disbursing Agent shall make all Distributions of Cash required to be made to Holders of Allowed Claims under the Plan, and such other Distributions to Holders of Allowed Claims and Interests as are delegated to the Disbursing Agent by the Trustee, except with respect to Noteholder Claims.

(c) The Indenture Trustees or their designated agents shall make all Distributions to Holders of Noteholder Claims in accordance with the terms of the Indentures, subject to the terms of the Plan, or shall have the right to delegate the making of such Distributions to the Disbursing Agent or the Transfer Agent/Registrar in accordance with Section 6.4(d) of the Plan, but only with the express written consent of the Disbursing Agent or Transfer Agent/Registrar, as applicable.

(d) The Disbursing Agent and Indenture Trustees, as applicable, may also employ a European sub-agent to make Distributions pursuant to subsections (b) and (c) above, of Cash, SEBC Holdings Securities and Reorganized SEBC Series K Junior Preferred Stock issued to Holders of EuroNotes.

(e) Except as provided in subparagraphs (b), (c), and (d), or unless otherwise provided herein, the Trustee shall make all Distributions required under the Plan unless the Trustee, in his sole discretion, delegates the responsibility for any distribution to the Disbursing Agent.

(f) If the Disbursing Agent is an independent third party designated to serve in such capacity, such Disbursing Agent shall receive, without further approval from the Bankruptcy Court, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out of pocket expenses incurred in connection with such services from Reorganized SEBC. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

6.4 Appointment of Transfer Agent/Registrar

(a) On or before the Effective Date, the Trustee shall designate the Person to serve as the Transfer Agent/Registrar under the Plan on terms and conditions mutually agreeable to the Trustee and such Person.

(b) The Transfer Agent/Registrar shall make all Distributions of SEBC Holdings Securities required to be made to Holders of Allowed Claims (except as provided in subsection (d) below) and Interests under the Plan, and such other distributions to Holders of Allowed Claims as are delegated to the Transfer Agent/Registrar by the Trustee.

(c) The Transfer Agent/Registrar shall issue the new certificates representing the number of SEBC Holdings Securities into which Interests previously represented by Series A Certificates, Series E Certificates, and Old SEBC Common Stock Certificates, as applicable, shall have been converted, pursuant to Sections 3.3(a), 3.3(b), and 3.4 of the Plan, in accordance with the procedures set forth in Section 6.7(b) of the Plan.

(d) The Indenture Trustees shall make all Distributions required to be made to Holders of Noteholder Claims; provided, however, that the Indenture Trustees shall have the right to delegate the making of such Distributions to the Disbursing Agent or the Transfer Agent/Registrar, but only with the express written consent of the Disbursing Agent or Transfer Agent/Registrar, as applicable.

(e) The Transfer Agent/Registrar shall register the ownership and transfer of all SEBC Holdings Securities and all Reorganized SEBC Securities issued under the Plan.

(f) The Transfer/Agent Registrar shall receive, without further approval from the Bankruptcy Court, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out of pocket expenses incurred in connection with such services from Reorganized SEBC or SEBC Holdings, as appropriate. No Transfer/Agent Registrar shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

6.5 Fractional Distributions

No fractional shares of Reorganized SEBC Securities or SEBC Holdings Securities (other than SEBC Holdings Common Units) shall be issued or distributed under the Plan. Each Person entitled to receive Reorganized SEBC Securities or SEBC Holdings Securities shall receive the total number of whole shares of Reorganized SEBC Securities or SEBC Holdings Securities, as applicable, to which such Person is entitled. Whenever any Distribution to a particular Person would otherwise call for Distribution of a fraction of shares of Reorganized SEBC Securities or SEBC Holdings Securities (other than SEBC Holdings Common Units), the actual Distribution of shares shall be rounded to the next higher or lower whole number as follows: (a) fractions one-half (1/2) or greater shall be rounded to the next higher whole number and (b) fractions of less than one-half (1/2) shall be rounded to the next lower whole number. Upon the allocation of all of the whole shares authorized under the Plan, all remaining fractional portions of the entitlements shall be cancelled and shall be of no further force and effect.

6.6 De Minimis Distributions and Payments

Notwithstanding anything to the contrary contained in the Plan, neither Reorganized SEBC nor the Trustee shall be required to distribute, and shall not distribute, property to the Holder of any Allowed Claim or Allowed Interest (other than a Holder of an Allowed Interest in Class 6) if the amount of property to be distributed or paid on account of such Claim or Interest is less than $100. Any Holder of an Allowed Claim or Interest on account of which the amount of property to be distributed is less than $100 shall have such Claim or Interest discharged and shall be forever barred from asserting such Claim or Interest against the Debtor, Reorganized SEBC, SEBC Holdings, Real Estate LLC, or any of their respective property. Any property not distributed pursuant to this provision shall be the property of Reorganized SEBC, free of any restrictions thereon.

6.7 Delivery of Distributions/Exchange of Equity Certificates

(a) Distributions to Holders of Allowed Claims

Except as otherwise set forth herein, distributions to Holders of Allowed Claims shall be made (i) to the addresses set forth on the Proofs of Claim filed by such Holders, (ii) to the addresses reflected in the Schedules if no Proof of Claim has been filed, (iii) to the addresses set forth in any written notices of address change delivered to the Trustee, the Disbursing Agent or the Transfer Agent/Registrar, as applicable, after the date of any related Proof of Claim or after the date of the Schedules if no Proof of Claim was filed, or (iv) in the case of the Holders of Senior Notes or Subordinated Notes, distributions shall be sent to the Indenture Trustees or as directed by the Indenture Trustees.

(b) Exchange of Certificates from Holders of Allowed Interests

Except as otherwise set forth herein, new certificates representing the number of SEBC Holdings Securities into which Interests previously represented by Series A Certificates, Series E Certificates, and Old SEBC Common Stock Certificates shall have been converted pursuant to Section 3.3(a), 3.3(b), and 3.4 of the Plan shall be delivered to the address directed by such Holder upon presentation to the Transfer Agent/Registrar of a Series A Certificate, Series E Certificate, or Old SEBC Common Stock Certificate, and a properly completed letter of transmittal including, if appropriate, a lost certificate affidavit and indemnity bond, or such other documentation as may be required by the Transfer Agent/Registrar in accordance with established practice, in connection with book entry delivery.

(c) Undeliverable and Unclaimed Distributions other than to Holders of Allowed Class 6 Interests

Unless otherwise agreed between the Trustee and the Disbursing Agent, Transfer Agent/Registrar, or Indenture Trustees, amounts of Cash in respect of unclaimed or undeliverable Distributions made by the Disbursing Agent, Transfer Agent/Registrar, or Indenture Trustees shall be turned over to and held by SEBC Holdings and held in trust until such Cash Distributions are claimed, at which time the applicable amounts shall be returned to the Disbursing Agent, Transfer Agent/Registrar, or Indenture Trustees for Distribution pursuant to the Plan and amounts of unclaimed or undeliverable Distributions in the form of SEBC Holdings Securities shall remain unissued until claimed, at which time the applicable amounts of such SEBC Holdings Securities shall be issued by SEBC Holdings for Distribution by the Disbursing Agent, Transfer Agent/Registrar or Indenture Trustees for Distribution pursuant to the Plan. No interest shall accrue after the Effective Date with respect to any unclaimed or undeliverable Distribution. All claims for unclaimed or undeliverable Distributions must be made no later than the second anniversary of the Distribution Date, after which date all unclaimed property shall be redistributed/issued Pro Rata to other Holders in the same Class and the claims of any Holder or successor to such Holder with respect to such unclaimed or undeliverable property shall be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary; provided, however, that if in the discretion of the Disbursing Agent, Transfer Agent/Registrar, or Indenture Trustees, as applicable, the amount of such redistribution is insufficient to justify the cost of making such redistribution, then the redistribution shall not be made and the total amount of property that otherwise would have been redistributed shall be donated to a charity qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, chosen by the Disbursing Agent, Transfer Agent/Registrar, or Indenture Trustees, as applicable.

(d) Unclaimed Distributions to Holders of Allowed Class 6 Interests

After the SEBC Holdings Restriction Release Date, all new certificates representing the number of SEBC Holdings Common Units into which Allowed Class 6 Interests previously represented by Old SEBC Common Stock Certificates shall have

been converted pursuant to Section 3.4 of the Plan that have not been redeemed in the manner set forth in subsection (b) above shall be donated to a charity qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, chosen by the Transfer Agent/Registrar, such charity shall be deemed to be the owner of the SEBC Holdings Common Units represented by such certificates, and any claim by any Holder of Allowed Class 6 Interests to such new certificates shall be extinguished and forever barred.

(e) No Duty to Locate

Other than providing any notice required by the Bankruptcy Rules or an order of the Bankruptcy Court, and notwithstanding anything to the contrary herein, none of the Trustee, Reorganized SEBC, SEBC Holdings, the Disbursing Agent, the Transfer Agent/Registrar, or any Indenture Trustee (except as otherwise required in any Indenture) shall be required to attempt to locate any Holder of a Claim or Interest for purposes of making any Distribution under the Plan.

(f) Surrender of Canceled Notes

(i) Generally

Except as set forth in Section 6.7(g) of the Plan, as a condition precedent to receiving any Distribution under the Plan on account of an Allowed Claim evidenced by any Notes canceled pursuant to Section 5.8(a) of the Plan, the Holder of such Claim shall tender such Note to the applicable Indenture Trustee. Any Distributions pursuant to the Plan on account of any Claim evidenced by such Note shall, pending such surrender, be treated as an undeliverable Distribution in accordance with Section 6.7(c) of the Plan. All payments to Holders of Noteholder Claims shall only be made after such surrender, or in the event such certificate is lost, stolen, mutilated or destroyed, upon the Holder's compliance with the requirements set forth Section 6.7(g) of the Plan. Upon surrender of such Notes certificates, the Indenture Trustees shall cancel and destroy such Notes. As soon as practicable after surrender of the Notes certificates, the Indenture Trustees shall distribute to the Holders thereof such Holder's pro rata share of the Distribution, but subject to the rights of the Indenture Trustees to assert their charging liens to the extent their Indenture Trustee Fees and Expenses are not paid pursuant to the Plan.

(ii) Failure to Surrender Canceled Notes

If any Holder of an Allowed Claim evidenced by Notes canceled pursuant to Section 5.8(a) of the Plan, fails to surrender such Note or comply with the provisions of Section 6.7(f)(i) of the Plan within two years after the Effective Date, its Claim for a Distribution under the Plan on account of such Note shall be discharged, and such Holder shall be forever barred from asserting such Claim against Reorganized SEBC or its property. In such case, any property held on account of such Claim shall be disposed of pursuant to the provisions set forth in Section 6.7(c) of the Plan.

(g) Lost, Stolen, Mutilated or Destroyed Notes

Any Holder of an Allowed Claim evidenced by Notes canceled pursuant to Section 5.8(a) of the Plan that has been lost, stolen, mutilated or destroyed, shall, in lieu of surrendering such Note: (i) deliver to the applicable Indenture Trustee (x) an affidavit of loss reasonably satisfactory to the Indenture Trustee setting forth the unavailability of such Note and (y) such additional security or indemnity as may reasonably be requested by the applicable Indenture Trustee to hold such Indenture Trustee harmless from any damages, liabilities, or costs incurred in treating such Person as a Holder of an Allowed Claim and (ii) satisfy any other requirement under the Indentures or any other relevant document. Upon compliance with this Section 6.7(g) by a Holder of an Allowed Claim evidenced by such Note, such Holder shall, for all purposes under the Plan, be deemed to have surrendered such Note.

6.8 Application of Distribution Record Date

At the close of business on the Distribution Record Date, all claims registers, transfer ledgers, and interests registers for all Class 1, 2A, 2D, 2E, and 3 Claims, and Class 4 and 5 Interests shall be closed, and there shall be no further changes in the record Holders of such Claims or Interests. Except as otherwise provided herein, Reorganized SEBC, the Disbursing Agent, the Transfer Agent/Registrar, the Indenture Trustees, and each of their respective agents, successors, and assigns shall have no obligation to recognize any transfer of Class 1, 2A, 2D, 2E, and 3 Claims, and Class 4 and 5 Interests, occurring after the Distribution Record Date, and shall be entitled instead to recognize and deal for all purposes hereunder with only those record Holders stated on the claims registers, transfer ledgers and interests registers as of the close of business on the Distribution Record Date.

6.9 Withholding, Payment, and Reporting Requirements

In connection with the Plan and all distributions hereunder, the Disbursing Agent or the Transfer Agent/Registrar, as applicable, shall, to the extent applicable, comply with all tax withholding, payment, and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding, payment, and reporting requirements. The Disbursing Agent or the Transfer Agent/Registrar, as applicable, shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding, payment, and reporting requirements. Notwithstanding any other provision of the Plan, each Holder of an Allowed Claim or an Allowed Interest that is to receive a Distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such Distribution.

6.10 No Distribution in Excess of Allowed Amounts

Except as provided for in or consistent with the Global Settlement Order, notwithstanding anything to the contrary herein, no Holder of an Allowed Claim shall

receive in respect of such Claim any Distribution of a value as of the Effective Date in excess of the Allowed amount of such Claim.

ARTICLE VII
CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

7.1 Conditions to Confirmation

The following are conditions precedent to the occurrence of the Confirmation Date, each of which must be satisfied or waived in accordance with Section 7.3 of the Plan:

(a) an order finding that the Disclosure Statement contains adequate information pursuant to Section 1125 of the Bankruptcy Code shall have been entered; and

(b) the proposed Confirmation Order shall be in form and substance reasonably satisfactory to Investor.

7.2 Conditions to Effective Date

The following conditions precedent must be satisfied or waived on or before the Effective Date in accordance with Section 7.3 of the Plan:

(a) the Confirmation Order shall have been entered in form and substance reasonably satisfactory to Investor and shall, among other things:

(i) provide that the Trustee, Reorganized SEBC, SEBC Holdings, Real Estate LLC and the Disbursing Agent are authorized and directed to take all actions necessary or appropriate to enter into, implement, and consummate the contracts, instruments, releases, and other agreements or documents created in connection with the Plan;

(ii) approve and authorize the Transaction;

(iii) authorize the issuance of the Reorganized SEBC Securities, the SEBC Holdings Securities and the Real Estate LLC Securities;

(iv) authorize the Trustee to act as a duly authorized agent for Reorganized SEBC for purposes of implementing the Plan and the Transaction; to execute on behalf of Reorganized SEBC, SEBC Holdings and Real Estate LLC all transaction documents and any other documents reasonably necessary to effectuate the Plan and the Transaction; and to bind Reorganized SEBC, SEBC Holdings and Real Estate LLC thereto; and

(v) provide that notwithstanding Rule 3020(e) of the Bankruptcy Rules, the Confirmation Order shall be immediately effective, subject to the terms and conditions of the Plan;

(b) the Confirmation Order shall be a Final Order; and

(c) all conditions to the occurrence of the Closing Date, other than the occurrence of the Effective Date, shall have occurred or been waived in accordance with the terms of Master Subscription Agreement.

7.3 Waiver of Conditions

Each of the conditions set forth in Section 7.2, with the express exception of the conditions contained in Sections 7.2(a)(i), (a)(ii), (a)(iii), (a)(iv) and (b), may be waived in whole or in part by the Trustee without any notice to parties-in-interest or the Bankruptcy Court and without a hearing; *provided*, *however*, that such waiver shall be subject to any consent of Investor required under the Master Subscription Agreement.

ARTICLE VIII
RETENTION OF JURISDICTION

8.1 Scope of Retention of Jurisdiction

Under Sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, and except as otherwise ordered by the Bankruptcy Court, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Bankruptcy Case and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

(a) allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured, or unsecured status of, any Claim not otherwise Allowed under the Plan, including the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the allowance or priority of Claims;

(b) hear and determine all applications for compensation and reimbursement of expenses of the Trustee and Professionals under the Plan or under Sections 327, 328, 330, 331 and 503(b) of the Bankruptcy Code; *provided*, *however,* that payment of the fees and expenses of the retained Professionals of Reorganized SEBC, SEBC Holdings, and Real Estate LLC incurred from and after the Effective Date shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(c) effectuate performance of and payments under the provisions of the Plan and enforce remedies upon any default under the Plan;

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

(e) enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan, and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement, or the Confirmation Order;

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

(g) 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 the implementation, consummation, or enforcement of the Plan or the Confirmation Order;

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

(i) hear and determine any matters arising in connection with or relating to the interpretation, implementation, consummation, or enforcement of the Plan, the Plan Supplement, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Plan Supplement, the Disclosure Statement, or the Confirmation Order *provided*, *however*, that any dispute arising under or in connection with the Master Subscription Agreement or any document related thereto shall be dealt with in accordance with the provisions of the governing documents;

(j) enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Bankruptcy Case (whether or not the Bankruptcy Case has been closed), including without limitation the Global Settlement Order;

(k) hear and determine matters concerning state, local, and federal taxes in accordance with Sections 346, 505, and 1146 of the Bankruptcy Code;

(l) hear and determine all disputes involving the existence, nature, or scope of the Debtor's discharge;

(m) hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code; and

(n) enter a final decree closing the Bankruptcy Case.

8.2 Failure of the Bankruptcy Court to Exercise Jurisdiction

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Bankruptcy Case, including the matters set forth in Section 8.1 of the Plan, the provisions of this Article VIII shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

ARTICLE IX
MISCELLANEOUS PROVISIONS

9.1 Administrative Claims

All requests for payment of an Administrative Claim (other than as set forth in Sections 3.1, 9.2, 9.3, 9.4, 9.5 or this Section 9.1 of the Plan) must be made by application filed with the Bankruptcy Court and served on counsel for the Trustee on or before the Administrative Claims Bar Date. In the event that the Trustee objects to an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim. To the extent any asserted Administrative Claim, the amount of which is deducted from Available Cash to compute Net Cash, is disallowed, Cash in the amount of such disallowed Administrative Claim (or any portion thereof that is disallowed) shall be transferred to SEBC Holdings, whereupon such amount shall be subject to a mandatory dividend payable to holders of SEBC Holdings Junior Preferred Units on or before the next quarterly dividend date for SEBC Holdings after the date by which all such disputed Administrative Claims are finally resolved.

9.2 Professional Fee Claims

(a) Unless otherwise ordered by the Bankruptcy Court, all final requests for payment of Professional Fee Claims pursuant to Sections 327, 328, 330, 331, or 503(b) of the Bankruptcy Code must be made by application filed with the Bankruptcy Court and served on necessary parties in interest on or before the Administrative Claims Bar Date. All such timely filed and served applications shall be heard on the date of the Confirmation Hearing. Any such applications may contain a good faith estimate of additional Professional Fee Claims to be incurred through and including the Effective Date. Objections to such applications must be filed and served on the Trustee, his counsel, counsel for MLE, the requesting Professional, the Fee Auditor Warren H. Smith, and such other parties in interest as the Bankruptcy Court may direct, within such time as may be provided under applicable Rules of the Bankruptcy Court or fixed by Order of the Bankruptcy Court.

(b) Reorganized SEBC, SEBC Holdings, and Real Estate LLC may, without application to or approval by the Bankruptcy Court, retain professionals and pay reasonable professional fees and expenses in connection with services rendered to it after the Effective Date.

9.3 Indenture Trustee Fees and Expenses

(a) To the extent the Indenture Trustee Fees and Expenses are paid in Cash in full by the Trustee, the Disbursing Agent, or Reorganized SEBC, distributions received by Noteholders pursuant to the Plan shall not be reduced on account of the fees and expenses of the Indenture Trustee.

(b) Within twenty (20) days after the issuance of the Confirmation Order, the Indenture Trustees shall serve on the Trustee reasonably substantiating documents in support of the Indenture Trustee Fees and Expenses incurred to such date by the Indenture Trustees, whether incurred before or after the Petition Date and/or the Confirmation Date, together with a detailed, reasonable estimate of any fees and expenses to be incurred through the Effective Date. Such estimate may include, without limitation, projected fees and expenses relating to surrender and cancellation of the Notes and making distributions to Noteholders under the Plan. On or as soon as reasonably practicable after the Effective Date, the Trustee or Reorganized SEBC shall pay in Cash the undisputed amount of the Indenture Trustee Fees and Expenses without the need for the Indenture Trustees to file applications for the allowance thereof with the Bankruptcy Court, pursuant to Sections 3.2(a) and (b) of the Plan. If, before the Effective Date, the Trustee objects in writing to all or a portion of the Indenture Trustee Fees and Expenses, (a) the Trustee shall pay the undisputed portion of the Indenture Trustee Fees and Expenses as provided above and (b) such Indenture Trustee may, in its sole discretion, either (i) submit the disputed portion of the Indenture Trustee Expense to the Bankruptcy Court for resolution or (ii) exercise its rights under the Indentures to ensure full payment of the Indenture Trustee Fees and Expenses. The allowance of the disputed portion of the Indenture Trustee Fees and Expenses shall be determined under a “reasonableness” standard. In connection with such allowance, the Indenture Trustees shall not be required to file fee applications or comply with guidelines and rules applicable to fee applications, and shall not be subject to Sections 330 or 503(b) of the Bankruptcy Code. Nothing in the Plan or the Confirmation Order shall be deemed to impair, waive, or discharge any rights of the Indenture Trustees with respect to the payment of any portion of the Indenture Trustee Fees and Expenses not paid by the Trustee.

(c) Reorganized SEBC shall pay, without further order of the Bankruptcy Court, the reasonable direct out-of-pocket costs and expenses, including the reasonable attorneys’ fees and expenses, incurred by the Indenture Trustees after the Effective Date in connection with making distributions under the Plan.

9.4 Payment of Statutory Fees; Filing of Quarterly Reports

(a) 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 on or before the Effective Date. All such fees that arise after the Effective Date shall be paid by Reorganized SEBC. The obligation of Reorganized SEBC to pay quarterly fees to the Office of the United States Trustee pursuant to Section 1930 of Title 28 of the United States Code shall continue until the Bankruptcy Case is closed.

(b) The obligation of Reorganized SEBC to file quarterly financial reports as required by the Office of the United States Trustee shall continue until the Bankruptcy Case is closed.

9.5 Payment of SCS Structuring Fee

The SCS Structuring Fee is deemed to be an Allowed Administrative Claim, but shall not be paid from Available Cash. Reorganized SEBC shall pay the SCS Structuring Fee on or before the first quarterly dividend payment date for Reorganized SEBC after the Effective Date.

9.6 Modifications and Amendments

(a) The Trustee may alter, amend, or modify the Plan or any exhibits thereto under Section 1127(a) of the Bankruptcy Code at any time before the Confirmation Date with the express written consent of Investor (which consent shall not be unreasonably withheld, delayed, or conditioned); provided, however, that such modification shall not adversely affect the treatment of Classes 1, 2 or 3 under the Plan. The Trustee shall provide parties in interest with notice of such amendments or modifications as may be required by the Bankruptcy Code and Rules or order of the Bankruptcy Court.

(b) After the Confirmation Date and before substantial consummation (as defined in Section 1101(2) of the Bankruptcy Code) of the Plan, the Trustee, Reorganized SEBC, SEBC Holdings or Real Estate LLC, as the case may be, may file a motion or seek relief in the Bankruptcy Court under Section 1127(b) of the Bankruptcy Code, to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement approved with respect to the Plan, or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of the Plan so long as such proceedings do not adversely affect the treatment of Holders of Claims or Interests under the Plan; provided, however, that prior notice of such proceedings shall be served on parties in interest in accordance with the Bankruptcy Code and Rules or order of the Bankruptcy Court.

(c) A Holder of an Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified, or clarified, if the proposed alteration, amendment, modification, or clarification does not materially and adversely change the treatment of the Interest of such Holder. In the event of any dispute as to whether such proposed alteration, amendment, modification, or clarification materially and adversely changes the treatment of the Interest of any such Holder, the Trustee, Reorganized SEBC, SEBC Holdings or Real Estate LLC, as the case may be, shall bear the burden of demonstrating that such proposed alteration, amendment, modification, or clarification does not materially adversely change the treatment of the Interest of such Holder.

9.7 Severability of Plan Provisions

If, before Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the

request of the Trustee, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted; provided, however, that such alteration or interpretation shall not adversely affect the treatment of Classes 1, 2, or 3 under the Plan. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

9.8 Successors and Assigns and Binding Effect

The rights, benefits, and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, personal representative, successor, or assign of such entity, including, but not limited to, Reorganized SEBC, SEBC Holdings, Real Estate LLC, and all other parties-in-interest in the Bankruptcy Case.

9.9 Compromises and Settlements

From and after the Effective Date, Reorganized SEBC, SEBC Holdings, and Real Estate LLC may compromise and settle various Claims filed in the Bankruptcy Case, and any other claims and causes of action that it may have against other Persons ("Third Party Actions"), without any further approval by the Bankruptcy Court. Until the Effective Date occurs, the Trustee expressly reserves the right to compromise and settle Claims and Third Party Actions, subject to the approval of the Bankruptcy Court upon notice and opportunity for hearing pursuant to Bankruptcy Rule 9019.

9.10 Satisfaction of Subordination Rights

All Claims against the Debtor and all rights and claims between or among the Holders of Claims relating in any manner whatsoever to any claimed subordination rights shall be deemed satisfied by the distributions under, described in, contemplated by, and/or implemented in the Global Settlement Order and Section 3.2 of the Plan. Distributions under, described in, contemplated by, and/or implemented by the Plan to the various Classes of Claims hereunder shall not be subject to levy, garnishment, attachment, or like legal process by any Holder of a Claim by reason of any claimed subordination rights or otherwise, so that each Holder of a Claim shall have and receive the benefit of the distributions in the manner set forth in the Plan.

9.11 Discharge of the Debtor

(a) Except as otherwise provided herein or in the Confirmation Order, all consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims of any nature whatsoever

against, and all Interests of any nature whatsoever in, the Debtor or any of its assets or properties and, regardless of whether any property shall have been abandoned by order of the Bankruptcy Court, retained, or distributed pursuant to the Plan on account of such Claims, upon the Effective Date, the Debtor shall (i) be deemed discharged and released under Section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in Section 502 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, (C) a Claim based upon such debt is or has been disallowed by order of the Bankruptcy Court, or (D) the Holder of a Claim based upon such debt accepted the Plan, and (ii) terminate all Interests.

(b) As of the Effective Date, except as provided in the Plan or the Confirmation Order or under the terms of the documents evidencing and orders approving the Transaction, all Persons shall be precluded from asserting against the Debtor, Reorganized SEBC, SEBC Holdings, or Real Estate LLC any other or further claims, debts, rights, causes of action, claims for relief, liabilities, or equity interests relating to the Debtor based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred before the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtor and termination of all Interests, pursuant to Sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtor at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

9.12 Discharge of Trustee

As of the Effective Date, except as provided in the Plan or the Confirmation Order, the Trustee shall be discharged and relieved of all duties and obligations with respect to the Debtor, the Jacksonville Property Subsidiaries, the Other SEBC Subsidiaries, any and all other Affiliates and subsidiaries of the Debtor, the SEBNA Receivership, and any and all Affiliates and subsidiaries of the SEBNA Receivership.

9.13 Injunction

(a) **Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against the Debtor, Reorganized SEBC, SEBC Holdings, Real Estate LLC, the Indenture Trustees, and their respective subsidiaries or Affiliates or their property, on account of any such discharged Claims, debts, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or**

recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtor, Reorganized SEBC, SEBC Holdings, or Real Estate LLC, the Indenture Trustees and their respective subsidiaries or Affiliates or their property; or (v) commencing or continuing any action, in each such case in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

(b) **Without limiting the effect of the foregoing provisions of this Section 9.13 upon any Person, by accepting Distributions pursuant to the Plan, each Holder of an Allowed Claim or Allowed Interest receiving Distributions pursuant to the Plan shall be deemed to have specifically consented to the injunctions set forth in this Section 9.13.**

9.14 Exculpation and Limitation of Liability

(a) **None of the Trustee, the Indenture Trustees, the Ad Hoc Committee, Reorganized SEBC, SEBC Holdings, Real Estate LLC, the Legal Representative, Investor, Disbursing Agent, Transfer Agent/Registrar, their respective subsidiaries, or any of their respective present or former members, officers, directors, employees, advisors, Professionals, or agents, shall have or incur any liability to any Holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, advisors, attorneys, or Affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Bankruptcy Case (including without limitation the negotiation, drafting, execution and implementation of the Global Settlement Order), the formulation, negotiation, or implementation of the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which are the result of fraud, gross negligence, or willful misconduct; provided, however, that nothing contained in the foregoing paragraph shall limit, modify, or otherwise affect the ability of any Person to enforce its rights under the Plan or any agreements or other documents provided for, in, or otherwise contemplated by the Plan. The foregoing is not intended to limit or otherwise restrict or affect any defense of qualified immunity that may be available under applicable law.**

(b) **Notwithstanding any other provision of the Plan, no Holder of a Claim or an Interest, no other party in interest, none of their respective agents, employees, representatives, advisors, attorneys, or Affiliates, and none of their respective successors or assigns shall have any right of action against the Trustee, the Debtor, Reorganized SEBC, SEBC Holdings, Real Estate LLC, the Legal Representative, the Indenture Trustees, the Ad Hoc Committee, Investor, Disbursing Agent, the Transfer Agent/Registrar, any of the Debtor's or Reorganized SEBC's subsidiaries or Affiliates, or of their respective present or**

former members, officers, directors, employees, advisors, Professionals, or agents, for any act or omission in connection with, relating to, or arising out of, the Bankruptcy Case (including without limitation the negotiation, drafting, execution and implementation of the Global Settlement Order), the formulation, negotiation, or implementation of the Plan, solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, the administration of the Plan, or the property to be distributed under the Plan, except for acts or omissions which are the result of fraud, gross negligence, or willful misconduct; provided, however, that nothing contained in the foregoing paragraph shall limit, modify, or otherwise affect the ability of any Person to enforce its rights under the Plan or any agreements or other documents provided for, in, or otherwise contemplated by the Plan.

9.15 Term of Injunctions or Stays

Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Bankruptcy Case under Sections 105 or 362 of the Bankruptcy Code or otherwise, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Effective Date.

9.16 Revocation, Withdrawal, or Non-Consummation

The Trustee reserves the right to revoke or withdraw the Plan at any time before the Confirmation Date and to file subsequent plans of reorganization. If the Trustee revokes or withdraws the Plan, or if Confirmation or the Effective Date does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims) and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims against, or any Interests in the Debtor or other claims by or against the Debtor or any other Person, (ii) prejudice in any manner the rights of the Debtor, the Trustee, or any Person in any further proceedings involving the Debtor, or (iii) constitute an admission of any sort by the Debtor, the Trustee, or any other Person.

9.17 Plan Supplement

The Plan Supplement shall be filed with the Clerk of the Bankruptcy Court at least ten (10) days before the Confirmation Hearing or by such later date as may be established by order of the Bankruptcy Court. Upon such filing, all documents included in the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal business hours. Holders of Claims or Interests may obtain a copy of any document included in the Plan Supplement upon written request to the Trustee in accordance with Section 9.18 of the Plan or on the www.sebcglobalsettlement.com website.

9.18 Notices

Any notice, request, or demand required or permitted to be made or provided under the Plan shall be (a) in writing; (b) served by (i) certified mail, return receipt requested, (ii) hand delivery, (iii) overnight delivery service, (iv) first class mail, (v) facsimile transmission, or (vi) email transmission; and (c) deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission or email transmission, when received and telephonically confirmed, addressed as follows:

SOUTHEAST BANKING CORPORATION
c/o Jeffrey H. Beck, Chapter 11 Trustee
J Beck & Associates, Inc.
595 S. Federal Highway, Suite 600
Boca Raton, Florida 33432
Telephone: (561) 544-2534
Facsimile: (561) 948-4796
Email: jbeck@becktrustee.com

with a copy to the Trustee's counsel:

Mark D. Bloom, Esq.
GREENBERG TRAURIG, P.A.
1221 Brickell Avenue
Miami, Florida 33131
Telephone: (305) 579-0500
Facsimile: (305) 579-0717
Email: bloomm@gtlaw.com

and a copy to MLE's counsel:

Debra A. Dandeneau, Esq.
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Email: debra.dandeneau@weil.com

9.19 Computation of Time

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

9.20 Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of Florida shall govern

the construction and implementation of the Plan and (except as may be provided otherwise in any such agreements, documents, or instruments) any agreements, documents, and instruments executed in connection with the Plan, without giving effect to the principles of conflicts of law thereof.

Dated: December 9, 2008 SOUTHEAST BANKING CORPORATION

By: _____
Name: Jeffrey H. Beck
Title: Chapter 11 Trustee

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EXHIBITS

TO

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

Capitalized terms used but not defined in the following Exhibits, shall have the respective meanings assigned thereto in such Plan.

EXHIBIT A

TO

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

REORGANIZED SEBC CLASS A COMMON STOCK

Summary of Terms

Issue:	Class A Common Stock, par value $0.001 per share (the "Reorganized SEBC Class A Common Stock")
Issuer:	SEBC Financial Corporation (the "Reorganized SEBC")
Authorized Shares:	TBD
Initial Issuance:	TBD but shall equal 60 percent of the outstanding Reorganized SEBC Common Stock.
Ranking:	The Reorganized SEBC Class A Common Stock shall, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of Reorganized SEBC, rank on a parity with the Reorganized SEBC Class B Common Stock and Reorganized SEBC Class C Common Stock and junior to the Reorganized SEBC Senior Preferred Stock, Reorganized SEBC Series J Junior Preferred Stock and the Reorganized SEBC Series K Junior Preferred Stock (collectively, the "Preferred Stock").
Dividends:	Payable at the discretion of the board of directors of Reorganized SEBC (the "Board") and subject to the rights of the holders of the Preferred Stock. No cash dividend may be declared and paid on any Reorganized SEBC Common Stock unless a cash dividend in an equal per share amount is simultaneously declared and paid on the other classes of Reorganized SEBC Common Stock. Dividends or other distributions payable in stock of Reorganized SEBC, including distributions pursuant to stock splits or divisions of stock of Reorganized SEBC, shall be made in the same proportion with respect to each class of Reorganized SEBC Common Stock, but no class shall receive shares of another class.
Voting Rights:	One vote per share; except as otherwise provided in the Reorganized SEBC Charter, or as required by law, the holders of all classes of Reorganized SEBC Common Stock shall vote together as a single class.
Transfer Restrictions:	From and after the date of filing of the Reorganized SEBC Charter and until the Restriction Release Date (as defined in the Reorganized SEBC Charter), any attempted sale, transfer, exchange, assignment, conveyance, or other disposition for value ("Transfer") of any Reorganized SEBC Class A Common Stock (i) to any person (including a group of persons making a coordinated acquisition) who (A) after giving effect to such purported Transfer would become an

	owner of at least 4.75% of Reorganized SEBC Common Stock (including indirect ownership as determined under applicable Treasury Regulations under the Internal Revenue Code ("Indirect Ownership")) or (B) prior to giving effect to such purported Transfer held at least 4.75% of Reorganized SEBC Common Stock (including Indirect Ownership) and whose ownership percentage subsequent to such Transfer would increase, or (ii) by any person who at the time is an owner of at least 4.75% of Reorganized SEBC Common Stock (including Indirect Ownership), will be void ab initio unless (x) either the transferor or the transferee receives the prior unanimous written consent of the Board to such Transfer on twenty (20) days' prior written notice or (y) such Transfer is by certain Institutional Shareholders (as defined in the Reorganized SEBC Charter) to a person whose percentage ownership of Reorganized SEBC Common Stock (including Indirect Ownership) after such Transfer solely reflects securities acquired from such Institutional Shareholders.
Registration:	The Reorganized SEBC Class A Common Stock will be distributed pursuant to the Plan without registration under the Securities Act of 1933, as amended (the "Securities Act"), and without qualification or registration under any state or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification contained in Section 4(2) of the Securities Act and equivalent state exemptions. Any subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

EXHIBIT B

TO

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

REORGANIZED SEBC CLASS B COMMON STOCK

Summary of Terms

Issue:	Class B Common Stock, par value $0.001 per share (the "Reorganized SEBC Class B Common Stock")
Issuer:	SEBC Financial Corporation (the "Issuer")
Authorized Shares:	TBD
Initial Issuance:	TBD but shall equal 20 percent of the outstanding Reorganized SEBC Common Stock.
Ranking:	The Reorganized SEBC Class B Common Stock shall, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of Reorganized SEBC, rank on a parity with the Reorganized SEBC Class A and Reorganized SEBC Class C Common Stock and junior to the Preferred Stock.
Dividends:	Payable at the discretion of the Board and subject to the rights of the holders of the Preferred Stock. No cash dividend may be declared and paid on any Reorganized SEBC Common Stock unless a cash dividend in an equal per share amount is simultaneously declared and paid on the other classes of Reorganized SEBC Common Stock. Dividends or other distributions payable in stock of Reorganized SEBC, including distributions pursuant to stock splits or divisions of stock of Reorganized SEBC, shall be made in the same proportion with respect to each class of Reorganized SEBC Common Stock, but no class shall receive shares of another class.
Voting Rights:	One vote per share; except as otherwise provided in the Reorganized SEBC Charter, or as required by law, the holders of all classes of Reorganized SEBC Common Stock shall vote together as a single class.
Transfer Restrictions:	From and after the date of filing of the Reorganized SEBC Charter and until the Restriction Release Date, any Transfer of any Reorganized SEBC Class B Common Stock (i) to any person (including a group of persons making a coordinated acquisition) who (A) after giving effect to such purported Transfer would become an owner of at least 4.75% of Reorganized SEBC Common Stock (including Indirect Ownership) or (B) prior to giving effect to such purported Transfer held at least 4.75% of Reorganized SEBC Common Stock (including Indirect Ownership) and whose ownership percentage subsequent to such Transfer would increase, or (ii) by any person who at the time is an owner of at least 4.75% of

	Reorganized SEBC Common Stock (including Indirect Ownership), will be void ab initio unless (x) either the transferor or the transferee receives the prior unanimous written consent of the Board to such Transfer on twenty (20) days' prior written notice or (y) such Transfer is by certain Institutional Shareholders to a person whose percentage ownership of Reorganized SEBC Common Stock (including Indirect Ownership) after such Transfer solely reflects securities acquired from such Institutional Shareholders.
Registration:	The Reorganized SEBC Class B Common Stock will be distributed pursuant to the Plan without registration under the Securities Act, and without qualification or registration under any state or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification contained in Section 4(2) of the Securities Act and equivalent state exemptions. Any subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

EXHIBIT C

TO

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

REORGANIZED SEBC CLASS C COMMON STOCK

Summary of Terms

Issue:	Class C Common Stock, par value $0.001 per share (the "Reorganized SEBC Class C Common Stock")
Issuer:	SEBC Financial Corporation (the "Issuer")
Authorized Shares:	TBD
Initial Issuance:	TBD but shall equal 20 percent of the outstanding Reorganized SEBC Common Stock.
Ranking:	The Reorganized SEBC Class C Common Stock shall, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of Reorganized SEBC, rank on a parity with the Reorganized SEBC Class A and Reorganized SEBC Class C Common Stock and junior to the Preferred Stock.
Dividends:	Payable at the discretion of the Board and subject to the rights of the holders of the Preferred Stock. No cash dividend may be declared and paid on any Reorganized SEBC Common Stock unless a cash dividend in an equal per share amount is simultaneously declared and paid on the other classes of Reorganized SEBC Common Stock. Dividends or other distributions payable in stock of Reorganized SEBC, including distributions pursuant to stock splits or divisions of stock of Reorganized SEBC, shall be made in the same proportion with respect to each class of Reorganized SEBC Common Stock, but no class shall receive shares of another class.
Voting Rights:	One vote per share; except as otherwise provided in the Reorganized SEBC Charter, or as required by law, the holders of all classes of Reorganized SEBC Common Stock shall vote together as a single class.
Transfer Restrictions:	From and after the date of filing of the Reorganized SEBC Charter and until the Restriction Release Date, any Transfer of any Reorganized SEBC Class C Common Stock (i) to any person (including a group of persons making a coordinated acquisition) who (A) after giving effect to such purported Transfer would become an owner of at least 4.75% of Reorganized SEBC Common Stock (including Indirect Ownership) or (B) prior to giving effect to such purported Transfer held at least 4.75% of Reorganized SEBC Common Stock (including Indirect Ownership) and whose ownership percentage subsequent to such Transfer would increase, or (ii) by

	any person who at the time is an owner of at least 4.75% of Reorganized SEBC Common Stock (including Indirect Ownership), will be void ab initio unless (x) either the transferor or the transferee receives the prior unanimous written consent of the Board to such Transfer on twenty (20) days' prior written notice or (y) such Transfer is by certain Institutional Shareholders to a person whose percentage ownership of Reorganized SEBC Common Stock (including Indirect Ownership) after such Transfer solely reflects securities acquired from such Institutional Shareholders.
Registration:	The Reorganized SEBC Class C Common Stock will be distributed pursuant to the Plan without registration under the Securities Act, and without qualification or registration under any state or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification contained in Section 4(2) of the Securities Act and equivalent state exemptions. Any subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

EXHIBIT D

TO

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

REORGANIZED SEBC SERIES A SENIOR PREFERRED STOCK

Summary of Terms

Issue:	Series A Senior Preferred Stock, par value $0.001 per share (the "Reorganized SEBC Series A Senior Preferred Stock")
Issuer:	Reorganized SEBC
Authorized Shares:	TBD
Initial Issuance:	TBD
Ranking:	The Reorganized SEBC Series A Senior Preferred Stock shall, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of Reorganized SEBC, rank senior to the Reorganized SEBC Series B Senior Preferred Stock, the Reorganized SEBC Series J Junior Preferred Stock, the Reorganized SEBC Series K Junior Preferred Stock and the Reorganized SEBC Common Stock.
Dividends:	The holder of each share of Reorganized SEBC Series A Senior Preferred Stock shall be entitled to receive, subject to declaration by the Board, a quarterly cash dividend in an amount equal to the amount that would accrue on the face amount ($1.00) of such Reorganized SEBC Series A Senior Preferred Stock during the quarterly dividend period at the Series A Senior Quarterly Dividend Rate (as defined in the Reorganized SEBC Charter) then in effect. The amount of any dividend not declared, or the shortfall in the amount of any dividend that is declared, regardless of a lack of sufficient legally available funds or sufficient earnings and profits to do so, will accumulate until paid. Notwithstanding anything in the Reorganized SEBC Charter to the contrary, no dividend shall be paid on the Series A Senior Preferred Stock unless, immediately after making such payment and giving effect thereto, the market value of certain of Reorganized SEBC's investments equals or exceeds the sum of (i) the consolidated liabilities of Reorganized SEBC and its subsidiaries plus (ii) the redemption price for all Reorganized SEBC Series A Senior Preferred Stock outstanding at such time. The Series A Senior Quarterly Dividend Rate will be adjusted for certain changes in tax law or Reorganized SEBC's tax characteristics that affect the after-tax yield on the Reorganized SEBC Series A Senior Preferred Stock.
Liquidation Preferences:	Upon the voluntary or involuntary liquidation, dissolution or winding up of Reorganized SEBC, each holder of Reorganized SEBC Series

A Senior Preferred Stock will be entitled to receive out of the assets of Reorganized SEBC available for distribution to its stockholders an amount in cash, before any distribution of assets is made to the holders of Reorganized SEBC Series B Senior Preferred Stock, Reorganized SEBC Series J and Reorganized SEBC Series K Junior Preferred Stock or Reorganized SEBC Common Stock, equal to the Series A Senior Liquidation Price, calculated as set forth in the Reorganized SEBC Charter, for each of such holder's shares of Reorganized SEBC Series A Senior Preferred Stock. If the available assets of Reorganized SEBC are insufficient to pay the amount of the Series A Senior Liquidation Price in full on each share of Reorganized SEBC Series A Senior Preferred Stock, then such available assets will be applied pro rata among all shares of Reorganized SEBC Series A Senior Preferred Stock.

On or after the first anniversary of the date of acquisition by any holder of any Reorganized SEBC Series A Senior Preferred Stock from MLE and for so long as any shares of Reorganized SEBC Series A Senior Preferred Stock are outstanding, such holder or any of its transferees (other than MLE or any of its Affiliates) shall have the right to cause Reorganized SEBC to liquidate (the "Series A Liquidation Right"); provided, however, that Reorganized SEBC shall have the right, within 45 days after the receipt of such a demand for liquidation, to redeem the shares of Reorganized SEBC Series A Senior Preferred Stock owned by such holder in whole and not in part, in lieu of liquidation.

Redemption:

Holders' Elective Redemption: Upon the occurrence of certain events, including, but not limited to, Reorganized SEBC's failure to provide its audited annual consolidated financial statements, breach of any covenant in the Reorganized SEBC Charter or Master Subscription Agreement, any change in the Internal Revenue Code that reduces the dividends received deduction applicable to dividends on the Reorganized SEBC Senior Preferred Stock and Reorganized SEBC Series J Junior Preferred Stock below certain levels, a Change in Law, or a Change in Tax Law (as such terms are defined in the Reorganized SEBC Charter), holders holding more than 50% of the Reorganized SEBC Series A Senior Preferred Stock shall have the right to cause Reorganized SEBC to redeem the Reorganized SEBC Series A Senior Preferred Stock, in whole or in part.

Corporation Optional Redemption: Reorganized SEBC may redeem the Reorganized SEBC Series A Senior Preferred Stock, by resolution of its Board, (i) in whole and not in part (A) on or after the fifth anniversary of the first date on which Reorganized SEBC issued shares of Preferred Stock (the "Date of Original Issue"), or (B) within 45 days after receiving the requisite notice exercising the Series B Liquidation Right (as defined in Exhibit E) or the Series J Liquidation Right (as defined Exhibit F), or (ii) in part with respect to the shares of Reorganized SEBC Series A Senior Preferred Stock of a holder exercising the Series A Liquidation Right, within 45 days after receiving the requisite notice exercising such Series A Liquidation Right.

Scheduled Redemption: The Reorganized SEBC Series A Senior Preferred Stock shall be redeemed, in whole and not in part, on the

	Scheduled Redemption Date in 2016. Upon any redemption, Reorganized SEBC shall pay each holder of Reorganized SEBC Series A Senior Preferred Stock the Series A Senior Redemption Price for each share of Reorganized SEBC Series A Senior Preferred Stock owned by such holder to be redeemed, in cash out of funds legally available therefor.
Voting Rights:	The Reorganized SEBC Series A Senior Preferred Stock shall have no voting rights, and shall have no right to participate in the management of Reorganized SEBC, except as expressly required by applicable law; provided, however, that neither Reorganized SEBC nor any of its subsidiaries may take certain corporate actions, including, but not limited to, instituting proceedings to be adjudicated bankrupt or insolvent, consolidating or merging with another entity except in certain circumstances, disposing of all or substantially all of its assets, issuing shares of Reorganized SEBC Common Stock, or authorizing additional classes or series of stock, without the affirmative vote of the holders of more than 80% of the Reorganized SEBC Series A Senior Preferred Stock. Upon the occurrence of certain specified events, including, but not limited to, the institution by Reorganized SEBC of bankruptcy proceedings, the failure of Reorganized SEBC to maintain a required liquidity reserve and the failure of Reorganized SEBC to make required dividend or redemption payments, the authorized number of directors of the Board shall be automatically increased by the smallest even number divisible by three and that shall constitute a majority of the Board and one-third of such new directors shall be elected by holders holding more than 50% of the Reorganized SEBC Series A Senior Preferred Stock. Such directors shall have the limited right to cure the event that triggered their election, including causing a redemption of the Preferred Stock, and shall serve for corresponding limited terms.
Transfer Restrictions:	Series A Senior Preferred Stock may only be sold or otherwise transferred to a person who is a “qualified institutional buyer” within the meaning of Rule 144A of the Securities Act (a “QIB”).
Registration:	The Reorganized SEBC Series A Senior Preferred Stock will be distributed pursuant to the Plan without registration under the Securities, and without qualification or registration under any state or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification contained in Section 4(2) of the Securities Act and equivalent state exemptions. Any subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

EXHIBIT E

TO

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

REORGANIZED SEBC SERIES B SENIOR PREFERRED STOCK

Summary of Terms

Issue:	Series B Senior Preferred Stock, par value $0.001 per share (the "Reorganized SEBC Series B Senior Preferred Stock")
Issuer:	Reorganized SEBC
Authorized Shares:	TBD
Initial Issuance:	TBD
Ranking:	The Reorganized SEBC Series B Senior Preferred Stock shall, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of Reorganized SEBC, rank senior to the Reorganized SEBC Series J Junior Preferred Stock, the Reorganized SEBC Series K Junior Preferred Stock and the Reorganized SEBC Common Stock and junior to the Reorganized SEBC Series A Senior Preferred Stock.
Dividends:	The holder of each share of Reorganized SEBC Series B Senior Preferred Stock shall be entitled to receive, subject to declaration by the Board, a quarterly cash dividend in an amount equal to the amount that would accrue on the face amount ($1.00) of such Reorganized SEBC Series B Senior Preferred Stock during the quarterly dividend period at the Series B Senior Quarterly Dividend Rate (as defined in the Reorganized SEBC Charter) then in effect; provided, however, that no dividends shall be paid on the Reorganized SEBC Series B Senior Preferred Stock until all accrued but unpaid dividends shall have been, or contemporaneously be, paid on the Reorganized SEBC Series A Senior Preferred Stock. The amount of any dividend not declared, or the shortfall in the amount of any dividend that is declared, regardless of a lack of sufficient legally available funds or sufficient earnings and profits to do so, will accumulate until paid. Notwithstanding anything in the Reorganized SEBC Charter to the contrary, no dividend shall be paid on the Reorganized SEBC Series B Senior Preferred Stock unless, immediately after making such payment and giving effect thereto, the market value of certain of Reorganized SEBC's investments equals or exceeds the sum of (i) the consolidated liabilities of Reorganized SEBC and its subsidiaries plus (ii) the aggregate redemption price for all Reorganized SEBC Series A Preferred Stock and Reorganized SEBC Series B Senior Preferred Stock outstanding at such time. The Series B Senior Quarterly Dividend Rate will be adjusted for certain changes in tax

	law or Reorganized SEBC's tax characteristics that affect the after-tax yield on the Reorganized SEBC Series B Senior Preferred Stock.
Liquidation Preferences:	Upon the voluntary or involuntary liquidation, dissolution or winding up of Reorganized SEBC, each holder of Reorganized SEBC Series B Senior Preferred Stock will be entitled to receive out of the assets of Reorganized SEBC available for distribution to its stockholders an amount in cash, after any distribution of assets is made to the holders of Reorganized SEBC Series A Senior Preferred Stock but before any distribution of assets is made to the holders of Reorganized SEBC Series J and Reorganized SEBC Series K Junior Preferred Stock or Reorganized SEBC Common Stock, equal to the Series B Senior Liquidation Price, calculated as set forth in the Reorganized SEBC Charter, for each of such holder's shares of Reorganized SEBC Series B Senior Preferred Stock. If the available assets of Reorganized SEBC are insufficient to pay the amount of the Series B Senior Liquidation Price in full on each share of Reorganized SEBC Series B Senior Preferred Stock, then such available assets will be applied pro rata among all shares of Reorganized SEBC Series B Senior Preferred Stock. On or before the first anniversary of Date of Original Issue, holders holding more than 50% of the Reorganized SEBC Series B Senior Preferred Stock shall have the right to cause Reorganized SEBC to liquidate if MLE has not sold at least $250,000,000 face amount of Reorganized SEBC Series A Senior Preferred Stock or Reorganized SEBC Series B Senior Preferred Stock (or a combination thereof) (the "Series B Liquidation Right"); provided, however, that Reorganized SEBC shall have the right, within 45 days after the receipt of such a demand for liquidation, to redeem the Reorganized SEBC Series A Senior Preferred Stock, Reorganized SEBC Series B Senior Preferred Stock, Reorganized SEBC Series J Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock, in whole and not in part, in lieu of such liquidation.
Redemption:	*Holders' Elective Redemption*: Upon the occurrence of certain events, including, but not limited to, Reorganized SEBC's failure to provide its audited annual consolidated financial statements, breach of any covenant in the Reorganized SEBC Charter or Master Subscription Agreement, any change in the Internal Revenue Code that reduces the dividends received deduction applicable to dividends on the Reorganized SEBC Senior Preferred Stock or Reorganized SEBC Series J Junior Preferred Stock below certain levels, a Change in Law, or a Change in Tax Law, holders holding more than 50% of the Series B Senior Preferred Stock shall have the right to cause Reorganized SEBC to redeem the Reorganized SEBC Series B Senior Preferred Stock, in whole or in part, as well as the shares of Reorganized SEBC Common Stock held by such holders of Reorganized SEBC Series B Senior Preferred Stock, in whole or in part; provided, however, that such rights are subject to the right of holders holding more than 50% of the Reorganized SEBC Series A Senior Preferred Stock to direct Reorganized SEBC to first redeem the Reorganized SEBC Series A Senior Preferred Stock. *Corporation Optional Redemption*: Reorganized SEBC may redeem the Reorganized SEBC Series B Senior Preferred Stock, in whole

and not in part, as well as the shares of Reorganized SEBC Common Stock held by such holders of Reorganized SEBC Series B Senior Preferred Stock, by resolution of the Board (i) on or after the fifth anniversary of the Date of Original Issue or (ii) within 45 days after receiving the requisite notice exercising the Series B Liquidation Right or the Series J Liquidation Right (as defined Exhibit F); provided, however, that Reorganized SEBC shall not exercise this option unless it shall have redeemed or contemporaneously redeems, in whole and not in part, all of the outstanding shares of Reorganized SEBC Series A Senior Preferred Stock.

Scheduled Redemption: The Reorganized SEBC Series B Senior Preferred Stock, as well as the shares of Reorganized SEBC Common Stock of Reorganized SEBC held by such holders of Reorganized SEBC Series B Senior Preferred Stock, shall be redeemed, in whole and not in part, on the Scheduled Redemption Date in 2016; provided, however, that Reorganized SEBC shall not redeem the Reorganized SEBC Series B Senior Preferred Stock on the Scheduled Redemption Date unless it shall have redeemed, in whole and not in part, all of the outstanding shares of Reorganized SEBC Series A Senior Preferred Stock.

Upon any redemption, Reorganized SEBC shall pay each holder of Reorganized SEBC Series B Senior Preferred Stock the Series B Senior Redemption Price for each share of Reorganized SEBC Series B Senior Preferred Stock owned by such holder to be redeemed, and the Common Stock Redemption Price (as defined in the Reorganized SEBC Charter) for each share of Reorganized SEBC Common Stock owned by such holder to be redeemed, in cash out of funds legally available therefor.

For Holders' Elective Redemption and Scheduled Redemption, if there are insufficient funds to redeem the total number of shares of Reorganized SEBC Series B Senior Preferred Stock and Reorganized SEBC Common Stock to be redeemed on such date, funds will first be used to redeem the maximum number of shares of Reorganized SEBC Series B Senior Preferred Stock pro rata and second to redeem the maximum possible number of shares of Reorganized SEBC Common Stock. At any time thereafter when additional funds are legally available for the redemption of Reorganized SEBC Series B Senior Preferred Stock or Reorganized SEBC Common Stock, such funds will be used to redeem such stock on the same basis.

Voting Rights:

The Reorganized SEBC Series B Senior Preferred Stock shall have no voting rights, and shall have no right to participate in the management of Reorganized SEBC, except as expressly required by applicable law; provided, however, that neither Reorganized SEBC nor any of its subsidiaries may take certain corporate actions, including, but not limited to, instituting proceedings to be adjudicated bankrupt or insolvent, consolidating or merging with another entity except in certain circumstances, disposing of all or substantially all of its assets, issuing shares of Reorganized SEBC Common Stock, or authorizing additional classes or series of stock, without the affirmative vote of the holders of more than 80% of the Reorganized SEBC Series B Senior Preferred Stock. Upon the occurrence of

	certain specified events, including, but not limited to, the institution by Reorganized SEBC of bankruptcy proceedings, the failure of Reorganized SEBC to maintain a required liquidity reserve and the failure of Reorganized SEBC to make required dividend or redemption payments, the authorized number of directors of the Board shall be automatically increased by the smallest even number divisible by three and that shall constitute a majority of the Board and, depending on the triggering event, one-third or one-half of such new directors shall be elected by holders holding more than 50% of the Reorganized SEBC Series B Senior Preferred Stock. Such directors shall have the limited right to cure the event that triggered their election, including causing a redemption of the Preferred Stock, and shall serve for corresponding limited terms.
Transfer Restrictions:	Reorganized SEBC Series B Senior Preferred Stock may only be sold or otherwise transferred to a person who is a QIB.
Registration:	The Reorganized SEBC Series B Senior Preferred Stock will be distributed pursuant to the Plan without registration under the Securities Act, and without qualification or registration under any state or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification contained in Section 4(2) of the Securities Act and equivalent state exemptions. Any subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

EXHIBIT F

TO

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

REORGANIZED SEBC SERIES J JUNIOR CUMULATIVE PREFERRED STOCK

Summary of Terms

Issue:	Series J Junior Cumulative Preferred Stock, par value $0.001 per share (the "Reorganized SEBC Series J Junior Preferred Stock")
Issuer:	Reorganized SEBC
Authorized Shares:	TBD
Initial Issuance:	TBD
Ranking:	The Reorganized SEBC Series J Junior Preferred Stock shall, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of Reorganized SEBC, rank senior to the Reorganized SEBC Common Stock, on a parity with the Reorganized SEBC Series K Junior Preferred Stock and junior to the Reorganized SEBC Senior Preferred Stock.
Dividends:	The holder of each share of Reorganized SEBC Series J Junior Preferred Stock shall be entitled to receive, subject to declaration by the Board, a quarterly cash dividend in an amount equal to the amount that would accrue on the face amount ($1.00) of such Reorganized SEBC Series J Junior Preferred Stock during the quarterly dividend period at the Series J Junior Quarterly Dividend Rate (as defined in the Reorganized SEBC Charter) then in effect; provided, however, that no dividends shall be paid on the Reorganized SEBC Series J Junior Preferred Stock until all accrued but unpaid dividends shall have been, or contemporaneously be, paid on the Reorganized SEBC Series A Senior Preferred Stock and Reorganized SEBC Series B Senior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock. The amount of any dividend not declared, or the shortfall in the amount of any dividend that is declared, regardless of a lack of sufficient legally available funds or sufficient earnings and profits to do so, will accumulate until paid. Notwithstanding anything in the Reorganized SEBC Charter to the contrary, no dividend shall be paid on the Reorganized SEBC Series J Junior Preferred Stock unless, immediately after making such payment and giving effect thereto, the market value of certain of Reorganized SEBC's investments equals or exceeds the sum of (i) the consolidated liabilities of Reorganized SEBC and its subsidiaries plus (ii) the aggregate redemption price for all Reorganized SEBC Series A Senior Preferred Stock and Series B Senior Preferred Stock and all Reorganized SEBC Series J Junior Preferred Stock and

	Reorganized SEBC Series K Junior Preferred Stock outstanding at such time. The Series J Junior Quarterly Dividend Rate will be adjusted for certain changes in tax law or Reorganized SEBC's tax characteristics that affect the after-tax yield on the Reorganized SEBC Series J Junior Preferred Stock.
Liquidation Preferences:	Upon the voluntary or involuntary liquidation, dissolution or winding up of Reorganized SEBC, each holder of Reorganized SEBC Series J Junior Preferred Stock will be entitled to receive out of the assets of Reorganized SEBC available for distribution to its stockholders an amount in cash, after any distribution of assets is made, or contemporaneously is made, to the holders of Reorganized SEBC Series A Senior Preferred Stock and Series B Senior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock, but before any distribution of assets is made to the holders of Reorganized SEBC Common Stock, equal to the Series J Junior Liquidation Price, calculated as set forth in the Reorganized SEBC Charter, for each of such holder's shares of Reorganized SEBC Series J Junior Preferred Stock. If the available assets of Reorganized SEBC are insufficient to pay the amount of the Series J Junior Liquidation Price and the Series K Junior Liquidation Price in full on each share of Reorganized SEBC Series J Junior Preferred Stock and each share of Reorganized SEBC Series K Junior Preferred Stock, respectively, then such available assets will be applied pro rata among all shares of Reorganized SEBC Series J Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock. On or before the first anniversary of the Date of Original Issue, holders holding more than 50% of the Reorganized SEBC Series J Junior Preferred Stock shall have the right to cause Reorganized SEBC to liquidate if MLE has not sold at least $250,000,000 face amount of Reorganized SEBC Series A Senior Preferred Stock or Reorganized SEBC Series B Senior Preferred Stock (or a combination thereof) (the "Series J Liquidation Right"); provided, however, that Reorganized SEBC shall have the right, within 45 days after the receipt of such a demand for liquidation, to redeem the Reorganized SEBC Series A Senior Preferred Stock , Reorganized SEBC Series B Senior Preferred Stock, Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock, in whole and not in part, in lieu of such liquidation.
Redemption:	*Holders' Elective Redemption*: Upon the occurrence of certain events, including, but not limited to, Reorganized SEBC's failure to provide its audited annual consolidated financial statements, breach of any covenant in the Reorganized SEBC Charter or Master Subscription Agreement, any change in the Internal Revenue Code that reduces the dividends received deduction applicable to dividends on the Reorganized SEBC Senior Preferred Stock and Reorganized SEBC Series J Junior Preferred Stock below certain levels, a Change in Law, or a Change in Tax Law, holders holding more than 50% of the Reorganized SEBC Series J Junior Preferred Stock shall have the right to cause Reorganized SEBC to redeem the Reorganized SEBC Series J Junior Preferred Stock, in whole and not in part, as well as the shares of Reorganized SEBC Common Stock held by such holders of Reorganized SEBC Series J Junior Preferred Stock, in whole and not in part; provided, however, that such rights are subject

to the right of holders holding more than 50% of each of the Reorganized SEBC Series A Senior Preferred Stock and the Reorganized SEBC Series B Senior Preferred Stock to direct Reorganized SEBC to first redeem the Reorganized SEBC Series A Senior Preferred Stock and Reorganized SEBC Series B Senior Preferred Stock, as applicable, and subject to the obligation of Reorganized SEBC to redeem the Reorganized SEBC Series K Junior Preferred Stock on a pari passu basis with the Reorganized SEBC Series J Junior Preferred Stock.

Corporation Optional Redemption: Reorganized SEBC may redeem the Reorganized SEBC Series J Junior Preferred Stock, in whole and not in part, as well as the shares of Reorganized SEBC Common Stock held by such holders of Reorganized SEBC Series J Junior Preferred Stock, by resolution of the Board (i) on or after the fifth anniversary of the Date of Original Issue or (ii) within 45 days after receiving the requisite notice exercising the Series B Liquidation Right or the Series J Liquidation Right; provided, however, that Reorganized SEBC shall not exercise this option unless it shall have redeemed or contemporaneously redeems, in whole and not in part, all of the outstanding shares of Reorganized SEBC Series A Senior Preferred Stock, Reorganized SEBC Series B Senior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock.

Scheduled Redemption: The Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock, as well as the shares of Reorganized SEBC Common Stock held by such holders of Reorganized SEBC Series J Junior Preferred Stock, shall be redeemed, in whole and not in part, on the Scheduled Redemption Date in 2016; provided, however, that Reorganized SEBC shall not redeem the Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock and the Reorganized SEBC Common Stock held by such holders of Reorganized SEBC Series J Junior Preferred Stock on the Scheduled Redemption Date unless it shall have redeemed, in whole and not in part, all of the outstanding shares of Reorganized SEBC Series A Senior Preferred Stock and Reorganized SEBC Series B Senior Preferred Stock.

Upon any redemption, Reorganized SEBC shall pay each holder of Reorganized SEBC Series J Junior Preferred Stock the Series J Junior Redemption Price (as defined in the Reorganized SEBC Charter) for each share of Reorganized SEBC Series J Junior Preferred Stock owned by such holder to be redeemed, and the Common Stock Redemption Price for each share of Reorganized SEBC Common Stock owned by such holder to be redeemed, in cash out of funds legally available therefor.

For Holders' Elective Redemption and Scheduled Redemption, if there are insufficient funds to redeem the total number of shares of Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock and Reorganized SEBC Common Stock to be redeemed on such date, funds will first be used to redeem the maximum number of shares of Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock pro rata and second to redeem the maximum

	possible number of shares of Reorganized SEBC Common Stock. At any time thereafter when additional funds are legally available for the redemption of Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock or Reorganized SEBC Common Stock, such funds will be used to redeem such stock on the same basis.
Voting Rights:	The Reorganized SEBC Series J Junior Preferred Stock shall have no voting rights, and shall have no right to participate in the management of Reorganized SEBC, except as expressly required by applicable law; provided, however, that neither Reorganized SEBC nor any of its subsidiaries may take certain corporate actions, including, but not limited to, instituting proceedings to be adjudicated bankrupt or insolvent, consolidating or merging with another entity except in certain circumstances, disposing of all or substantially all of its assets, issuing shares of Reorganized SEBC Common Stock, or authorizing additional classes or series of stock, without the affirmative vote of the holders of more than 80% of the Reorganized SEBC Series J Junior Preferred Stock. Upon the occurrence of certain specified events, including, but not limited to, the institution by Reorganized SEBC of bankruptcy proceedings, the failure of Reorganized SEBC to maintain a required liquidity reserve and the failure of Reorganized SEBC to make required dividend or redemption payments, the authorized number of directors of the Board shall be automatically increased by the smallest even number divisible by three and that shall constitute a majority of the Board and, depending on the triggering event, one-third of such new directors shall be elected by holders holding more than 50% of the Reorganized SEBC Series J Junior Preferred Stock or all of such directors shall be elected by holders holding more than 50% of the Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock, voting together as a class. Such directors shall have the limited right to cure the event that triggered their election, including causing a redemption of the Preferred Stock and shall serve for corresponding limited terms.
Transfer Restrictions:	Reorganized SEBC Series J Junior Preferred Stock may only be sold or otherwise transferred to a person who is a QIB.
Registration:	The Reorganized SEBC Series J Junior Preferred Stock will be distributed pursuant to the Plan without registration under the Securities Act, and without qualification or registration under any state or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification contained in Section 4(2) of the Securities Act and equivalent state exemptions. Any subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

EXHIBIT G

TO

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

REORGANIZED SEBC SERIES K JUNIOR CUMULATIVE PREFERRED STOCK

Summary of Terms

Issue:	Series K Junior Cumulative Preferred Stock, par value $0.001 per share (the "Reorganized SEBC Series K Junior Preferred Stock")
Issuer:	Reorganized SEBC
Authorized Shares:	TBD
Initial Issuance:	TBD
Ranking:	The Reorganized SEBC Series K Junior Preferred Stock shall, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of Reorganized SEBC, rank senior to the Reorganized SEBC Common Stock, on a parity with the Reorganized SEBC Series J Junior Preferred Stock and junior to the Reorganized SEBC Senior Preferred Stock.
Dividends:	The holder of each share of Reorganized SEBC Series K Junior Preferred Stock shall be entitled to receive, subject to declaration by the Board, a quarterly cash dividend in an amount equal to the amount that would accrue on the face amount ($1.00) of such Reorganized SEBC Series K Junior Preferred Stock during the quarterly dividend period at the Series K Junior Quarterly Dividend Rate (as defined in Reorganized SEBC Charter) then in effect; provided, however, that no dividends shall be paid on the Reorganized SEBC Series K Junior Preferred Stock until all accrued but unpaid dividends shall have been, or contemporaneously be, paid on the Reorganized SEBC Series A Senior Preferred Stock and Reorganized SEBC Series B Senior Preferred Stock and Reorganized SEBC Series J Junior Preferred Stock. The amount of any dividend not declared, or the shortfall in the amount of any dividend that is declared, regardless of a lack of sufficient legally available funds or sufficient earnings and profits to do so, will accumulate until paid. Notwithstanding anything in the Reorganized SEBC Charter to the contrary, no dividend shall be paid on the Reorganized SEBC Series K Junior Preferred Stock unless, immediately after making such payment and giving effect thereto, the market value of certain of Reorganized SEBC's investments equals or exceeds the sum of (i) the consolidated liabilities of Reorganized SEBC and its subsidiaries plus (ii) the aggregate redemption price for all Reorganized SEBC Series A Senior Preferred Stock and Reorganized SEBC Series B Senior Preferred Stock and all Reorganized SEBC Series J Junior

	Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock outstanding at such time.
Liquidation Preferences:	Upon the voluntary or involuntary liquidation, dissolution or winding up of Reorganized SEBC, each holder of Reorganized SEBC Series K Junior Preferred Stock will be entitled to receive out of the assets of Reorganized SEBC available for distribution to its stockholders an amount in cash, after any distribution of assets is made, or contemporaneously is made, to the holders of Reorganized SEBC Series A Senior Preferred Stock, Reorganized SEBC Series B Senior Preferred Stock and, Reorganized SEBC Series J Junior Preferred Stock, but before any distribution of assets is made to the holders of Reorganized SEBC Common Stock, equal to the Series K Junior Liquidation Price, calculated as set forth in the Reorganized SEBC Charter, for each of such holder's shares of Reorganized SEBC Series K Junior Preferred Stock. If the available assets of Reorganized SEBC are insufficient to pay the amount of the Series J Junior Liquidation Price and the Series K Junior Liquidation Price in full on each share of Reorganized SEBC Series J Junior Preferred Stock and each share of Reorganized SEBC Series K Junior Preferred Stock, respectively, then such available assets will be applied pro rata among all shares of Series J and Series K Junior Preferred Stock.
Redemption:	*Corporation Optional Redemption*: Reorganized SEBC may redeem the Reorganized SEBC Series K Junior Preferred Stock, in whole and not in part, by resolution of its Board of Directors (i) on or after the fifth anniversary of the Date of Original Issue or (ii) within 45 days after receiving the requisite notice exercising the Series B Liquidation Right or the Series J Liquidation Right; provided, however, that Reorganized SEBC shall not exercise this option unless it shall have redeemed or contemporaneously redeems, in whole and not in part, all of the outstanding shares of Reorganized SEBC Series A Senior Preferred Stock, Reorganized SEBC Series B Senior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock. *Scheduled Redemption*: The Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock shall be redeemed, in whole and not in part, on the Scheduled Redemption Date in 2016; provided, however, that Reorganized SEBC shall not redeem the Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock on the Scheduled Redemption Date unless it shall have redeemed, in whole and not in part, all of the outstanding shares of Reorganized SEBC Series A Senior Preferred Stock and Reorganized SEBC Series B Senior Preferred Stock. If there are insufficient funds to redeem the total number of shares of Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock to be redeemed on such date, funds will be applied pro rata among all shares of Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock. *Additional Redemption*: Upon the occurrence of a Holders Election Redemption (as described in Exhibits D, E and F above) with regard to the Reorganized SEBC Series J Junior Preferred Stock,

	Reorganized SEBC shall, subject to the priority rights of the Reorganized SEBC Series A Senior Preferred Stock and the Reorganized SEBC Series B Senior Preferred Stock, redeem the Reorganized SEBC Series K Junior Preferred Stock on a pari passu basis with the Reorganized SEBC Series J Junior Preferred Stock. If there are insufficient funds to redeem the total number of shares of Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock and Reorganized SEBC Common Stock held by the holders of Reorganized SEBC Series J Junior Preferred Stock to be redeemed on such date, funds will first be used to redeem the maximum number of shares of Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock pro rata and second to redeem the maximum possible number of shares of Reorganized SEBC Common Stock. At any time thereafter when additional funds are legally available for the redemption of Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock or Reorganized SEBC Common Stock, such funds will be used to redeem such stock on the same basis. Upon any redemption, Reorganized SEBC shall pay each holder of Reorganized SEBC Series J Junior Preferred Stock the Series K Junior Redemption Price for each share of Reorganized SEBC Series K Junior Preferred Stock owned by such holder to be redeemed, in cash out of funds legally available therefor.
Voting Rights:	The Reorganized SEBC Series K Junior Preferred Stock shall have no voting rights, and shall have no right to participate in the management of Reorganized SEBC, except as expressly required by applicable law; provided, however, that Reorganized SEBC may not take certain corporate actions, including, but not limited to, authorizing additional classes or series of stock which rank senior to the Reorganized SEBC Series K Junior Preferred Stock or amending its charter to adversely affect any of the rights, powers, preferences, privileges, terms or par value of the Reorganized SEBC Series K Junior Preferred Stock, without the affirmative vote of the holders of more than 80% of the Reorganized SEBC Series K Junior Preferred Stock. Upon failure of Reorganized SEBC to declare and pay in full the required quarterly dividends on two or more consecutive quarterly dividend payment dates or the failure of Reorganized SEBC to pay in full the aggregate Series K Junior Redemption Price when due, the authorized number of directors of the Board shall be automatically increased by the smallest even number divisible by three and that shall constitute a majority of the Board and such additional directors shall be elected by holders holding more than 50% of the Reorganized SEBC Series J Junior Preferred Stock and Reorganized SEBC Series K Junior Preferred Stock, voting together as a single class. Such directors shall have the limited right to cure the event that triggered their election, including causing the Preferred Stock to be redeemed, and shall serve for corresponding limited terms.
Transfer Restrictions:	Reorganized SEBC Series K Junior Preferred Stock may only be sold or otherwise transferred to a person who is a QIB, or an institutional “accredited investor” as defined in paragraphs (1), (2), (3) and (7) of Rule 501(a) of Regulation D under the Securities Act. In addition, a “holder of record” (as defined for purposes of Sections 12(g) and

	15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of shares of Reorganized SEBC Series K Junior Preferred Stock may not sell or otherwise transfer any of such shares "held of record" (as defined for purposes of Sections 12(g) and 15(d) of the Exchange Act) by such holder unless such sale or transfer is to a single holder of record and includes all shares of Reorganized SEBC Series K Junior Preferred Stock held of record by such holder immediately prior to any such sale or transfer.
Registration:	The Series K Junior Preferred Stock will be distributed pursuant to the Plan without registration under the Securities Act, and without qualification or registration under any state or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification contained in Section 1145 of the Bankruptcy Code. This exemption applies only to the distribution of such securities under the Plan and not to any subsequent sale, exchange, transfer or other disposition of such securities or any interest therein by persons who constitute "underwriters" or "issuers," as such terms are defined pursuant to Section 1145 of the Bankruptcy Code, and each such subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

EXHIBIT H

TO

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

SEBC HOLDINGS COMMON UNITS

Summary of Terms

Issue:	Common Units ("Common Units")
Issuer:	SEBC Holdings, LP ("SEBC Holdings" or the "Partnership")
Authorized Units:	N/A
Initial Issuance:	TBD but to be issued on the basis of an exchange of one Common Unit for one share of outstanding Common Stock of Debtor.
Ranking:	The Common Units shall rank junior to the Senior Preferred Units (as defined below) and the Junior Preferred Units (as defined below) of SEBC Holdings.
Dividends:	Only after all required distributions and redemptions of senior and Junior Preferred Units.
Voting Rights:	Limited voting rights applicable to approval of merger or potential removal of the general partner.
Transfer Restrictions:	From and after the Effective Date until the SEBC Holdings Restriction Release Date, any attempted Transfer of any Common Units (i) to any person (including a group of persons making a coordinated acquisition) who (A) after giving effect to such purported Transfer would become an owner of at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership), or (B) prior to giving effect to such purported Transfer held at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership) and whose ownership percentage subsequent to such Transfer would increase, or (ii) by any person who at the time is an owner of at least 4.75% of the Reorganized SEBC Common Stock (including Indirect Ownership), will be void ab initio. These restrictions will not apply to the Depository Trust Company as holder of any global units. In addition, restrictions on resale under the securities laws as described below in "Registration" will apply ("Securities Restrictions").
Registration:	The Common Units will be distributed pursuant to the Plan without registration under the Securities Act, and without qualification or registration under any state or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification contained in Section 1145 of the Bankruptcy Code. This exemption applies only to the distribution of such securities under the Plan and not to any

subsequent sale, exchange, transfer or other disposition of such securities or any interest therein by persons who constitute "underwriters" or "issuers," as such terms are defined pursuant to Section 1145 of the Bankruptcy Code, and each such subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

EXHIBIT I

TO

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

SEBC HOLDINGS SENIOR PREFERRED UNITS

Summary of Terms

Issue:	Senior Preferred Units ('Senior Preferred Units")
Issuer:	SEBC Holdings
Authorized Units:	TBD
Initial Issuance:	TBD
Ranking:	The Senior Preferred Units shall rank senior to the Junior Preferred Units and the Common Units.
Dividends:	Each Senior Preferred Unit shall be paid a distribution each fiscal quarter out of available cash of the Partnership an amount that accrues on $1.00, its face amount, based on a rate of to be determined in accordance with Master Subscription Agreement and the Plan. Any amount not paid, shall accrue at the same rate and shall be paid as soon as there is available cash to pay such amount in a following fiscal quarter. If there is additional available cash after payment of the required distribution and any accrued but unpaid distributions on both the senior and Junior Preferred Units, such additional available cash shall be distributed to the holders of the Senior Preferred Units until an amount equal to the face amount has been cumulatively paid thereon. Upon liquidation of the Partnership, the Senior Preferred Units shall be entitled to receive the face amount plus all accrued distributions. No distribution shall be paid on the Senior Preferred Units unless, immediately after making such payment and giving effect thereto, the market value of the Partnership's permitted investments and the Partnership's investment in Real Estate, LLC and the Reorganized SEBC Common Stock equals or exceeds the consolidated liabilities of the Partnership.
Redemption:	All of the Senior Preferred Units will be redeemed by the Partnership on the earliest to occur of (i) the scheduled redemption date which shall be seven years after issuance, (ii) the date available cash is distributed as described above in an amount equal to the face amount plus all quarterly distributions including any amount accrued thereon, (iii) any date for redemption set by the additional general partner appointed by the Senior Preferred Unit holders as described below to effect a cure event as described below, or (iv) upon the liquidation of the Partnership. The price at which such redemption shall be made shall equal any remaining face amount, distributions

and accruals thereon that have not already been distributed.

Voting Rights:

Without the affirmative vote of the limited partners holding 100% of the Senior Preferred Units, so long as there are any outstanding Senior Preferred Units, the Partnership shall not:

o institute voluntary bankruptcy proceedings or otherwise consent to such proceedings, consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Partnership or of a substantial part of the property of the Partnership, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any corporate or other action in furtherance of any such action;

o consolidate or merge the Partnership or any subsidiary;

o voluntarily dissolve, liquidate or wind up the affairs of the Partnership or any subsidiary;

o issue Common Units;

o create, authorize or issue units of additional classes or series of units;

o own any assets other than specified investments or equity of subsidiaries;

o create, authorize, issue, incur or suffer to exist any indebtedness for borrowed money or other liability other than in the ordinary course of business in an aggregate amount not exceeding [$100,000];

o have any salaried employees;

o amend, alter or repeal any provision of the Partnership agreement or its certificate of limited partnership so as to adversely affect any of the rights, powers, preferences, privileges or terms of any Senior Preferred Unit or to modify any of the limitations provided to the holders of the Senior Preferred Units; or

o do anything that requires the affirmative vote of each class of voting securities of the Partnership;

provided, however, that notwithstanding the above, no vote of the Senior Preferred Units shall be required in connection with the sale, lease, conveyance or other disposition of the Partnership's equity interest in, or the assets of, Real Estate, LLC.

The same restrictions described above apply to any action the Partnership take with respect to any subsidiaries of the Partnership.

The holders of the Senior Preferred Units shall be entitled to appoint an additional general partner upon the occurrence of any of the following:

o if the Partnership institutes voluntary bankruptcy proceedings or otherwise consents to such proceedings, consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Partnership or of a substantial part of the property of the Partnership, or makes any assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due, or take any corporate or other action in furtherance of any such action;

o any involuntary action described in the above clause;

o the failure of the Partnership to make a distribution of all available cash for any fiscal quarter on the applicable payment date; or

o the failure of the Partnership to pay in full the aggregate applicable redemption price on the Senior Preferred Units on the applicable redemption date.

Upon the appointment of the additional general partner, it shall have the power to cause the Partnership to either make the required payment or redeem the Senior Preferred Units, as applicable. The original general partner shall continue to operate the business of the Partnership. Once one of those actions are taken, the additional general partner shall no longer be a general partner of the Partnership.

As long as there are outstanding Senior Preferred Units, the Partnership shall not:

o engage in any business other than acquiring, holding, managing, selling and disposing of its permitted investments, its interest in Real Estate, LLC and its interest in Reorganized SEBC common stock;

o invest any available monies or funds of the Partnership other than in permitted investments;

o take any action that would cause it to be required to register as an investment company under the Investment Company Act;

o fail to ensure that any transaction entered into with any person (other than a wholly-owned subsidiary) is fair to each party, constitutes an exchange for fair consideration and for reasonably equivalent value, and is made in good faith and without any intent to hinder, delay or defraud creditors;

o take any action with respect to, and will not engage in transactions with, any person unless it determines in a reasonable fashion that such actions or transactions are in the best interests of the Partnership; and

o make any distribution or other payment on, or redeem or otherwise acquire, any of its Common Units except for payment of a quarterly distribution on all of its Common Units pursuant to the

	declaration of such quarterly distribution by the general partner.
Transfer Restrictions:	Securities Restrictions will apply. In addition, a holder of record of Senior Preferred Units may not sell or otherwise transfer any of such units held of record by such holder unless such sale or transfer is to a single holder of record and includes all Senior Preferred Units held of record by such holder immediately prior to any such sale or transfer.
Registration:	The Senior Preferred Units will be distributed pursuant to the Plan without registration under the Securities Act, and without qualification or registration under any state or local law requiring registration for the offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification contained in Section 1145 of the Bankruptcy Code. This exemption applies only to the distribution of such securities under the Plan and not to any subsequent sale, exchange, transfer or other disposition of such securities or any interest therein by persons who constitute "underwriters" or "issuers," as such terms are defined pursuant to Section 1145 of the Bankruptcy Code, and each such subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

EXHIBIT J

TO

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

SEBC HOLDINGS JUNIOR PREFERRED UNITS

Summary of Terms

Issue:	Junior Preferred Units ("Junior Preferred Units")
Issuer:	SEBC Holdings
Authorized Units:	TBD
Initial Issuance:	TBD
Ranking:	The Junior Preferred Units shall rank junior to the Senior Preferred Units of SEBC Holdings and senior to the Common Units of SEBC Holdings.
Dividends:	Each Junior Preferred Unit shall be paid a distribution each fiscal quarter out of available cash of the Partnership an amount that accrues on $1.00, its face amount, based on a rate to be determined in accordance with Master Subscription Agreement and the Plan. Any amount not paid, shall accrue at the same rate and shall be paid as soon as there is available cash to pay such amount in a following fiscal quarter. If there is additional available cash after payment of the required distribution and any accrued but unpaid distributions on both the senior and Junior Preferred Units and after redemption of all of the Senior Preferred Units, such additional available cash shall be distributed to the holders of the Junior Preferred Units until an amount equal to the face amount has been cumulatively paid thereon. Upon liquidation of the Partnership, the Junior Preferred Units shall be entitled to receive the face amount plus all accrued distributions, subject to prior payment of such amount on the Senior Preferred Units. No distribution shall be paid on the Junior Preferred Units unless, immediately after making such payment and giving effect thereto, the market value of the Partnership's permitted investments and the Partnership's investment in Real Estate, LLC and the Reorganized SEBC Common Stock equals or exceeds the sum of the redemption price on the Senior Preferred Units plus the consolidated liabilities of the Partnership.
Redemption:	All of the Junior Preferred Units will be redeemed by the Partnership on the earliest to occur of (i) the scheduled redemption date which shall be seven years after issuance, (ii) the date available cash is distributed as described above in an amount equal to the face amount plus all quarterly distributions including any amount accrued thereon, (iii) upon the liquidation of the Partnership. The price at

	which such redemption shall be made shall equal any remaining face amount, distributions and accruals thereon that have not already been distributed.
Voting Rights:	Without the affirmative vote of the limited partners holding 80% of the Junior Preferred Units, so long as there are any outstanding Junior Preferred Units, the Partnership shall not: o create, authorize or issue units of additional classes or series of units; o amend, alter or repeal any provision of the Partnership agreement or its certificate of limited partnership so as to adversely affect any of the rights, powers, preferences, privileges or terms of any Senior Preferred Unit or to modify any of the limitations provided to the holders of the Senior Preferred Units; or o do anything that requires the affirmative vote of each class of voting securities of the Partnership. As long as there are outstanding Junior Preferred Units, the Partnership shall not: o engage in any business other than acquiring, holding, managing, selling and disposing of its permitted investments, its interest in Real Estate, LLC and its interest in Reorganized SEBC common stock; o invest any available monies or funds of the Partnership other than in permitted investments; o take any action that would cause it to be required to register as an investment company under the Investment Company Act; o fail to ensure that any transaction entered into with any person (other than a wholly-owned subsidiary) is fair to each party, constitutes an exchange for fair consideration and for reasonably equivalent value, and is made in good faith and without any intent to hinder, delay or defraud creditors; o take any action with respect to, and will not engage in transactions with, any person unless it determines in a reasonable fashion that such actions or transactions are in the best interests of the Partnership; and o make any distribution or other payment on, or redeem or otherwise acquire, any of its Common Units except for payment of a quarterly distribution on all of its Common Units pursuant to the declaration of such quarterly distribution by the general partner.
Transfer Restrictions:	Securities Restrictions will apply.
Registration:	The Junior Preferred Units will be distributed pursuant to the Chapter 11 Plan of Reorganization of Reorganized SEBC (the “Plan”) without registration under the Securities Act, and without qualification or registration under any state or local law requiring registration for the

offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security, pursuant to an exemption from such registration and qualification contained in Section 1145 of the Bankruptcy Code. This exemption applies only to the distribution of such securities under the Plan and not to any subsequent sale, exchange, transfer or other disposition of such securities or any interest therein by persons who constitute "underwriters" or "issuers," as such terms are defined pursuant to Section 1145 of the Bankruptcy Code, and each such subsequent sale, exchange, transfer or other disposition by such persons would require registration under the Securities Act or state securities laws unless another exemption from registration were available.

EXHIBIT K

TO

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

GLOBAL SETTLEMENT ORDER

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
(FORT LAUDERDALE DIVISION)

In re	)	
	)	Chapter 7
SOUTHEAST BANKING CORPORATION,	)	
	)	Case No. 91-14561-BKC-PGH
Debtor.	)	
	)	

ORDER APPROVING AND IMPLEMENTING GLOBAL SETTLEMENT OF ISSUES AFFECTING CALCULATION AND PAYMENT OF POST PETITION INTEREST AND ATTORNEYS' FEES AND RELATED PRIORITY AND SUBORDINATION ISSUES, AND PROCEDURE FOR INTERIM DISTRIBUTIONS OF POST PETITION INTEREST ON NEGATIVE NOTICE WITHOUT HEARING

THIS CAUSE came before the Court for hearing in Fort Lauderdale on Monday, November 3, 2003 at 1:00 p.m., upon the Trustee's Motion for Entry of Order Approving and Implementing Global Settlement of Issues Affecting Calculation and Payment of Post Petition Interest and Attorneys' Fees and Related Priority and Subordination Issues, and Procedure for Interim Distributions of Post Petition Interest on Negative Notice Without Hearing (C.P. 4216) (the "Settlement Motion"), filed by Jeffrey H. Beck, in his capacity as Chapter 7 Trustee (the "Trustee") for the estate of Southeast Banking Corporation (the "Debtor").

By way of the Settlement Motion, the Trustee seeks approval of a comprehensive global settlement of issues pending before this Court and an appeal to the District Court, as well as other issues that may arise between and among various parties in interest in this case.

The Court having read and considered the Settlement Motion and the Response and Limited Objection filed by Former Trustee William A. Brandt, Jr., (the "Brandt Objection"), heard the remarks and argument of counsel for the Trustee and other

parties in interest, and otherwise been duly advised in the premises, finds and determines as follows:[1]

A. The Court has jurisdiction over proceeding commenced by the filing of the Settlement Motion, pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (O), and the statutory predicates for the requested relief are 11 U.S.C. §§ 105, 502, 503 and 726.

B. On or about March 25, 2002, the Trustee filed the "Motion to Fix Interest Rate, Determine Applicability of Contractual Subordination Provisions and Statutory Priority Scheme, Establish Method for Calculation and Payment of Post-Petition Interest Under 11 U.S.C. Section 726(A)(5), and Authorize Procedure for Interim Distributions of Post-Petition Interest on Negative Notice Without Hearing" (the "Postpetition Interest Motion"). Responses to the Postpetition Interest Motion were filed by Chase (in which Gabriel Capital joined); the Subordinated Indenture Trustees and the Ad Hoc Committee.

C. On or about January 25, 2001, Gabriel Capital (as defined below) filed the "Motion, and Memorandum of Law in Support Thereof, to Fix and Allow a Claim for Post-Petition Attorneys' Fees and Costs," in which Chase joined (the "Chase/Gabriel Motion"). Objections to the Chase/Gabriel Motion were filed on behalf of the Subordinated Indenture Trustees, the Trustee, and the Ad Hoc Committee.

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[1] All capitalized terms used but not otherwise defined in the findings and determinations set forth in paragraphs A through K below have the respective meanings ascribed to them in paragraph 1 of this Order.

D. On or about March 7, 2002, the Court issued its "Memorandum Decision and Order Denying Motion of Gabriel Capital, L.P. and The Chase Manhattan Bank to Fix and Allow a Claim for Post-Petition Attorneys' Fees and Costs" (the "Chase/Gabriel Order"). Chase and Gabriel have appealed from the Chase/Gabriel Order (the "Chase/Gabriel Appeal"), and such appeal has been perfected and is currently pending before the United States District Court for the Southern District of Florida (the "District Court").

E. Subsequent to the filing of the Chase/Gabriel Appeal, the Postpetition Interest Motion, and the various responses to said Motion, the Ad Hoc Committee, Gabriel, Chase and the Trustee agreed to the settlement of the various disputes which are the subject of the Chase/Gabriel Appeal, the Postpetition Interest Motion and the various responses to such Motion (such settlement being sometimes hereafter referred to as the "Global Settlement"), and Chase and the Subordinated Indenture Trustees determined not to object to such settlement. The terms of the Global Settlement are embodied in this Order, the entry and finality of which are conditions precedent to the effectiveness of the Global Settlement.

F. This Order, and the compromises embodied therein, represent the result of extensive, complex, difficult and prolonged negotiations involving, among others, the Trustee, Gabriel, and the Ad Hoc Committee. The parties desire to avoid the need for any further such negotiations regarding the relative rights of the holders of the Senior Notes (collectively, the "Senior Noteholders") and the holders of the Subordinated Notes (collectively, the "Subordinated Noteholders") relating to the subordination provisions of the Subordinated Indentures in the event of various future contingencies, including,

without limitation, any possible conversion of this case to a Chapter 11 case, and the Court agrees that it is appropriate for the parties to address such relative rights in the event of any such contingency, even if it may be remote, at this time. Accordingly, although no motion to convert this case to a Chapter 11 case has been filed or is pending, and although this Order in no way affects the right of any party in interest to file, support, or oppose any such motion, this Order also addresses certain potential issues that might arise in the event of a conversion to Chapter 11.

G. The provisions of this Order represent a comprehensive and integrated compromise of various issues relating to the Chase/Gabriel Appeal and the Postpetition Interest Motion, the terms of which compromise are mutually interdependent and nonseverable.

H. Notice of the proposed Global Settlement which is the subject of this Order and the proposed entry of this Order was given pursuant to this Court's Order Approving Procedures and Form of Notice, Etc., issued on July 30, 2003 (the "Notice Order") (C.P. 4237), as follows:

(1) by U.S. mail to the last known addresses of the 777 known Holders of the U.S. Notes, as defined hereinafter;

(2) by publication of the Court-approved form of Notice in the London Financial Times and the Luxembourg Wort; and

(3) by U.S. mail to all persons and entities having appeared of record in this case and requested notice of any proceedings herein.

As set forth in the foregoing notices, parties in interest were afforded forty-five (45) days from entry of the Notice Order within which to serve and file responses or

objections to the Settlement Motion, and advised of the date, time and place of the hearing before the Court.

Such notice and the opportunity to object to and be heard on the proposed Global Settlement and the entry of this Order are appropriate in the particular circumstance of this case, the Global Settlement and the related disputes; and such notice and opportunity for a hearing given to all parties in interest with respect to the Global Settlement and this Order are fair and reasonable and comply in all respects with all applicable requirements of the Local Rules of Bankruptcy Procedure, the Bankruptcy Code, the Bankruptcy Rules, and the United States Constitution.

I. By Order dated August 27, 2002, District Judge Donald Graham relinquished jurisdiction in the Chase/Gabriel Appeal for the sole and limited purpose of enabling this Court to conduct proceedings relating to consideration of the Settlement Motion, including the entry of the Notice Order.

J. The sole objection to the Settlement Motion is the Brandt Objection, which does not object to the terms of the proposed settlement but merely seeks to establish a sufficient reserve to pay all administrative claims, including compensation and reimbursement of any fees and expenses awarded to him by the Court.

K. The Global Settlement, the entirety of which is embodied in the adjudicative portion of this Order below, constitutes a full and final resolution of the Postpetition Interest Motion and the Responses thereto, the Chase/Gabriel Appeal, and all issues raised by any or all of the foregoing. Accordingly, it is

ORDERED, ADJUDGED and DECREED as follows:

1. Definitions. All capitalized terms used in this Order that are not otherwise defined in this Order shall have the meanings specified in the Postpetition Interest Motion. All capitalized terms used in the foregoing findings and determinations of this Order shall have the meanings set forth in such findings and determinations. In addition, as used herein, the following terms shall have the following meanings:

a. "Ad Hoc Committee" means the Ad Hoc Committee of Subordinated Noteholders formed in the Debtor's Chapter 7 case, which consists of the following entities: Elliott Associates, L.P.; Stonehill Investment Group and Mariner Investment Group, Inc., which entities collectively own the majority of the Subordinated Notes.

b. "Administrative Claim" means any claim of the type described in section 507(a)(1) of the Bankruptcy Code, but only to the extent that such claim is allowed or awarded by this Court and becomes due and payable.

c. "Base Senior Note Interest Distribution," as determined at the time of any Distribution under this Order, means the aggregate amount of the Postpetition Interest that would have been distributed to the Senior Indenture Trustee for the benefit of holders of Senior Notes, under such Distribution and all prior Distributions as their Pro Rata Interest Fraction of all such Distributions, as determined under the provisions of paragraphs 2 and 3 of this Order, before giving effect to the FDIC Subordination Provisions or the provisions of paragraphs 4 and 5 of this Order.

d. "Base Subordinated Notes Interest Distribution," as determined for any Distribution or Distributions under this Order, means the aggregate amount

of the Postpetition Interest that would have been distributed to the Subordinated Indenture Trustees, for the benefit of holders of Subordinated Notes, under such Distribution or Distributions, as their Pro Rata Interest Fraction of such Distribution or Distributions, as determined under the provisions of paragraphs 2 and 3 of this Order, before giving effect to the FDIC Subordination Provisions or the provisions of paragraphs 4 and 5 of this Order.

e. "BNY" means the Bank of New York, in its capacity as Indenture Trustee under the 1972 Indenture and the 1989 Indenture.

f. "Chapter 11-Attributable Distribution" means, in the event that (i) this Chapter 7 case is converted to a case under Chapter 11 of the Bankruptcy Code; and (ii) creditors receive any Distributions under a Chapter 11 Plan for the Debtor, a distribution representing all or part of the amount by which (x) the aggregate value of the Distributions received by holders of Qualified Claims under the confirmed plan (valued as of the Plan Effective Date) exceeds (y) the aggregate value of the remaining Distributions which they would have received (valued as of the Plan Effective Date) had the case remained a Chapter 7 case on the Plan Effective Date, taking into account, among other factors, all Chapter 11 Costs. By way of illustration only, and not limitation, if the confirmation of a Chapter 11 Plan resulted in the creation of $10,000,000 in additional distributable value over and above that which would have been available in the Chapter 7 case, but the Chapter 11 Costs aggregate $3,000,000, then (a) the Chapter 11 Attributable Distribution would total $7,000,000 of the $10,000,000 in additional value (the $10,000,000 in additional value less the $3,000,000 in Chapter 11

Costs), not the full $10,000,000 in additional value; and (b) the first $3,000,000 of the $10,000,000 in additional value would be distributed in accordance with paragraphs 2-4, inclusive, of this Order.

g. "Chapter 11 Costs" means, in the event that (i) the Debtor's Chapter 7 case is converted to a case under Chapter 11 of the Bankruptcy Code; and (ii) creditors receive any Distributions under a Chapter 11 Plan for the Debtor, all additional professional fees and expenses, other costs and other claims incurred in or in anticipation of the Chapter 11 case which would not have been incurred in the Chapter 7 case but for the conversion or possible conversion to Chapter 11, including, without limitation, expenditures made by the Debtor's estate or that constitute administrative expenses under §503(b) of the Bankruptcy Code or are required to be paid under §507(a)(1) or §1129(a)(9)(A) of the Bankruptcy Code, that were incurred or made from and after May 1, 2002, to investigate or evaluate matters relating to the use of the Debtor's net operating loss carry forwards, or that were incurred or made in anticipation of, to evaluate the potential benefits of, or subsequent to, or are otherwise related to, the conversion of this case to a case under Chapter 11 of the Bankruptcy Code or the confirmation of a Chapter 11 Plan.

h. "Chapter 11 Plan" means, in the event that this case may be converted to a case under Chapter 11, a plan of liquidation or reorganization for the Debtor confirmed by the Court under 11 U.S.C. § 1129.

i. "Chase" or "Senior Indenture Trustee" means JPMorgan Chase Bank f/k/a The Chase Manhattan Bank, as successor by merger to

Manufacturers Hanover Trust Co., in its capacity as the Indenture Trustee under the Senior Indenture. Any reference to a distribution or other payment being made "to the Senior Indenture Trustee" shall mean a distribution or payment "to the Senior Indenture Trustee, for the benefit of holders of Senior Notes."

j. "Chase/Gabriel Appeal" and "Chase/Gabriel Order" have the meanings set forth in paragraph D of this Order.

k. "Chase/Gabriel Motion" has the meaning set forth in paragraph C of this Order.

l. "Deemed Jacksonville Net Sale Proceeds" means, in the event that this Chapter 7 case is converted to a Chapter 11 case and a Qualified Plan is confirmed, the appraised value of the Jacksonville Property as of the Jacksonville Determination Date (as determined on or after the Jacksonville Determination Date by an appraiser selected jointly by the Ad Hoc Committee and Gabriel or, if they cannot agree on an appraiser, by an appraiser selected by the Trustee from four candidates, two of whom are submitted by each of the Ad Hoc Committee and Gabriel); in all cases: (i) such appraiser shall have been selected prior to the Jacksonville Determination Date, and (ii) if the Ad Hoc Committee or Gabriel fails to submit its two candidates on or before the 30th day prior to the Jacksonville Determination Date, such party shall be deemed to have waived its right to submit two candidates, and the Trustee shall select the appraiser from the two candidates submitted by the party that made a timely submission), less the cost of owning, maintaining, improving and developing the Jacksonville Property from the Plan Effective Date until the Jacksonville Determination Date, and less the

costs (such as brokerage commissions) that would be incurred in selling the Jacksonville Property on the Jacksonville Determination Date.

m. "Distribution" means each distribution to holders of Qualified Claims on account of Postpetition Interest made from and after the date of this Order, all of which Distributions shall be governed by the terms of this Order.

n. "FDIC Claim" means the proof of claim filed on behalf of American Pioneer Federal Savings Bank in receivership of Resolution Trust Corporation consisting of the "Proof of Claim of American Pioneer Federal Savings Bank in Receivership of Resolution Trust Corporation (10.64% Subordinated Note due 2001)," which claim is based upon the FDIC Subordinated Notes, and any claim asserted in such proof of claim, as such claim may be or may have been amended from time to time, and any other claim based on the FDIC Subordinated Notes.

o. "FDIC Notes Fraction" means that fraction which results from subtracting the Subordinated Notes Fraction from one.

p. "FDIC Notes Fraction Shortfall" has the meaning set forth in Paragraph 4(b)(iv) of this Order.

q. "FDIC Postpetition Interest Claim" means the amount of the Postpetition Interest on the FDIC Claim, calculated at the Legal Rate through May 31, 2002, in accordance with the provisions of paragraphs 2 and 3 of this Order, before giving effect to any other provisions of this Order or the FDIC Subordination Provisions, which amount would be $13,877,424 if the FDIC Claim were allowed in full.

r. "FDIC Subordinated Notes" means the following notes, copies of which are appended to the FDIC Claim:

(i) that certain note entitled "Southeast Banking Corporation 10.64% Subordinated Note due 2001," dated December 28, 1989, in the principal amount of $3.5 million, which is designated as "No. 1," purportedly issued by the Debtor; and

(ii) that certain note entitled "Southeast Banking Corporation 10.64% Subordinated Note due 2001," dated December 28, 1989, in the principal amount of $18.6 million, which is designated "No. 2," purportedly issued by the Debtor.

s. "FDIC Subordination Provisions" means any and all provisions of the FDIC Subordinated Notes or any related documents, or any other contractual provisions, which provide for the subordination of all or any portion of the FDIC Subordinated Notes or the FDIC Claim, including, without limitation, the provisions of Article Seven, entitled "Subordination of Securities" of each of the FDIC Subordinated Notes, as set forth in sections 701 through 705, inclusive, of each of the FDIC Subordinated Notes.

t. "Final Order" means an order entered by this Court (or any court of competent jurisdiction) as to which no appeal, petition for certiorari, or other proceeding for reargument or rehearing may be timely filed or is then pending or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order or judgment has been affirmed by the highest court to which such order or judgment was appealed, or certiorari, reargument, or

rehearing has been denied, and the time to take any further appeal, petition for certiorari, or move for reargument or rehearing shall have expired, excluding any motions, rehearings or other actions taken pursuant to or under Federal Rule of Civil Procedure 60(b) or Federal Rule of Bankruptcy Procedure 9024.

u. "48% Guarantee Reserve" has the meaning set forth in paragraph 4(b)(ii) of this Order.

v. "Gabriel" or "Gabriel Capital" means Gabriel Capital L.P., a Delaware limited partnership which owns, manages funds which own, and/or is the general partner of partnerships that own, a majority of the Senior Notes, and any entities affiliated with or under common control with Gabriel Capital.

w. "Indenture Trustees" means Chase and the Subordinated Indenture Trustees.

x. "Jacksonville Determination Date" means the date which is 18 months following the Plan Effective Date of a Qualified Plan.

y. "Jacksonville Property" means the interests currently owned by various non-debtor subsidiaries of the Debtor's estate in certain parcels of real property located in Jacksonville, Florida and more particularly described as follows: (i) the Southwest Quadrant Property, consisting of (x) a 20-acre parcel of vacant land owned by Southeast Properties, Inc. ("SEPI"), a non-debtor wholly owned subsidiary of the Debtor's estate, and (y) a 174-acre parcel owned 50% by SWQ Holdings, Inc. ("SWQ"), a non-debtor subsidiary wholly owned by the estate, and 50% by an unrelated joint venture in which the Debtor's estate has no interest, but in respect of which parcel SEPI and SWQ hold the right to receive

70% from the proceeds of any sale; and (ii) approximately 7.3 acres of vacant land owned by Second Pioneer Corporation, a non-debtor subsidiary wholly owned by the estate;

z. "Legal Interest" or "Legal Rate" means simple interest at the rate of 5.57% per annum, without compounding of any type.

aa. "Liquidating Trust" means the liquidating trust that will receive all property of the Debtor's estate and any interest earned thereon, other than any trade names, trademarks, customer lists and similar intellectual property and proprietary business information and the Retained Cash, and which also might not receive the Jacksonville Property (but would, in such event, receive the net proceeds and net income relating to the Jacksonville Property as provided herein and, if applicable, the note referred to in clause (v) of paragraph 1(mm) of this Order), under a Qualified Plan.

bb. "1972 Indenture" means the Indenture dated as of October 15, 1972, between the Debtor and Morgan Guaranty Trust Co. of New York, as Trustee, for $35 million in original principal amount of 4-3/4% Convertible Subordinated Debentures due 1997.

cc. "1984 Indenture" means that certain Indenture between the Debtor and Morgan Guaranty Trust Co. of New York, as Trustee, dated as of December 1, 1984, for $75 million in original principal amount of Floating Rate Subordinated Notes due 1996.

dd. "1985 Indenture" means that certain Indenture between the Debtor and Morgan Guaranty Trust Co. of New York, as Trustee, dated as of

November 1, 1985, for $75 million in original principal amount of Floating Rate Subordinated Capital Notes due 1997.

ee. "1987 Indenture" means that certain Indenture between the Debtor and Morgan Guaranty Trust Company of New York, dated as of April 1, 1987 for $50 million in original principal amount of 6½% Subordinated Capital Notes Due 1999.

ff. "1989 Indenture" means that certain Indenture between the Debtor and Irving Trust Co., as Trustee, dated as of March 15, 1989, for Subordinated Debt Securities.

gg. "Petition Date" means September 20, 1991.

hh. "Other Distributions" has the meaning set forth in clause (vii) of the definition of "Qualified Plan."

ii. "Plan Effective Date" means the effective date of a confirmed Chapter 11 plan for the Debtor, in the event that this Chapter 7 case is converted to a Chapter 11 case and a Chapter 11 plan for the Debtor is confirmed.

jj. "Postpetition Interest" means interest on any claim which accrues or is calculated for the period from and after the Petition Date.

kk. "Pro Rata Interest Fraction" means, as to each Qualified Claim, that fraction, the numerator of which is Postpetition Interest at the Legal Rate on such Qualified Claim calculated through May 31, 2002, and the denominator of which is the aggregate amount of all Postpetition Interest at the Legal Rate on all Qualified Claims calculated through May 31, 2002, in each case as calculated in accordance with the provisions of paragraphs 2 and 3 of this order.

ll. "Qualified Claim" means any claim of the type described in any of sections 726(a)(1)-(4), inclusive, of the Bankruptcy Code, which is entitled to the payment of interest from the Petition Date under section 726(a)(5) of the Bankruptcy Code.

mm. "Qualified Plan" means a Chapter 11 Plan for the Debtor which provides that:

(i) all property of the Debtor's estate (as defined in 11 U.S.C. § 541) and interest earned thereon, other than the Jacksonville Property (or the non-debtor subsidiaries which own the Jacksonville Property) (which may but need not be included in the Liquidating Trust), any trade names, trademarks, customer lists and similar intellectual property and proprietary business information and the Retained Cash will be transferred to the Liquidating Trust on the Plan Effective Date;

(ii) all costs of administration will be paid by the Liquidating Trust out of assets transferred to the Liquidating Trust under the preceding clause (i);

(iii) to the extent that the costs of administration paid by the Liquidating Trust under the preceding clause (ii) constitute Chapter 11 Costs, the Liquidating Trust shall be reimbursed as follows: there shall be transferred to the Liquidating Trust, out of any cash, securities or other property not transferred to the Liquidating Trust under the preceding clause (i) which is to be distributed to the holders of Qualified Claims under the Chapter 11 Plan ("Other Property"), an amount of cash and, to the extent that the Other Property includes insufficient

cash, non-cash assets, with a value (as determined, in the case of non-cash assets, in accordance with the provisions of paragraphs 5(e)-(h), inclusive, of this Order) equal to the amount of the Chapter 11 Costs paid by the Liquidating Trust. If any non-cash assets are to be included in the Other Property to be transferred to the Liquidating Trust under this clause (iii) and consist of more than one type of property (with the different types of property including, without limitation, different types of securities), the non-cash assets to be transferred to the Liquidating Trust from the Other Property under this clause (iii) shall include that percentage of each type of non-cash asset included in the Other Property which is equal to the percentage of the aggregate value of all of the non-cash assets comprising Other Property which is to be transferred to the Liquidating Trust.

(iv) if, rather than transferring the Jacksonville Property (or the non debtor subsidiaries which own the Jacksonville Property) to the Liquidating Trust, the Debtor instead retains the Jacksonville Property and such non-debtor subsidiaries after the effective date of the Chapter 11 Plan, and the Jacksonville Property is sold on or before the Jacksonville Determination Date (it being understood that the Jacksonville Property may be sold during the Chapter 7 case or during the Chapter 11 case and prior to the Plan Effective Date), then all net income earned from the Jacksonville Property until it is sold, and all net proceeds of the sale of the Jacksonville Property, after deducting the cost of owning, maintaining, improving and developing the property from the Plan Effective Date until it is sold, will be paid to the Liquidating Trust (unless the Ad Hoc Committee

and Gabriel agree that a plan which provides for a different distribution of such net proceeds and net income can qualify as a "Qualified Plan");

(v) if neither the Jacksonville Property nor any of the non-debtor subsidiaries which own the Jacksonville Property is transferred to the Liquidating Trust and the Jacksonville Property is not sold on or before the Jacksonville Determination Date, then all net income earned from the Jacksonville Property until the Jacksonville Determination Date will be paid to the Liquidating Trust (unless the Ad Hoc Committee and Gabriel agree that a plan which provides for a different distribution of such net income can qualify as a "Qualified Plan"), and the Reorganized Debtor will issue to the Liquidating Trust a nonrecourse interest-bearing note secured by the Jacksonville Property in a principal amount equal to the Deemed Jacksonville Net Sale Proceeds;

(vi) all Distributions from the Liquidating Trust shall be made to the holders of Qualified Claims in accordance with the provisions of paragraphs 1-4 of this Order, except that: (x) each creditor shall be deemed to have an allowed claim for Postpetition Interest calculated at the rate of 8% per annum, without compounding, through May 31, 2002; and (y) each creditor's share of each Distribution under the plan shall be determined based on a fraction which applies Postpetition Interest at the rate of 8% per annum, rather than at the rate of 5.57% per annum; and

(vii) all other Distributions of cash or other property to the holders of Qualified Claims that are not made from the Liquidating Trust ("Other Distributions") shall be made (x) in accordance with the provisions of paragraphs

1-4 of this Order, to the extent that such Other Distributions do not constitute Chapter 11-Attributable Distributions; and (y) in accordance with the provisions of paragraphs 1-3 and 5 of this Order, to the extent that such Other Distributions constitute Chapter 11-Attributable Distributions, in each case subject to the exceptions contained in subclauses (x) and (y) of the preceding clause (vi); and subject to the irrebuttable presumption that (i) that portion of such Other Distribution which is not a Chapter 11-Attributable Distribution shall be made from the cash included in such Other Distribution (to the extent that such cash is sufficient for that purpose), and shall be made from the non-cash assets included in such Other Distribution only to the extent that the cash included in such Other Distribution is insufficient for that purpose; and (ii) where such Other Distribution includes more than one type of non-cash property (with the different types of non-cash property including, without limitation, different types of securities), the percentage of each type of non-cash property that is deemed to be a Chapter 11-Attributable Distribution shall be the same as the percentage of the total amount of the non-cash property included in such Other Distribution that is determined to be a Chapter 11-Attributable Distribution.

For purposes of applying the foregoing, "net income" earned from the Jacksonville Property shall be computed in accordance with generally accepted accounting principles, and the expenses deducted in determining such net income shall include, without limitation, any interest actually paid on account of debt incurred to finance the cost of owning, maintaining, improving or developing the Jacksonville Property. The "net proceeds" of any sale of the

Jacksonville Property shall be computed by deducting from the gross proceeds of any such sale, any direct costs of sale (including, without limitation, any brokerage commissions) and any costs of owning, maintaining, improving or developing the Jacksonville Property that have not been deducted in computing net income from the Jacksonville Property.

nn. "Reallocated FDIC Distribution" means any distribution (or portion thereof) which would have been made or would be made on account of the FDIC Claim, the FDIC Subordinated Notes or any Postpetition Interest thereon, whether under the terms of this Order, under the terms of any prior order of this Court, or otherwise, in the absence of the FDIC Subordination Provisions, but which is required to be paid over or distributed to the Senior Indenture Trustee, for the benefit of holders of the Senior Notes, or to the holders of Senior Notes, pursuant to the terms of the FDIC Subordination Provisions or the documents underlying the FDIC Claim, or pursuant to agreement between the holder of the FDIC Claim and the Ad Hoc Committee.

oo. "Retained Cash" means, in the event that a Qualified Plan for the Debtor is confirmed, such amount of cash of the Debtor's estate that is held by the estate as of the Plan Effective Date and that does not represent the proceeds of exit financing under such Qualified Plan or other funds that are borrowed under such Qualified Plan, as may be determined by agreement of the Trustee, Gabriel Capital and the Ad Hoc Committee or, absent such agreement, by a Final Order of the Court, to be reasonably necessary for the Reorganized Debtor's

business operations that is not otherwise provided for and that will not be transferred to the Liquidating Trust on the Plan Effective Date.

pp. "Senior Indenture" means the Indenture, dated as of March 1, 1983, between the Debtor and Manufacturers Hanover Trust Co., as Trustee.

qq. "Senior Notes" means the Notes issued under the Senior Indenture.

rr. **[INTENTIONALLY OMITTED]**

ss. "Senior Note Shortfall" means, with respect to each Distribution, the difference between (y) $12,907,043 and (x) the Base Senior Note Interest Distribution.

tt. "Subordinated Indentures" means, collectively, the 1972 Indenture, the 1984 Indenture, the 1985 Indenture, the 1987 Indenture, and the 1989 Indenture.

uu. "Subordinated Indenture Trustees" means, collectively, BNY and U.S. Bank. Any reference to a distribution or other payment being made "to the Subordinated Indenture Trustees" shall mean a distribution or payment "to the Subordinated Indenture Trustees, for the benefit of holders of Subordinated Notes."

vv. "Subordinated Notes" means the notes issued by the Debtor under each of the Subordinated Indentures.

ww. "Subordinated Notes Fraction" means that fraction, the numerator of which is the Subordinated Notes Postpetition Interest Claim, and the denominator of which is the sum of the Subordinated Notes Postpetition Interest Claim and the FDIC Postpetition Interest Claim.

xx. "Subordinated Notes Fraction Shortfall" has the meaning set forth in Paragraph 4(b)(iii) of this Order.

yy. "Subordinated Notes Postpetition Interest Claim" means the aggregate amount of the Postpetition Interest on the Subordinated Note Claims, calculated at the Legal Rate through May 31, 2002, in accordance with the provisions of paragraphs 2 and 3 of this Order, which aggregate amount is $105,864,234.

zz. "U.S. Bank" means U.S. Bank National Association, in its capacity as successor Indenture Trustee under the 1984 Indenture, the 1985 Indenture, and the 1989 Indenture.

aaa. "U.S. Notes" means the Subordinated Notes issued pursuant to the 1972 Indenture, the 1987 Indenture, and the 1989 Indenture.

Unless otherwise indicated, all references to "paragraphs" herein are to paragraphs of this Order.

2. Computation and Distribution of Postpetition Interest on Qualified Claims.

a. Except as otherwise provided in paragraphs 4, 5, 6 and 7 of this Order, and subject to the effect and enforcement of the FDIC Subordination Provisions, each Distribution with respect to Postpetition Interest on Qualified Claims shall be made ratably to the holders of Qualified Claims, as follows: Each holder of a Qualified Claim shall (subject to the foregoing exceptions) receive its Pro Rata Interest Fraction of each such Distribution. For purposes of calculating the Pro Rata Interest Fraction for each Qualified Claim, Postpetition Interest on each Qualified Claim shall be calculated based on a 365-day year only on the unpaid balance of each Qualified Claim after giving effect

to: (i) the receipt of each interim distribution made by the Trustee on account of allowed claims prior to the date of this Order; and (ii) the receipt of each redirection of each such distribution under principles of subordination or subrogation. In the case of any Administrative Claim, the calculation of interest shall be made by applying the Legal Rate to the unpaid balance of such claim only for the period from and after the date upon which the Administrative Claim is allowed or awarded by a Final Order of the Court, and Postpetition Interest shall not accrue or be calculated for any period prior to such date. Accordingly, and without limiting the foregoing, the calculation of Postpetition Interest on each Qualified Claim shall be made by applying the Legal Rate to the full allowed amount of the Qualified Claim for the number of days from the Petition Date (in the case of all claims other than Administrative Claims) or from the date the claim is allowed and awarded by Final Order of the Court (in the case of Administrative Claims) up to the first payment on that Qualified Claim, and then applying the Legal Rate to the remaining unpaid balance for the number of days up to the second payment on such Qualified Claim, and continuing in the same manner on the successive unpaid balance (or balances) of the Qualified Claim until the allowed amount of the Qualified Claim has been paid in full.

b. In calculating the payment of Postpetition Interest to holders of Senior Notes and Subordinated Notes, principal reductions for the First, Second and Sixth Interim Distributions (as defined and described in the Postpetition Interest Motion and Settlement Motion) will be taken as of the dates shown on checks paid by the Trustee to the Indenture Trustees, and principal reductions for the Third, Fourth and Fifth Interim Distributions (also as defined and described in the Postpetition Interest

Motion and Settlement Motion) will be taken as of the date of the first batch of payments made to individual bondholders for each such Interim Distribution. By way of illustration of the foregoing, and not limitation, Postpetition Interest on the Senior Notes shall cease to accrue as of the date shown on the check paid by the Trustee to the Senior Indenture Trustee under the Second Interim Distribution (as defined and described in the Postpetition Interest Motion and Settlement Motion).

c. Notwithstanding anything to the contrary contained in this Order, except as otherwise specifically ordered by this Court, each Distribution on account of Qualified Claims under the Subordinated Notes or the Subordinated Indentures shall be made to the applicable Subordinated Indenture Trustee, and distributed in accordance with the terms of the applicable Subordinated Indenture (but without reference to the subordination provisions of the Subordinated Indentures), and each Distribution with respect to Qualified Claims under the Senior Notes or the Senior Note Indenture shall be made to the Senior Indenture Trustee, and distributed in accordance with and subject to the terms of the Senior Indenture.

3. Calculations With Respect to Previously Contingent, Disputed, or Unliquidated Claims. With respect to contingent, disputed or unliquidated claims which were settled by the Trustee and the claimant, Postpetition Interest for purposes of applying the Pro Rata Interest Fraction shall be computed as follows: Qualified Claims which were settled by allowance at a negotiated amount shall be entitled to Postpetition Interest using, as the numerator of the Pro Rata Interest Fraction for such Qualified Claim, Postpetition Interest at the Legal Rate on the settlement amount from the Petition Date through date of payment of the settlement amount; provided, however, that in

those instances where the settlement involved the payment of a lump sum to the claimant in full and complete satisfaction of the claim, the Postpetition Interest on such claim shall be deemed to be zero, such claim shall not be deemed a Qualified Claim; and no further distribution of any kind shall be made on such claim. Prior to the first Distribution on account of Postpetition Interest pursuant to the terms of this Order, the Trustee shall file and serve a motion or notice setting forth the intended treatment of each settled claim for purposes of determining whether any Postpetition Interest shall be distributed thereon.

4. Reallocation of Distributions from Subordinated Notes to Senior Notes.

a. Except with respect to any Chapter 11-Attributable Distribution, which shall be governed by paragraph 5 of this Order, after calculating the ratable distribution of Postpetition Interest that would be made to holders of Qualified Claims as part of a Distribution in accordance with paragraphs 2 and 3 of this Order, there shall be paid over to the Senior Indenture Trustee, out of the Base Subordinated Note Interest Distribution that would otherwise have been made to the Subordinated Indenture Trustees out of such Distribution, the lesser of (a) the Base Subordinated Note Interest Distribution made to the Subordinated Indenture Trustees; and (b) that amount which, when added to the aggregate amount of all payments made to the Senior Indenture Trustee out of prior Distributions pursuant to the terms of this paragraph 4 out of amounts that otherwise would have been distributed to the Subordinated Indenture Trustees pursuant to paragraphs 2 and 3 of this Order, totals the Subordinated Notes Fraction of 48% of the Senior Note Shortfall. Such reallocated distributions shall be deemed paid to the Subordinated Indenture Trustees and from the Subordinated

Indenture Trustees to the Senior Indenture Trustee. Provided, however, that if, after giving effect to the Base Senior Note Interest Distribution to be made to the Senior Indenture Trustee as part of any Distribution, the aggregate amount of the payments made to the Senior Indenture Trustee pursuant to this paragraph 4(a) out of amounts that otherwise would have been distributed to the Subordinated Indenture Trustees pursuant to paragraphs 2 and 3 of this Order exceeds the Subordinated Notes Fraction of 48% of the Senior Note Shortfall, such excess shall be paid over to the Subordinated Indenture Trustees from amounts that would otherwise have been paid to the Senior Indenture Trustee as part of such pending Distribution. This reallocation to the Subordinated Indenture Trustees of amounts that would otherwise have been distributed to the Senior Indenture Trustee shall continue in each subsequent Distribution so that, after giving effect to each subsequent Distribution, the aggregate amount of the Base Subordinated Notes Interest Distributions that has been reallocated to the Senior Indenture Trustee under this paragraph 4 shall at no time exceed the Subordinated Notes Fraction of 48% of the Senior Note Shortfall.

b. Notwithstanding anything to the contrary contained in this Order:

(i) Until such time as the allowed amount of the FDIC Claim is determined by a Final Order, the Subordinated Notes Fraction shall be deemed to be .884105, and the FDIC Notes Fraction shall be deemed to be .115895;

(ii) Until such time as a Final Order or Final Orders of this Court or settlement or settlements determining the allowed amount of the FDIC Claim and resolving the enforcement of the FDIC Subordination Provisions have been entered, so that the Subordinated Notes Fraction Shortfall and the FDIC Notes

Fraction Shortfall can be finally determined, and except with respect to any Chapter 11-Attributable Distribution (which shall be governed by paragraph 5 of this Order), the Trustee shall withhold from amounts that would otherwise have been distributed to the Subordinated Indenture Trustees out of each Distribution, and reserve in an interest bearing escrow (the "48% Guarantee Reserve") an amount equal to the lesser of (a) that portion of the Base Subordinated Notes Interest Distribution (if any) that would otherwise have been distributed to the Subordinated Indenture Trustees out of such Distribution after giving effect to the reallocation required by paragraph 4(a) of this Order; and (b) that amount which, when added to all prior payments made to the 48% Guarantee Reserve out of prior Distributions pursuant to the terms of this paragraph 4(b)(ii), totals the FDIC Notes Fraction of 48% of the Senior Note Shortfall. Provided, however, that (x) in no event shall the amount withheld from amounts that would otherwise have been distributed to the Subordinated Indenture Trustees as part of any Distribution, and added to the 48% Guarantee Reserve, exceed the amount necessary to cause the aggregate amount in the 48% Guarantee Reserve to equal the FDIC Notes Fraction of 48% of the Senior Note Shortfall, calculated after giving effect to such Distribution; and (y) In the event that, after giving effect to the Base Senior Note Interest Distribution to be made to the Senior Indenture Trustee as part of any Distribution, the aggregate amount of the payments deposited into the 48% Guarantee Reserve pursuant to this paragraph 4(b)(ii) out of amounts that otherwise would have been distributed to the Subordinated Indenture Trustee pursuant to paragraphs 2 and 3 of this Order exceeds the

FDIC Notes Fraction of 48% of the Senior Note Shortfall, such excess shall be paid over to the Subordinated Indenture Trustees from the 48% Guarantee Reserve, and no further payments shall be made into the 48% Guarantee Reserve. The payment to the Subordinated Indenture Trustees of amounts in the 48% Guarantee Reserve, as provided for in the foregoing proviso, shall continue in each subsequent Distribution so that, after giving effect to each subsequent Distribution, the aggregate amount remaining in the 48% Guarantee Reserve shall at no time exceed the FDIC Notes Fraction of 48% of the Senior Note Shortfall, calculated after giving effect to the latest pending Distribution.

(iii) In the event that, following the entry of a Final Order or settlement determining the allowed amount of the FDIC Claim, the result of calculating the Subordinated Notes Fraction based on such finally allowed amount is that the Subordinated Notes Fraction is greater than .884105, then the amount by which (x) the aggregate amount that would have been paid over to the Senior Indenture Trustee from all prior Distributions pursuant to paragraph 4(a) of this Order, had such greater amount of the Subordinated Notes Fraction been used to calculate the amount to be paid over to the Senior Indenture Trustee pursuant to said paragraph 4(a) exceeds (y) the amount which has, in fact, been paid over to the Senior Indenture Trustee from all prior Distributions pursuant to paragraph 4(a) of this Order (the "Subordinated Notes Fraction Shortfall"), shall be paid to the Senior Indenture Trustee out of the 48% Guarantee Reserve and shall be deemed to have been paid to the Subordinated Indenture Trustees and from the Subordinated Indenture Trustees to the Senior Indenture Trustee;

(iv) In the event that, as a result of any Final Order or settlement resolving the enforcement of the FDIC Subordination Provisions, the aggregate amount of the Reallocated FDIC Distribution will be less than the FDIC Notes Fraction of 48% of the Senior Note Shortfall (as determined following the entry of a Final Order determining the allowed amount of the FDIC Claim), the amount of any such deficiency (the "FDIC Notes Fraction Shortfall") shall be paid to the Senior Indenture Trustee out of the 48% Guarantee Reserve and shall be deemed to have been paid to the Subordinated Indenture Trustees and from the Subordinated Indenture Trustees to the Senior Indenture Trustee;

(v) Following (x) the entry of a Final Order or Final Orders of this Court or a settlement or settlements resolving both the allowed amount of the FDIC Claim and the enforcement of the FDIC Subordination Provisions, and (y) the payment out of the 48% Guarantee Reserve of the amounts required to be paid under the foregoing clauses (iii) and (iv), the Trustee shall promptly distribute any funds remaining in the 48% Guarantee Reserve (including, without limitation, any interest earned thereon) to the Subordinated Indenture Trustees, for the benefit of holders of the Subordinated Notes.

(vi) Notwithstanding anything to the contrary contained in this Order, the aggregate amount paid to the Senior Indenture Trustee out of the 48% Guarantee Reserve pursuant to clauses (iii) and (iv) above shall not exceed the amount which remains after subtracting: (y) the sum of (i) the amount distributed to the Senior Indenture Trustee from the Reallocated FDIC Distribution under clause (i) of Paragraph 7(a) of this Order; and (ii) the amount paid over to the

Senior Indenture Trustee out of the Base Subordinated Note Interest Distribution that would otherwise have been made to the Subordinated Indenture Trustees pursuant to Paragraph 4(a) of this Order, from (x) 48% of the Senior Note Shortfall.

(vii) Notwithstanding anything to the contrary contained in this Order, in the event that, after giving effect to the Base Senior Note Interest Distribution to be made to the Senior Indenture Trustee as part of a Distribution, the sum of (x) the aggregate amount of the payments made to the Senior Indenture Trustee pursuant to Paragraph 4(a) out of amounts that otherwise would have been distributed to the Subordinated Indenture Trustees pursuant to paragraphs 2 and 3 of this Order, plus (y) the amount distributed to the Senior Indenture Trustee from the Reallocated FDIC Distribution under clause (i) of Paragraph 7(a); plus (z) the aggregate amount paid to the Senior Indenture Trustee out of the 48% Guarantee Reserve pursuant to clauses (iii) and (iv) of Paragraph 4(b), exceeds 48% of the Senior Note Shortfall, such excess shall be paid over to the Subordinated Indenture Trustees from amounts that would otherwise have been paid to the Senior Indenture Trustee as part of such pending Distribution. This reallocation to the Subordinated Indenture Trustees of amounts that would otherwise have been distributed to the Senior Indenture Trustee shall continue in each subsequent Distribution so that, after giving effect to each subsequent Distribution, the sum of: (I) the aggregate amount of the payments made to the Senior Indenture Trustee pursuant to Paragraph 4(a) out of amounts that otherwise would have been distributed to the Subordinated Indenture Trustees

pursuant to Paragraphs 2 and 3 of this Order; plus (II) the amount distributed to the Senior Indenture Trustee from the Reallocated FDIC Distribution under clause (i) of Paragraph 7(a); plus (III) the aggregate amount paid to the Senior Indenture Trustee out of the 48% Guarantee Reserve pursuant to clauses (iii) and (iv) of Paragraph 4(b), shall not exceed 48% of the Senior Note Shortfall.

5. Provisions In The Event Of Conversion to Chapter 11 Case and Reallocation of Chapter 11-Attributable Distributions Otherwise Payable to Subordinated Indenture Trustees. This paragraph 5 of this Order is intended to address the contingency that a party might, in the future, file a motion to convert this Chapter 7 case to a Chapter 11 case and that such motion might be granted. However, notwithstanding anything herein to the contrary, nothing contained in this Order is intended or shall be construed to require any party to file or support, or to prevent any party from opposing, a motion to convert this Chapter 7 case to a Chapter 11 case, or to affect, limit or modify the ability of the Court to grant or deny any such motion. If and only if the Debtor's Chapter 7 case is converted to a case under Chapter 11 of the Bankruptcy Code, the following provisions shall apply in such Chapter 11 case for the Debtor:

a. The allowed claim of each creditor in such Chapter 11 case shall include an amount equal to the difference between: (i) the Postpetition Interest on the amount of such creditor's allowed claim in the Chapter 7 case, calculated at the rate of eight percent (8%) per annum (rather than at the rate of 5.57% per annum), without compounding, through May 31, 2002, and (ii) the distribution made to such creditor for Postpetition Interest under all of the terms of this Order prior to the date upon which this

case is converted from a Chapter 7 case to a Chapter 11 case. Each creditor's share of each Distribution under the plan of reorganization in such Chapter 11 case shall be determined on the basis of a fraction which uses interest at the rate of 8% per annum, rather than at the rate of 5.57% per annum, as the rate of Postpetition Interest.

b. In the event that any Distribution is made in such Chapter 11 case which is, in whole or in part, a Chapter 11-Attributable Distribution, only that portion of such Distribution which is not a Chapter 11-Attributable Distribution shall be subject to paragraph 4 of this Order, and that portion of such Distribution which is a Chapter 11-Attributable Distribution shall be subject to the provisions of this paragraph.

c. With respect to any Chapter 11-Attributable Distribution, there shall be paid to the Senior Indenture Trustee, out of the Base Subordinated Notes Interest Distribution that would otherwise have been made to the Subordinated Indenture Trustees out of such Chapter 11-Attributable Distribution, the lesser of: (x) the amount which results from subtracting (i) the Pro Rata Interest Fraction of such Chapter 11-Attributable Distribution that would be distributed to the Senior Indenture Trustee based on a pro rata distribution, as determined under the provisions of paragraphs 2 and 3 of this Order, from (ii) fifty percent (50%) of the aggregate amount of the Pro Rata Interest Fractions of the Chapter 11-Attributable Distribution of the Senior Noteholders and the Subordinated Noteholders that would be distributed to their respective Indenture Trustees for their benefit based on a pro rata distribution, as determined under the provisions of paragraphs 2 and 3 of this Order; and (y) the amount which, when added to the sum of (i) the value of all prior Distributions to the Senior Indenture Trustee out of any Chapter 11-Attributable Distributions (including both those calculated in accordance

with paragraphs 2 and 3 and those resulting from reallocations under this paragraph 5(c)) plus (ii) the value of the Senior Noteholders' Pro Rata Interest Fraction of a pending Chapter 11-Attributable Distribution, produces a value of $16 million in the aggregate. Such reallocated distributions shall be deemed to have been paid to the Subordinated Indenture Trustees and from the Subordinated Indenture Trustees to the Senior Indenture Trustee.

d. In no event shall the sum of: (x) the Pro Rata Interest Fraction of all Chapter 11-Attributable Distributions that would have been distributed to the Senior Indenture Trustee, as determined under the provisions of paragraphs 2 and 3 of this Order, plus (y) the amounts that are reallocated from the Subordinated Indenture Trustees to the Senior Indenture Trustees pursuant to paragraph 5(c) out of the Base Subordinated Notes Interest Distributions that would otherwise have been made to the Subordinated Indenture Trustees out of all such Chapter 11-Attributable Distributions, have a value in excess of $16 million in the aggregate. In the event of any such excess, the amount of such excess shall be repaid to the Subordinated Indenture Trustees, out of the next Distribution that would otherwise be made to the Senior Indenture Trustee pursuant to any provision of this Order. At such time as the total value of the Distributions made to the Senior Indenture Trustee out of Chapter 11-Attributable Distributions (whether on account of the pro-rata distribution calculated in accordance with paragraphs 2 and 3 or the reallocation provisions of paragraph 5(c)) reaches $16 million, no further amounts will be distributed to the Senior Indenture Trustee from Chapter 11-Attributable Distributions, and any such Distributions that would otherwise

have been made to the Senior Indenture Trustee under paragraphs 2 and 3 of this Order will be made instead to the Subordinated Indenture Trustees.

e. For purposes of applying the provisions of paragraphs 5(a)-(d) and clause (iii) of paragraph 1(mm) of this Order: (i) All non-cash Distributions and the rights to Distributions under a confirmed Chapter 11 plan for the Debtor shall be valued as of the Plan Effective Date; (ii) in the case of a Qualified Plan, the amount and/or value of the Chapter 11-Attributable Distributions will be deemed to equal the value of all cash and non-cash Distributions other than interests in or Distributions (whether cash or non-cash) from the Liquidating Trust and minus (x) the amount of the Retained Cash; and (y) the Chapter 11 Costs; (iii) that portion of the non-cash Distribution under any Qualified Plan (including without limitation any securities of the Reorganized Debtor) which has a value equal to the amount of the Retained Cash shall be distributed in accordance with paragraphs 2, 3 and 4 of this Order and shall not constitute a Chapter 11-Attributable Distribution, and any interests in or Distributions from the Liquidating Trust shall be distributed in accordance with paragraphs 2, 3 and 4 of this Order, in each case as the provisions of paragraphs 2 and 3 are modified in a Chapter 11 case by the provisions of paragraph 5(a) of this Order; and (iv) the determination of Chapter 11-Attributable Distributions in the event that a Chapter 11 plan for the Debtor other than a Qualified Plan is confirmed shall be made in a manner designed to approximate as closely as possible the principles underlying the determination of the Chapter 11-Attributable Distribution in connection with a Qualified Plan under the provisions of the foregoing clauses (i)-(iii).

f. For purposes of applying the provisions of paragraphs 5(a)-(e) and clause (iii) of paragraph 1(mm) of this Order, any non-cash Distributions will be valued as of the Plan Effective Date, either: (i) by agreement of Gabriel Capital and the Ad Hoc Committee, if there is no successful objection to such agreement by any party in interest following negative notice under Local Rule 9013-1(D), which notice shall specify, without limitation, the nature of the non-cash Distribution under the confirmed Chapter 11 plan, the agreed-upon value of such non-cash Distribution and the calculation of the Chapter 11-Attributable Distribution under such confirmed plan resulting from such valuation; or (ii) absent such agreement of Gabriel Capital and the Ad Hoc Committee, or in the event that a party in interest objects to such agreement and the objection is sustained by the Court, in accordance with the dispute resolutions procedure described in subparagraphs (g) and (h) below.

g. For purposes of applying the provisions of paragraphs 5(a)-(e) and clause (iii) of paragraph 1(mm) of this Order, in the event that a Qualified Plan is confirmed and clause (ii) or (iii) of paragraph 5(e) of this Order applies, any non-cash Distribution (such as, without limitation, any equity securities or any debt or debt securities) shall be valued at fair market value as of one business day after the Plan Effective Date, taking into account, without limitation, relevant market indications for such securities (such as actual trades, bids to purchase and offers to sell) ("Market Indications") or, if necessary to take into account such Market Indications, as soon after the Plan Effective Date as practicable, but in no event as of a date which is later than seven (7) days after the Effective Date, by one of the following independent third parties, at the expense of the Debtor's estate (which shall constitute a Chapter 11 Cost),

in the following order of preference: (x) CIBC; (y) Kroll Zolfo Cooper; and (z) Houlihan Lokey Howard & Zukin. In the event that none of such independent third parties is willing or able to undertake such a valuation, then such a valuation shall be performed by another independent third party which is mutually acceptable to the Ad Hoc Committee and Gabriel Capital or, in the event that the Ad Hoc Committee and Gabriel Capital cannot agree upon such other independent third party, by an independent third party who is selected jointly by an independent third party selected by Gabriel Capital and an independent third party selected by the Ad Hoc Committee.

h. For purposes of applying the provisions of paragraphs 5(a)-(e) and clause (iii) of paragraph 1(mm) of this Order, in the event that a Chapter 11 plan for the Debtor other than a Qualified Plan is confirmed, clause (iv) of paragraph 5(e) will apply, and any dispute as to the value of the non-cash Distribution and/or the amount of the Chapter 11-Attributable Distribution shall be resolved by binding arbitration among Gabriel Capital, the Ad Hoc Committee, the Senior Indenture Trustee, the Subordinated Indenture Trustees and any party in interest who successfully objects to any agreement between Gabriel and the Ad Hoc Committee (if such objecting party in interest elects to participate in such binding arbitration). Arbitration proceedings shall be administered by the American Arbitration Association ("AAA") or such other administrator as the parties shall mutually agree upon in accordance with the AAA Commercial Arbitration Rules. All disputes submitted to arbitration shall be resolved in accordance with the Federal Arbitration Act (Title 9 of the United States Code). The arbitration shall be conducted at a location in New York selected by the AAA or other administrator. If there is any inconsistency between the terms of this Order and any such rules, the terms and

procedures set forth herein shall control. All discovery activities shall be expressly limited to matters directly relevant to the dispute being arbitrated. The arbitrator's determination shall be subject to enforcement by this Court.

i. The Ad Hoc Committee (and its individual members) shall not, without the consent of Gabriel Capital, and Gabriel Capital shall not, without the consent of a majority of the Ad Hoc Committee (measured by principal amount of holdings of Subordinated Notes), support, vote for, or solicit acceptances of any Chapter 11 plan that is not a Qualified Plan; provided, however, that the foregoing prohibition shall not limit Gabriel Capital or any member of the Ad Hoc Committee in the exercise of its fiduciary duty in its capacity as a member of an official creditors' committee in a Chapter 11 case in voting to have the Committee propose, support, or solicit acceptances for a particular plan. Accordingly, Gabriel Capital and any member of the Ad Hoc Committee may, solely in its capacity as a member of an official creditors' committee in a Chapter 11 case, vote to have the committee oppose a Qualified Plan or support a Chapter 11 plan which is not a Qualified Plan; however, regardless of how Gabriel Capital or any member of the Ad Hoc Committee votes in its capacity as a member of an official creditors' committee, neither Gabriel Capital, nor any member of the Ad Hoc Committee, nor any of their respective counsel, may in any way propose, support, solicit acceptances or vote for a plan which is not a Qualified Plan.

6. No Further Claims Against Subordinated Noteholders. Except as expressly provided in paragraphs 4 and 5 of this Order with respect to the reallocation to the Senior Indenture Trustee of certain distributions that would otherwise be made to the Subordinated Indenture Trustees, and in paragraph 7 of this Order with respect to

Reallocated FDIC Distributions: (a) neither the Senior Indenture Trustee, the holders of Senior Notes, nor any other party shall have any other or further rights against the Subordinated Indenture Trustees or the holders of Subordinated Notes under, on account of or with respect to any contractual subordination provisions contained in the Subordinated Indentures or the Subordinated Notes or any other contractual subordination rights against the Subordinated Indenture Trustees or the holders of Subordinated Notes on any grounds whatsoever, whether in law, equity, or otherwise; (b) neither the Subordinated Indenture Trustees, the holders of Subordinated Notes, nor any other party shall have any other or further rights against the Senior Indenture Trustee or the holders of Senior Notes under, on account of or with respect to any contractual subordination provisions contained in the Subordinated Indentures or the Subordinated Notes or any other contractual rights against the Senior Indenture Trustee or the holders of the Senior Notes on any grounds whatsoever, whether in law, equity, or otherwise; (c) all distributions to the Subordinated Indenture Trustees or to the holders of Subordinated Notes shall not be subject to levy, garnishment, attachment, other legal process, reallocation or redirection by the Senior Indenture Trustee, the holders of Senior Notes or any other party by reason of claimed contractual subordination rights or any other rights; (d) all distributions to the Senior Indenture Trustee or to the holders of Senior Notes shall not be subject to levy, garnishment, attachment, other legal process, reallocation or redirection by the Subordinated Indenture Trustees, the holders of Subordinated Notes or any other party by reason of claimed contractual subordination rights or any other rights; and (e) any and all rights arising or alleged to arise on account of or with respect to any contractual subordination

provisions contained in the Subordinated Indentures or the Subordinated Notes shall be deemed waived and of no further force or effect.

7. Distribution of Reallocated FDIC Distributions.

a. The Senior Indenture Trustee shall allocate and distribute each Reallocated FDIC Distribution to which the Senior Indenture Trustee or the holders of Senior Notes are entitled as follows: (i) an amount equal to the lesser of (x) the amount of such Reallocated FDIC Distribution and (y) the FDIC Notes Fraction of 48% of the Senior Note Shortfall shall be retained by the Senior Indenture Trustee for distribution to the holders of Senior Notes; and (ii) any amount of such Reallocated FDIC Distribution in excess of the amounts allocated under clause (i) shall be paid over by the Senior Indenture Trustee to the Subordinated Indenture Trustees; and the Senior Indenture Trustee shall be deemed to have accomplished such distribution by directing the Trustee to retain the amount of any Reallocated FDIC Distribution covered by clause (ii) that otherwise would have been paid over to the Senior Indenture Trustee, and distributing such funds instead to the Subordinated Indenture Trustees, for distribution to the holders of Subordinated Notes in accordance with the terms of the Subordinated Indentures, without giving effect to any subordination provisions contained therein or any of the provisions of Paragraphs 4 and 5 of this Order.

b. The Ad Hoc Committee shall have the sole and exclusive control over the enforcement of the FDIC Subordination Provisions, the commencement or prosecution of any related litigation, and the settlement of any claims under the FDIC Subordination Provisions, and shall have the sole and exclusive power to enforce, prosecute, litigate and settle such claims, in its sole discretion, either (a) in its own

name, or (b) on behalf of and in the name of the Senior Indenture Trustee; provided, however, that (i) if the Ad Hoc Committee elects to prosecute such claims in its own name, then (x) the Ad Hoc Committee shall have all of the right, power, standing and authority to prosecute such claims as the Senior Indenture Trustee would have had in its capacity as indenture trustee under the Senior Indenture to enforce, prosecute, litigate and settle such claims, and (y) any action or proceeding commenced by the Ad Hoc Committee to prosecute or enforce such claims shall be treated in all respects as if it had been commenced and prosecuted in the name of the Senior Indenture Trustee; and (ii) if the Ad Hoc Committee elects to prosecute such claims on behalf of and in the name of the Senior Indenture Trustee, then (x) the Ad Hoc Committee shall have all of the same rights and privileges to direct the Senior Indenture Trustee with respect to the prosecution of any such claims as Gabriel would have had under the Senior Indenture, and (y) the Senior Indenture Trustee and its counsel shall have the right to review and comment on all of the relevant documentation relating thereto as to any matters in such documentation that could adversely affect the Senior Indenture Trustee. Notwithstanding any election by the Ad Hoc Committee to enforce, prosecute, litigate or settle such claims in its own name, or on behalf of and in the name of the Senior Indenture Trustee, as the case may be, the Ad Hoc Committee may, at any time, elect to change to such other alternative, in its sole and absolute discretion.

c. The Subordinated Indenture Trustees shall retain counsel designated by the Ad Hoc Committee who is acceptable to the Subordinated Indenture Trustees ("Special Counsel") to represent the Ad Hoc Committee and the Senior Indenture Trustee in connection with the matter described in paragraph 7(b) and shall

withhold from amounts distributed to the Subordinated Indenture Trustees other than under paragraph 9 an amount agreed upon by the Ad Hoc Committee and the Subordinated Indenture Trustees and utilize such funds to establish a special reserve fund (the "Special Reserve"), from which any fees and expenses of the foregoing Special Counsel shall be paid. The Subordinated Indenture Trustees shall have no obligation to pay fees and expenses to such Special Counsel, other than out of funds held in the Special Reserve. The attorneys' fees and expenses of such Special Counsel in the enforcement, prosecution, litigation and settlement of all claims under the FDIC Subordination Provisions shall constitute expenses under the Subordinated Indentures.

8. Reservation of Rights Regarding FDIC Claims. Nothing contained in this Order, and no previous failure or omission of any party in interest to raise any issue, objection or defense with respect to the allowance or subordination of the FDIC Claims or any distribution thereon (including, without limitation, in response to the Postpetition Interest Motion), shall in any way prevent any party in interest from, or prejudice any party in interest with respect to, objecting to any of the FDIC Claims, seeking to enforce any FDIC Subordination Provision, or otherwise seeking to subordinate the FDIC Claims, and all parties shall be deemed to have preserved any and all rights to object to the allowance of the FDIC Claims or to seek to enforce any contractual subordination provision pertaining to the FDIC Claims. Until such time as this Court enters a Final Order determining the scope and effect of the FDIC Subordination Provisions, or the holder of the FDIC Claims and the Ad Hoc Committee (or the Senior Indenture Trustee, at the direction of the Ad Hoc Committee) agree in writing upon a settlement of any subordination claims arising out of the FDIC Subordination Provisions, any distributions

which the Trustee would otherwise make or have made with respect to the FDIC Claims, whether under the terms of this Order, any prior order of the Court, or otherwise, shall be retained by the Trustee in a segregated account and not distributed. The amounts so retained shall be distributed only in accordance with a Final Order of this Court or settlement approved by Final Order of this Court, as described in the prior sentence.

9. Limited Allowance of Claims for Indenture Trustee Fees and Expenses. In full and complete satisfaction of any claim of any of the Indenture Trustees for attorneys' fees and expenses and indenture trustee fees and expenses under any of the Subordinated Indentures or the Senior Indenture, as applicable, for the period from the Petition Date through and including July 31, 2002, the Indenture Trustees shall be allowed only the following claims:

a. Chase shall have an allowed claim in the amount of $972,039.09 for attorneys' fees and expenses under the Senior Indenture for the period through and including July 31, 2002.

b. BNY shall have an allowed claim in the amount of $1,923,771.22 for attorneys' fees and expenses under the 1972 Indenture and the 1989 Indenture for the period through July 31, 2002.

c. U.S. Bank shall have an allowed claim in the amount of $1,914,214.93 for attorneys' fees and expenses under the 1984 Indenture, the 1985 Indenture, and the 1987 Indenture for the period through July 31, 2002.

The payment of the claims allowed pursuant to this paragraph 9 shall be made by the Trustee to Chase, BNY and U.S. Bank, respectively, on behalf of the Debtor within 10

days from the date upon which this Order becomes a Final Order. As part of the compromises embodied in this Order: (i) any claim of the Indenture Trustees for their respective Indenture Trustee fees and expenses (other than attorneys' fees and expenses) under the Subordinated Indentures or Senior Indenture, as applicable, which the Court has been advised aggregate in excess of $1 million, shall be disallowed (without prejudice to any right of an Indenture Trustee to recover such amounts from distributions to be made to holders of debt securities issued under the applicable indenture); and (ii) notwithstanding anything to the contrary contained in this Order, no Postpetition Interest shall be paid on any of the claims which are being allowed pursuant to this paragraph 9. The disallowance of the Indenture Trustee fees and expenses in the preceding sentence is as a result of the compromises reflected herein, and does not evidence a finding by the Court as to the reasonableness or legitimacy, or lack thereof, of such fees and expenses.

10. Reimbursement of Attorneys' Fees and Expenses Incurred by Ad Hoc Committee. In full and complete satisfaction of any claim which the Ad Hoc Committee might assert against any distributions payable to the holders of Subordinated Notes or against the estate to recover any fees and expenses incurred by the Ad Hoc Committee from the Petition Date through July 31, 2002, whether asserted in this Chapter 7 case or in the event that the case is converted to a case under Chapter 11, the estate shall reimburse the Ad Hoc Committee for attorneys' fees and expenses in the aggregate amount of $852,520 within ten days following the date upon which this Order becomes a Final Order; and the Ad Hoc Committee and its individual members shall assert no further claim against any person, entity or fund for any attorneys' fees or expenses

incurred by the Ad Hoc Committee for the period from the Petition Date through and including July 31, 2002.

11. Dismissal Of Chase/Gabriel Appeal. Within ten days following the entry of this Order, or, at the option of Chase and Gabriel, within five days of the date upon which this Order becomes a Final Order, Chase and Gabriel shall file a pleading with the United States District Court for the Southern District of Florida withdrawing the Chase/Gabriel Appeal, with prejudice. Gabriel specifically waives any claim to, and shall not attempt to recover, any attorneys' fees and expenses incurred in connection with this Chapter 7 case (or any Chapter 11 case to which it is converted) against the estate or any creditor; provided, however, that in the event that this case is converted to a case under Chapter 11 of the Bankruptcy Code, and a plan of reorganization for the Debtor is confirmed in such Chapter 11 case, then (and only in such event) nothing contained in this Order or the Chase/Gabriel Order shall affect any right of Gabriel to seek the allowance of an administrative expense for fees and expenses incurred subsequent to July 31, 2002 for a "substantial contribution" under section 503(b)(3)(D) and section 503(b)(4) of the Bankruptcy Code, provided that such claim of Gabriel shall not exceed $100,000 in the aggregate and that the services for which such claim may be asserted shall be limited to services which enhance the aggregate overall distribution to creditors in a Chapter 11 case, and provided further, that nothing in this Order shall limit Gabriel from seeking reimbursement of expenses, other than attorneys fees and expenses, as a member of an official committee appointed pursuant to section 1102 of the Bankruptcy Code; and the payment of any such expenses as a member of such

official committee shall not be counted nor applied against the $100,000 substantial contribution claim limit of this paragraph.

12. Right of Other Creditors to Seek Allowance Of Claim For Attorneys' Fees. Except as specifically set forth in paragraphs 9, 10, 11, 12 and 13 of this Order, nothing contained in this Order shall affect the right (if any) of any creditor to seek the allowance of a claim against, or recovery from, the Debtor's estate with respect to attorneys' fees and expenses of that creditor incurred prior to July 31, 2002, or the right of any party in interest to object to any such claim or request for payment. Notwithstanding the forgoing: (i) unless this Chapter 7 case is converted to a case under Chapter 11 of the Bankruptcy Code, no creditor shall be allowed or paid from the Debtor's estate any claim for attorneys' fees or expenses incurred subsequent to July 31, 2002; and (ii) any claim or request for payment from the estate of attorneys' fees and expenses incurred by any creditor for the period prior to July 31, 2002, shall be filed with the Court and served on the Trustee prior to the thirtieth (30th) day following the entry of this Order, or be forever barred and unrecoverable from the Debtor's estate; provided, however, that the limitation contained in the foregoing clauses (i) and (ii) shall not apply with respect to any creditor whose proof of claim is currently the subject of an unresolved objection to claim, or as to whose claim the Trustee subsequently files an objection, until such claim is resolved by a Final Order of this Court. Upon the entry of a Final Order of this Court adjudicating such objection, the provisions of clauses (i) and (ii) of the preceding sentence shall apply to such creditor, with the following modifications: the 30-day period described in clause (i) shall run from the date upon which the order resolving such objection becomes a Final Order, and the reference to "July 31, 2002" in clause (ii)

shall be replaced with a reference to the last day of the month in which such order becomes a Final Order.

13. Limitation On Assertion Of Claims for Post-July 31, 2002 Fees And Expenses By The Ad Hoc Committee And The Indenture Trustees. Unless this Chapter 7 case is converted to a case under Chapter 11 of the Bankruptcy Code, the Ad Hoc Committee and the Indenture Trustees shall not be allowed or paid any amounts from the Debtor's estate on account of fees and expenses incurred subsequent to July 31, 2002; provided, however, that in the event that this case is converted to a case under Chapter 11 of the Bankruptcy Code, and a plan of reorganization for the Debtor is confirmed in such Chapter 11 case, then (and only in such event) nothing contained in this Order or the Chase/Gabriel Order shall affect any right of the Ad Hoc Committee or any of the Indenture Trustees to seek the allowance of a claim or administrative expense against, or recovery from, the Debtor's estate with respect to attorneys fees and expenses incurred after July 31, 2002, or the right of any party in interest to object to any such claim or request for payment. Accordingly, if a Chapter 11 Plan for the Debtor is confirmed, the Indenture Trustees, the Ad Hoc Committee and other creditors (but in the case of Gabriel, subject to the limitations in Paragraph 11) may seek the allowance of a claim (including, without limitation, a claim for administrative expense) against the Debtor's estate to recover attorneys fees and costs incurred after July 31, 2002, on any appropriate grounds. In addition, in light of the fact that the Chase/Gabriel Appeal is being voluntarily withdrawn pursuant to this settlement, without an opportunity for a full adjudication on the merits of the issues raised in that appeal, if and only if this Chapter 7 case is converted to a Chapter 11

case and a plan of reorganization for the Debtor is confirmed, then the Chase/Gabriel Order shall in no way preclude any Indenture Trustee or the Ad Hoc Committee from seeking the allowance or recovery of any attorneys fees and expenses incurred after July 31, 2002, whether under principles of *res judicata*, collateral estoppel or law of the case, but shall be fully preclusive as against Gabriel, except as provided in Paragraph 11.

14. Distributions To Be Made On Negative Notice. Any interim or final Distribution with respect to Postpetition Interest under the terms of this Order, including, without limitation, any Distribution with respect to any Reallocated FDIC Distribution pursuant to paragraph 7, shall be made by the Trustee on negative notice under Local Rule 9013-1(D), without the necessity of an individual hearing on each such Distribution in the absence of any objection. Such notice shall specify, without limitation: (i) the amount of the Base Subordinated Note Interest Distribution that would otherwise have been made to the holders of Subordinated Notes if distribution were calculated solely in accordance with the provisions of paragraphs 2 and 3 of this Order; (ii) the amount of such Base Subordinated Note Interest Distribution that will be reallocated and distributed to the Senior Indenture Trustee, for the benefit of holders of the Senior Notes, and shall be deemed to have been paid to the Subordinated Indenture Trustees and from the Subordinated Indenture Trustees to the Senior Indenture Trustee, pursuant to the provisions of paragraphs 4 and 5 of this Order, along with the underlying calculations; (iii) amounts allocated to the 48% Guarantee Reserve; and (iv) such other and further information as shall be reasonably necessary to advise the Court and

holders of Qualified Claims of the amount, timing and terms of the proposed Distribution.

15. Successors and Assigns. This Order shall be binding on all creditors, including, without limitation, the Senior Indenture Trustee, the Subordinated Indenture Trustees, all holders of Senior Notes and Subordinated Notes, the Trustee and each of their respective successors, assigns and transferees (including, without limitation, any person or entity who receives a "transfer" of any claim, as "transfer" is defined in 11 U.S.C. § 101(54)).

16. Continued Effect In Chapter 11. The provisions of this Order shall continue to be binding in the event of a conversion of this case to a case under Chapter 11 of the Bankruptcy Code, and any distributions in any such Chapter 11 case shall conform in all respects to the requirements and provisions of this Order.

17. In connection with the settlement embodied in this Order, Chase and the Subordinated Indenture Trustees have each (i) fulfulled their fiduciary responsibilities under their respective Indentures and under applicable law and (ii) have used the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

18. Waiver Of Any Otherwise Applicable Ten-Day Stay. To the extent, if any, that the ten-day stay of Rule 6004(g) of the Federal Rules of Bankruptcy Procedure or any other rule providing for an automatic stay of this Order might otherwise be applicable, no such stay shall apply to this Order, and this Order shall be effective and enforceable and, in the event that the Trustee, in his sole discretion, files with the Court a written waiver of the requirement that this Order become a Final Order in paragraphs

9 and 10 of this Order, shall be complied with by the parties immediately upon its entry. In the event of such a waiver by the Trustee, any requirement for a "Final Order" contained in paragraph E of this Order shall be deemed to be deleted, and the time for making the payments required under paragraphs 9 and 10 of this Order shall be 10 days from the date upon which this Order is entered, rather than the date upon which this Order becomes a Final Order.

19. Retention of Jurisdiction. This Court retains exclusive jurisdiction throughout the duration of this case to construe, interpret, modify (but, in the case of any modification, only with the consent of each of Gabriel Capital, the Ad Hoc Committee and the Trustee, and the non-objection of the Indenture Trustees, but not otherwise) and enforce the terms of this Order.

ORDERED in the Southern District of Florida, this 3rd day of Nov, 2003.

PAUL HYMAN

HONORABLE PAUL G. HYMAN, JR.
UNITED STATES BANKRUPTCY JUDGE

Copies furnished to:
Mark D. Bloom, Esq.
Jeffrey H. Beck, Trustee

(Attorney Bloom is directed to serve conformed copies of this Order upon all parties in interest, immediately upon receipt thereof and to file a Certificate of Service with the Court confirming same.)

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EXHIBIT L

TO

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

MASTER SUBSCRIPTION AGREEMENT

EXECUTION VERSION

MASTER SUBSCRIPTION AGREEMENT

Dated as of November 19, 2008

between

JEFFREY H. BECK, AS CHAPTER 11 TRUSTEE FOR

THE ESTATE OF SOUTHEAST BANKING CORPORATION,

and

MODENA 2004-1 LLC

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MASTER SUBSCRIPTION AGREEMENT

THIS MASTER SUBSCRIPTION AGREEMENT (this "**Agreement**"), dated as of November 19, 2008, is between Jeffrey H. Beck, not individually but solely in his capacity as the duly qualified and appointed Chapter 11 Trustee (the "**Trustee**") for the bankruptcy estate (the "**Estate**") of Southeast Banking Corporation, a Florida corporation ("**SEBC**"), and Modena 2004-1 LLC, a Delaware limited liability company ("**Investor**").

W I T N E S S E T H:

WHEREAS, SEBC filed a petition (the "**Petition**") in the United States Bankruptcy Court for the Southern District of Florida (the "**Bankruptcy Court**") under Chapter 7 of the Bankruptcy Code (as defined below) on September 20, 1991, and the bankruptcy case commenced thereby was converted to a case under Chapter 11 of the Bankruptcy Code on September 17, 2007;

WHEREAS, the Trustee is the duly qualified and appointed Chapter 11 Trustee for the Estate;

WHEREAS, the Trustee believes that it is in the best interests of the Estate, SEBC, its creditors, and its equity holders to recapitalize SEBC in a transaction with Investor and SEBC Holdings, LP pursuant to which Reorganized SEBC (as defined below) would sell to Investor shares of preferred stock and common stock and, with the proceeds of such stock sale, Reorganized SEBC would purchase securities in Investment Vehicle (as defined below);

WHEREAS, concurrently with the consummation of the transactions contemplated hereby, Reorganized SEBC and its Subsidiaries will enter into a series of transactions with SEBC Holdings, LP and SEBC Real Estate, LLC, all as described in the Plan (as defined below);

WHEREAS, Investor is willing to purchase such preferred stock and common stock;

WHEREAS, the Trustee has caused the preparation of a Chapter 11 Plan of Reorganization, a substantially final draft of which has been provided to Investor and to which this Agreement is attached as an exhibit (as such Chapter 11 Plan of Reorganization may be amended from time to time with the consent of Investor (not to be unreasonably withheld, delayed or conditioned), the "**Plan**"), by which the Trustee intends to seek from the Bankruptcy Court approval of and authority to implement this Agreement and the Transactions (as defined below);

WHEREAS, the Trustee has caused the preparation of a Disclosure Statement with respect to the Chapter 11 Plan of Reorganization (as amended or supplemented from time to time, the "**Disclosure Statement**"), which describes this Agreement, the Transactions, and the Plan; and

WHEREAS, the Trustee, having previously consulted with representatives of bondholders and equity holders of SEBC, will file the Plan and the Disclosure Statement with the Bankruptcy Court as soon as practicable after the execution of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows

ARTICLE 1

CERTAIN DEFINITIONS

Section 1.01. *Definitions*. The following terms shall have the following meanings for all purposes of this Agreement:

"**Administrative Expense**" means any cost or expense of administration in the Case under Section 503 of the Bankruptcy Code, including, without express or implied limitation, any actual and necessary costs and expenses of preserving the estate of SEBC, any expenses of professionals under Sections 330 and 331 of the Bankruptcy Code, any actual and necessary costs and expenses of operating the businesses of SEBC, any indebtedness or obligations incurred or assumed by the Trustee on behalf of SEBC and its estate in connection with the conduct of SEBC's business or for the acquisition or lease of property or the rendition of services, any allowed compensation or reimbursement of expenses under Section 503(b)(2)-(5) of the Bankruptcy Code, and any fees or charges assessed against the estate of SEBC under 28 U.S.C. § 1930.

"**Affiliate**" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"**Affiliated Group**" means an affiliated group within the meaning of Section 1504 of the Tax Code.

"**Aggregate Purchase Price**" shall have the meaning set forth in Section 2.04 of this Agreement.

"**Alternative Transaction**" means a method of effectuating the reorganization or recapitalization of SEBC by means of a transaction other than the Transactions contemplated by this Agreement that includes an investment in SEBC by a party other than Investor or any of its Affiliates, whether in a single transaction or series of related transactions, in an aggregate amount of not less than $500,000,000.

"**Articles of Incorporation**" means the Second Amended and Restated Articles of Incorporation of Reorganized SEBC (including all exhibits thereto) as it will be filed with the Secretary of State of the State of Florida, substantially in the form of Exhibit A hereto.

"**Bankruptcy Code**" means the Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as in effect on September 20, 1991 or as thereafter amended to the extent the amendment is applicable to the Case.

"**Bankruptcy Court**" shall have the meaning set forth in the recitals to this Agreement.

"**Break-Up Fee**" means a fee in an amount equal to $1,500,000 to be paid by the Estate to Investor in accordance with the provisions of Section 6.15 hereof.

"**Break-Up Fee Motion**" means the motion, in form and substance reasonably acceptable to Investor and the Trustee, to be filed by the Trustee with the Bankruptcy Court seeking approval of the Break-Up Fee.

"**Break-Up Fee Order**" means the order, in form and substance reasonably acceptable to Investor, entered by the Bankruptcy Court with respect to the Break-Up Fee Motion.

"**Business Day**" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York, New York, and Miami, Florida.

"**Case**" means the case of SEBC pending in the Bankruptcy Court as **In re Southeast Banking Corporation, Debtor**, Case No. 91-14561-BKC-PGH, which was commenced as a case under Chapter 7 of the Bankruptcy Code on September 20, 1991 and was converted to a case under Chapter 11 of the Bankruptcy Code on September 17, 2007.

"**Class A Common Stock**" means the Class A Common Stock, par value $0.001 per share, of Reorganized SEBC.

"**Class B Common Stock**" means the Class B Common Stock, par value $0.001 per share, of Reorganized SEBC.

"**Class C Common Stock**" means the Class C Common Stock, par value $0.001 per share, of Reorganized SEBC.

"**Closing**" has the meaning set forth in Section 2.04 hereof.

"**Closing Date**" means April 30, 2009 or such earlier date after the Confirmation Date as may be mutually agreed by Investor and the Trustee.

"**Common Stock**" means the Class B Common Stock and the Class C Common Stock.

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

"**Confirmation Date**" means the date of entry by the clerk of the Bankruptcy Court of the Confirmation Order.

"**Confirmation Hearing**" means the hearing to consider Confirmation of the Plan under Section 1128 of the Bankruptcy Code.

"**Confirmation Order**" means an order of the Bankruptcy Court confirming the Plan in accordance with the provisions of the Bankruptcy Code, which order is in form and substance reasonably satisfactory to Investor.

"**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "**Controlling**" and "**Controlled**" have meanings correlative thereto.

"**Disclosure Statement**" shall have the meaning set forth in the recitals to this Agreement.

"**dollars**" or "**$**" refers to lawful money of the United States of America.

"**Eligible Swap Counterparty**" means (i) any Affiliate of Merrill Lynch & Co., Inc. (and its successors and assigns) that is guaranteed by Merrill Lynch & Co., Inc. (and its successors and assigns) and (ii) any other counterparty that (x) has a short-term debt rating, or its obligations under the Permitted Swap Agreement have been fully and unconditionally guaranteed by a guarantor with a short-term debt rating, of at least "P-1" by Moody's and at least "A-1" by S&P and a long-term senior unsecured debt rating, or its obligations under the Permitted Swap Agreement have been fully and unconditionally guaranteed by a guarantor with a long-term senior unsecured debt rating, of at least "Aa3" by Moody's and "AA-" by S&P or (y) if the shares of preferred stock of the Corporation shall be rated by any of Moody's, S&P or Fitch, would permit Moody's, S&P or Fitch (as the case may be) to confirm that their respective ratings assigned to such shares would not be reduced or withdrawn as a result of such counterparty being an Eligible Swap Counterparty under a Permitted Swap Agreement.

"**Environmental Laws**" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority occurring or existing prior to the Closing Date relating in any way to the management, release or threatened release of any Hazardous Material or to health and safety matters.

"**Environmental Liability**" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), applicable to Reorganized SEBC or any SEBC Entity directly or

indirectly resulting from or based upon (a) violation of any Environmental Law occurring or existing prior to the Closing Date, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials occurring or existing prior to the Closing Date, (c) exposure to any Hazardous Materials occurring or existing prior to the Closing Date, (d) the release or threatened release of any Hazardous Materials into the environment occurring or existing prior to the Closing Date, or (e) any contract, agreement or other consensual arrangement existing prior to the Closing Date pursuant to which liability is assumed by or imposed upon Reorganized SEBC or any SEBC Entity with respect to any of the foregoing.

"**Estate**" shall have the meaning set forth in the preamble to this Agreement.

"**Final Order**" means an order or judgment, the operation or effect of which has not been stayed, reversed or amended, and as to which order or judgment (or any revision, modification or amendment thereof) the time to appeal or seek review or rehearing or leave to appeal has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, such order or judgment does not remain subject to any stay pending appeal, review or rehearing.

"**Fitch**" means Fitch Ratings and any successor to its ratings business.

"**GAAP**" means generally accepted accounting principles in the United States of America.

"**Governmental Authority**" means the government of the United States of America, any other nation, any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"**Hazardous Materials**" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, and infectious or medical wastes.

"**Holder**" means Investor, any Person that purchases Senior Preferred Stock, Series J Junior Preferred Stock or Common Stock from Investor and the successors and assigns of any of the foregoing as holder of Senior Preferred Stock, Series J Junior Preferred Stock or Common Stock, from time to time, provided that the transfer to such Person is not prohibited by the Articles of Incorporation.

"**HSR Act**" means the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended.

"**Investment Company Act**" means the Investment Company Act of 1940, as amended.

"**Investment Vehicle**" means a newly formed special purpose vehicle to be established to acquire the Investment Vehicle Initial Investments on or after the Closing Date.

"**Investment Vehicle Initial Investments**" means not less than $1,650,000,000 face value in fixed income instruments to be determined by Investor prior to the Closing Date to be acquired by Investment Vehicle from an Affiliate of Investor.

"**Investment Vehicle Senior Securities**" means that certain preferred equity to be issued by Investment Vehicle to Reorganized SEBC on or after the Closing Date.

"**Investor**" shall have the meaning set forth in the preamble to this Agreement; provided, however, that if Investor assigns its rights or obligations under this Agreement to another entity in accordance with Section 6.08 hereof, then Investor shall include any such assignee.

"**Lien**" has the meaning set forth in 11 U.S.C. § 101(37), and includes, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"**Material Adverse Effect**" means, as to Reorganized SEBC, a material adverse effect on (a) the business, assets, operations, tax attributes, prospects or condition, financial or otherwise, of Reorganized SEBC and the SEBC Entities, taken as a whole, assuming the consummation of the Transactions, (b) the ability of Reorganized SEBC and the SEBC Entities to perform any of their obligations under this Agreement or any Transaction Document such that a condition precedent to the Transactions would not be satisfied, or (c) the rights of or benefits (other than those which are of *de minimis* value) available to Investor under this Agreement or any Transaction Document, other than any event, change, circumstance or effect relating (i) to the United States economy in general, (ii) in general to the capital markets in the United States, (iii) to the announcement of this Agreement or any of the transactions contemplated hereunder, the fulfillment of the parties' obligations hereunder or the consummation of the transactions contemplated by this Agreement, or (iv) to any outbreak or escalation of hostilities or act of terrorism involving the United States or any declaration of war by the United States.

"**ML Material Adverse Effect**" means, as to Investor, a material adverse effect on (a) the business, assets, operations, tax attributes, prospects or condition, financial or otherwise, of Investor, (b) the ability, either legal or financial, of Investor or any of its Affiliates to perform any of its or any such Affiliate's obligations under this Agreement or any Transaction Document to which it or any such Affiliate is party such that a condition precedent to the Transactions would not be satisfied, or (c) the rights of or benefits (other than those which are of *de minimis* value) available to Reorganized SEBC

under this Agreement or any Transaction Document, other than any event, change, circumstance or effect relating (i) to the United States economy in general, (ii) in general to the capital markets in the United States, (iii) to the announcement of this Agreement or any of the transactions contemplated hereunder, the fulfillment of the parties' obligations hereunder or the consummation of the transactions contemplated by this Agreement, or (iv) to any outbreak or escalation of hostilities or act of terrorism involving the United States or any declaration of war by the United States.

"**Moody's**" means Moody's Investors Service, Inc. and any successor to its ratings business.

"**NOL Carryovers**" means net operating loss carryovers as determined under Section 172 of the Tax Code.

"**Other Taxes**" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any Transaction Document, and specifically includes "**a stamp tax or similar tax**" as those terms are used in Section 1146(c) of the Bankruptcy Code.

"**Permitted Swap Agreement**" shall have the meaning set forth in the Articles of Incorporation, including the Schedule thereto and the Confirmation therefor, in each case in a form to be mutually agreed by Investor and the Trustee.

"**Person**" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"**Petition**" shall have the meaning set forth in the recitals to this Agreement.

"**Plan**" shall have the meaning set forth in the recitals to this Agreement.

"**Reimbursement Fee**" means a fee in an amount equal to $500,000 to be paid by Investor to the Estate. in accordance with the provisions of Section 2.02 hereof, which amount may be repaid to Investor in accordance with the provisions of Section 6.17 hereof.

"**Related Parties**" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"**Reorganized SEBC**" means SEBC (to be known as SEBC Financial Corporation upon the effectiveness of the Articles of Incorporation) in which the property of SEBC will vest pursuant to Section 1141(b) of the Bankruptcy Code upon the Effective Date (as defined in the Plan).

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., and any successor to its ratings business.

"**SEBC**" shall have the meaning set forth in the preamble to this Agreement.

"**SEBC Break-Up Fee**" means a fee in an amount equal to $1,000,000 to be paid by Investor to the Estate in accordance with the provisions of Section 6.16 hereof.

"**SEBC Entity**" means each of SEBC, Reorganized SEBC, Southeast Properties, Inc. (and the LLC into which it will be converted at or prior to the Closing), SWQ Holdings, Inc. (and the LLC into which it will be converted at or prior to the Closing), First Pioneer Corporation (and the LLC into which it will be converted at or prior to the Closing) and Second Pioneer Corporation (and the LLC into which it will be converted at or prior to the Closing).

"**Securities Act**" means the Securities Act of 1933, as amended.

"**Securities Purchase Agreement**" means the agreement pursuant to which Investor shall purchase, in accordance with the Plan, not less than an aggregate of $6,500,000 face amount of senior preferred units of SEBC Holdings, LP and Series K Junior Preferred Stock, to be in a form mutually acceptable to Investor and the Trustee and entered into by the applicable parties on or prior to the Closing Date.

"**Senior Preferred Stock**" means the Series A Senior Preferred Stock and the Series B Senior Preferred Stock.

"**Series A Senior Preferred Stock**" means the Series A Senior Preferred Stock, par value $0.001 per share, of Reorganized SEBC with the terms set forth in the Articles of Incorporation, the dividends of which shall be calculated in accordance with the methodology set forth in the Disclosure Statement.

"**Series B Senior Preferred Stock**" means the Series B Senior Preferred Stock, par value $0.001 per share, of Reorganized SEBC with the terms set forth in the Articles of Incorporation, the dividends of which shall be calculated in accordance with the methodology set forth in the Disclosure Statement.

"**Series J Junior Preferred Stock**" means the Series J Junior Cumulative Preferred Stock, par value $0.001 per share, of Reorganized SEBC with the terms set forth in the Articles of Incorporation, the dividends of which shall be calculated in accordance with the methodology set forth in the Disclosure Statement.

"**Series K Junior Preferred Stock**" means the Series K Junior Cumulative Preferred Stock, par value $0.001 per share, of Reorganized SEBC with the terms set forth in the Articles of Incorporation, the dividends of which shall be calculated in accordance with the methodology set forth in the Disclosure Statement.

"**Servicer**" means a major financial institution and its permitted successors or assigns under the Servicing Agreement.

"**Servicing Agreement**" means the Servicing Agreement between Reorganized SEBC and the Servicer in a form to be mutually agreed by Investor and the Trustee.

"**SRLY**" has the meaning set forth in Section 4.01(l)(iii) hereof.

"**Subsidiary**" means, with respect to any Person (the "**Parent**") at any specified date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the Parent in the Parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held, or (b) that is, as of such date, otherwise Controlled, by the Parent or one or more Subsidiaries of the Parent or by the Parent and one or more Subsidiaries of the Parent.

"**Tax Code**" means the Internal Revenue Code of 1986, as amended.

"**Taxes**" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority and any interest, additions to tax or penalties applicable thereto.

"**Transaction Documents**" means this Agreement, the Plan, the Articles of Incorporation, the Servicing Agreement, the Securities Purchase Agreement and the Permitted Swap Agreement, including the schedule and confirmation thereto.

"**Transactions**" means all transactions contemplated by the Plan, including the execution and delivery of this Agreement and each Transaction Document and the performance by each party of its obligations hereunder and thereunder.

"**Trustee**" shall have the meaning set forth in the preamble to this Agreement.

Section 1.02. *Rules of Construction.* Unless otherwise expressly indicated, all references herein to Sections or other subdivisions refer to the corresponding sections and other subdivisions of this Agreement. The terms "**hereof**," "**herein**," "**hereby**," "**hereto**," "**hereunder**," "**hereinafter**" and "**herewith**" refer to this Agreement.

ARTICLE 2

TRANSACTIONS

Section 2.01. *Effectiveness of this Agreement.* With the exception of Section 2.02, Section 5.02, Section 5.03 and ARTICLE 6 (other than Section 6.15 and Section

6.16 thereof) of this Agreement, which Sections and Article (other than as aforesaid) shall be effective upon the execution hereof, and Section 4.02, Section 6.15 and Section 6.16 of this Agreement, which Sections shall become effective immediately upon entry of the Break-Up Fee Order, subject to Section 6.12 of this Agreement, this Agreement shall become effective upon Confirmation.

Section 2.02. *Payment of Reimbursement Fee.* Within ten (10) Business Days after the execution of this Agreement and subject to Investor's satisfactory completion of its ordinary course compliance obligations under the Patriot Act (as defined below), Investor shall pay the Reimbursement Fee to the Estate in immediately available funds. The Trustee shall cause the Estate to hold such funds in a separate account until the earlier of the repayment of such Reimbursement Fee to Investor in accordance with the provisions of Section 6.17 hereof and the Closing Date.

Section 2.03. *Calculation of Values Prior to the Closing.* The following values, as described more fully in Section 2.04 below, shall be calculated two (2) Business Days prior to the Closing Date and shall be subject to adjustment for (i) the five-year swap rate, (ii) the credit spread for the Investment Vehicle Senior Securities relative to LIBOR, (iii) occurrence of the Closing Date earlier than April 30, 2009, (iv) federal and state taxes and (v) fees and expenses directly attributable to the Transactions:

(a) the Aggregate Purchase Price (as defined below);

(b) the aggregate purchase price of the Class B Common Stock and Class C Common Stock and the aggregate face value of the Series A Senior Preferred Stock, Series B Senior Preferred Stock, Series J Junior Preferred Stock and Series K Junior Preferred Stock; and

(c) the face value of the Investment Vehicle Senior Securities.

Such calculations and adjustments shall be mutually acceptable to Investor and the Trustee.

Section 2.04. *Transactions at the Closing.*

(a) Subject to the terms and conditions of this Agreement and satisfaction of the conditions precedent set forth herein, the closing of the Transactions and delivery of the agreements and documents and other acts set forth below (the "**Closing**") shall be deemed to take place simultaneously at the offices of Greenberg Traurig, P.A., 1221 Brickell Avenue, Miami, Florida, in each case on the Closing Date:

(i) the Trustee shall cause the Articles of Incorporation to be filed with the Secretary of State of the State of Florida;

(ii) Reorganized SEBC and the Servicer will enter into the Servicing Agreement;

(iii) Reorganized SEBC and the Eligible Swap Counterparty will enter into the Permitted Swap Agreement and the schedule thereto;

(iv) Subject to adjustment pursuant to Section 2.03 hereof, Investor will transfer $10,000,000, $611,000,000 and $1,018,000,000 to Reorganized SEBC in respect of the shares of Common Stock, Series J Junior Preferred Stock and Senior Preferred Stock to be issued and sold pursuant to this Agreement, respectively (the "**Aggregate Purchase Price**");

(v) Subject to adjustment pursuant to Section 2.03 hereof, Reorganized SEBC will issue 5,000,000 shares of Class B Common Stock, 5,000,000 shares of Class C Common Stock, 300,000,000 shares of Series A Senior Preferred Stock, 718,000,000 shares of Series B Senior Preferred Stock and 611,000,000 shares of Series J Junior Preferred Stock to Investor or an Affiliate thereof designated thereby;

(vi) The Aggregate Purchase Price, together with the available cash of Reorganized SEBC, shall be used by Reorganized SEBC as follows:

(A) $21,000,000 (x) plus the amount that Net Cash (as defined in Section 3.02(f)) exceeds $8,000,000 or (y) minus the amount that Net Cash is less than $8,000,000 shall be paid to creditors of the Estate in accordance with Section 3.2 of the Plan;

(B) Subject to adjustment pursuant to Section 2.03 hereof, $1,625,600,000 shall be used to purchase the Investment Vehicle Senior Securities on the Closing Date;

(C) a loan in an aggregate principal amount to be determined based on a good-faith projection of first-year operating expenses of SEBC Holdings, LP, but in no case to exceed $600,000, shall be made to SEBC Holdings, LP for a 3-year term, such loan to be paid in full at the end of the 3-year period, pursuant to the terms of a loan agreement, to be in a form mutually acceptable to Investor and the Trustee and entered into by the applicable parties on or prior to the Closing Date; and

(D) the balance shall be used for general corporate purposes of Reorganized SEBC, subject to any limitations set forth in the Articles of Incorporation;

(vii) Reorganized SEBC will consummate the other transactions contemplated by the Plan, including, without limitation, the formation and capitalization of SEBC Holdings, LP and SEBC Real Estate, LLC, the issuance of shares of Class A Common Stock to SEBC Holdings, LP representing 60% of the outstanding Reorganized SEBC common stock (after giving effect to the

Transactions), the issuance of Series K Junior Preferred Stock and senior preferred and junior preferred units of SEBC Holdings, LP to creditors of the Estate, the exchange of the currently outstanding shares of preferred stock of SEBC for junior preferred units of SEBC Holdings, LP and the exchange of the currently outstanding shares of common stock of SEBC for common units of SEBC Holdings, LP, in each case as contemplated by the Plan;

(viii) Reorganized SEBC and the Eligible Swap Counterparty will execute and deliver the confirmation to the Permitted Swap Agreement; and

(ix) Investor will purchase, pursuant to the Securities Purchase Agreement and in accordance with the Plan, not less than an aggregate of $6,500,000 face amount of senior preferred units of SEBC Holdings, LP and Series K Junior Preferred Stock.

(b) Upon issuance of the Common Stock, the Series J Junior Preferred Stock and the Senior Preferred Stock on the Closing Date, Reorganized SEBC will deliver, at the Closing, to Investor physical share certificates representing the shares of Common Stock, Series J Junior Preferred Stock and Senior Preferred Stock issued to Investor registered in the name of Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the designee of Investor or another Affiliate thereof designated thereby.

(c) Upon completion of the Closing, the Trustee shall file a notice with the Bankruptcy Court stating that the Closing has occurred, and that the directors and officers of Reorganized SEBC named in the Disclosure Statement have assumed their positions as such.

ARTICLE 3

CONDITIONS TO CLOSING

Section 3.01. *Conditions to the Obligations of the Trustee*. The obligations of the Trustee set forth in ARTICLE 2 hereof are subject to the satisfaction of the following conditions precedent (unless waived by the Trustee):

(a) The Confirmation Order having been entered and having become a Final Order.

(b) The Trustee having received from Investor a counterpart of each Transaction Document to which it is a party signed on behalf of each party thereto other than the Trustee.

(c) At the time of the Closing, (i) the representations and warranties of Investor in this Agreement being true, accurate and correct at, and as if made on and by reference to the facts and circumstances prevailing on, such time (except with respect to representations made as to a specific date, which shall be true, accurate and correct as of

such date); (ii) Investor not being in default in any material respect in the performance of any of its obligations or agreements hereunder or under any Transaction Document; and (iii) Investor simultaneously performing its obligations under ARTICLE 2.

(d) The Trustee having received (i) a certificate, dated the Closing Date and signed by an authorized signatory of Investor, confirming compliance with the conditions set forth in Section 3.01(c), and (ii) certifying resolutions adopted by Investor with respect to the Transactions and the Transaction Documents, the incumbency of the persons executing the Transaction Documents on behalf of Investor and such other matters as the Trustee may reasonably request.

Section 3.02. *Conditions to the Obligations of Investor*. The obligations of Investor set forth in ARTICLE 2 hereof are subject to the satisfaction of the following conditions precedent (unless waived by Investor):

(a) The Confirmation Order having been entered and having become a Final Order.

(b) Without limiting the requirement that the form and substance of the Confirmation Order be reasonably satisfactory to Investor, the Confirmation Order containing in substance the following findings of fact, conclusions of law and decretal provisions:

(i) Authorization; Enforceability. The Trustee is authorized to act as a duly authorized agent for Reorganized SEBC for purposes of implementing the Plan, this Agreement and the Transactions; to execute on behalf of Reorganized SEBC all Transaction Documents and any other documents reasonably necessary to effectuate the Plan, this Agreement and the Transactions; and to bind Reorganized SEBC thereto.

(ii) Exemption from Other Taxes. This Agreement and all of the Transactions shall be exempt from all Other Taxes other than those not exceeding an aggregate of $50,000.

(c) Investor having received:

(i) counterparts of each Transaction Document signed on behalf of each party thereto other than Investor;

(ii) a certificate executed by the Trustee on, and dated as of, the Closing Date confirming compliance with the conditions set forth in Section 3.02(d);

(iii) an opinion of Greenberg Traurig, P.A., counsel to SEBC, dated the Closing Date and addressed to Investor, in form and substance reasonably satisfactory to Investor, to the effect set forth in Exhibit B hereto;

(iv) such documents and certificates as Investor or its counsel may reasonably request relating to the organization, existence and good standing of each SEBC Entity, the authorization of the Transactions and any other legal matters relating to each SEBC Entity, this Agreement and the Transactions, all in form and substance reasonably satisfactory to Investor and its counsel;

(v) a certified copy of the Confirmation Order; and

(vi) a copy of the docket of the Case from and after the Confirmation Date reflecting no appeals from, requests for reconsideration, or other requests to vacate or modify the Confirmation Order, accompanied by a certification of counsel to the Trustee that such copy is a complete, true and correct copy of such docket.

(d) At the time of the Closing, (i) the representations and warranties of the Trustee in this Agreement being true, accurate and correct at, and as if made on and by reference to the facts and circumstances prevailing on, such time (except with respect to representations made as to a specific date, which shall be true, accurate and correct as of such date), (ii) the Trustee not being in default in any material respect in the performance of any of his obligations or agreements hereunder or under any Transaction Document, (iii) the Trustee simultaneously performing his obligations under ARTICLE 2, and (iv) Reorganized SEBC simultaneously performing its obligations under ARTICLE 2.

(e) The Bankruptcy Court having established one or more deadlines for the filing of Administrative Expenses against the Estate (including, without limitation, a deadline for the filing of final fee applications by professionals or claims for substantial contribution), and such deadlines having passed.

(f) SEBC having Available Cash (as defined in the Plan) immediately prior to the Closing in an amount at least equal to $5,000,000, after deducting from cash on hand all allowed but unpaid Administrative Expenses and the total amount of all asserted but not yet allowed Administrative Expenses, to the extent such Administrative Expenses shall not have been disallowed by a Final Order of the Bankruptcy Court ("**Net Cash**"); provided, however, that the SCS Annual Fee (as defined in the Plan) and the SCS Structuring Fee (as defined in the Plan) shall not be deducted from the calculation of Net Cash.

(g) Between the date hereof and the Closing Date, there shall have been no change in applicable investment company law or facts in respect of the Transactions that in either case would cause the advice rendered by counsel to Investor in accordance with Section 4.02(i) hereof to be inaccurate or invalid in any material respect.

(h) Between the date hereof and the Closing Date, there shall have been no change in applicable tax law or facts in respect of the Transactions that in either

case would cause the advice rendered by counsel to Investor in accordance with Section 4.02(j) hereof to be inaccurate or invalid in any material respect.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

Section 4.01. *Representations and Warranties of the Trustee*. The Trustee, on behalf of SEBC and Reorganized SEBC, represents and warrants, and agrees that immediately prior to the Closing:

(a) Organization; Powers. Except as set forth on Schedule 4.01(a) to this Agreement, each SEBC Entity is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

(b) Authorization; Enforceability. The Trustee is authorized to act as a duly authorized agent for Reorganized SEBC for purposes of implementing the Plan, this Agreement and the Transactions; to execute on behalf of Reorganized SEBC all Transaction Documents and any other documents reasonably necessary to effectuate the Plan, this Agreement and the Transactions; and to bind Reorganized SEBC thereto. Each Transaction Document to which the Trustee or Reorganized SEBC is a party will be duly executed and delivered by the Trustee, and will constitute a legal, valid and binding agreement of the Trustee, as such, SEBC and Reorganized SEBC, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(c) Governmental Approvals; No Conflicts. The Transactions (i) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and those the absence of which could not reasonably be expected to have a Material Adverse Effect, (ii) assuming the filing of the Articles of Incorporation with the Secretary of State of the State of Florida, will not violate any applicable law or regulation or the charter, bylaws or other organizational documents of any SEBC Entity or any order of any Governmental Authority, (iii) will not violate or result in a default or event of default under any indenture, agreement or other instrument binding upon any SEBC Entity or their respective assets, which would have a Material Adverse Effect on Reorganized SEBC, and (iv) will not result in the creation or imposition of any Lien on any material asset of any SEBC Entity.

(d) Disclosure Statement. The information regarding each SEBC Entity set forth in the Disclosure Statement did not as of the date of such Disclosure

Statement, and does not as of the Closing Date, contain a material misstatement of fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) Litigation. Except as set forth on Schedule 4.01(e) to this Agreement, there are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to its knowledge, threatened against or affecting any SEBC Entity that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(f) Environmental Matters. Except as set forth on Schedule 4.01(f) to this Agreement and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Trustee nor any SEBC Entity knows of any basis for any Environmental Liability which in any case would have a Material Adverse Effect.

(g) Compliance with Laws and Agreements. Each SEBC Entity is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(h) Subsidiaries. Schedule 4.01(h) to this Agreement sets forth a true and correct description of the ownership of the SEBC Entities.

(i) No Registration under Securities Act. It is not necessary in connection with the issuance and sale of the Senior Preferred Stock, the Series J Junior Preferred Stock and the Common Stock pursuant to this Agreement to register such Senior Preferred Stock, Series J Junior Preferred Stock and Common Stock under the Securities Act.

(j) No Registration under Investment Company Act. Without giving effect to the Transactions, SEBC is not required to register as an "**investment company**" or an entity "**controlled**" by an "**investment company**" within the meaning of the Investment Company Act and the rules and regulations of the Securities and Exchange Commission (the "**SEC**") thereunder.

(k) Tax Matters Generally.

(i) Except as set forth on Schedule 4.01(k)(i) to this Agreement, each SEBC Entity has filed or caused to be filed all material Tax returns and reports required to have been filed, and has paid or caused to be paid all Taxes required to have been paid, by it and all such Tax returns were correct and complete in all material respects.

(ii) Except as disclosed on Schedule 4.01(k)(ii) to this Agreement, (A) no Governmental Authority has threatened any material assessment, deficiency, adjustment, dispute or claim concerning any Tax return or any Tax liability of any SEBC Entity or any member of any Affiliated Group of which any SEBC Entity is or was the common parent corporation; (B) there is no asserted material unpaid assessment, deficiency or adjustment concerning any Tax return or Tax liability of any SEBC Entity or any member of any Affiliated Group of which any SEBC Entity is or was the common parent corporation; and (C) none of the Tax returns of any SEBC Entity or any member of any Affiliated Group of which any SEBC Entity is or was the common parent corporation is now under or, to the Trustee's knowledge, has been selected for audit or examination by any Taxing authority or other governmental unit, and there are no suits, actions, proceedings or investigations pending or, to the Trustee's knowledge, threatened against any SEBC Entity or any member of any Affiliated Group of which any SEBC Entity is or was the common parent corporation with respect to any material amount of Taxes.

(l) NOL Carryovers.

(i) Reorganized SEBC and the Holders are not, and will not be, obligated to compensate any other Person (including, without limitation, any Affiliate of SEBC or Reorganized SEBC or such Affiliate's representative or estate) for Reorganized SEBC's use of the NOL Carryovers.

(ii) Immediately prior to the Closing, SEBC will have available NOL Carryovers in amounts not less than and expiry dates not earlier than as shown on Schedule 4.01(l)(ii) to this Agreement.

(iii) There are no material limitations or restrictions, including but not limited to any limitations imposed by Section 382 of the Tax Code or any Separate Return Limitation Year ("**SRLY**") restriction under the consolidated return regulations of the Tax Code, as a result of the issuance of the Common Stock to Investor or any prior direct or indirect changes in the equity interests of SEBC (determined without regard to the Senior Preferred Stock, the Series J Junior Preferred Stock and the Series K Junior Preferred Stock) on the availability or the use of any NOL Carryovers, and the Trustee is not aware of any state of facts currently existing or contemplated that would give rise to any such limitation or restriction.

(m) Books and Records. In all material respects, the SEBC Entities have consistently maintained all records required by Treasury Regulations Sections 1.382-2T(a)(2) and 1.1502-94(d) in respect of their NOL Carryovers.

Section 4.02. *Representations and Warranties of Investor*. Investor represents and warrants, and agrees that at the time of the approval by the Bankruptcy Court of the Break-Up Fee Motion and immediately prior to the Closing:

(a) Organization; Powers. It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

(b) Authorization; Enforceability. The Transactions are within its limited liability company powers and have been duly authorized by all necessary limited liability company and, if required, member action. Each Transaction Document to which it is a party has been duly executed and delivered by it and constitutes its legal, valid and binding agreement, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(c) Governmental Approvals; No Conflicts. The Transactions (i) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and those the absence of which could not reasonably be expected to have a ML Material Adverse Effect, (ii) will not violate any applicable law or regulation or its charter, bylaws or other organizational documents or any order of any Governmental Authority, (iii) will not violate or result in a default or event of default under any indenture, agreement or other instrument binding upon it or its assets, or give rise to a right thereunder to require any payment to be made by it, which would have a ML Material Adverse Effect and (iv) will not result in the creation or imposition of any Lien on any of its assets.

(d) Disclosure Statement. The information regarding Investor and any of its Affiliates set forth in the Disclosure Statement did not as of the date of such Disclosure Statement, and does not as of the Closing Date, contain a material misstatement of fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) Litigation. There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to its knowledge, threatened against or affecting it that involve this Agreement, the Transaction Documents or the Transactions or the ability of Investor to fulfill its obligations under or with respect to any thereof.

(f) Compliance with Laws and Agreements. Investor is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its

property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a ML Material Adverse Effect.

(g) Legal Status. Investor (i) is a "**qualified institutional buyer**" as defined in Rule 144A under the Securities Act; (ii) is not an entity that will have invested more than 40% of its assets in the Common Stock, the Series J Junior Preferred Stock and the Senior Preferred Stock; (iii) was not formed for the purpose of investing in the Common Stock, the Series J Junior Preferred Stock or the Senior Preferred Stock; (iv) will provide notice of applicable transfer restrictions to any subsequent transferee; (v) is purchasing for its own account or for the accounts of one or more other persons each of whom meets all of the requirements of clauses (i) through (v); and (vi) is able to bear the economic risk of an investment in the Common Stock, the Series J Junior Preferred Stock and the Senior Preferred Stock and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of acquiring the Common Stock, the Series J Junior Preferred Stock and the Senior Preferred Stock.

(h) No Registration under Securities Act. Investor understands and expressly acknowledges that neither the Common Stock, the Series J Junior Preferred Stock nor the Senior Preferred Stock has been registered under the Securities Act and that neither the Common Stock, the Series J Junior Preferred Stock nor the Senior Preferred Stock may be reoffered, resold or otherwise pledged, hypothecated or transferred unless so registered or an applicable exemption from the registration requirements of the Securities Act is available.

(i) Investment Company Act Matters. Investor has received advice as to certain Investment Company Act matters with respect to the Transactions, in substance satisfactory to Investor, from Davis Polk & Wardwell, counsel to Investor.

(j) Tax Matters. Investor has received advice as to certain tax matters with respect to the Transactions, in substance satisfactory to Investor, from Weil, Gotshal & Manges LLP, counsel to Investor.

(k) Eligible Investments. Investor confirms that the Common Stock, the Series J Junior Preferred Stock and the Senior Preferred Stock are eligible investments of Investor under applicable law and neither the purchase of the Common Stock, the Series J Junior Preferred Stock or the Senior Preferred Stock hereunder nor the execution or delivery of this Agreement (i) will conflict with, result in a breach of, or constitute a default under, the constitutive documents of Investor, or the terms of any other agreement or instrument to which Investor or any of its Subsidiaries is a party or bound, or (ii) will contravene any law applicable to Investor, or, to its knowledge, any order or decree of any court or government agency (other than any contravention that does not have a ML Material Adverse Effect).

(l) Independent Decision. Investor represents that it has made its own independent decision to enter into this Agreement and purchase the Common Stock, the

Series J Junior Preferred Stock and the Senior Preferred Stock hereunder and as to whether this Agreement and the purchase of the Common Stock, the Series J Junior Preferred Stock and the Senior Preferred Stock hereunder is appropriate or proper for it based on its own judgment and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of or on behalf of the Trustee as investment advice or as a recommendation to enter into this Agreement or purchase the Common Stock, the Series J Junior Preferred Stock or the Senior Preferred Stock hereunder, it being understood that information and explanations related to the terms and conditions of this Agreement, the Articles of Incorporation, the Common Stock, the Series J Junior Preferred Stock or the Senior Preferred Stock shall not be considered investment advice or a recommendation to enter into this Agreement or purchase the Common Stock, the Series J Junior Preferred Stock or the Senior Preferred Stock hereunder. No communication (written or oral) received from or on behalf of the Trustee shall be deemed to be an assurance or guarantee as to the expected results of any investment in the Common Stock, the Series J Junior Preferred Stock or the Senior Preferred Stock nor shall any such communication be deemed to be a representation or warranty upon which Investor is relying or is entitled to rely.

(m) Financial Resources. Investor has, or at the Closing will have, sufficient financial resources to fund the payment of the Aggregate Purchase Price and any other amounts payable by Investor at or prior to the Closing.

ARTICLE 5

COVENANTS

Section 5.01. *Voting Rights Events.*

(a) Following the Closing, if an event shall occur which causes the voting rights of the Senior Preferred Stock or the Series J Junior Preferred Stock to become effective (a "**Voting Rights Event**"), then (i) to the extent applicable, each of Reorganized SEBC and Investor shall use its commercially reasonable efforts to make an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the Voting Rights Event as promptly as practicable and in any event within ten (10) Business Days after the date thereof and any other required submissions under the HSR Act which either of them determines should be made, in each case with respect to such event, and to take all other actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable and (ii) Investor and Reorganized SEBC shall cooperate with one another (A) in promptly determining whether any filings are required to be or should be made or consents, approvals, permits or authorizations are required to be or should be obtained under any other federal, state or foreign law or regulation or whether any consents, approvals or waivers are required to be or should be obtained from other parties to loan agreements or other contracts or instruments material to Reorganized SEBC's business in connection with the Voting Rights Event, (B) in promptly making any such filings, furnishing information required in connection therewith and seeking to obtain timely any such

consents, permits, authorizations, approvals or waivers, and (C) in keeping the other party reasonably informed, including by providing the other party with a copy of any communication received by such party from, or given by such party to, the Federal Trade Commission (the "**FTC**"), the Antitrust Division of the Department of Justice (the "**DOJ**") or any other U.S. or foreign Governmental Entity, of any communication received or given in connection with any proceeding by a private party, in each case regarding the Voting Rights Event. If any objections are asserted with respect to the Voting Rights Event under any antitrust law or if any suit is instituted (or threatened to be instituted) by the FTC, the DOJ or any other applicable Governmental Authority or any private party challenging the voting rights of the Senior Preferred Stock or the Series J Junior Preferred Stock as violative of any antitrust law or which would otherwise prevent, materially impede or materially delay the effectiveness of such rights, then each of the parties shall use its commercially reasonable efforts to resolve any such objections or suits so as to permit such rights to be effective; provided, however, that in no event shall either party be obligated to agree, as a condition for resolving any such matter, to dispose of or hold separate any of its properties or other assets, or the properties or other assets or to subject itself to any material restriction on the operation of its business.

(b) In the event that any administrative or judicial action or proceeding is instituted (or threatened to be instituted) by a Governmental Authority or private party challenging the Transactions, or any of the Transaction Documents, each of the parties shall cooperate fully with each other and use its commercially reasonable efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by this Agreement.

Section 5.02. *Public Announcements*. Each of the parties shall consult with the other before issuing any press release or otherwise making any public statements (including scheduling a press conference or conference call with investors or analysts) with respect to this Agreement or Transactions and shall not issue any such press release or make any such public statement without the prior consent of the other party, which consent shall not be unreasonably withheld or delayed; provided, however, that a party may, without the prior consent of the other party, issue such press release or make such public statement as may be required by law or regulation, as required by the Bankruptcy Court or the applicable rules of the New York Stock Exchange (in the case of Investor) and the SEC.

Section 5.03. *Court Filings*. Not less than two (2) Business Days prior to filing any motion, pleading or order with the Bankruptcy Court relating to the Transactions, the Break-Up Fee Motion or the Plan, the Trustee shall furnish to Investor and counsel for Investor a copy thereof. The Trustee shall not permit the Plan to be amended without the express written consent of Investor (which consent shall not be unreasonably withheld, delayed or conditioned).

Section 5.04. *Administrative Expenses.* Reorganized SEBC shall make adequate reserves for and promptly pay when due all Administrative Expenses not paid by the Estate prior to the Closing.

Section 5.05. *Reimbursement for Expenses.* SEBC understands and acknowledges that Investor and the Trustee have incurred expenses on behalf of SEBC in connection with the Transactions contemplated by this Agreement. Reorganized SEBC shall (i) reimburse Investor for legal expenses in an aggregate amount not to exceed $900,000 and (ii) pay to the Disbursing Agent (as defined in the Plan) other expenses in an aggregate amount not to exceed $300,000. The aggregate amount of such expenses shall be paid in four quarterly installments of $300,000 for a period of one year after the Closing Date on a Quarterly Dividend Payment Date (as defined in the Articles of Incorporation), commencing on the first Quarterly Dividend Payment Date after the Closing Date, the first such installment to be paid to the Disbursing Agent and the subsequent installments to be paid to Investor.

Section 5.06. *Limitations on Series K Holders.* The Trustee shall issue Series K Junior Preferred Stock (i) in satisfaction of claims only to those creditors of the Estate that have furnished a completed questionnaire representing to their status as an institutional "**accredited investor**" as defined in paragraphs (1), (2), (3) and (7) of Rule 501(a) of Regulation D under the Securities Act, and(ii) subject to such other terms, conditions, limitations and restrictions as may be set forth in the Plan.

Section 5.07. *Purchase of Securities.* Investor shall purchase, pursuant to the Securities Purchase Agreement and in accordance with the Plan, not less than an aggregate of $6,500,000 face amount of senior preferred units of SEBC Holdings, LP and Series K Junior Preferred Stock.

ARTICLE 6

MISCELLANEOUS

Section 6.01. *Notices.*

(a) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Trustee, to him at J Beck & Associates, Inc., 595 South Federal Highway, Suite 600, Boca Raton, Florida 33432, Attention of Jeffrey H. Beck, Trustee (Telecopy No. 561-948-4796);

(ii) if to Reorganized SEBC, to it at such address to be provided at or prior to the Closing, with a copy to Servicer; and

(iii) if to Investor, to it at 4 World Financial Center, New York, New York 10080, Attention of Officers of Modena 2004-1 LLC (Telecopy No. 212-738-1306).

(b) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

Section 6.02. *Severability*. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect.

Section 6.03. *Counterparts; Integration*. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. This Agreement and the Transaction Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be as effective as delivery of a manually executed counterpart of this Agreement.

Section 6.04. *Representations, Warranties and Agreements to Survive Delivery*. The respective representations, warranties and agreements of the parties contained in this Agreement or made by or on behalf of the parties pursuant to this Agreement or any certificate delivered pursuant hereto shall remain operative and in full force and effect until the third anniversary of the Closing Date other than the representations and warranties made in Section 4.01(k), Section 4.01(l) and Section 4.01(m), which shall survive until the expiration of the applicable statute of limitations.

Section 6.05. *Governing Law; Jurisdiction; Consent to Service of Process*.

(a) This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

(b) Until the Closing is consummated, each party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Bankruptcy Court and, after such consummation, subject to any retained jurisdiction of the Bankruptcy Court, each of Reorganized SEBC and Investor hereby submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York and, in all cases, any appellate court from any of such courts, in any action or proceeding arising out of or relating to this Agreement or any Transaction Document, or for recognition or enforcement of any judgment, and each of the Trustee, Reorganized SEBC and Investor hereby irrevocably and unconditionally

agrees that all claims in respect of any such action or proceeding may be heard and determined in such courts. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the Trustee, Reorganized SEBC and Investor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the Trustee, Reorganized SEBC and Investor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court referred to in paragraph (b) of this Section.

(d) Each of the Trustee, Reorganized SEBC and Investor irrevocably consents to service of process in the manner provided for notices in Section 6.01. Nothing in this Agreement will affect the right of any of them to serve process in any other manner permitted by law.

Section 6.06. *Waiver of Jury Trial.* **EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.**

Section 6.07. *Waivers; Amendments.*

(a) No failure or delay by the Trustee, Reorganized SEBC or Investor in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Trustee, Reorganized SEBC and Investor hereunder are cumulative and are not exclusive of any rights or remedies that it would otherwise have. No waiver of any provision of this Agreement or any Transaction Document or consent to any departure by a SEBC Entity or Investor therefrom shall in any event be effective unless the same shall

be permitted by subsection (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

(b) No amendment of any provision of this Agreement shall be effective unless it is in writing and signed by the Trustee (before Closing) or Reorganized SEBC (after Closing) and Investor, and, if such amendment is material, approved by the Bankruptcy Court.

Section 6.08. *Successors and Assigns; Third Party Beneficiaries*. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto (including, after the Closing Date, Reorganized SEBC, which shall be deemed upon the Closing Date to be a party hereto as if it had executed this Agreement in its own capacity) and their respective successors and assigns permitted hereby, except that: (i) the Trustee may not assign or otherwise transfer any of his rights or obligations hereunder without the prior written consent of Investor, such consent not to be unreasonably withheld; (ii) prior to the Closing, Investor may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Trustee, such consent not to be unreasonably withheld; provided, however, that the Trustee's consent shall not be required if the assignee or transferee is an Affiliate of Investor and Investor provides to the Trustee not less than five (5) Business Days' notice of such assignment or transfer; and (iii) after the Closing, Investor may only assign its rights and obligations hereunder to the extent the assignee is simultaneously acquiring Series A Senior Preferred Stock, Series B Senior Preferred Stock, Series J Junior Preferred Stock or Common Stock in a transaction not prohibited by the Articles of Incorporation. Any attempted assignment or transfer not in compliance with this Section 6.08 shall be null and void. Any assignment or transfer by Investor shall not relieve Investor of its obligations hereunder. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, each Related Party of each of the foregoing) any legal or equitable right, remedy or claim under or by reason of this Agreement.

Section 6.09. *Headings*. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 6.10. *USA Patriot Act*. Investor, to the extent that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107 56 (signed into law October 26, 2001)) (the "**Patriot Act**"), hereby notifies each SEBC Entity that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies such SEBC Entity, which information includes the name and address of such SEBC Entity and other information that will allow Investor to identify such SEBC Entity in accordance with the Patriot Act.

Section 6.11. *No Recourse*. No past, present or future trustee (including the Trustee), director, officer, employee, incorporator, member, partner, stockholder, affiliate, agent, attorney or representative of any SEBC Entity shall have any liability for any obligations or liabilities of the Trustee, SEBC, or Reorganized SEBC under this Agreement of or for any claim based on, in respect of, or by reason of, this Agreement or the Transactions.

Section 6.12. *Termination*. This Agreement may be terminated and the Transactions may be abandoned:

(a) at any time before the conclusion of the Confirmation Hearing, by mutual written agreement of the Trustee and Investor;

(b) by either the Trustee or Investor:

(i) if any court of competent jurisdiction or any Governmental Authority shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Transactions as a matter of law; or

(ii) if the Confirmation Order is not entered on or before March 16, 2009, unless the failure of the Confirmation Order to be entered is the result of a material breach of this Agreement by the party seeking to terminate this Agreement;

(c) by Investor, if the Trustee breaches any of his representations or warranties herein or fails to perform any of his covenants, agreements or obligations under this Agreement such that, in any such case, the conditions precedent set forth in Section 3.02(d)(i) and Section 3.02(d)(ii) would not be satisfied, which breach has not been cured by the sooner of the 30th day following receipt by the Trustee of notice of breach or by the date specified in Section 6.12(b)(ii);

(d) by the Trustee, if:

(i) Investor breaches any of its representations or warranties herein or fails to perform any of its covenants, agreements or obligations under this Agreement such that, in any such case, the conditions precedent set forth in Section 3.01(c)(i) and Section 3.01(c)(ii) would not be satisfied, which breach has not been cured by the sooner of the 30th day following receipt by Investor of notice of breach or by the date specified in Section 6.12(b)(ii); or

(ii) prior to Confirmation, the Trustee determines, upon the advice of counsel, that a failure to terminate this Agreement would be inconsistent with his fiduciary duty owed to the Estate and the parties in interest in the Case;

(e) notwithstanding anything in the foregoing provisions of this Section 6.12 to the contrary, by Investor in its sole and absolute discretion by notice to the Trustee, upon any event, change, circumstance or effect relating (i) to the United States economy in general and to Investor, (ii) in general to the capital markets in the United States, (iii) to a general moratorium on commercial banking activities that shall have been declared by U.S. federal or New York State authorities, or (iv) to any outbreak or escalation of hostilities or act of terrorism involving the United States or any declaration of war by the United States, in each case that, in the judgment of Investor, is material and adverse and makes it impracticable or inadvisable to proceed with the Transactions on the terms and in the manner contemplated by this Agreement and the Plan, and such termination shall be deemed to cure any breach or failure to perform by Investor specified in Section 6.12(d)(i) hereof; or

(f) notwithstanding anything in the foregoing provisions of this Section 6.12 to the contrary, by Investor in its sole and absolute discretion by notice to the Trustee for any reason, or for no reason at all, without any liability whatsoever of any party to any other party under this Agreement, and such termination shall be deemed to cure any breach or failure to perform by Investor specified in Section 6.12(d)(i) hereof.

Section 6.13. *Effect of Termination.* If this Agreement is so terminated and the Transactions are not consummated, this Agreement shall forthwith become void and shall have no further force or effect other than the provisions of Section 6.01, Section 6.05, Section 6.06, Section 6.09, Section 6.11, Section 6.12, Section 6.13, Section 6.15, Section 6.16 and Section 6.17; provided that nothing contained in this Section 6.13 shall relieve any party from liability for any material breach of any representation, warranty, covenant or agreement contained in this Agreement.

Section 6.14. *Approval of Break-Up Fee.* The Trustee and Investor each acknowledges and agrees that the other has expended considerable time and expense in connection with the structuring, drafting, and negotiation of this Agreement and the Transactions. In consideration therefor, contemporaneously with the filing of the Plan and the Disclosure Statement with the Bankruptcy Court, the Trustee shall file with and seek the approval of the Bankruptcy Court of the Break-Up Fee Motion on an expedited basis. The Break-Up Fee Motion will request entry by the Bankruptcy Court of the Break-Up Fee Order, which will approve and authorize the payment of the Break-Up Fee upon the occurrence of the conditions set forth in Section 6.15 hereof, and will deem the Break-Up Fee as administrative priority expenses of the Estate under Sections 503(b) and 507(a)(1) of the Bankruptcy Code.

Section 6.15. *Payment of Break-Up Fee.* SEBC shall pay to Investor, as liquidated damages and not as a penalty and as the sole and exclusive remedy, the Break-Up Fee in immediately available funds on the first (1st) Business Day after the earliest to occur of any of the following events:

(a) the Bankruptcy Court confirms prior to the first anniversary of the date of this Agreement a plan of reorganization with respect to SEBC that provides for the implementation of an Alternative Transaction;

(b) to the extent SEBC is no longer under the jurisdiction of the Bankruptcy Court (whether as a result of the dismissal of the Case or the consummation of a plan of reorganization with respect to SEBC), SEBC or SEBC as reorganized under a plan consummates an Alternative Transaction prior to the first anniversary of the date of this Agreement;

(c) the Trustee terminates this Agreement pursuant to Section 6.12(d)(ii) and an Alternative Transaction is consummated prior to the first anniversary of this Agreement; or

(d) the Trustee terminates this Agreement pursuant to Section 6.12(b)(ii) if the failure of the Confirmation Order to be entered is not the result of a material breach of this Agreement by Investor and an Alternative Transaction is consummated prior to the first anniversary of this Agreement;

provided, however, that notwithstanding the foregoing, and for the avoidance of doubt, no Break-Up Fee will be payable if this Agreement shall have been terminated (x) pursuant to (A) Section 6.12(a), (B) Section 6.12(b)(i), (C) Section 6.12(b)(ii) if the failure of the Confirmation Order to be entered is the result of a material breach by Investor of this Agreement, (D) Section 6.12(d)(i), (E) Section 6.12(e) or (F) Section 6.12(f), or (y) by Investor pursuant to Section 6.12(b)(ii) if the failure of the Confirmation Order to be entered is not the result of a material breach of this Agreement by the Trustee.

Section 6.16. *Payment of SEBC Break-Up Fee.* Investor shall pay to the Estate the SEBC Break-Up Fee in immediately available funds, as liquidated damages and not as a penalty and as the sole and exclusive remedy, on the first (1st) Business Day after the termination of this Agreement by the Trustee pursuant to Section 6.12(d)(i).

Section 6.17. *Repayment of Reimbursement Fee.* If this Agreement is terminated pursuant to Section 6.12(a), Section 6.12(b)(i), Section 6.12(b)(ii), Section 6.12(c), Section 6.12(d)(i) (provided that the SEBC Break-Up Fee shall have been or is simultaneously paid to the Estate) or Section 6.12(d)(ii), then on the first (1st) Business Day following such termination, the Estate shall repay the Reimbursement Fee to Investor, as liquidated damages and not as a penalty and as the sole and exclusive remedy, in immediately available funds.

Section 6.18. *Reasonable Efforts.* Upon the terms and subject to the conditions set forth in this Agreement, each of the Trustee, Investor and Reorganized SEBC agrees to use his or its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to fulfill all conditions applicable to such party pursuant to

this Agreement and to consummate and make effective, in the most expeditious manner practicable, the Transactions; provided, however, that nothing contained in this Agreement shall obligate the Trustee to take any action which if taken, or prohibit the Trustee from taking any action which if not taken, would be inconsistent with the exercise of the Trustee's fiduciary duty owed to the Estate and the parties in interest in the Case, all as determined by the Trustee, upon the advice of counsel.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized signatories as of the day and year first above written.

Jeffrey H. Beck, as Chapter 11 Trustee for the Estate of Southeast Banking Corporation, Debtor

By:
Name: Jeff H Beck, Trustee
Title: Trustee

MODENA 2004-1 LLC

By:
Name:
Title:

Disclosure Schedules

Capitalized terms used but not defined in these Disclosure Schedules shall have the same respective meanings as set forth in the Master Subscription Agreement to which these Disclosure Schedules are attached.

Schedule 4.01(a)

Organization of SEBC Entities

None.

Schedule 4.01(e)

Material Litigation

SEBC and its Subsidiaries, including the SEBC Entities, are the subject of the Chapter 11 bankruptcy case *In re Southeast Banking Corporation, Debtor*, pending in the United States Bankruptcy Court for the Southern District of Florida, West Palm Beach Division, Case No. 91-14561-BKC-PGH.

Southeast Bank, N.A., a wholly owned subsidiary of SEBC but not one of the SEBC Entities, is in receivership (the "Receivership") in the United States District Court for the Southern District of Florida. An action has been commenced by Jeffery H. Beck, in his capacity as the Successor Agent for the Receivership, docketed on August 13, 2008 in the United States District Court for the Southern District of Florida as Case No. 08-22286-CIV-COOKE, to terminate the Receivership. A final order was entered in this matter on October 31, 2008; however, an appeal of such order may be filed until November 30, 2008.

Schedule 4.01(f)

Environmental Matters

None.

Schedule 4.01(h)

Subsidiaries

1. SEBC is the subject of the Chapter 11 bankruptcy case *In re Southeast Banking Corporation, Debtor*, pending in the United States Bankruptcy Court for the Southern District of Florida, West Palm Beach Division, Case No. 91-14561-BKC-PGH. Although an indeterminate number of persons hold interests in SEBC, as of the Closing, SEBC is administered by the Chapter 11 Trustee (the "Trustee") for the bankruptcy estate of SEBC. Upon consummation of the Transactions, SEBC will be Reorganized SEBC.

2. Southeast Properties, Inc., a Florida corporation, is a wholly owned subsidiary of SEBC and, as such, is administered by the Trustee. Immediately prior to the Closing, Southeast Properties, Inc. will be converted into a limited liability company and transferred to SEBC Holdings, LP.

3. SWQ Holdings, Inc., a Florida corporation, is a wholly owned subsidiary of SEBC and, as such, is administered by the Trustee. Immediately prior to the Closing, SWQ Holdings, Inc. will be converted into a limited liability company and transferred to SEBC Holdings, LP.

4. First Pioneer Corporation, a Florida corporation, is a wholly owned subsidiary of SEBC and, as such, is administered by the Trustee. Immediately prior to the Closing, First Pioneer Corporation will be converted into a limited liability company and transferred to SEBC Holdings, LP.

5. Second Pioneer Corporation, a Florida corporation, is a wholly owned subsidiary of First Pioneer Corporation, a Florida corporation, which is a wholly owned subsidiary of SEBC. As such, Second Pioneer Corporation is administered by the Trustee. Immediately prior to the Closing, Second Pioneer Corporation will be converted into a limited liability company and transferred to SEBC Holdings, LP.

Schedule 4.01(k)(i)

Delinquent Tax Returns/Payments

None.

Schedule 4.01(k)(ii)

Tax Proceedings

None.

Schedule 4.01(l)(ii)

NOL Carryovers

Expiration Date	NOL Carryovers[1]
December 31, 2009	61,000,000
December 31, 2010	370,000,000
December 31, 2011	27,700,000
December 31, 2012	0
December 31, 2013	0
December 31, 2014	0
December 31, 2015	0
After December 31, 2018	120,000,000

[1] The NOLs are shown without reduction for any income earned after 2007.

Exhibit A to
Master Subscription Agreement

FORM OF ARTICLES OF INCORPORATION

SECOND AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

SEBC FINANCIAL CORPORATION
(formerly known as Southeast Banking Corporation)

Capitalized terms used but not defined herein shall have the respective meanings set forth in Exhibit A attached hereto.

ARTICLE I
NAME

The name of the corporation is hereby changed from Southeast Banking Corporation to SEBC Financial Corporation (the "Corporation").

ARTICLE II
PRINCIPAL OFFICE

The Corporation's mailing address and the address of the Corporation's principal office is _____.[1]

ARTICLE III
EXISTENCE

The Corporation is to have perpetual existence.

ARTICLE IV
PURPOSE

The Corporation may engage in any or all lawful activities or business permitted by a corporation under the laws of the State of Florida; provided, however, that so long as any shares of Series A Senior Preferred Stock, Series B Senior Preferred Stock, Series J Junior Preferred Stock or Series K Junior Preferred Stock (each as defined below) remain outstanding, the Corporation's activities and business shall be subject to the limitations set forth by the terms thereof.

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[1] To be determined prior to the filing of the Articles of Incorporation with the Secretary of State.

ARTICLE V
REGISTERED AGENT

The street address of the Corporation's registered office and the name of the registered agent at such office are:

_____

_____[2]

_____

ARTICLE VI
CAPITAL STOCK

Each issued share of Common Stock, par value $5.00 per share of the Corporation (the "Old Common Stock"), outstanding on the date immediately preceding the date of the filing of these Second Amended and Restated Articles of Incorporation (inclusive of the exhibits hereto, these "Articles of Incorporation") shall, upon such filing, be hereby deemed to be contributed to SEBC Holdings, LP, a Delaware limited partnership ("SEBC Holdings"), in exchange for (the "Common Stock Exchange") the right to receive one Common Unit (as defined in the Limited Partnership Agreement of SEBC Holdings (the "SEBC Holdings Agreement")), issued by SEBC Holdings, all in accordance with the Plan of Reorganization of Southeast Banking Corporation (the "Plan"). Effective upon the Common Stock Exchange, each share of Old Common Stock and each certificate theretofore representing shares of Old Common Stock (an "Old Common Certificate") shall be deemed cancelled and shall no longer represent any interest in the capital stock of the Corporation, and such certificates shall represent only the right to receive a new certificate representing the number of Common Units for which the Old Common Stock previously represented by the Old Common Certificate shall have been exchanged in accordance herewith and with the Plan.

Each issued share of Adjustable Rate Cumulative Preferred Stock, Series A, stated value $50.00 per share of the Corporation (the "Series A Preferred Stock"), outstanding on the date immediately preceding the date of the filing of these Articles of Incorporation shall, upon such filing, be hereby deemed to be contributed to SEBC Holdings in exchange for (the "Series A Exchange") _____[3] Junior Preferred Units (as defined in the SEBC Holdings Agreement), issued by SEBC Holdings, all in accordance with the Plan. Effective upon the Series A Exchange, each share of Series A Preferred Stock and each certificate theretofore representing shares of Series A Preferred Stock (a "Series A Certificate") shall be deemed cancelled and shall no longer represent any interest in the capital stock of the Corporation, and such certificates shall represent only the right to receive a new certificate representing the number of Junior Preferred Units for which the Series A Preferred Stock previously represented by the Series A Certificate shall have been exchanged in accordance herewith and with the Plan.

Each issued share of 8.75% Cumulative Convertible Preferred Stock, Series E, stated value $100.00 per share of the Corporation (the "Series E Preferred Stock"), outstanding on the date immediately preceding the date of the filing of these Articles of Incorporation shall, upon

[2] To be determined prior to the filing of the Articles of Incorporation with the Secretary of State.
[3] To be determined prior to the filing of the Articles of Incorporation with the Secretary of State.

such filing, be hereby deemed to be contributed to SEBC Holdings in exchange for (the "Series E Exchange") _____[4] Junior Preferred Units issued by SEBC Holdings, all in accordance with the Plan. Effective upon the Series E Exchange, each share of Series E Preferred Stock and each certificate theretofore representing shares of Series E Preferred Stock (a "Series E Certificate") shall be deemed cancelled and shall no longer represent any interest in the capital stock of the Corporation, and such certificates shall represent only the right to receive a new certificate representing the number of Junior Preferred Units for which the Series E Preferred Stock previously represented by the Series E Certificate shall have been exchanged in accordance herewith and with the Plan.

Each Holder of an Old Common Certificate, a Series A Certificate or a Series E Certificate (collectively, an "Old Certificate") may receive a new certificate representing the appropriate number of Common Units or Junior Preferred Units, as applicable, upon submission of such Old Certificate (or, with respect to a lost or destroyed Old Certificate, upon provision of such materials as may be required by the Corporation's Bylaws or pursuant to the Plan) to the Corporation or its duly appointed transfer agent or any applicable disbursement agent under the Plan, free of charge other than the payment of any transfer taxes that may be applicable by law.

After giving effect to such exchanges, the aggregate number of shares of all classes or series of capital stock which this Corporation shall have authority to issue is _____, consisting of (i) _____ shares of Class A Common Stock, par value $0.001 per share (the "Class A Common Stock"), (ii) _____ shares of Class B Common Stock, par value $0.001 per share (the "Class B Common Stock"), (iii) _____ shares of Class C Common Stock, par value $0.001 per share (the "Class C Common Stock" and, together with the Class A Common Stock and Class B Common Stock, the "Common Stock") and (iv) _____ shares of preferred stock, par value $0.001 per share (the "Preferred Stock"), of which _____ shares shall be designated "Series A Senior Preferred Stock" and shall have the terms set forth in Exhibit B hereto (the "Series A Senior Preferred Stock"), _____ shares shall be designated "Series B Senior Preferred Stock" and shall have the terms set forth in Exhibit C hereto (the "Series B Senior Preferred Stock"), _____ shares shall be designated "Series J Junior Preferred Stock" and shall have the terms set forth in Exhibit D hereto (the "Series J Junior Preferred Stock") and _____ shares shall be designated "Series K Junior Preferred Stock" and shall have the terms set forth in Exhibit E hereto (the "Series K Junior Preferred Stock").[5]

Following the initial issuance of the Common Stock and until the Restriction Release Date (as defined in Part C below), the Corporation shall not issue, redeem, purchase, reclassify, amend or in any way otherwise modify any shares of the Corporation's capital stock (any such event, a "Capital Stock Event") unless it shall have received a written opinion from a law firm of national standing (a "Favorable Opinion"), to the effect that such Capital Stock Event shall not adversely affect, for federal income tax purposes, the availability of the Corporation's net operating loss carryovers (within the meaning of Section 172 of the Internal Revenue Code of 1986, as amended) that were available immediately prior to such Capital Stock Event; provided, however, that no Favorable Opinion shall be required in connection with a redemption of the Series A Senior Preferred Stock, Series B Senior Preferred Stock, Series J Junior Preferred Stock

[4] To be determined prior to the filing of the Articles of Incorporation with the Secretary of State.
[5] Share amounts to be determined prior to the filing of the Articles of Incorporation with the Secretary of State.

or Series K Junior Preferred Stock (together with any associated Common Stock being contemporaneously redeemed) in accordance with their respective terms (any such redemption, a "Permitted Redemption").

The designations and the preferences, limitations and relative rights of the Preferred Stock and the Common Stock of the Corporation are as follows:

A. General Provisions Relating to the Preferred Stock.

1. In addition to the Series A Senior Preferred Stock, the Series B Senior Preferred Stock, the Series J Junior Preferred Stock and the Series K Junior Preferred Stock, the balance of the authorized shares of Preferred Stock may be issued from time to time in one or more classes or series, the shares of each class or series to have such designations and powers, preferences and rights and qualifications, limitations and restrictions thereof as are stated and expressed herein and in the resolution or resolutions providing for the issue of such class or series adopted by the Board of Directors of the Corporation (the "Board") as hereinafter prescribed.

2. Subject to the rights of holders of outstanding shares of Preferred Stock and the other provisions of this Article VI, authority is hereby expressly granted to and vested in the Board to authorize the issuance of one or more additional classes or series of the Preferred Stock from time to time, to determine and take necessary proceedings fully to effect the issuance and redemption of any such Preferred Stock, and, with respect to each additional class or series of the Preferred Stock, to fix and state by the resolution or resolutions from time to time adopted providing for the issuance thereof the following:

(a) whether or not the class or series is to have voting rights, full or limited, or is to be without voting rights;

(b) the number of shares to constitute the class or series and the designations thereof;

(c) the preferences and relative, participating, optional or other special rights, if any, and the qualifications, limitations or restrictions thereof, if any, with respect to any class or series;

(d) whether or not the shares of any class or series shall be redeemable and if redeemable the redemption price or prices, and the time or times at which and the terms and conditions upon which such shares shall be redeemable and the manner of redemption;

(e) whether or not the shares of a class or series shall be subject to the operation of retirement or sinking funds to be applied to the purchase or redemption of such shares for retirement, and if such retirement or sinking fund or funds be established, the annual amount thereof and the terms and provisions relative to the operation thereof;

(f) the dividend rate, whether dividends are payable in cash, stock of the Corporation, or other property, the conditions upon which and the times when such

dividends are payable, the preference to or the relation to the payment of the dividends payable on any other class or classes or series of stock, whether or not such dividend shall be cumulative or noncumulative, and if cumulative, the date or dates from which such dividends shall accumulate;

(g) the preferences, if any, and the amounts thereof which the holders of any class or series thereof shall be entitled to receive upon the voluntary or involuntary dissolution of, or upon any distribution of the assets of, the Corporation;

(h) whether or not the shares of any class or series shall be convertible into, or exchangeable for, the shares of any other class or classes or of any other series of the same or any other class or classes of stock of the Corporation and the conversion price or prices or ratio or ratios or the rate or rates at which such conversion or exchange may be made, with such adjustments, if any, as shall be stated and expressed or provided for in such resolution or resolutions; and

(i) such other special rights and protective provisions with respect to any class or series as the Board may deem advisable.

The shares of each class or series of the Preferred Stock may vary from the shares of any other series thereof in any or all of the foregoing respects. Subject to any restrictions set forth in the terms of a class or series of the Preferred Stock or applicable law, the Board may increase the number of shares of the Preferred Stock designated for any existing class or series by a resolution adding to such class or series authorized and unissued shares of the Preferred Stock not designated for any other class or series. Subject to any restrictions set forth in the terms of a class or series of the Preferred Stock or applicable law, the Board may decrease the number of shares of the Preferred Stock designated for any existing class or series by a resolution, subtracting from such series unissued shares of the Preferred Stock designated for such class or series, and the shares so subtracted shall become authorized, unissued and undesignated shares of the Preferred Stock.

B. Provisions Relating to the Common Stock.

1. Except as otherwise required by law, these Articles of Incorporation or as may be provided by the resolutions of the Board authorizing the issuance of any class or series of Preferred Stock, as hereinabove provided, all rights to vote and all voting power shall be vested exclusively in the holders of the Common Stock. At every meeting of the shareholders, every holder of Common Stock shall be entitled to one (1) vote in person or by proxy for each share of Common Stock outstanding in the name of such holder on the transfer books of the Corporation irrespective of the class of such Common Stock. Except as otherwise provided in these Articles of Incorporation or as required by law, the holders of Class A Common Stock, Class B Common Stock and Class C Common Stock shall vote together as a single class.

2. Subject to the rights of the holders of the Preferred Stock, the holders of the Common Stock shall be entitled to receive when, as and if declared by the Board, out of funds legally available therefor, dividends payable in cash, stock or otherwise, provided that no cash dividend shall be declared and paid on any class of Common Stock unless a cash dividend

in an equal per share amount is simultaneously declared and paid on the other classes of Common Stock. In the case of dividends or other distributions payable in stock of the Corporation, including distributions pursuant to stock splits or divisions of stock of the Corporation which occur after the initial issuance of shares of Class A Common Stock, Class B Common Stock and Class C Common Stock by the Corporation, such distributions or divisions shall be in the same proportion with respect to each class of Common Stock, but only shares of Class A Common Stock shall be distributed with respect to Class A Common Stock, only shares of Class B Common Stock shall be distributed with respect to Class B Common Stock and only shares of Class C Common Stock shall be distributed with respect to Class C Common Stock. In the case of any combination or reclassification of any class of Common Stock, the shares of the other classes of Common Stock shall also be combined or reclassified so that the relationship among the number of shares of Class A Common Stock, Class B Common Stock and Class C Common Stock outstanding immediately following such combination or reclassification shall be the same as the relationship among the Class A Common Stock, the Class B Common Stock and the Class C Common Stock immediately prior to such combination or reclassification.

3. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, and after the holders of the Preferred Stock shall have been paid in full the amounts to which they shall be entitled (if any) or a sum sufficient for such payment in full shall have been set aside, the remaining net assets of the Corporation shall be distributed pro rata to the holders of the Common Stock in accordance with their respective rights and interests to the exclusion of the holders of the Preferred Stock.

C. Restrictions On Transfer.

It is of fundamental importance to the financial success of the Corporation that certain tax attributes of the Corporation be preserved until the Restriction Release Date (as defined below). Accordingly, it is essential to, and in the best interests of, the shareholders of the Corporation that certain restrictions on the transfer or other disposition of shares of Common Stock be established as more fully set forth in this Part C of this Article VI.

1. Definitions. As used in this Part C of Article VI, the following capitalized terms shall have the following respective meanings (and any references to any portions of Treasury Regulation Section 1.382-2T shall include any successor provisions):

"Acquire" means the acquisition, directly or indirectly, of ownership of Corporation Securities by any means, including, without limitation, (i) the exercise of any rights under any option, warrant, convertible security, pledge or other security interest or similar right to acquire shares, (ii) the entering into of any swap, hedge or other arrangement that results in the acquisition of any of the economic consequences of ownership of Corporation Securities, or (iii) any other acquisition or transaction treated under the applicable rules under section 382 of the Code (as defined below) as a direct or indirect acquisition (including the acquisition of an ownership interest in a Substantial Holder), but shall not include the acquisition of any such rights unless, as a result, the acquiror would be considered an owner within the meaning of the tax laws. The terms "Acquires" and "Acquisition" shall have the same meaning.

"Code" means the Internal Revenue Code of 1986, as amended.

"Corporation Securities" means (i) shares of Common Stock, (ii) any other interests that would be treated as "stock" of the Corporation pursuant to Treasury Regulation Section 1.382-2T(f)(18), and (iii) warrants, rights or options (including within the meaning of Treasury Regulation Section 1.382-4(d)(8)) to purchase Corporation Securities, but only to the extent such warrants, rights or options are treated as exercised pursuant to Treasury Regulation Section 1.382-4(d).

"Disposition" means, with respect to any Person other than the Corporation, the sale, transfer, exchange, assignment, liquidation, conveyance, pledge, or other disposition or transaction treated under the applicable rules under Section 382 of the Code as a direct or indirect disposition (including the disposition of an ownership interest in a Substantial Holder). A "Disposition" also shall include the creation or grant of an option (including an option within the meaning of Treasury Regulation Section 1.382-4(d)(9)) that is treated as exercised under Treasury Regulation Section 1.382-4.

"Effective Date" means the date of filing of these Articles of Incorporation.

"Institutional Shareholders" means Modena 2004-1 LLC and any of its successors or transferees.

"Percentage Stock Ownership" means percentage stock ownership as determined in accordance with Treasury Regulation Section 1.382-2T(g), (h) (without regard to the rule that treats stock of an entity as to which the constructive ownership rules apply as no longer owned by that entity), (j) and (k).

"Person" means an individual, corporation, estate, trust, association, limited liability company, partnership, joint venture or similar organization or "entity" within the meaning of Treasury Regulation Section 1.382-3 (including, without limitation, any group of Persons treated as a single entity under such regulation).

"Prohibited Transfer" means any purported Transfer of Corporation Securities to the extent that such Transfer is prohibited and/or void under this Part C of Article VI.

"Restriction Release Date" means any date selected by the Board after the redemption of all outstanding shares of the Series A Senior Preferred Stock, the Series B Senior Preferred Stock and the Series J Junior Preferred Stock if the Board in good faith determines that it is in the best interests of the Corporation and its stockholders for the ownership and transfer limitations set forth in this Part C of Article VI to expire.

"Substantial Holder" means a Person (including, without limitation, any group of Persons treated as a single "entity" within the meaning of Treasury Regulation Section 1.382-3) holding Corporation Securities, whether as of the Effective Date, after giving effect to the Plan, or thereafter, representing a Percentage Stock Ownership (including indirect ownership, as determined under applicable Treasury Regulations) in the Corporation of at least 4.75%.

"Tax Benefits" means the net operating loss carryovers, capital loss carryovers, general business credit carryovers, alternative minimum tax credit carryovers and foreign tax

credit carryovers, as well as any "net unrealized built-in loss" within the meaning of Section 382 of the Code, of the Corporation or any direct or indirect subsidiary thereof.

"Transfer" means any direct or indirect Acquisition or Disposition of Corporation Securities.

"Treasury Regulation" means a Treasury regulation promulgated under the Code.

2. Ownership Limitations.

(a) From and after the Effective Date and prior to the Restriction Release Date, no Person shall be permitted to make a Transfer, whether in a single transaction or series of related transactions, and any such purported Transfer will be *void ab initio*, (i) to the extent that after giving effect to such purported Transfer (A) the purported transferee or a Person related to the purported transferee would become a Substantial Holder, or (B) the Percentage Stock Ownership of a Person that, prior to giving effect to the purported Transfer, is a Substantial Holder would be increased or (ii) if such Person is a Substantial Holder and at the time has a Percentage Stock Ownership in the Corporation of more than 4.75% (treating any transactions occurring on the same day as a single transaction). The prior sentence is not intended to prevent the Corporation Securities from being DTC-eligible and shall not preclude the settlement of any transactions in the Corporation Securities entered into through the facilities of a national securities exchange, but such transaction, if prohibited by the prior sentence, shall nonetheless be a Prohibited Transfer.

(b) The restrictions set forth in Section 2(a) of this Part C shall not apply to (i) a proposed Transfer if the transferor or the transferee, upon providing at least twenty (20) days' prior written notice of such proposed Transfer to the Board, obtains the unanimous written consent to the proposed Transfer from the Board or (ii) any proposed Transfer by the Institutional Shareholders to a Person whose Percentage Stock Ownership in the Corporation after the Transfer solely reflects Corporation Securities Acquired from the Institutional Shareholders. As a condition to granting its consent, the Board may, in its discretion, require and/or obtain (at the expense of the transferor and/or transferee) such representations from the transferor and/or transferee, such opinions of counsel to be rendered by counsel selected by the Board, and such other advice, in each case as to such matters as the Board determines is appropriate. In evaluating any request for consent to a proposed Transfer, the Board shall treat (and any opinion of counsel shall assume that) the Corporation Securities owned (directly or indirectly) by the Institutional Shareholders as having been Acquired during the relevant testing period and not as previously owned, so as to result in the maximum change in the Percentage Stock Ownership of the Corporation. Accordingly, the Board shall not approve any proposed Transfer(s) that, together with such change in the Institutional Shareholders' Percentage Stock Ownership in the Corporation, results in, or is reasonably likely to result in, an "ownership change" of the Corporation within the meaning of section 382 of the Code, or otherwise jeopardizes the tax attributes of the Corporation.

(c) Notwithstanding anything to the contrary herein, prior to the Restriction Release Date, SEBC Holdings shall not Transfer the Corporation Securities owned by it. Accordingly, prior to the Restriction Release Date, SEBC Holdings shall not issue any security,

equity interest or other type of interest if the issuance of such interest would represent a change in the Percentage Stock Ownership of the Corporation Securities owned by SEBC Holdings.

3. Treatment of Excess Securities.

(a) No employee or agent of the Corporation shall record any Prohibited Transfer, and the purported transferee of a Prohibited Transfer (the "Purported Transferee") shall not be recognized as a stockholder of the Corporation for any purpose whatsoever in respect of the Corporation Securities which are the subject of the Prohibited Transfer (the "Excess Securities"). Until the Excess Securities are acquired by another Person in a Transfer that is not a Prohibited Transfer, the Purported Transferee shall not be entitled with respect to such Excess Securities to any rights of stockholders of the Corporation, including, without limitation, the right to vote such Excess Securities and to receive dividends or distributions, whether liquidating or otherwise, in respect thereof. Once the Excess Securities have been acquired in a Transfer that is in accordance with this Section 3 of this Part C and is not a Prohibited Transfer, such Corporation Securities shall cease to be Excess Securities.

(b) If the Board determines that a Prohibited Transfer has been recorded by an agent or employee of the Corporation, such recording and the Prohibited Transfer shall be void *ab initio* and have no legal effect and, upon written demand by the Corporation, the Purported Transferee shall transfer or cause to be transferred any certificate or other evidence of ownership of the Excess Securities within the Purported Transferee's possession or control, together with any dividends or other distributions that were received by the Purported Transferee from the Corporation with respect to the Excess Securities (the "Prohibited Distributions"), to an agent designated by the Board (the "Agent").

(A) In the case of a Prohibited Transfer described in Section 2(a)(i) of this Part C, the Agent shall thereupon sell to a buyer or buyers the Excess Securities transferred to it in one or more arm's-length transactions (including over a national securities exchange on which the Corporation Securities may be traded, if possible); provided, however, that the Agent, in its sole discretion, shall effect such sale or sales in an orderly fashion and shall not be required to effect any such sale within any specific time frame if, in the Agent's discretion, such sale or sales would disrupt the market for the Corporation Securities or otherwise would adversely affect the value of the Corporation Securities. If the Purported Transferee has resold the Excess Securities before receiving the Corporation's demand to surrender the Excess Securities to the Agent, the Purported Transferee shall be deemed to have sold the Excess Securities for the Agent, and shall be required to transfer to the Agent any Prohibited Distributions and proceeds of such sale, except to the extent that the Corporation grants written permission to the Purported Transferee to retain a portion of such sales proceeds not exceeding the amount that the Purported Transferee would have received from the Agent pursuant to Section 3(c) of this Part C if the Agent, rather than the Purported Transferee, had resold the Excess Securities; or

(B) In the case of a Prohibited Transfer described in Section 2(a)(ii) of this Part C, the transferor of such Prohibited Transfer (the "Purported Transferor") shall also deliver to the Agent the sales proceeds from the Prohibited Transfer (in the form

received, i.e., whether in cash or other property), and the Agent shall thereupon sell any non-cash consideration to a buyer or buyers in one or more arm's-length transactions (including over a national securities exchange, if possible). If the Purported Transferor is determinable (other than with respect to a market maker-executed transaction entered into through the facilities of a national securities exchange), the Agent shall, to the extent possible, return any net Prohibited Distributions to the Purported Transferor. If the Purported Transferor is not determinable, or to the extent the Excess Securities have been resold and thus cannot be returned to the Purported Transferor, the Agent shall distribute the proceeds as provided as in accordance with Section 3(c) hereof.

(c) The Agent shall apply any proceeds or any other amounts received by it by and in accordance with Section 3 of this Part C as follows:

(A) *first*, such amounts shall be paid to the Agent to the extent necessary to cover its costs and expenses incurred in connection with its duties hereunder;

(B) *second*, any remaining amounts shall be paid to the Purported Transferee, up to the amount paid by the Purported Transferee for the Excess Securities (or in the case of any Prohibited Transfer by gift, devise or inheritance or any other Prohibited Transfer without consideration, the fair market value, (1) calculated on the basis of the closing market price for the Corporation Securities on the day before the Prohibited Transfer, or (2) if the Corporation Securities are not listed or admitted to trading on any stock exchange but are traded in the over-the-counter market, calculated based upon the difference between the highest bid and lowest asked prices, as such prices are reported by the National Association of Securities Dealers through its NASDAQ system or any successor system on the day before the Prohibited Transfer or, if none, on the last preceding day for which such quotations exist, or (3) if the Corporation Securities are neither listed nor admitted to trading on any stock exchange nor traded in the over-the counter market, then as determined in good faith by the Board, which amount (or fair market value) shall be determined at the discretion of the Board); and

(C) *third*, any remaining amounts, subject to the limitations imposed by the following proviso, shall be paid to one or more organizations qualifying under Section 501(c)(3) of the Code (or any comparable successor provision) ("Section 501(c)(3)") selected by the Board; provided, however, that if the Excess Securities (including any Excess Securities arising from a previous Prohibited Transfer not sold by the Agent in a prior sale or sales) represent a 4.75% or greater Percentage Stock Ownership interest in the Corporation, then such remaining amounts shall be paid to two or more organizations qualifying under Section 501(c)(3) selected by the Board such that no organization qualifying under Section 501(c)(3) of the Code shall possess Percentage Stock Ownership in the Corporation in excess of 4.74%.

The recourse of any Purported Transferee in respect of any Prohibited Transfer shall be limited to the amount payable to the Purported Transferee pursuant to clause (B) above. Except as may be required by law, in no event shall the proceeds of any sale of Excess Securities pursuant to this Part C inure to the benefit of the Corporation.

(d) If the Purported Transferee or the Purported Transferor fails to surrender the Excess Securities (as applicable) or the proceeds of a sale thereof to the Agent within thirty (30) days from the date on which the Corporation makes a demand pursuant to Section (3)(b) of this Part C, then the Corporation shall use its best efforts to enforce the provisions hereof, including the institution of legal proceedings to compel the surrender.

4. Bylaws; Legends; Compliance.

(a) The Bylaws may make appropriate provisions to effectuate the requirements of this Part C.

(b) Until the Restriction Release Date, all certificates representing Corporation Securities issued after the filing of these Articles of Incorporation shall bear a conspicuous legend as follows:

> THE TRANSFER OF THE SECURITIES REPRESENTED HEREBY IS SUBJECT TO OWNERSHIP RESTRICTIONS PURSUANT TO THE SECOND AMENDED AND RESTATED ARTICLES OF INCORPORATION OF SEBC FINANCIAL CORPORATION. THE CORPORATION WILL FURNISH A COPY OF ITS SECOND AMENDED AND RESTATED ARTICLES OF INCORPORATION TO THE HOLDER OF RECORD OF THIS CERTIFICATE WITHOUT CHARGE UPON A WRITTEN REQUEST ADDRESSED TO THE CORPORATION AT ITS PRINCIPAL PLACE OF BUSINESS.

(c) The Corporation shall have the power to make appropriate notations upon its stock transfer records and instruct any transfer agent, registrar, securities intermediary or depository with respect to the requirements of this Part C for any uncertificated Corporation Securities or Corporation Securities held in an indirect holding system.

(d) The Board shall have the power to determine all matters necessary for determining compliance with this Part C, including, without limitation, determining (A) the identification of Substantial Holders, (B) whether a Transfer is a Prohibited Transfer, (C) the Percentage Stock Ownership of any Substantial Holder or other Person, (D) whether an instrument constitutes a Corporation Security, (E) the amount (or fair market value) due to a Purported Transferee pursuant to clause (B) of Section 3(c) of this Part C, and (F) any other matters which the Board determines to be relevant. The good faith determination of the Board on such matters shall be conclusive and binding for the purposes of this Part C.

(e) The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Part C of Article VI without any requirement of the posting of a bond in connection therewith or any related appellate proceeding and each holder of Corporation Securities is deemed to have waived any right to require the posting of any such bond.

(f) No delay or failure on the part of the Corporation or the Board in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board, as the case may be, except to the extent specifically waived in writing.

D. General Provisions.

1. Except as may be provided by the resolutions of the Board authorizing the issuance of any class or series of Preferred Stock, as hereinabove provided, cumulative voting by any shareholder is hereby expressly denied.

2. Except as may be expressly set forth hereinabove, no shareholder of the Corporation shall have, by reason of its holding shares of any class or series of stock of the Corporation, any preemptive or preferential rights to purchase or subscribe for any other shares of any class or series of the Corporation now or hereafter to be authorized, and any other equity securities, or any notes, debentures, warrants, bonds, or other securities convertible into or carrying options or warrants to purchase shares of any class, now or hereafter to be authorized, whether or not the issuance of any such shares, or such notes, debentures, warrants, bonds or other securities, would adversely affect the dividend, voting or other rights of such shareholder.

3. The Corporation shall not issue any class of non-voting equity securities until and unless a majority of the Board determines that it is no longer in the best interests of the Corporation for such prohibition to be effective. The Corporation shall publicly disclose such determination within a reasonable time after any such determination.

ARTICLE VII
DIRECTORS

A. Number and Term of Directors. The Corporation's Board shall consist of at least one director, with the exact number to be fixed from time to time in the manner provided in the Corporation's Bylaws. No decrease in the number of directors shall have the effect of shortening the term of any incumbent director.

B. Election of Members to the Board. At any election of members of the Board, (i) the holders of the Class A Common Stock, voting separately as a class, shall be entitled to elect three (3) directors; (ii) the holders of the Class B Common Stock, voting separately as a class, shall be entitled to elect one (1) director; and (iii) the holders of the Class C Common Stock, voting separately as a class, shall be entitled to elect one (1) director.

C. Director Vacancies; Removal. Whenever any vacancy on the Board shall occur due to death, resignation, retirement, disqualification, removal, or otherwise: (i) any vacancy of a director elected by the holders of the Class A Common Stock, voting separately as a class, shall be filled only by the vote of a majority of the remaining directors so elected by the Class A Common Stock or, if there are none, by a vote of the holders of the Class A Common Stock, voting separately as a class; (ii) any vacancy of a director elected by the holders of the Class B Common Stock, voting separately as a class, shall be filled by a vote of the holders of the Class B Common Stock, voting separately as a class; and (iii) any vacancy of a director elected by the holders of the Class C Common Stock, voting separately as a class, shall be filled by a vote of the holders of Class C Common Stock, voting separately as a class. Such vacancy or vacancies shall be filled for the balance of the unexpired term or terms, at which time a successor or successors shall be duly elected by the shareholders and qualified. Any director elected by the vote of the holders of the Class A Common Stock, voting separately as a class, may be removed

from office prior to the expiration of his or her term solely by the affirmative vote of two-thirds of the outstanding shares of the Class A Common Stock, voting separately as a class. Any director elected by the vote of the holders of the Class B Common Stock, voting separately as a class, may be removed from office prior to the expiration of his or her term solely by the affirmative vote of two-thirds of the outstanding shares of the Class B Common Stock, voting separately as a class. Any director elected by the vote of the holders of the Class C Common Stock, voting separately as a class, may be removed from office prior to the expiration of his or her term solely by the affirmative vote of two-thirds of the outstanding shares of the Class C Common Stock, voting separately as a class.

D. Preferred Stock. Subject to the provisions of these Articles of Incorporation, during any period when the holders of any series of Preferred Stock have the right to elect additional directors in accordance with the applicable provisions of such series, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total authorized number of directors of the Corporation shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for pursuant to such provisions; (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to such provisions, whichever occurs earlier, subject to his or her death, disqualification, resignation or removal; and (iii) any vacancies in such directorships shall be filled in accordance with the applicable provisions of such series. Except as otherwise provided by the terms of such series, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such series, the terms of office of all such additional directors elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors, shall forthwith terminate and the total and authorized number of directors of the Corporation shall be reduced accordingly.

E. Amendments. Notwithstanding anything contained in these Articles of Incorporation to the contrary, this Article VII shall not be altered, amended or repealed except by an affirmative vote of at least eighty percent (80%) of the outstanding shares of all capital stock entitled to vote for the election of directors.

ARTICLE VIII
INDEMNIFICATION

The Corporation shall indemnify and advance expenses to its officers and directors to the fullest extent permitted by law in existence either now or hereafter in effect.

ARTICLE IX
SHAREHOLDER MEETINGS

A. Call of Special Shareholders' Meeting. Except as otherwise required by law, the Corporation shall not be required to hold a special meeting of shareholders of the Corporation unless (in addition to any other requirements of law) (i) the holders of not less than twenty

percent (20%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date and deliver to the Corporation's Secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held; or (ii) the meeting is called by the Board pursuant to a resolution approved by a majority of the entire Board. Only business within the purpose or purposes described in the special meeting notice required by Section 607.0705 of the Florida Business Corporation Act may be conducted at a special shareholders' meeting.

B. Amendments. Notwithstanding anything contained in these Articles of Incorporation to the contrary, this Article IX shall not be altered, amended or repealed except by an affirmative vote of at least eighty percent (80%) of the outstanding shares of all capital stock entitled to vote for the election of directors.

Attach Exhibits Here

EXHIBIT A

GLOSSARY

Unless the context or use indicates another or different meaning or intent, the following terms as used in these Articles of Incorporation of the Corporation shall have the following meanings, whether used in the singular or plural:

"**Additional Annual Gross-up Amount**" has the meaning set forth in Section 4(f) of Exhibits B, C or D, as applicable.

"**Additional Annual Gross-up Dividend**" has the meaning set forth in Section 4(f) of Exhibits B, C or D, as applicable.

"**Additional Directors**" has the meaning set forth in Section 7(d) of Exhibits B, C or D or Section 7(c) of Exhibit E, as applicable.

"**Affiliate**" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any officer, director, manager, general partner, member or trustee of such Person or (iii) any Person who is an officer, director, manager, general partner, member or trustee of any Person described in clauses (i) or (ii) of this sentence. For purposes of this definition, the terms "controlling," "controlled by" or "under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or interests, by contract or otherwise, or the power to elect at least 50% of the directors, managers, general partners, members or persons exercising similar authority with respect to such Person.

"**Agent Member**" means a member of, or participant in, the Securities Depository that will act on behalf of a Holder of the Corporation's preferred stock.

"**Annual Gross-up Amount**" has the meaning set forth in Section 4(e) of Exhibits B, C or D, as applicable.

"**Annual Gross-up Dividend**" has the meaning set forth in Section 4(e) of Exhibits B, C or D, as applicable.

"**Annual Gross-up Dividend Determination Date**" means the 15th calendar day (or, if such day is not a Business Day, the next succeeding Business Day) of the 9th calendar month immediately succeeding the last calendar day of each taxable year of the Corporation.

"**Articles of Incorporation**" means the Second Amended and Restated Articles of Incorporation inclusive of this Exhibit A and Exhibits B, C, D and E thereto, as amended and supplemented from time to time, of the Corporation on file with the Secretary of State of the State of Florida.

"**Business Day**" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City and Miami, Florida.

"**Bylaws**" means the Bylaws, as amended and supplemented from time to time, of the Corporation.

"**Calculation Date**" means any of the following: (i) the Holders' Elective Redemption Date, (ii) a Corporation Optional Redemption Date, (iii) the Scheduled Redemption Date or (iv) the Liquidation Date.

"**Change in Law**" means any amendment to or change or any proposed change in U.S. law, or any regulations or rulings thereunder, of the related jurisdiction or any political subdivision thereof, or any amendment or proposed amendment to or change or proposed change in public announcement of any official, administrative or judicial interpretation, pronouncement or application of, or practice under, such laws (or such regulations or rulings) or any change or proposed change in the published practice or publication of any new practice of any accounting body relevant to accounting practices in such jurisdiction, or any change or proposed change in the official application, pronouncement or interpretation of, or any execution of or amendments to, any treaty or treaties to which such jurisdiction or political subdivision is a party, which in any such case occurs or is proposed or announced, as the case may be, after the Date of Original Issue that would have a material adverse effect on the Corporation's cash flows or ability to pay dividends or other distributions on or in respect of the Senior Preferred Stock, the Series J Junior Preferred Stock, the Series K Junior Preferred Stock and any other class or series of capital stock of the Corporation hereafter issued which is by its terms expressly on a parity with such classes of preferred stock with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of the Corporation, but in no event shall a Change in Law include a Change in Tax Law.

"**Change in Tax Law**" means the occurrence of any change in or amendment to the Code or the regulations promulgated thereunder or any judicial decision relating to, or change in the official application or interpretation of, the Code or the regulations promulgated thereunder that would have a material adverse effect on the Corporation's cash flows or ability to pay dividends or other distributions on or in respect of the Senior Preferred Stock, the Series J Junior Preferred Stock, the Series K Junior Preferred Stock and any other class or series of capital stock of the Corporation hereafter issued which is by its terms expressly on a parity with such classes of preferred stock with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of the Corporation.

"**Class A Common Stock**" means the Class A Common Stock of the Corporation, par value $0.001 per share.

"**Class B Common Stock**" means the Class B Common Stock of the Corporation, par value $0.001 per share.

"**Class C Common Stock**" means the Class C Common Stock of the Corporation, par value $0.001 per share.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Common Shares**" means, in respect of any Redemption Date to be determined, (i) the aggregate number of shares of Class B Common Stock and Class C Common Stock held of record on the second Business Day preceding such Redemption Date by Modena 2004-1 LLC or any of its Affiliates to the extent that such shares were acquired from the Corporation and not from a third party, or (ii) the number of shares of Class B Common Stock or Class C Common Stock held of record on the second Business Day preceding such Redemption Date by any Person that acquires such shares from Modena 2004-1 LLC or any of its Affiliates.

"**Common Stock**" means, collectively, the Class A Common Stock, the Class B Common Stock and the Class C Common Stock.

"**Common Stock Redemption Price**" means an aggregate price equal to the product of (i) the excess, if any, of the Market Value of the assets of the Corporation over the sum of (x) the consolidated liabilities of the Corporation and its Subsidiaries and (y) the aggregate of the Series A Senior Redemption Price (assuming the date of determination is a Series A Senior Redemption Date), the Series B Senior Redemption Price (assuming the date of determination is a Series B Senior Redemption Date), the Series J Junior Redemption Price (assuming the date of determination is a Series J Junior Redemption Date) and the Series K Junior Redemption Price (assuming the date of determination is a Series K Junior Redemption Date) for all outstanding shares of the Corporation's preferred stock, multiplied by (ii) a fraction, the numerator of which is the number of Common Shares being redeemed and the denominator of which is the aggregate number of all outstanding shares of Common Stock, all determined as of the second Business Day immediately preceding the applicable Redemption Date.

"**Compliance Certificate**" has the meaning set forth in Section 8(h) of Exhibits B, C, D or E, as applicable.

"**Corporation**" means SEBC Financial Corporation.

"**Corporation Optional Redemption Date**" means any Quarterly Dividend Payment Date designated by the Corporation in a Notice of Redemption given to the Holders of the Corporation's preferred stock on or after the fifth anniversary of the Date of Original Issue or pursuant to Section 5(c) of Exhibits B, C or D, as applicable.

"**Cure Event**" means (i) with respect to the event described in Section 7(d)(iii) of Exhibits B, C or D, as applicable, that gave rise to the election of the Additional Directors, the Corporation maintains the Liquidity Reserve in accordance with Section 8(e) of Exhibits B, C or D, as applicable, and (ii) with respect to the event described in Section 7(d)(iv) of Exhibits B, C or D or Section 7(c)(i) of Exhibit E, as applicable, that gave rise to the election of the Additional Directors, the Corporation declares and pays in full all unpaid Quarterly Dividends within 90 days after the occurrence of such event. No Cure Event shall exist for the events described in clauses (i), (ii) and (v) of Section 7(d) of Exhibits B, C or D or clause (ii) of Section 7(c) of Exhibit E.

"**Date of Original Issue**" means, with respect to shares of preferred stock of the Corporation, the first date on which the Corporation issues such shares.

"**Determination Date**" means two business days prior to the Date of Original Issue.

"**Disclosure Statement**" means the Disclosure Statement with respect to the Chapter 11 Plan of Reorganization of Southeast Banking Corporation, as amended, supplemented or modified from time to time.

"**Dividend Payment Date**" means each Quarterly Dividend Payment Date and any date fixed by the Board of Directors or a duly authorized committee thereof for the payment of a Retroactive DRD Adjustment Dividend, an Annual Gross-up Dividend or an Additional Annual Gross-up Dividend.

"**Dividends Received Deduction**" means the "dividends received deduction" set forth in Section 243(a) of the Code with respect to distributions on Senior Preferred Shares and Series J Junior Preferred Shares that are treated as dividends of the Corporation for U.S. federal income tax purposes; *provided* that if any Holder of Senior Preferred Shares or Series J Junior Preferred Shares holds 20% or more of the Common Stock, then the "dividends received deduction" shall be modified by Section 243(c) of the Code.

"**DRD Adjustment**" means, with respect to the occurrence of a DRD Adjustment Event, any increase or decrease, as the case may be, in the then-current Series A Senior Quarterly Dividend Rate, Series B Senior Quarterly Dividend Rate or Series J Junior Quarterly Dividend Rate, as applicable, necessary to give the Series A Senior Preferred Holders, the Series B Senior Preferred Holders or the Series J Junior Preferred Holders, as applicable, the same after-tax return as if such DRD Adjustment Event had not occurred. For the purpose of calculating the DRD Adjustment, the Series A Senior Quarterly Dividend Rate, the Series B Senior Quarterly Dividend Rate or the Series J Junior Quarterly Dividend Rate, as applicable, shall be adjusted to the new Series A Senior Quarterly Dividend Rate, Series B Senior Quarterly Dividend Rate or Series J Junior Quarterly Dividend Rate, as applicable, set forth on Schedules II, III or IV hereto, as applicable, based upon the new Dividends Received Deduction rate set forth on such Schedule that results from the Dividend Rate Adjustment Event that gave rise to such DRD Adjustment.

"**DRD Adjustment Event**" means, at any time after the date hereof, an amendment to the Code becomes effective that either: (i) reduces the Dividends Received Deduction or (ii) increases the Dividends Received Deduction. Any amendment to the Code that eliminates or has the effect of eliminating the Dividends Received Deduction (other than a replacement of the Dividends Received Deduction with a tax credit) shall be deemed to have reduced the Dividends Received Deduction to 0% and any amendment to the Code that excludes dividends from the gross income of the Senior Preferred Holders or the Series J Junior Preferred Holders, as applicable, shall be deemed to have increased the Dividends Received Deduction to 100%.

"**DRD Affected Dividend Payment Date**" has the meaning set forth in Section 4(d)(i) of Exhibits B, C or D, as applicable.

"**Eligible Holder**" means a Person who is a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act or, with respect to the Series K Junior Preferred Stock, an institutional "accredited investor" as defined in paragraphs (1), (2), (3) and (7) of Rule 501(a) of Regulation D under the Securities Act.

"**Eligible Portfolio Investment**" means an investment meeting the criteria set forth on Schedule V hereto.

"**Eligible Swap Counterparty**" means (i) any Affiliate of Merrill Lynch & Co., Inc. (and its successors and assigns) that is guaranteed by Merrill Lynch & Co., Inc. (and its successors and assigns) and (ii) any other counterparty that (x) has a short-term debt rating, or its obligations under the Permitted Swap Agreement have been fully and unconditionally guaranteed by a guarantor with a short-term debt rating, of at least "P-1" by Moody's and at least "A-1" by S&P and a long-term senior unsecured debt rating, or its obligations under the Permitted Swap Agreement have been fully and unconditionally guaranteed by a guarantor with a long-term senior unsecured debt rating, of at least "Aa3" by Moody's and "AA-" by S&P or (y) if the shares of preferred stock of the Corporation shall be rated by any of Moody's, S&P or Fitch, would permit Moody's, S&P or Fitch (as the case may be) to confirm that their respective ratings assigned to such shares would not be reduced or withdrawn as a result of such counterparty being an Eligible Swap Counterparty under a Permitted Swap Agreement.

"**Expected Investment Loss**" means, with respect to any Calculation Date, the amount set forth in the table below opposite the date on which such Calculation Date occurs:

Calculation Date occurring on:	Expected Investment Loss
[April 30], 2009 to [April 30], 2010	$[210,956]
[April 30], 2009 to [April 30], 2011	$[997,763]
[April 30], 2009 to [April 30], 2012	$[2,041,137]
[April 30], 2009 to [April 30], 2013	$[2,776,631]
[April 30], 2009 to [April 30], 2014	$[3,757,289]
[April 30], 2009 to [April 30], 2015	$[4,926,096]
[April 30], 2009 to [April 30], 2016	$[6,029,734]

provided that the Expected Investment Loss will be calculated in good faith on the Determination Date based on the then-existing market risk criteria of the Portfolio Investments using appropriate ratings agencies' default probability tables to be mutually agreed.

"**Face Amount**" means (i) with respect to each Series A Senior Preferred Share, $1.00; (ii) with respect to each Series B Senior Preferred Share, $1.00; (iii) with respect to each Series J Junior Preferred Share, $1.00; and (iv) with respect to each Series K Junior Preferred Share, $1.00.

"**Fitch**" means Fitch Ratings and any successor(s) thereto that provides credit ratings of the type referred to in the Articles of Incorporation.

"**GAAP**" means accounting principles generally accepted in the United States.

"**Gross-up Dividend Payment Notice**" has the meaning set forth in Section 4(g) of Exhibits B, C or D, as applicable.

"**Holder**" means a record holder as the same appears on the Stock Books of the Corporation.

"**Holders' Elective Redemption Date**" has the meaning set forth in Section 6(a) of Exhibits B, C or D, as applicable.

"**Holders' Elective Redemption Direction**" has the meaning set forth in Section 6(a) of Exhibits B, C or D, as applicable.

"**Holders' Elective Redemption Event**" means the occurrence of any of the following events:

(i) the Corporation fails to provide its audited annual consolidated financial statements within 180 days after the close of any of its fiscal years and such failure is not remedied within fifteen (15) Business Days after notice is given to the Corporation of such failure;

(ii) the Corporation fails to observe any covenant in these Articles of Incorporation or in Section 5.01(a) of the Master Subscription Agreement, except where the failure to so observe would not be material and adverse to both the Senior Preferred Holders and the Series J Junior Preferred Holders;

(iii) any representation or warranty of the Corporation set forth in Article 4 of the Master Subscription Agreement or in any certificate delivered by or on behalf of the Corporation under the Master Subscription Agreement shall be incorrect in any respect when made, with the effect that the conditions precedent to closing set forth in Section 3.02 of the Master Subscription Agreement would not have been satisfied (to the extent not waived at closing);

(iv) a DRD Adjustment Event occurs that (a) with respect to the Series A Senior Preferred Holders (and the Series B Senior Preferred Holders that do not own at least 20% of the Common Stock), reduces the Dividends Received Deduction to less than 60% (or, if the Dividends Received Deduction is replaced with a tax credit, such credit has, or is reduced to, a deduction equivalent value of less than 60%), or (b) with respect to the Series B Senior Preferred Holders that own at least 20% of the Common Stock and the Series J Junior Preferred Holders, reduces the Dividends Received Deduction to less than 70% (or, if the Dividends Received Deduction is replaced with a tax credit, such credit has, or is reduced to, a deduction equivalent value of less than 70%);

(v) the Corporation fails to replace a Permitted Swap Agreement as and when required by Section 8(g) of Exhibits B, C or D, as applicable; or

(vi) a Change in Law or a Change in Tax Law.

"**Investment Company Act**" means the Investment Company Act of 1940, as amended.

"**Investment Vehicle**" means a newly formed special purpose vehicle to be established to acquire the Investment Vehicle Initial Investments.

"**Investment Vehicle Initial Investments**" means not less than $1,650,000,000 face value in fixed income instruments to be determined by MLE prior to the Date of Original Issue to be acquired by Investment Vehicle from an Affiliate of Modena 2004-1 LLC.

"**IRS**" means the United States Internal Revenue Service or any successor thereof.

"**LIBOR**" means, for purposes of determining the Market Rate at any time, LIBOR as defined in the reference interest rate swap being used to determine such Market Rate or, if quotes are being obtained instead of using a specific interest rate swap, LIBOR as then customarily defined in the market for such interest rate swaps.

"**Liquidation Date**" has the meaning set forth in Section 5(a) of Exhibits B, C, D or E, as applicable.

"**Liquidity Reserve**" means, on any date, the sum of:

(i) an amount equal to the sum of (w) the product of the Series A Senior Quarterly Dividend Amount (assuming solely for purposes of calculating such amount for purposes of this definition no change after such date in the Series A Senior Quarterly Dividend Rate) for the Quarterly Dividend Payment Date immediately succeeding such date and the number of Series A Senior Preferred Shares outstanding on such date (and, if the Corporation fails to declare and pay in full a Quarterly Dividend equal to the Series A Senior Quarterly Dividend Amount on such Quarterly Dividend Payment Date, then the Liquidity Reserve shall be increased by the aggregate amount of such shortfall until paid to the Holders of the Series A Senior Preferred Shares), plus (x) the product of the Series B Senior Quarterly Dividend Amount (assuming solely for purposes of calculating such amount for purposes of this definition no change after such date in the Series B Senior Quarterly Dividend Rate) for the Quarterly Dividend Payment Date immediately succeeding such date and the number of Series B Senior Preferred Shares outstanding on such date (and, if the Corporation fails to declare and pay in full a Quarterly Dividend equal to the Series B Senior Quarterly Dividend Amount on such Quarterly Dividend Payment Date, then the Liquidity Reserve shall be increased by the aggregate amount of such shortfall until paid to the Holders of the Series B Senior Preferred Shares), plus (y) the product of the Series J Junior Quarterly Dividend Amount (assuming solely for purposes of calculating such amount for purposes of this definition no change after such date in the Series J Junior Quarterly Dividend Rate) for the Quarterly Dividend Payment Date immediately succeeding such date and the number of Series J Junior Preferred Shares outstanding on such date (and, if the Corporation fails to declare and pay in full a Quarterly Dividend equal to the Series J Junior Quarterly Dividend Amount on such Quarterly Dividend Payment Date, then the Liquidity Reserve shall be increased by the aggregate amount of such shortfall until paid to the Holders of the Series J Junior Preferred Shares), plus (z) the product of the Series K Junior Quarterly Dividend Amount (assuming solely for purposes of calculating such amount for purposes of this definition no change after such date in the Series K Junior Quarterly Dividend Rate) for the Quarterly Dividend Payment Date immediately succeeding such date and the number of Series K Junior Preferred Shares outstanding on such date (and, if the Corporation fails to declare and pay in full a Quarterly Dividend equal to the Series K Junior Quarterly

Dividend Amount on such Quarterly Dividend Payment Date, then the Liquidity Reserve shall be increased by the aggregate amount of such shortfall until paid to the Holders of the Series K Junior Preferred Shares); and

(ii) the aggregate Tax Reserve Amount as of such date.

"**Majority Holders**" means, at any time, the Majority Series A Senior Preferred Holders, the Majority Series B Senior Preferred Holders and the Majority Series J Junior Preferred Holders.

"**Majority Series A Senior Preferred Holders**" means, at any time, Holders holding more than 50% of the Series A Senior Preferred Shares.

"**Majority Series B Senior Preferred Holders**" means, at any time, Holders holding more than 50% of the Series B Senior Preferred Shares.

"**Majority Series J and Series K Junior Preferred Holders**" means, at any time, Holders holding more than 50% of the Series J Junior Preferred Shares plus the Series K Junior Preferred Shares.

"**Majority Series J Junior Preferred Holders**" means, at any time, Holders holding more than 50% of the Series J Junior Preferred Shares.

"**Market Rate**" means, at any Calculation Date, the fixed rate per annum quoted by dealers in the derivatives market in New York City for an interest rate swap with the Eligible Swap Counterparty beginning on such Calculation Date and terminating on the Scheduled Redemption Date, with fixed and floating payment dates on each Quarterly Dividend Payment Date and a floating rate of one month LIBOR plus [•]% per annum (to be established on the Determination Date).

"**Market Value**" means, as of any date of determination:

(i) with respect to cash, the amount of such cash on such date; and

(ii) with respect to any Portfolio Investment or Permitted Investment, the value of such Portfolio Investment or Permitted Investment (including accrued and unpaid interest or accrued discount, as the case may be) as determined by mutual agreement of the Corporation and the Majority Holders;

provided that in the case of clause (ii) above, if the Corporation and the Majority Holders are unable to agree on the value of any such Portfolio Investment or Permitted Investment within two (2) Business Days after a request by the Corporation to such Majority Holders or the agreed upon value would result in the applicable Expected Investment Loss to be exceeded, then the value of such Portfolio Investment or Permitted Investment shall be the average of the bid or valuation, if any, obtained by such Majority Holders from a buyer or investment bank, respectively, not affiliated with any Majority Holder and the bid or valuation, if any, obtained by the Corporation from a buyer or investment bank, respectively, not affiliated with the Corporation, in each case within three (3) Business Days after the failure of such Majority

Holders and the Corporation to agree on such value. The Majority Holders shall have the option, exercisable by written notice within five (5) Business Days after the value of any such Portfolio Investment or Permitted Investment is so determined, to purchase the foregoing from the Corporation at a purchase price equal to a value to which the Majority Holders shall mutually agree. Notwithstanding the foregoing or anything to the contrary set forth in Exhibits B, C or D, the SEBC Real Estate LLC Note shall be valued at $9 million unless a payment default thereunder shall exist.

"**Master Subscription Agreement**" means the Master Subscription Agreement, dated as of November 19, 2008, between Jeffrey H. Beck as the Chapter 11 Trustee for the bankruptcy estate of Southeast Banking Corporation, a Florida corporation, and Modena 2004-1 LLC.

"**MLE**" means Modena 2004-1 LLC, a Delaware limited liability company and indirect wholly owned subsidiary of Merrill Lynch & Co., Inc., and any of Modena 2004-1 LLC's Affiliates to which it validly assigns its rights under the Master Subscription Agreement and related documents.

"**Moody's**" means Moody's Investors Service, Inc. and any successor thereto that provides credit ratings of the type referred to in the Articles of Incorporation.

"**Net Portfolio Gain**" means, if the Net Portfolio Gain/Loss Amount as of the Series A Senior Redemption Date, Series B Senior Redemption Date or Series J Junior Redemption Date is a positive number, the amount of such Net Portfolio Gain/Loss Amount

plus

(i) the sum of all Swap Termination Amounts paid to the Corporation plus all Swap Termination Amounts owed to the Corporation on the Series A Senior Redemption Date, Series B Senior Redemption Date or Series J Junior Redemption Date, as applicable

minus

(ii) the sum of all Swap Termination Amounts paid by the Corporation plus all Swap Termination Amounts payable by the Corporation on the Series A Senior Redemption Date, Series B Senior Redemption Date or Series J Junior Redemption Date, as applicable.

"**Net Portfolio Gain/Loss Amount**" means, as of the Series J Junior Redemption Date, an amount equal to the sum of the following amounts (without duplication):

(i) the sum of all realized gains on the Portfolio Investments and Permitted Investments minus the sum of all realized losses on the Portfolio Investments and Permitted Investments

plus

(ii) the sum of all unrealized gains on the Portfolio Investments and Permitted Investments minus the sum of all unrealized losses on the Portfolio Investments and Permitted Investments.

The amount of the unrealized gain or unrealized loss on any Portfolio Investment or Permitted Investment shall be the excess or deficiency determined by reference to the Corporation's original acquisition cost of such Portfolio Investment or Permitted Investment, as the case may be, and the then-current Market Value of such Portfolio Investment or Permitted Investment, as the case may be, and without taking into account any realized or unrealized income or accrual of discount. For the avoidance of doubt, the Net Portfolio Gain/Loss Amount shall not include any current yield payments earned by the Corporation on the Portfolio Investments and Permitted Investments.

"**Net Portfolio Loss**" means, if the Net Portfolio Gain/Loss Amount as of the Series J Junior Redemption Date is a negative number, the absolute value of such Net Portfolio Gain/Loss Amount.

"**Notice of Redemption**" has the meaning set forth in Section 6(d) of Exhibits B, C, D or E, as applicable.

"**Obligor**" means the issuer or obligor on any Portfolio Investment or any Permitted Investment and the Eligible Swap Counterparty under each Permitted Swap Agreement.

"**Permitted Investments**" has the meaning set forth in Section 8(d) of Exhibits B, C, D or E, as applicable.

"**Permitted Swap Agreement**" means a swap or hedge agreement entered into by the Corporation with an Eligible Swap Counterparty in connection with the Corporation's acquisition of a Portfolio Investment bearing interest at a floating rate for the sole purpose of purchasing a committed series of fixed rate payments with the series of floating rate payments to be received by the Corporation on such Portfolio Investment and any replacement thereof meeting the foregoing criteria. Such swap or hedge agreement, among other things, shall entitle the Corporation to receive from the related Eligible Swap Counterparty fixed rate payments, shall obligate the Corporation to pay floating rate payments and may only be amended or supplemented from time to time with the consent of the Majority Holders in writing.

"**Permitted Swap Termination Date**" means the fifth anniversary of the Date of Original Issue.

"**Person**" means and includes an individual, a partnership, a limited liability company, a corporation, a trust, an unincorporated association, a joint venture or other entity or a government or any agency or political subdivision thereof.

"**Portfolio Investment**" means the senior securities to be issued by Investment Vehicle to the Corporation and any subsequent Eligible Portfolio Investment, in each case that qualifies as "eligible assets" as such term is defined in Rule 3a-7(b)(1) under the Investment Company Act.

"**Quarterly Dividend**" has the meaning set forth in Section 4(a) of Exhibits B, C, D or E, as applicable.

"**Quarterly Dividend Payment Date**" means the [•] day (such day to be established on the Determination Date) of each March, June, September and December, beginning on the first such day after the Date of Original Issue (or, if any such day is not a Business Day, the immediately succeeding Business Day unless such succeeding Business Day falls in the immediately succeeding calendar month, in which case such Quarterly Dividend Payment Date shall be the next preceding Business Day).

"**Quarterly Dividend Period**" means the period from and including a Quarterly Dividend Payment Date (or, with respect to the first Quarterly Dividend Period, the Date of Original Issue) to but excluding the next succeeding Quarterly Dividend Payment Date.

"**Retroactive DRD Adjustment Dividend**" has the meaning set forth in Section 4(d)(i) of Exhibits B, C or D, as applicable.

"**Retroactive DRD Adjustment Dividend Payment Notice**" has the meaning set forth in Section 4(d)(i) of Exhibits B, C or D, as applicable.

"**Return of Capital Distribution**" has the meaning set forth in Section 4(e) of Exhibits B, C or D, as applicable.

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., and any successor thereto that provides credit ratings of the type referred to in the Articles of Incorporation.

"**Scheduled Redemption Date**" means [•], 2016 (to be established on the Determination Date).

"**SEBC Holdings, LP**" means SEBC Holdings, LP, a Delaware limited partnership.

"**SEBC Preferred Stock Quarterly Dividend Rate Calculation**" means for all classes of the Corporation's preferred stock (Series A Senior Preferred Stock, Series B Senior Preferred Stock, Series J Junior Preferred Stock and Series K Junior Preferred Stock), their respective quarterly dividend rates will be calculated using the methodology and assumptions expressed and implied in the revised proposal provided on November 19, 2008, recalculated as of the Determination Date, subject to market conditions and adjustment for federal and state taxes and fees and expenses directly attributable to the transactions contemplated by the Chapter 11 Plan of Reorganization and other factors prevailing on such date including, but not limited to, (i) the Market Rate as of the Determination Date, (ii) the coupon rate on the Portfolio Investment, (iii) expected losses on the Portfolio Investment, (iv) anticipated liabilities, (v) anticipated ongoing operating expenses and (vi) advisory fees. Illustrative results of the SEBC Preferred Stock Quarterly Dividend Rate Calculation applied to hypothetical assumptions are set forth on Schedule VI hereto.

"**SEBC Real Estate LLC Note**" means that Debenture, dated the Date of Original Issue, issued by SEBC Real Estate LLC to the Corporation in the original principal amount of $9 million.

"**Securities Act**" means the United States Securities Act of 1933, as amended.

"**Securities Depository**" means The Depository Trust Company or any successor company or other entity selected by the Corporation as securities depository for the shares of preferred stock of the Corporation that agrees to follow the procedures required to be followed by such securities depository in connection with such shares.

"**Senior Preferred Holders**" means the Series A Senior Preferred Holders and the Series B Senior Preferred Holders.

"**Senior Preferred Shares**" means the Series A Senior Preferred Shares and the Series B Senior Preferred Shares.

"**Senior Preferred Stock**" means the Series A Senior Preferred Stock and the Series B Senior Preferred Stock.

"**Series A Senior Hypothetical Floating Rate**" means LIBOR plus [•]% as of the Date of Original Issue (to be established on the Determination Date).

"**Series A Senior Hypothetical Swap Agreement**" means, with respect to any Calculation Date, a fixed for floating interest rate swap beginning on the Date of Original Issue and terminating on the Permitted Swap Termination Date (the "Hypothetical Swap Period"), and having the following terms: (i) a notional amount equal to the aggregate Face Amount of all outstanding Series A Senior Preferred Shares as of two days prior to the Series A Senior Redemption Date, (ii) fixed and floating payments due on each Quarterly Dividend Payment Date during the Hypothetical Swap Period, (iii) a fixed rate equal to the Series A Senior Quarterly Dividend Rate as of the Date of Original Issue, (iv) a floating rate equal to the Series A Senior Hypothetical Floating Rate, (v) is governed by the 1992 form of ISDA Master Agreement (Multicurrency—Cross Border) published by the International Swaps and Derivatives Association, Inc. and (vi) includes a schedule to the master agreement referred to in the preceding clause (v) which provides for early termination of the Series A Senior Hypothetical Swap Agreement under all circumstances using "market quotation" and "second method" in which the fixed rate payer and the floating rate payer shall both be "affected parties."

"**Series A Senior Hypothetical Swap Payment Amount—Fixed Rate Payer**" means, with respect to any date of determination, an amount equal to the quotient obtained by dividing the early termination or liquidation payment, if any, that would be payable by the fixed rate payer under the Series A Senior Hypothetical Swap Agreement if such Series A Senior Hypothetical Swap Agreement were being terminated on the Business Day immediately preceding such date by the number of Series A Senior Preferred Shares outstanding two days prior to the Series A Senior Redemption Date.

"**Series A Senior Hypothetical Swap Payment Amount—Floating Rate Payer**" means, with respect to any date of determination, an amount equal to the quotient obtained by

dividing the early termination or liquidation payment, if any, that would be payable by the floating rate payer under the Series A Senior Hypothetical Swap Agreement if such Series A Senior Hypothetical Swap Agreement were being terminated on the Business Day immediately preceding such date by the number of Series A Senior Preferred Shares outstanding two days prior to the Series A Senior Redemption Date.

"**Series A Senior Liquidation Price**" means, for any Series A Senior Preferred Share as of the Liquidation Date, an amount equal to the Series A Senior Redemption Price for such Series A Senior Preferred Share.

"**Series A Senior Make-Whole Premium**" means, with respect to the Series A Senior Preferred Shares for which the Series A Senior Make-Whole Premium is being determined as of the Series A Senior Redemption Date, the amount derived from the following formula:

(i) the Series A Senior Hypothetical Swap Payment Amount—Fixed Rate Payer for such Calculation Date, multiplied by

(ii) the number of Series A Senior Preferred Shares being redeemed;

provided that the Series A Senior Make-Whole Premium shall equal the Net Portfolio Gain if the result obtained above exceeds the Net Portfolio Gain.

"**Series A Senior Preferred Holder**" means a record holder of Series A Senior Preferred Shares as the same appears on the Stock Books of the Corporation.

"**Series A Senior Preferred Share**" means a share of the Series A Senior Preferred Stock that has been issued pursuant to and subject to the Articles of Incorporation and that (i) has not been redeemed and cancelled or delivered to the Corporation for cancellation, (ii) is not owned by the Corporation or any Affiliate thereof and (iii) is not represented by a certificate in lieu of which a new certificate has been executed and delivered by the Corporation.

"**Series A Senior Preferred Stock**" means the Series A Senior Preferred Stock of the Corporation, par value $0.001 per share.

"**Series A Senior Quarterly Dividend Amount**" means, for each Series A Senior Preferred Share as of any Quarterly Dividend Payment Date, an amount equal to the amount that would accrue on the Face Amount of such Series A Senior Preferred Share during the Quarterly Dividend Period ending on such date at the Series A Senior Quarterly Dividend Rate in effect from time to time during such Quarterly Dividend Period calculated on the basis of a 360-day year of 30-day months.

"**Series A Senior Quarterly Dividend Rate**" means [•]% (to be established as set forth in the SEBC Preferred Stock Quarterly Dividend Rate Calculation); *provided* that the Series A Senior Quarterly Dividend Rate shall be adjusted upon, and effective as of, each occurrence of a DRD Adjustment Event by the resulting DRD Adjustment for periods thereafter.

"**Series A Senior Redemption Date**" means any of the following: (i) the Corporation Optional Redemption Date, (ii) the Holders' Elective Redemption Date, (iii) the Scheduled Redemption Date or (iv) the Liquidation Date, as the case may be.

"**Series A Senior Redemption Discount**" means, with respect to the Series A Senior Preferred Shares for which the Series A Senior Redemption Discount is being determined as of the Series A Senior Redemption Date, the amount derived from the following formula:

(i) the Series A Senior Hypothetical Swap Payment Amount—Floating Rate Payer for such Calculation Date, multiplied by

(ii) the number of Series A Senior Preferred Shares being redeemed.

"**Series A Senior Redemption Price**" means, with respect to each Series A Senior Preferred Share for which the Series A Senior Redemption Price is being determined as of the Series A Senior Redemption Date, the amount derived from the following formula:

$$FA + UP + \frac{(MW - RD)}{Nr}$$

where:

FA	=	Face Amount of a Series A Senior Preferred Share
UP	=	Series A Senior Unpaid Amount per Series A Senior Preferred Share
MW	=	Series A Senior Make-Whole Premium
RD	=	Series A Senior Redemption Discount
Nr	=	the number of Series A Senior Preferred Shares being redeemed

"**Series A Senior Unpaid Amount**" means, as of the Series A Senior Redemption Date, the sum of (i) all unpaid Series A Senior Quarterly Dividend Amounts for each Quarterly Dividend Payment Date occurring on or prior to the Series A Senior Redemption Date whether or not a Quarterly Dividend was declared for such Quarterly Dividend Payment Date, plus (ii) the amount of each Annual Gross-up Dividend, Additional Annual Gross-up Dividend and Retroactive DRD Adjustment Dividend that the Corporation could have declared but for the lack of sufficient legally available funds or earnings and profits, plus (iii) if the Series A Senior Redemption Date is not also a Quarterly Dividend Payment Date, an amount equal to the product of (x) the Series A Senior Quarterly Dividend Amount for the Quarterly Dividend Period in which the Series A Senior Redemption Date occurs and (y) the quotient obtained by dividing the number of days elapsed from and including the immediately preceding Quarterly Dividend Payment Date to but excluding the Series A Senior Redemption Date by 90, plus (iv) an amount equal to the dividends referred to in the second and third sentences of Section 4(b) of Exhibit B.

"**Series B Senior Hypothetical Floating Rate**" means LIBOR plus [•]% as of the Date of Original Issue (to be established on the Determination Date).

"**Series B Senior Hypothetical Swap Agreement**" means, with respect to any Calculation Date, a fixed for floating interest rate swap beginning on the Date of Original Issue and terminating on the Permitted Swap Termination Date (the "Hypothetical Swap Period"), and having the following terms: (i) a notional amount equal to the aggregate Face Amount of all outstanding Series B Senior Preferred Shares as of two days prior to the Series B Senior Redemption Date, (ii) fixed and floating payments due on each Quarterly Dividend Payment Date during the Hypothetical Swap Period, (iii) a fixed rate equal to the Series B Senior Quarterly Dividend Rate as of the Date of Original Issue, (iv) a floating rate equal to the Series B Senior Hypothetical Floating Rate, (v) is governed by the 1992 form of ISDA Master Agreement (Multicurrency—Cross Border) published by the International Swaps and Derivatives Association, Inc. and (vi) includes a schedule to the master agreement referred to in the preceding clause (v) which provides for early termination of the Series B Senior Hypothetical Swap Agreement under all circumstances using "market quotation" and "second method" in which the fixed rate payer and the floating rate payer shall both be "affected parties."

"**Series B Senior Hypothetical Swap Payment Amount—Fixed Rate Payer**" means, with respect to any date of determination, an amount equal to the quotient obtained by dividing the early termination or liquidation payment, if any, that would be payable by the fixed rate payer under the Series B Senior Hypothetical Swap Agreement if such Series B Senior Hypothetical Swap Agreement were being terminated on the Business Day immediately preceding such date by the number of Series B Senior Preferred Shares outstanding two days prior to the Series B Senior Redemption Date.

"**Series B Senior Hypothetical Swap Payment Amount—Floating Rate Payer**" means, with respect to any date of determination, an amount equal to the quotient obtained by dividing the early termination or liquidation payment, if any, that would be payable by the floating rate payer under the Series B Senior Hypothetical Swap Agreement if such Series B Senior Hypothetical Swap Agreement were being terminated on the Business Day immediately preceding such date by the number of Series B Senior Preferred Shares outstanding two days prior to the Series B Senior Redemption Date.

"**Series B Senior Liquidation Price**" means, for any Series B Senior Preferred Share as of the Liquidation Date, an amount equal to the Series B Senior Redemption Price for such Series B Senior Preferred Share.

"**Series B Senior Make-Whole Premium**" means, with respect to the Series B Senior Preferred Shares for which the Series B Senior Make-Whole Premium is being determined as of the Series B Senior Redemption Date, the amount derived from the following formula:

(i) the Series B Senior Hypothetical Swap Payment Amount—Fixed Rate Payer for such Calculation Date, multiplied by

(ii) the number of Series B Senior Preferred Shares being redeemed;

provided that the Series B Senior Make-Whole Premium shall equal the Net Portfolio Gain if the result obtained above exceeds the Net Portfolio Gain.

"**Series B Senior Preferred Holder**" means a record holder of Series B Senior Preferred Shares as the same appears on the Stock Books of the Corporation.

"**Series B Senior Preferred Share**" means a share of the Series B Senior Preferred Stock that has been issued pursuant to and subject to the Articles of Incorporation and that (i) has not been redeemed and cancelled or delivered to the Corporation for cancellation, (ii) is not owned by the Corporation or any Affiliate thereof and (iii) is not represented by a certificate in lieu of which a new certificate has been executed and delivered by the Corporation.

"**Series B Senior Preferred Stock**" means the Series B Senior Preferred Stock of the Corporation, par value $0.001 per share.

"**Series B Senior Quarterly Dividend Amount**" means, for each Series B Senior Preferred Share as of any Quarterly Dividend Payment Date, an amount equal to the amount that would accrue on the Face Amount of such Series B Senior Preferred Share during the Quarterly Dividend Period ending on such date at the Series B Senior Quarterly Dividend Rate in effect from time to time during such Quarterly Dividend Period calculated on the basis of a 360-day year of 30-day months.

"**Series B Senior Quarterly Dividend Rate**" means [•]% (to be established as set forth in the SEBC Preferred Stock Quarterly Dividend Rate Calculation); *provided* that the Series B Senior Quarterly Dividend Rate shall be adjusted upon, and effective as of, each occurrence of a DRD Adjustment Event by the resulting DRD Adjustment for periods thereafter.

"**Series B Senior Redemption Date**" means any of the following: (i) the Corporation Optional Redemption Date, (ii) the Holders' Elective Redemption Date, (iii) the Scheduled Redemption Date or (iv) the Liquidation Date, as the case may be.

"**Series B Senior Redemption Discount**" means, with respect to the Series B Senior Preferred Shares for which the Series B Senior Redemption Discount is being determined as of the Series B Senior Redemption Date, the amount derived from the following formula:

(i) the Series B Senior Hypothetical Swap Payment Amount—Floating Rate Payer for such Calculation Date, multiplied by

(ii) the number of Series B Senior Preferred Shares being redeemed.

"**Series B Senior Redemption Price**" means, with respect to each Series B Senior Preferred Share for which the Series B Senior Redemption Price is being determined as of the Series B Senior Redemption Date, the amount derived from the following formula:

$$FA + UP + \frac{(MW - RD)}{Nr}$$

where:

FA = Face Amount of a Series B Senior Preferred Share

UP	=	Series B Senior Unpaid Amount per Series B Senior Preferred Share
MW	=	Series B Senior Make-Whole Premium
RD	=	Series B Senior Redemption Discount
Nr	=	the number of Series B Senior Preferred Shares being redeemed

"**Series B Senior Unpaid Amount**" means, as of the Series B Senior Redemption Date, the sum of (i) all unpaid Series B Senior Quarterly Dividend Amounts for each Quarterly Dividend Payment Date occurring on or prior to the Series B Senior Redemption Date whether or not a Quarterly Dividend was declared for such Quarterly Dividend Payment Date, plus (ii) the amount of each Annual Gross-up Dividend, Additional Annual Gross-up Dividend and Retroactive DRD Adjustment Dividend that the Corporation could have declared but for the lack of sufficient legally available funds or earnings and profits, plus (iii) if the Series B Senior Redemption Date is not also a Quarterly Dividend Payment Date, an amount equal to the product of (x) the Series B Senior Quarterly Dividend Amount for the Quarterly Dividend Period in which the Series B Senior Redemption Date occurs and (y) the quotient obtained by dividing the number of days elapsed from and including the immediately preceding Quarterly Dividend Payment Date to but excluding the Series B Senior Redemption Date by 90, plus (iv) an amount equal to the dividends referred to in the second and third sentences of Section 4(b) of Exhibit C.

"**Series J Junior Hypothetical Floating Rate**" means LIBOR plus [•]% as of the Date of Original Issue (to be established on the Determination Date).

"**Series J Junior Hypothetical Swap Agreement**" means, with respect to any Calculation Date, a fixed for floating interest rate swap beginning on the Date of Original Issue and terminating on the Permitted Swap Termination Date (the "Hypothetical Swap Period"), and having the following terms: (i) a notional amount equal to the aggregate Face Amount of all outstanding Series J Junior Preferred Shares as of two days prior to the Series J Junior Redemption Date, (ii) fixed and floating payments due on each Quarterly Dividend Payment Date during the Hypothetical Swap Period, (iii) a fixed rate equal to the Series J Junior Quarterly Dividend Rate as of the Date of Original Issue, (iv) a floating rate equal to the Series J Junior Hypothetical Floating Rate, (v) is governed by the 1992 form of ISDA Master Agreement (Multicurrency—Cross Border) published by the International Swaps and Derivatives Association, Inc. and (vi) includes a schedule to the master agreement referred to in the preceding clause (v) which provides for early termination of the Series J Junior Hypothetical Swap Agreement under all circumstances using "market quotation" and "second method" in which the fixed rate payer and the floating rate payer shall both be "affected parties."

"**Series J Junior Hypothetical Swap Payment Amount—Fixed Rate Payer**" means, with respect to any date of determination, an amount equal to the quotient obtained by dividing the early termination or liquidation payment, if any, that would be payable by the fixed rate payer under the Series J Junior Hypothetical Swap Agreement if such Series J Junior Hypothetical Swap Agreement were being terminated on the Business Day immediately preceding such date by the number of Series J Junior Preferred Shares outstanding two days prior to the Series J Junior Redemption Date.

"**Series J Junior Hypothetical Swap Payment Amount—Floating Rate Payer**" means, with respect to any date of determination, an amount equal to the quotient obtained by dividing the early termination or liquidation payment, if any, that would be payable by the floating rate payer under the Series J Junior Hypothetical Swap Agreement if such Series J Junior Hypothetical Swap Agreement were being terminated on the Business Day immediately preceding such date by the number of Series J Junior Preferred Shares outstanding two days prior to the Series J Junior Redemption Date.

"**Series J Junior Liquidation Price**" means, for any Series J Junior Preferred Share as of the Liquidation Date, an amount equal to the Series J Junior Redemption Price for such Series J Junior Preferred Share.

"**Series J Junior Make-Whole Premium**" means, with respect to the Series J Junior Preferred Shares for which the Series J Junior Make-Whole Premium is being determined as of the Series J Junior Redemption Date, the amount derived from the following formula:

(i) the Series J Junior Hypothetical Swap Payment Amount—Fixed Rate Payer for such Calculation Date, multiplied by

(ii) the number of Series J Junior Preferred Shares being redeemed;

provided that the Series J Junior Make-Whole Premium shall equal the Net Portfolio Gain if the result obtained above exceeds the Net Portfolio Gain.

"**Series J Junior Preferred Holder**" means a record holder of Series J Junior Preferred Shares as the same appears on the Stock Books of the Corporation.

"**Series J Junior Preferred Share**" means a share of the Series J Junior Preferred Stock that has been issued pursuant to and subject to the Articles of Incorporation and that (i) has not been redeemed and cancelled or delivered to the Corporation for cancellation, (ii) is not owned by the Corporation or any Affiliate thereof and (iii) is not represented by a certificate in lieu of which a new certificate has been executed and delivered by the Corporation.

"**Series J Junior Preferred Stock**" means the Series J Junior Cumulative Preferred Stock of the Corporation, par value $0.001 per share.

"**Series J Junior Quarterly Dividend Amount**" means, for each Series J Junior Preferred Share as of any Quarterly Dividend Payment Date, an amount equal to the amount that would accrue on the Face Amount of such Series J Junior Preferred Share during the Quarterly Dividend Period ending on such date at the Series J Junior Quarterly Dividend Rate in effect from time to time during such Quarterly Dividend Period calculated on the basis of a 360-day year of 30-day months.

"**Series J Junior Quarterly Dividend Rate**" means [•]% (to be established as set forth in the SEBC Preferred Stock Quarterly Dividend Rate Calculation); *provided* that the Series J Junior Quarterly Dividend Rate shall be adjusted upon, and effective as of, each occurrence of a DRD Adjustment Event by the resulting DRD Adjustment for periods thereafter.

"**Series J Junior Redemption Date**" means any of the following: (i) the Corporation Optional Redemption Date, (ii) the Holders' Elective Redemption Date, (iii) the Scheduled Redemption Date or (iv) the Liquidation Date, as the case may be.

"**Series J Junior Redemption Discount**" means, with respect to each Series J Junior Preferred Share for which the Series J Junior Redemption Discount is being determined as of the Series J Junior Redemption Date, the amount derived from the following formula:

$$\frac{SP * (NPL - EIL)}{Nr}$$

where:

SP	=	0.99
NPL	=	Net Portfolio Loss for such Calculation Date
EIL	=	Expected Investment Loss for such Calculation Date
Nr	=	the number of Series J Junior Preferred Shares being redeemed on such Calculation Date

If the amount derived from the above formula results in a negative number, then the Series J Junior Redemption Discount as of such Calculation Date shall be zero. For the purpose of calculating the Series J Junior Redemption Discount, the Corporation shall calculate the Series J Junior Redemption Discount consistent with the hypothetical examples set forth on Schedule I hereto.

"**Series J Junior Redemption Price**" means, with respect to each Series J Junior Preferred Share for which the Series J Junior Redemption Price is being determined as of the Series J Junior Redemption Date, the amount derived from the following formula:

$$FA + UP + \frac{(MW - SD)}{Nr} - RD + SGRP$$

where:

FA	=	Face Amount of a Series J Junior Preferred Share
UP	=	Series J Junior Unpaid Amount per Series J Junior Preferred Share
MW	=	Series J Junior Make-Whole Premium
SD	=	Series J Junior Swap Discount
RD	=	Series J Junior Redemption Discount
SGRP	=	Special Gross-up Redemption Payment per Series J Junior

Preferred Share

Nr = the number of Series J Junior Preferred Shares being redeemed

"**Series J Junior Swap Discount**" means, with respect to the Series J Junior Preferred Shares for which the Series J Junior Swap Discount is being determined as of the Series J Junior Redemption Date, the amount derived from the following formula:

(i) the Series J Junior Hypothetical Swap Payment Amount—Floating Rate Payer for such Calculation Date, multiplied by

(ii) the number of Series J Junior Preferred Shares being redeemed.

"**Series J Junior Unpaid Amount**" means, as of the Series J Junior Redemption Date, the sum of (i) all unpaid Series J Junior Quarterly Dividend Amounts for each Quarterly Dividend Payment Date occurring on or prior to the Series J Junior Redemption Date whether or not a Quarterly Dividend was declared for such Quarterly Dividend Payment Date, plus (ii) the amount of each Annual Gross-up Dividend, Additional Annual Gross-up Dividend and Retroactive DRD Adjustment Dividend that the Corporation could have declared but for the lack of sufficient legally available funds or earnings and profits, plus (iii) if the Series J Junior Redemption Date is not also a Quarterly Dividend Payment Date, an amount equal to the product of (x) the Series J Junior Quarterly Dividend Amount for the Quarterly Dividend Period in which the Series J Junior Redemption Date occurs and (y) the quotient obtained by dividing the number of days elapsed from and including the immediately preceding Quarterly Dividend Payment Date to but excluding the Series J Junior Redemption Date by 90, plus (iv) an amount equal to the dividends referred to in the second and third sentences of Section 4(b) of Exhibit D.

"**Series K Junior Liquidation Price**" means, for each Series K Junior Preferred Share as of the Liquidation Date, an amount equal to the Face Amount of such Series K Junior Preferred Share plus the Series K Junior Unpaid Amount per Series K Junior Preferred Share.

"**Series K Junior Preferred Holder**" means a record holder of Series K Junior Preferred Shares as the same appears on the Stock Books of the Corporation.

"**Series K Junior Preferred Share**" means a share of the Series K Junior Preferred Stock that has been issued pursuant to and subject to the Articles of Incorporation and that (i) has not been redeemed and cancelled or delivered to the Corporation for cancellation, (ii) is not owned by the Corporation or any Affiliate thereof and (iii) is not represented by a certificate in lieu of which a new certificate has been executed and delivered by the Corporation.

"**Series K Junior Preferred Stock**" means the Series K Junior Cumulative Preferred Stock of the Corporation, par value $0.001 per share.

"**Series K Junior Quarterly Dividend Amount**" means, for each Series K Junior Preferred Share as of any Quarterly Dividend Payment Date, an amount equal to the amount that would accrue on the Face Amount of such Series K Junior Preferred Share during the Quarterly Dividend Period ending on such date at the Series K Junior Quarterly Dividend Rate in effect

from time to time during such Quarterly Dividend Period calculated on the basis of a 360-day year of 30-day months.

"**Series K Junior Quarterly Dividend Rate**" means [•]% (to be established as set forth in the SEBC Preferred Stock Quarterly Dividend Rate Calculation).

"**Series K Junior Redemption Date**" means the Corporation Optional Redemption Date, the Scheduled Redemption Date or the Liquidation Date, as the case may be.

"**Series K Junior Redemption Price**" means, with respect to each Series K Junior Preferred Share for which the Series K Junior Redemption Price is being determined as of the Series K Junior Redemption Date, the Series K Junior Liquidation Price.

"**Series K Junior Unpaid Amount**" means, as of the Series K Junior Redemption Date, the sum of (i) all unpaid Series K Junior Quarterly Dividend Amounts for each Quarterly Dividend Payment Date occurring on or prior to the Series K Junior Redemption Date whether or not a Quarterly Dividend was declared for such Quarterly Dividend Payment Date, plus (ii) if the Series K Junior Redemption Date is not also a Quarterly Dividend Payment Date, an amount equal to the product of (x) the Series K Junior Quarterly Dividend Amount for the Quarterly Dividend Period in which the Series K Junior Redemption Date occurs and (y) the quotient obtained by dividing the number of days elapsed from and including the immediately preceding Quarterly Dividend Payment Date to but excluding the Series K Junior Redemption Date by 90, plus (iii) an amount equal to the dividends referred to in the second and third sentences of Section 4(b) of Exhibit E.

"**Servicer**" means a major financial institution and its permitted successors or assigns under the Servicing Agreement or any entity providing the equivalent function under a replacement servicing agreement.

"**Servicing Agreement**" means the Servicing Agreement, dated as of [•], 2009, between the Corporation and the Servicer as from time to time supplemented or amended or any replacement thereof.

"**Special Gross-up Redemption Payment**" means, if the Series J Junior Unpaid Amount for a Series J Junior Preferred Share exceeds the Series J Junior Redemption Discount on the Series J Junior Redemption Date, an amount which, when taken together with the excess of the Series J Junior Unpaid Amount over the Series J Junior Redemption Discount on the Series J Junior Redemption Date, would cause the Holder of such Series J Junior Preferred Share to have a net yield in dollars (after giving effect to income tax consequences as provided below and treating the Special Gross-up Redemption Payment otherwise treated as a return of capital, as capital gain received upon the taxable sale or exchange of such Series J Junior Preferred Share) from the aggregate of both such excess and the Special Gross-up Redemption Payment to be equal to the net yield in dollars (after giving effect to income tax consequences as provided below) which would have been received by such Holder if the entire amount of such excess had instead been treated as a dividend for U.S. federal, New York State and New York City income tax purposes. Such Special Gross-up Redemption Payment shall be calculated using the maximum marginal U.S. federal, New York State and New York City corporate income tax rate

and Dividends Received Deduction percentage that was in effect for the Series J Junior Preferred Holder's taxable year in which the Series J Junior Redemption Date occurs, without consideration being given to the actual U.S. federal, state or local income tax situation of such Series J Junior Preferred Holder.

"**Specified Affiliate**" means any Person that owns directly or indirectly the Corporation.

"**Stock Books**" means the share transfer books of the Corporation maintained by or on behalf of the corporate secretary of the Corporation.

"**Subsidiary**" of the Corporation means any corporation, association, partnership or other business entity of which more than 50% of the total voting power is at the time owned or controlled, directly or indirectly, by (i) the Corporation, (ii) the Corporation and one or more Subsidiaries thereof, or (iii) one or more Subsidiaries of the Corporation.

"**Swap Payment Amount**" means, with respect to any Permitted Swap Agreement and for any period, the amount of all scheduled floating rate payments, if any, paid by the Corporation to the Eligible Swap Counterparty thereunder during such period (but excluding any Swap Termination Amounts paid by the Corporation).

"**Swap Receipt Amount**" means, with respect to any Permitted Swap Agreement and for any period, the amount of all scheduled fixed rate payments, if any, paid to the Corporation by the Eligible Swap Counterparty thereunder during such period (but excluding any Swap Termination Amounts paid by the Eligible Swap Counterparty).

"**Swap Termination Amount**" means, with respect to any Permitted Swap Agreement and for any period, the amount of all early termination or liquidation payments (including any partial reduction in the notional amount of any such Permitted Swap Agreement), if any, paid to or by the Corporation under such Permitted Swap Agreement during such period (but excluding any Swap Payment Amounts or Swap Receipt Amounts).

"**Tax Reserve Amount**" means, on any date of determination and with respect to each Tax Reserve Event that has occurred on or prior to such date and is continuing, the sum of the following with respect to each such Tax Reserve Event:

(i) an amount representing the U.S. federal, state and local income tax liability (including any liability for alternative minimum taxes), if any, that would be imposed upon the Corporation as a result of such Tax Reserve Event assuming that the related Tax Reserve Event—Proposed Changes were made to the Corporation's U.S. federal income tax return for the related taxable year; and

(ii) an amount representing the Annual Gross-up Dividend or the Additional Annual Gross-up Dividend, if any, that would exist if the Corporation's "earnings and profits" (within the meaning of Section 316 of the Code) are redetermined for the taxable year relating to the Tax Reserve Event—Proposed Changes assuming that (x) the related Tax Reserve Event—Proposed Changes were made to the Corporation's U.S. federal income tax return for the related taxable year and (y) the Corporation pays any tax liability described in clause (i) above;

provided that in determining the aggregate Tax Reserve Amount with respect to all Tax Reserve Events that have occurred on or prior to such date of determination and are still continuing as of such date, the determination of the Tax Reserve Amount for each such Tax Reserve Event shall take into consideration the effect of any Tax Reserve Events that have occurred prior to such Tax Reserve Event and are still continuing (assuming that the related Tax Reserve Event—Proposed Changes were made to the Corporation's U.S. federal income tax return for the related taxable year). Notwithstanding that a Tax Reserve Event shall no longer be continuing: (x) if the IRS or state taxing authority actually imposes the U.S. federal or state income tax liability described in clause (i) above or if another amount exists for which the Corporation has agreed or is required to pay the IRS or state taxing authority, in each case as a result of the related Tax Reserve Event—Proposed Changes, then the Tax Reserve Amount relating thereto shall continue to be included in the aggregate Tax Reserve Amount for any date of determination to the extent of such unpaid liability until such time as the Corporation satisfies such liability in full and (y) if an Annual Gross-up Dividend or Additional Annual Gross-up Dividend shall exist that relates to the Tax Reserve Event—Proposed Changes described in clause (ii) above, the Tax Reserve Amount described in clause (ii) above shall continue to be included in the aggregate Tax Reserve Amount for any date of determination until such time as the Corporation shall make payment of such Additional Annual Gross-up Dividend.

"**Tax Reserve Event**" means the receipt by the Corporation of "Form 4549—Income Tax Examination Changes" (or any similar, comparable or successor form) from the IRS, or the receipt of a similar corresponding statement from a state taxing authority, pursuant to which the IRS or the state taxing authority, as the case may be, proposes changes to the Corporation's U.S. federal, state or local income tax return for the taxable year under examination in such form. A Tax Reserve Event shall be deemed to be "continuing" from the period beginning on the date of receipt of such form by the Corporation and ending on the date a determination under Section 1313(a) of the Code or similar provision under state law, occurs with respect to whether the IRS' or state taxing authority's proposed changes to the Corporation's U.S. federal income tax return as described in such form are required to be made to the Corporation's U.S. federal or state income tax return.

"**Tax Reserve Event—Proposed Changes**" means, for each Tax Reserve Event, the proposed changes to the Corporation's U.S. federal, state or local income tax return referred to in the first sentence of the definition of "Tax Reserve Event."

"**Undeclared Dividend**" has the meaning set forth in Section 4(b) of Exhibits B, C, D or E, as applicable.

Schedule I to
Exhibit A

CALCULATION OF SERIES J JUNIOR REDEMPTION DISCOUNT

CASE I
Assumptions:

SP = .99, NPL = 10,000,000, EIL = 6,000,000, Nr = 611,000,000

Series J Junior Redemption Discount = $\frac{SP^{*}(NPL - EIL)}{Nr}$

$$RD = .00648118 = \frac{.99 * (10{,}000{,}000 - 6{,}000{,}000)}{611{,}000{,}000}$$

CASE II
Assumptions:

SP = .99, NPL = 4,000,000, EIL = 6,000,000, Nr = 611,000,000

Series J Junior Redemption Discount = $\frac{SP^{*}(NPL - EIL)}{Nr}$

$$RD = \frac{.99 * (4{,}000{,}000 - 6{,}000{,}000)}{611{,}000{,}000}$$

$$RD = -0.00324$$

$$RD = 0$$

Schedule II to
Exhibit A

CALCULATION OF DRD ADJUSTMENT[1]
Series A Senior Preferred Stock

New Dividends Received Deduction Rate	Series A Senior Quarterly Dividend Rate	New Dividends Received Deduction Rate	Series A Senior Quarterly Dividend Rate
100%		49%	
99%		48%	
98%		47%	
97%		46%	
96%		45%	
95%		44%	
94%		43%	
93%		42%	
92%		41%	
91%		40%	
90%		39%	
89%		38%	
88%		37%	
87%		36%	
86%		35%	
85%		34%	
84%		33%	
83%		32%	
82%		31%	
81%		30%	
80%		29%	
79%		28%	
78%		27%	
77%		26%	
76%		25%	
75%		24%	
74%		23%	
73%		22%	
72%		21%	
71%		20%	
70%		19%	
69%		18%	
68%		17%	
67%		16%	
66%		15%	

[1] Final rates to be provided at funding.

New Dividends Received Deduction Rate	Series A Senior Quarterly Dividend Rate	New Dividends Received Deduction Rate	Series A Senior Quarterly Dividend Rate
65%		14%	
64%		13%	
63%		12%	
62%		11%	
61%		10%	
60%		9%	
59%		8%	
58%		7%	
57%		6%	
56%		5%	
55%		4%	
54%		3%	
53%		2%	
52%		1%	
51%		0%	
50%			

Schedule III to
Exhibit A

CALCULATION OF DRD ADJUSTMENT[2]
Series B Senior Preferred Stock[3]

New Dividends Received Deduction Rate	Series B Senior Quarterly Dividend Rate	New Dividends Received Deduction Rate	Series B Senior Quarterly Dividend Rate
100%		49%	
99%		48%	
98%		47%	
97%		46%	
96%		45%	
95%		44%	
94%		43%	
93%		42%	
92%		41%	
91%		40%	
90%		39%	
89%		38%	
88%		37%	
87%		36%	
86%		35%	
85%		34%	
84%		33%	
83%		32%	
82%		31%	
81%		30%	
80%		29%	
79%		28%	
78%		27%	
77%		26%	
76%		25%	
75%		24%	
74%		23%	
73%		22%	
72%		21%	
71%		20%	
70%		19%	
69%		18%	
68%		17%	

[2] Final rates to be provided at funding.

[3] To include schedules for both 70% DRD and 80% DRD.

New Dividends Received Deduction Rate	Series B Senior Quarterly Dividend Rate	New Dividends Received Deduction Rate	Series B Senior Quarterly Dividend Rate
67%		16%	
66%		15%	
65%		14%	
64%		13%	
63%		12%	
62%		11%	
61%		10%	
60%		9%	
59%		8%	
58%		7%	
57%		6%	
56%		5%	
55%		4%	
54%		3%	
53%		2%	
52%		1%	
51%		0%	
50%			

Schedule IV to
Exhibit A

CALCULATION OF DRD ADJUSTMENT[4]
Series J Junior Preferred Stock

New Dividends Received Deduction Rate	Series J Junior Quarterly Dividend Rate	New Dividends Received Deduction Rate	Series J Junior Quarterly Dividend Rate
100%		49%	
99%		48%	
98%		47%	
97%		46%	
96%		45%	
95%		44%	
94%		43%	
93%		42%	
92%		41%	
91%		40%	
90%		39%	
89%		38%	
88%		37%	
87%		36%	
86%		35%	
85%		34%	
84%		33%	
83%		32%	
82%		31%	
81%		30%	
80%		29%	
79%		28%	
78%		27%	
77%		26%	
76%		25%	
75%		24%	
74%		23%	
73%		22%	
72%		21%	
71%		20%	
70%		19%	
69%		18%	
68%		17%	
67%		16%	
66%		15%	

[4] Final rates to be provided at funding.

New Dividends Received Deduction Rate	Series J Junior Quarterly Dividend Rate	New Dividends Received Deduction Rate	Series J Junior Quarterly Dividend Rate
65%		14%	
64%		13%	
63%		12%	
62%		11%	
61%		10%	
60%		9%	
59%		8%	
58%		7%	
57%		6%	
56%		5%	
55%		4%	
54%		3%	
53%		2%	
52%		1%	
51%		0%	
50%			

Schedule V to
Exhibit A

CRITERIA FOR ELIGIBLE PORTFOLIO INVESTMENTS

1. The remaining term to final maturity of an Eligible Portfolio Investment shall not extend beyond the Scheduled Redemption Date.

2. An Eligible Portfolio Investment must be purchased at par or a discount and must pay interest, to the extent possible, on dates and in amounts not less than an aggregate amount that is sufficient for the Corporation to have enough income to pay Quarterly Dividends in full on the Quarterly Dividend Payment Dates either with the then existing Permitted Swap Agreement or another Permitted Swap Agreement or without a Permitted Swap Agreement if none is needed.

3. An Eligible Portfolio Investment must constitute a financial asset, either fixed or revolving, that by its terms converts into cash within a finite time period and, therefore, qualifies as an "eligible asset" as such term is defined in Rule 3a-7(b)(1) under the Investment Company Act.

Schedule VI to
Exhibit A

SEBC PREFERRED STOCK
QUARTERLY DIVIDEND RATE CALCULATION

Based on the following assumptions and the SEBC Preferred Stock Quarterly Dividend Rate Calculation, the following rates result for the Series A Senior Preferred Stock, Series B Senior Preferred Stock, Series J Junior Preferred Stock and Series K Junior Preferred Stock:

Assumptions:

i. Market Rate: [3.60%]

ii. Coupon Rate on Assets: [5.60%]

iii. Expected Losses on Portfolio Investments per year:[$0.8mm]

iv. Anticipated Liabilities per year: [$10.5mm]

v. Anticipated Operating Expenses per year: [$0.9mm]

vi. Advisory Fees per year: [$1.5mm]

SEBC Preferred Stock Rates:

i. Series A Senior Preferred Stock: [4.60%]

ii. Series B Senior Preferred Stock: [4.45%]

iii. Series J Junior Preferred Stock: [4.65%]

iv. Series K Junior Preferred Stock: [4.45%]

EXHIBIT B

SERIES A SENIOR PREFERRED STOCK OF SEBC FINANCIAL CORPORATION

Section 1. *Designation, Amount, Series and Rank.* From the authorized Preferred Stock of SEBC Financial Corporation (the "**Corporation**"), there shall be a series of Preferred Stock designated as the "Series A Senior Preferred Stock," par value $0.001 per share (the "**Series A Senior Preferred Stock**"), and the number of shares constituting such series shall be [•]. The Series A Senior Preferred Stock shall, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of the Corporation, rank (a) senior to the Series B Senior Preferred Stock, the Series J Junior Preferred Stock, the Series K Junior Preferred Stock, the Common Stock, and all other classes or series of capital stock of the Corporation hereafter issued which are not by their terms expressly senior to or on a parity with the Series A Senior Preferred Stock; (b) on a parity with all classes or series of capital stock of the Corporation hereafter issued which are by their terms expressly on a parity with the Series A Senior Preferred Stock; and (c) junior to all classes or series of capital stock of the Corporation hereafter issued which are by their terms expressly senior to the Series A Senior Preferred Stock.

Section 2. *Definitions.* Capitalized terms used but not defined in this Exhibit B shall have the respective meanings set forth in the Articles of Incorporation or in Exhibit A to the Articles of Incorporation.

Section 3. *Series A Senior Preferred Shares; Distributions.*

(a) The Series A Senior Preferred Shares shall be represented by one or more certificates registered in the Stock Books in the names of the Holders of the Series A Senior Preferred Shares.

(b) No fractional Series A Senior Preferred Shares shall be issued.

(c) Notwithstanding anything in the Articles of Incorporation to the contrary, the Corporation shall have no right to make distributions or payments in respect of the Series A Senior Preferred Shares unless such distributions or payments are made solely from one or more of the following sources:

(i) interest and other distributions and payments received by the Corporation on or in respect of the Portfolio Investments or the Permitted Investments purchased by the Corporation from time to time;

(ii) all proceeds received by the Corporation from the maturity, redemption, repayment, prepayment, sale, exchange or other disposition of Portfolio Investments or Permitted Investments (including those in which the Liquidity Reserve is invested from time to time); and

(iii) all other assets or property of the Corporation including, without limitation, the stock of any Subsidiary and the proceeds of any disposition thereof.

Section 4. *Dividends.*

(a) Subject to Section 3(c) hereof, each Series A Senior Preferred Holder shall be entitled to receive, subject to declaration thereof by the Board of Directors or a duly authorized committee thereof, out of funds legally available therefor, a cash dividend (a "**Quarterly Dividend**") on each Quarterly Dividend Payment Date for the Quarterly Dividend Period then ending in an amount equal to the Series A Senior Quarterly Dividend Amount for such Quarterly Dividend Period.

(b) The amount of any dividend not declared, or the shortfall in the amount of any dividend that is declared, regardless of a lack of sufficient legally available funds or sufficient earnings and profits (such amount or shortfall, as the case may be, being an "**Undeclared Dividend**"), will accumulate until paid. Additional dividends will accumulate on the amount of any Undeclared Dividend at the rate per annum equal to the Series A Senior Quarterly Dividend Rate, compounded quarterly, from and including the Dividend Payment Date that would have been applicable to such Undeclared Dividend had it been declared to but excluding the date paid. Additional dividends will accumulate on the amount of any declared dividend that is not paid on the applicable Dividend Payment Date for any reason at the rate per annum equal to the Series A Senior Quarterly Dividend Rate, compounded quarterly, from and including such Dividend Payment Date to but excluding the date paid.

(c) The record date for the determination of the Series A Senior Preferred Holders entitled to receive payment of a dividend and the date of such payment will be the date fixed by the Corporation's Board of Directors or a duly authorized committee thereof, which record date will be no more than fifteen (15) days prior to the Dividend Payment Date fixed for the payment thereof. The Corporation shall provide written notice of the record date for, the amount of, and the Dividend Payment Date fixed for payment of, each dividend to the Series A Senior Preferred Holders promptly after each such date and amount is fixed. So long as the Series A Senior Preferred Shares are held of record by the nominee of the Securities Depository, dividends will be paid to the nominee of the Securities Depository on each Dividend Payment Date for the Series A Senior Preferred Shares. The Securities Depository will credit the accounts of Agent Members acting as such for Series A Senior Preferred Holders in accordance with its normal procedures, which provide for payment in same-day funds. Each Agent Member will be responsible for holding or disbursing such payments to the Series A Senior Preferred Holder for which it is so acting in accordance with the instructions of such Holder. Series A Senior Preferred Holders will not be entitled to any dividends on Series A Senior Preferred Shares, whether payable in cash or property, in excess of the dividends provided herein. All dividends will be paid *pro rata* with respect to the Series A Senior Preferred Shares to the Series A Senior Preferred Holders entitled thereto. Notwithstanding anything in the Articles of Incorporation to the contrary, no dividend shall be paid unless, immediately after making such payment and giving effect thereto, the Market Value of the Portfolio Investments and the Permitted Investments equals or exceeds the sum of (i) the consolidated liabilities of the Corporation and its Subsidiaries at such time *plus* (ii) the Series A Senior Redemption Price (assuming the

date of determination is a Series A Senior Redemption Date) for all Series A Senior Preferred Shares outstanding at such time.

(d) (i) If any DRD Adjustment Event that reduces the Dividends Received Deduction applies with retroactive effect to dividends previously paid on the Series A Senior Preferred Shares (each date on which the Corporation previously paid dividends, a "**DRD Affected Dividend Payment Date**"), the Series A Senior Preferred Holders shall be entitled to receive, subject to declaration by the Board of Directors or a duly authorized committee thereof out of funds legally available therefor, an additional cash dividend (a "**Retroactive DRD Adjustment Dividend**") on the Series A Senior Preferred Shares on or before the last day of the Quarterly Dividend Period next succeeding the Quarterly Dividend Period in which the Corporation provides a Retroactive DRD Adjustment Dividend Payment Notice to the Series A Senior Preferred Holders in an amount equal (A) in the case of a Quarterly Dividend, to the excess (if any) of (x) the sum of the Quarterly Dividends that would have been paid by the Corporation on each DRD Affected Dividend Payment Date if Quarterly Dividends equal to the Series A Senior Quarterly Dividend Amount for the Quarterly Dividend Period ending on such DRD Affected Dividend Payment Date had been declared and paid in full on such date (assuming that the applicable Series A Senior Quarterly Dividend Rate used in determining such Series A Senior Quarterly Dividend Amount had been adjusted for such DRD Adjustment Event as described in the definition of Series A Senior Quarterly Dividend Rate) over (y) the sum of the Quarterly Dividends paid by the Corporation on each DRD Affected Dividend Payment Date and (B) in the case of Annual Gross-up Dividends or Additional Annual Gross-up Dividends, to the excess (if any) of (x) the Annual Gross-up Dividends or Additional Annual Gross-up Dividends adjusted for the effect of such DRD Adjustment Event over (y) the Annual Gross-up Dividends or Additional Annual Gross-up Dividends paid by the Corporation on each DRD Affected Dividend Payment Date. The Corporation shall make only one payment of Retroactive DRD Adjustment Dividends in connection with each DRD Adjustment Event. Upon the occurrence of any DRD Adjustment Event, the Board of Directors or a duly authorized committee thereof shall, within ten (10) Business Days after such DRD Adjustment Event occurs, determine whether to declare any Retroactive DRD Adjustment Dividend and, if so, the Corporation shall promptly provide written notice of the amount and date of payment thereof to the Series A Senior Preferred Holders (such notice, the "**Retroactive DRD Adjustment Dividend Payment Notice**").

(ii) If any DRD Adjustment Event that increases the Dividends Received Deduction applies with retroactive effect to Quarterly Dividends, Annual Gross-up Dividends or Additional Annual Gross-up Dividends previously paid on the Series A Senior Preferred Shares, then each Series A Senior Preferred Holder that received any such dividend subject to such retroactive DRD Adjustment Event shall pay to the Corporation an amount equal to the excess of the dividend actually received over the amount of dividend that would have been received had the amount of such dividend been adjusted at the time of payment to reflect such DRD Adjustment Event. Such Series A Senior Preferred Holder shall pay such excess not less than 10 Business Days after receipt of the Corporation's written demand therefor, which demand shall include a

reasonably detailed computation of such excess and which computation shall be binding in the absence of manifest error. In lieu of requiring such payment, the Corporation may elect to reduce one or more subsequent Quarterly Dividends on the Series A Senior Preferred Shares by an aggregate amount equal to the payment that the Series A Senior Preferred Holders would otherwise have been required to pay pursuant to this Section 4(d)(ii).

(e) Without duplication, if any dividends paid by the Corporation during any taxable year (including without limitation, an Annual Gross-up Dividend paid during such taxable year) constitutes (in whole or in part) a return of capital for U.S. federal income tax purposes or is treated as a gain from the sale or exchange of the Series A Senior Preferred Shares pursuant to Section 301(c)(2) or (3) of the Code as a result of an insufficiency of "**earnings and profits**" (within the meaning of Section 316 of the Code) of the Corporation (such dividends (or portions thereof) so constituting a return of capital or being treated as a gain from the sale or exchange of the Series A Senior Preferred Shares, collectively, a "**Return of Capital Distribution**"), each Series A Senior Preferred Holder shall be entitled to receive, subject to declaration by the Board of Directors or a duly authorized committee thereof out of funds legally available therefor, an additional dividend (an "**Annual Gross-up Dividend**") on or before the last day of the Quarterly Dividend Period next succeeding the Quarterly Dividend Period in which the Corporation provides the Gross-up Dividend Payment Notice to the Series A Senior Preferred Holders in an amount (an "**Annual Gross-up Amount**") that, when taken together with the aggregate Return of Capital Distributions paid to the Series A Senior Preferred Holder thereof in respect of such Series A Senior Preferred Shares for such taxable year of the Corporation, would cause such Holder's net yield in dollars (after giving effect to income tax consequences as provided below and treating the portion of such Return of Capital Distributions otherwise treated as a return of capital as capital gain received upon the taxable sale or exchange of such Series A Senior Preferred Shares) from the Return of Capital Distributions to be equal to the net yield in dollars (after giving effect to income tax consequences as provided below) which would have been received by such Holder if the entire amount of the aggregate Return of Capital Distributions had instead been treated as a dividend for U.S. federal income tax purposes. In determining the Annual Gross-up Amount for any Holder's Series A Senior Preferred Shares: (i) such Annual Gross-up Amount shall be calculated using the applicable maximum marginal U.S. federal, New York State and New York City corporate income tax rate and, where applicable, the applicable Dividends Received Deduction percentage, without consideration being given to the actual U.S. federal, state or local income tax situation of any Series A Senior Preferred Holder (in each case with respect to the highest U.S. federal, New York State and New York City corporate income tax rate and the Dividends Received Deduction percentage that was in effect for the taxable year in which the Return of Capital Distribution was made) and (ii) the Corporation shall make a determination, based upon its U.S. federal income tax return for the related taxable year, of the distributions to such Holder that are to be treated as dividends for U.S. federal income tax purposes. Not later than each Annual Gross-up Dividend Determination Date, the Corporation shall determine if any Return of Capital Distributions exist.

(f) (i) If the amount of the Corporation's "**earnings and profits**" (within the meaning of Section 316 of the Code) for a taxable year is redetermined by the IRS or otherwise and, after giving effect to such redetermination, any previously determined Annual Gross-up Amount would have been greater (the excess of such greater amount over the previously determined Annual Gross-up Amount being referred to herein as the "**Additional Annual Gross-up Amount**") had it been computed using such redetermined amount, each Series A Senior Preferred Holder shall be entitled to receive, subject to declaration by the Board of Directors or a duly authorized committee thereof out of funds legally available therefor, an additional dividend (an "**Additional Annual Gross-up Dividend**") on or before the last day of the Quarterly Dividend Period next succeeding the Quarterly Dividend Period in which the Corporation provides the Gross-up Dividend Payment Notice to the Series A Senior Preferred Holders relating to such redetermination, in an amount equal to the Additional Annual Gross-up Amount for each of such Holder's Series A Senior Preferred Shares.

(ii) If any such redetermination of the Corporation's earnings and profits results in a determination that the Annual Gross-up Dividends or Additional Annual Gross-up Dividends previously paid on the Series A Senior Preferred Shares, after giving effect to such redetermination would have been less, then each Series A Senior Preferred Holder that received any such dividend shall pay to the Corporation an amount equal to the excess of the dividend actually received over the amount of dividend that would have been received had the amount of such dividend been adjusted at the time of payment to reflect such redetermination. Such Series A Senior Preferred Holder shall pay such excess not less than 10 Business Days after receipt of the Corporation's written demand therefor, which demand shall include a reasonably detailed computation of such excess and which computation shall be binding in the absence of manifest error. In lieu of requiring such payment, the Corporation may elect to reduce one or more subsequent Quarterly Dividends on the Series A Senior Preferred Shares by an aggregate amount equal to the payment that the Series A Senior Preferred Holders would otherwise have been required to pay pursuant to this Section 4(f)(ii).

(g) Not later than ten (10) Business Days after the date on which the Corporation has determined that any Annual Gross-up Amount or Additional Annual Gross-up Amount exists and an Annual Gross-up Dividend or Additional Annual Gross-up Dividend has been declared, the Corporation shall provide written notice to the Series A Senior Preferred Holders informing the Series A Senior Preferred Holders of the amount of such Annual Gross-up Dividends or Additional Annual Gross-up Dividends and the Dividend Payment Date fixed for payment thereof (such notice, a "**Gross-up Dividend Payment Notice**").

(h) On each Dividend Payment Date on which dividends are paid to the Series A Senior Preferred Holders, the Corporation shall provide to each Series A Senior Preferred Holder a written statement setting forth the Corporation's estimate as to the portion of such payment constituting a dividend for U.S. federal income tax purposes. Not later than the 75th day after the end of each taxable year of the Corporation, the Corporation shall provide each Series A Senior Preferred Holder with a statement

setting forth the aggregate dividends paid to such Holder as a holder of record during such taxable year that constitute dividends for U.S. federal income tax purposes.

(i) Notwithstanding anything in the Articles of Incorporation to the contrary, if, after the date on which a Series A Senior Preferred Holder's shares have been redeemed or otherwise paid, a determination has been made that such Holder would have been entitled to receive dividends pursuant to Section 4(d), Section 4(e) or Section 4(f) hereof if such Holder's shares were still outstanding Series A Senior Preferred Shares, such Holder's shares shall be considered Series A Senior Preferred Shares solely for the purpose of receiving the amounts that such Holder shall be entitled to receive pursuant to Section 4(d), Section 4(e) or Section 4(f) hereof and, solely for the purpose of receiving such amounts pursuant to Section 4(d), Section 4(e) or Section 4(f) hereof, such Holder shall have all the rights and privileges that would be afforded such Holder under the Articles of Incorporation (including, without limitation, the voting rights under Section 7 hereof) if such Holder's shares were still Series A Senior Preferred Shares.

Section 5. *Liquidation Rights.*

(a) Subject to Section 3(c) hereof, upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, each Holder of Series A Senior Preferred Shares at such time will be entitled to receive out of the assets of the Corporation available for distribution to its stockholders an amount in cash, before any distribution of assets is made to the Holders of Series B Senior Preferred Stock, Series J Junior Preferred Stock or Series K Junior Preferred Stock or to the Holders of Common Stock, equal to the Series A Senior Liquidation Price for each of such Holder's Series A Senior Preferred Shares. The Series A Senior Liquidation Price for the Series A Senior Preferred Shares of each Series A Senior Preferred Holder shall be paid on the date established by the Board of Directors in connection with the approval of the liquidation, dissolution or winding up of the Corporation (the "**Liquidation Date**"). After the payment of the full amount of the Series A Senior Liquidation Price in respect of the Series A Senior Preferred Shares of the Holders entitled thereto and the other amounts provided in this paragraph, the Series A Senior Preferred Holders will have no right or claim to any of the remaining assets of the Corporation, except pursuant to Section 4(i) hereof.

(b) If, upon any such voluntary or involuntary dissolution, liquidation or winding up, the available assets of the Corporation are insufficient to pay the amount of the Series A Senior Liquidation Price in full on each Series A Senior Preferred Share, then such available assets will be applied *pro rata* (based upon the proportion that the amount available to pay such liquidation prices bears to the amount necessary to pay such liquidation prices in full) among all Series A Senior Preferred Shares toward payment of the Series A Senior Liquidation Price thereof. Unless and until payment in full of the Series A Senior Liquidation Price of each Series A Senior Preferred Share, upon the liquidation, dissolution or winding up of the Corporation, no dividends or distributions or other payments may be made to the Holders of any Series B Senior Preferred Stock, Series J Junior Preferred Stock or Series K Junior Preferred Stock or to

the Holders of any Common Stock, and no purchase, redemption or other acquisition for any consideration by the Corporation may be made in respect of the Series B Senior Preferred Stock, Series J Junior Preferred Stock, Series K Junior Preferred Stock or the Common Stock.

(c) If, on or after the first anniversary of the date of acquisition of the Series A Senior Preferred Shares from MLE and for so long as any Series A Senior Preferred Shares are outstanding, the Majority Series A Senior Preferred Holders shall provide written notice to the Corporation requiring the Corporation to liquidate pursuant to this Section 5, then the Corporation shall have the right, but not the obligation, within forty-five (45) days after the receipt of such notice, to provide a Notice of Redemption to the Holders of the Series A Senior Preferred Stock, which Notice of Redemption shall state that the next succeeding Quarterly Dividend Payment Date shall be deemed to be a Corporation Optional Redemption Date. If the Corporation shall provide such Notice of Redemption, then the Series A Senior Preferred Stock shall be subject to redemption, in whole and not in part, pursuant to Section 6(b) hereof. If the Corporation shall not provide such Notice of Redemption, then the Corporation shall promptly liquidate pursuant to Section 5 hereof. For the avoidance of doubt, this Section 5(c) shall not become operative until MLE ceases to be the beneficial owner of any Series A Senior Preferred Shares.

(d) None of the conversion of the Corporation into another entity, the merger or consolidation of the Corporation into or with any other entity, the merger or consolidation of any other entity with or into the Corporation or the sale of all or substantially all of the property or the business of the Corporation will be deemed to constitute a dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, for the purposes of this Section 5.

Section 6. *Redemption.*

(a) *Holders' Elective Redemption.* If any Holders' Elective Redemption Event shall have occurred, the Majority Series A Senior Preferred Holders may direct the Corporation to redeem the Series A Senior Preferred Shares, in whole or in part, on the Holders' Elective Redemption Date. Any such direction by the Majority Series A Senior Preferred Holders shall be in writing (the "**Holders' Elective Redemption Direction**"), shall be delivered to the Corporation in accordance with Section 7(k)(i) hereof and shall specify (i) a date (the "**Holders' Elective Redemption Date**") for redemption of the Series A Senior Preferred Shares, which date shall be a Quarterly Dividend Payment Date occurring not less than 90 days after the date on which the Holders' Elective Redemption Direction is delivered to the Corporation, (ii) the Holders' Elective Redemption Event and (iii) whether such redemption is to be in whole or in part (expressed as a percentage of Series A Senior Preferred Shares). The Corporation shall promptly forward a copy of such Holders' Elective Redemption Direction to each Series A Senior Preferred Holder together with a Notice of Redemption (as defined below). On the Holders' Elective Redemption Date, the Corporation shall pay each Series A Senior Preferred Holder the Series A Senior Redemption Price for each Series A Senior Preferred Share owned by such Holder to be

redeemed in cash out of funds legally available therefor and described in Section 3(c) hereof. A Holders' Elective Redemption Direction may be withdrawn at any time by the Majority Series A Senior Preferred Holders. Notwithstanding the foregoing, if any Holders' Elective Redemption Event shall have occurred and the Majority Series B Senior Preferred Holders and/or Majority Series J Junior Preferred Holders have directed the Corporation to redeem the Series B Senior Preferred Shares, in whole or in part, and/or Series J Junior Preferred Shares, in whole and not in part, as applicable, on the Holders' Elective Redemption Date with respect to the Series B Senior Preferred Shares and/or Series J Junior Preferred Shares, as applicable, then the Majority Series A Senior Preferred Holders shall have the right to direct the Corporation first to redeem the Series A Senior Preferred Shares. Any such direction by the Majority Series A Senior Preferred Holders shall be in writing and shall be delivered to the Corporation and the Majority Series B Senior Preferred Holders and/or Majority Series J Junior Preferred Holders, as applicable, no later than 15 days before the Holders' Elective Redemption Date with respect to the Series B Senior Preferred Shares and/or Series J Junior Preferred Shares, as applicable.

(b) *Corporation Optional Redemption.* The Series A Senior Preferred Shares will be subject to redemption, in whole and not in part, by resolution of the Board of Directors at the option of the Corporation on any Corporation Optional Redemption Date. On the Corporation Optional Redemption Date, the Corporation shall pay each Series A Senior Preferred Holder the Series A Senior Redemption Price in cash for each Series A Senior Preferred Share owned by such Holder to be redeemed out of funds legally available therefor and described in Section 3(c) hereof.

(c) *Scheduled Redemption.* The Series A Senior Preferred Shares shall be redeemed, in whole and not in part, upon the Scheduled Redemption Date. On the Scheduled Redemption Date, the Corporation shall pay each Series A Senior Preferred Holder the Series A Senior Redemption Price in cash for each Series A Senior Preferred Share owned by such Holder out of funds legally available therefor and described in Section 3(c) hereof. If on the Scheduled Redemption Date such funds are insufficient to redeem the total number of Series A Senior Preferred Shares to be redeemed on such date, those funds which are legally available and described in Section 3(c) hereof will be applied *pro rata* (based upon the proportion that the amount available to pay such redemption prices bears to the amount necessary to pay such redemption prices in full) among all Series A Senior Preferred Holders toward payment of the Series A Senior Redemption Price thereof.

(d) *Notice of Redemption.* Whenever Series A Senior Preferred Shares are to be redeemed, the Corporation shall mail a notice (a "**Notice of Redemption**") to the Series A Senior Preferred Holders not less than fifteen (15) calendar days nor more than forty-five (45) calendar days prior to the date fixed for redemption. A Notice of Redemption shall be addressed to each Series A Senior Preferred Holder at the address for such Holder appearing on the Stock Books. The Notice of Redemption shall state (i) the Series A Senior Redemption Date, (ii) an estimate of the Series A Senior Redemption Price, (iii) the aggregate number of Series A Senior Preferred Shares to be redeemed (it being understood that if a redemption pursuant to Section 6(a) is in part,

then the number of shares to be redeemed from each Series A Senior Preferred Holder shall be the same percentage specified in the Holders' Elective Redemption Direction), (iv) the place or places where Series A Senior Preferred Shares are to be surrendered for payment of the Series A Senior Redemption Price, (v) that no dividends on the Series A Senior Preferred Shares to be redeemed will be payable after the date fixed for redemption (unless the Corporation shall default in the payment of the Series A Senior Redemption Price), and (vi) the provision under this Section 6 under which redemption is made.

(e) *Surrender of Certificates; Effect.* On or after the Series A Senior Redemption Date, each Holder of Series A Senior Preferred Shares shall surrender the certificate or certificates for such Series A Senior Preferred Shares to the Corporation at the place designated in the Notice of Redemption, and against such surrender the Series A Senior Redemption Price of such Series A Senior Preferred Shares shall be paid to or on the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be canceled. If less than all the Series A Senior Preferred Shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed Series A Senior Preferred Shares. From and after the Series A Senior Redemption Date (unless the Corporation shall default in the payment in full of the Series A Senior Redemption Price), all dividends on the Series A Senior Preferred Shares so redeemed shall cease to accrue and all rights of the Series A Senior Preferred Holders thereof, except the right to receive the Senior A Senior Redemption Price of such shares upon the surrender of certificates representing the same and except as provided in Section 4(i) hereof, shall cease and terminate and such shares shall not thereafter be transferred on the Stock Books of the Corporation and shall not be deemed to be Series A Senior Preferred Shares for any purpose whatsoever.

(f) *Series A Senior Preferred Shares Retired.* Series A Senior Preferred Shares redeemed pursuant to the provisions of this Section 6 shall thereupon have the status of authorized but unissued shares of Preferred Stock without designation.

Section 7. *Voting Rights.*

(a) Holders of the Series A Senior Preferred Shares shall have no voting rights, either general or special, and shall have no right to participate in the management of the Corporation, except as expressly required by applicable law and as specified in this Section 7.

(b) Without the affirmative vote of the Holders of more than 80% of the Series A Senior Preferred Shares, so long as there are any Series A Senior Preferred Shares, the Corporation shall not:

(i) institute proceedings to be adjudicated a bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against it, or file a petition or an answer or consent to a petition seeking reorganization or relief under any applicable federal, state or foreign law relating to bankruptcy, or

consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Corporation or of a substantial part of the property of the Corporation, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any corporate or other action in furtherance of any such action;

(ii) consolidate or merge the Corporation or any Subsidiary with or into any other Person, or permit any other Person to consolidate with or merge into the Corporation or any Subsidiary, in either case pursuant to which the market value of the surviving or resulting entity exceeds the market value of the Corporation by more than 5%;

(iii) sell, lease, convey or otherwise dispose of all or substantially all of the assets of the Corporation (other than with respect to sales or disposals of Permitted Investments in connection with the payment of dividends or the redemption of Series A Senior Preferred Shares);

(iv) voluntarily dissolve, liquidate or wind up the affairs of the Corporation or any Subsidiary;

(v) issue shares of Common Stock to any Person;

(vi) create, authorize or issue shares of additional classes or series of stock;

(vii) own any assets other than (w) investments held by the Corporation on the date of filing of the Articles of Incorporation, (x) Portfolio Investments and Permitted Investments, (y) the common stock of the Subsidiaries (and the assets thereof owned on the date of filing of the Articles of Incorporation), and (z) securities issued by entities whose sole assets are cash, cash equivalents and real property (or securities issued by such entities);

(viii) create, authorize, issue, incur or suffer to exist any indebtedness for borrowed money or other liability other than in the ordinary course of business in an aggregate amount not exceeding $1,000,000;

(ix) have any salaried employees;

(x) amend, alter or repeal any provision of the Articles of Incorporation or the Bylaws, whether by merger, consolidation or otherwise, so as to adversely affect any of the rights, powers, preferences, privileges, terms or par value of any Series A Senior Preferred Share or to change the capital surplus of the Corporation in a manner adverse to the Holders of Series A Senior Preferred Shares or to modify any of the limitations set forth in this Section 7(b) or Section 8 hereof; or

(xi) do anything that requires the affirmative vote of each class of voting securities of the Corporation.

(c) Without the affirmative vote of the Holders of more than 80% of the Series A Senior Preferred Shares, so long as there are any Series A Senior Preferred Shares, the Corporation shall not permit any Subsidiary to:

(i) institute proceedings to be adjudicated a bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against it, or file a petition or an answer or consent to a petition seeking reorganization or relief under any applicable federal, state or foreign law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Subsidiary or of a substantial part of the property of such Subsidiary, or make any assignment for the benefit of creditors, or admit in writing such Subsidiary's inability to pay its respective debts generally as they become due, or take any corporate or other action in furtherance of any such action;

(ii) consolidate or merge such Subsidiary with or into any other Person, or permit any other Person to consolidate with or merge into such Subsidiary;

(iii) sell, lease, convey or otherwise dispose of all or substantially all of the assets of such Subsidiary (other than with respect to sales or disposals of Portfolio Investments or Permitted Investments in connection with the payment of distributions on the Corporation's interest in such Subsidiary);

(iv) voluntarily dissolve, liquidate or wind up the affairs of such Subsidiary;

(v) if such Subsidiary is a limited liability company, admit or create additional members;

(vi) if such Subsidiary is a corporation, issue additional shares of common stock or create, authorize or issue shares of additional classes or series of stock;

(vii) own any assets other than (x) Portfolio Investments and Permitted Investments, (y) the common stock of the Subsidiaries and (z) the assets held on the date of filing of the Articles of Incorporation;

(viii) loan, distribute or transfer any monies or assets of such Subsidiary to any other Subsidiary;

(ix) create, authorize, issue, incur or suffer to exist any indebtedness for borrowed money or other liability;

(x) have any employees; or

(xi) make an election to become a "**disregarded entity**" for U.S. federal income tax purposes.

(d) Upon the occurrence of any of the following events, the authorized number of directors of the Board of Directors shall automatically be increased by the smallest even number divisible by three of new directors that shall constitute a majority of the Board of Directors, as so increased (such new directors, the "**Additional Directors**"), and (A) in the case of an event described in clauses (i), (ii) or (iii) below, each of the Majority Series A Senior Preferred Holders, the Majority Series B Senior Preferred Holders and the Majority Series J Junior Preferred Holders shall be entitled to elect one-third of the Additional Directors, and (B) in the case of an event described in clauses (iv) or (v) below, each of (x) the Majority Series A Senior Preferred Holders, (y) the Majority Series B Senior Preferred Holders and (z) voting together as a single class, the Majority Series J and Series K Junior Preferred Holders shall be entitled to elect one-third of the Additional Directors:

(i) the Corporation or any Specified Affiliate shall institute proceedings to be adjudicated a bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against any such Person, or file a petition or an answer or consent to a petition seeking reorganization or relief under any applicable federal, state or foreign law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of any such Person or of a substantial part of any such Person's property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any corporate or other action in furtherance of any such action;

(ii) the entry of a decree or order by a court having competent jurisdiction adjudging the Corporation or any Specified Affiliate bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of any such Person under any applicable federal, state or foreign law relating to bankruptcy, or appointing a receiver, liquidator, assignee, trustee, sequestrator or other similar official of any such Person or of a substantial part of any such Person's property, or ordering the winding up or liquidation of any such Person's affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days;

(iii) failure of the Corporation to maintain the Liquidity Reserve in accordance with Section 8(e) hereof and such failure continues for ten (10) Business Days after any Series A Senior Preferred Holder gives written notice to the Corporation of such failure;

(iv) failure of the Corporation to declare and pay in full Quarterly Dividends equal to the applicable Series A Senior Quarterly Dividend Amount on two or more consecutive Quarterly Dividend Payment Dates; or

(v) failure of the Corporation to pay in full the Series A Senior Redemption Price of the Series A Senior Preferred Shares on the Series A Senior Redemption Date.

(e) As soon as reasonably practicable after the accrual of any right of the Series A Senior Preferred Holders to elect Additional Directors pursuant to Section 7(d) hereof and so long as the Series A Senior Preferred Holders shall not have taken the action described in Section 7(k)(ii) hereof, the Board of Directors shall call a special meeting of the Series A Senior Preferred Holders, the Series B Senior Preferred Holders, the Series J Junior Preferred Holders and, if applicable, the Series K Junior Preferred Holders by mailing to such Holders a notice of such special meeting to be held not less than five (5) Business Days nor more than thirty (30) calendar days after the date such notice is given. If the Board of Directors does not send such notice, any such special meeting may be called by any Series A Senior Preferred Holder, Series B Senior Preferred Holder, Series J Junior Preferred Holder or Series K Junior Preferred Holder on like notice. The record date for determining the Holders entitled to notice of, and to vote at, such meeting shall be the close of business on the Business Day immediately preceding the day on which such notice is mailed. At any such special meeting, the applicable Holders will be entitled to elect Additional Directors on a one-vote-per-Series A Senior Preferred Share-per-director basis, on a one-vote-per-Series B Senior Preferred Share-per-director basis, on a one-vote-per-Series J Junior Preferred Share-per-director basis or on a one-vote-per-Series K Junior Preferred Share-per-director basis, as the case may be. The Holders of 34% of each of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares and the Series J Junior Preferred Shares or, taken together as a single class, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares, as applicable, at the time present in person or by proxy will constitute a quorum for the election of the Additional Directors. Notice of all meetings at which the Series A Senior Preferred Holders, the Series B Senior Preferred Holders, the Series J Junior Preferred Holders and the Series K Junior Preferred Holders shall be entitled to vote will be given to such Holders at their addresses as they appear on the Stock Books. At any such meeting or adjournment thereof in the absence of a quorum, subject to the provisions of any applicable law, the Holders of a majority of each of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares and the Series J Junior Preferred Shares or, voting together as a single class, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares, as applicable, present in person or by proxy shall have the power to adjourn the meeting for the election of the Additional Directors, without notice other than an announcement at the meeting, until a quorum is present. If a Cure Event shall occur after the notice of a special meeting for the election of Additional Directors has been given but before such special meeting is held, the Corporation shall, as soon as practicable after the occurrence of such Cure Event, mail notice of such occurrence and a statement that no special meeting will be held to the Holders of record that would have been entitled to vote at such special meeting.

(f) The term of office of all persons who are directors of the Corporation at the time the Additional Directors are elected shall continue, notwithstanding such election. The Additional Directors, together with the incumbent directors elected by Holders of the shares of Common Stock, shall constitute the duly elected directors of the Corporation.

(g) The term of office of the Additional Directors shall terminate as follows: (i) in the case of the event described in Section 7(d)(iii) hereof that gave rise to the election of the Additional Directors, on the date that the Corporation establishes the Liquidity Reserve in accordance with Section 8(e) hereof, (ii) in the case of the event described in Section 7(d)(iv) hereof that gave rise to the election of the Additional Directors, on the date that the Corporation declares and pays in full all unpaid Quarterly Dividends and (iii) in the case of an event described in clauses (i), (ii) or (v) of Section 7(d) hereof that gave rise to the election of the Additional Directors, on the date that the Series A Senior Preferred Shares, the Series B Senior Preferred Shares, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares have been redeemed in full by the Corporation in accordance with the next sentence. During the term of office of the Additional Directors, the Additional Directors shall have the limited right to cause either (i) a Cure Event to occur or (ii) the Corporation to redeem all of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares, to the extent of funds legally available therefor and described in Section 3(c) hereof, and to cause the redemption of any remaining Series A Senior Preferred Shares, Series B Senior Preferred Shares, Series J Junior Preferred Shares and Series K Junior Preferred Shares upon the availability of funds of the Corporation legally available therefor and described in Section 3(c) hereof, and the Additional Directors shall have the power, among other things, to realize and provide for the orderly disposition of the Portfolio Investments, the Permitted Investments, the Permitted Swap Agreements and the other assets of the Corporation and any Subsidiary insofar as is necessary to acquire adequate capital and sufficient cash to effect any redemption of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares.

(h) Upon the expiration of the term of the Additional Directors, the persons who shall have been elected by the Holders of Common Stock and who are incumbent shall constitute the directors of the Corporation, the number of directors of the Corporation shall be reduced to the number in effect prior to the automatic increase in the authorized number of directors pursuant to Section 7(d) hereof and the voting rights of the Series A Senior Preferred Holders, the Series B Senior Preferred Holders, the Series J Junior Preferred Holders and, if applicable, the Series K Junior Preferred Holders to elect directors shall cease.

(i) So long as the right of the Series A Senior Preferred Holders to elect the Additional Directors shall continue, the Additional Directors elected by such Holders shall (subject to the provisions of any applicable law) be subject to removal only by the vote of the Majority Series A Senior Preferred Holders. Any vacancy in the members of the Board of Directors elected by the Majority Series A Senior Preferred Holders occurring by reason of such removal or otherwise may be filled by vote of the Majority Series A Senior Preferred Holders, in each case voting in person or by proxy at a meeting of the Series A Senior Preferred Holders, and if not so filled such vacancy shall (subject to the provisions of any applicable law) be filled by a majority of the remaining directors (or the remaining director) elected by the Majority Series A Senior Preferred Holders.

(j) The Corporation shall not, so long as there are any Series A Senior Preferred Shares, appoint a successor Servicer unless such successor has been approved in writing by the Majority Series A Senior Preferred Holders (such approval not to be unreasonably withheld).

(k) Notwithstanding anything in the Articles of Incorporation or the Bylaws to the contrary:

(i) except as provided in clauses (ii) and (iii) below, any written notice, consent or approval required by the Articles of Incorporation to be delivered by the Series A Senior Preferred Holders in connection with the exercise of any right or benefit of the Series A Senior Preferred Holders shall be effective if the requisite percentage of Series A Senior Preferred Holders entitled to give any such notice, consent or approval have provided such notice, consent or approval, as the case may be, in writing to the Corporation;

(ii) the right to elect the Additional Directors pursuant to Section 7(d) hereof may be exercised without a special meeting of the Series A Senior Preferred Holders, without notice to such Holders and without a vote of such Holders if a consent or consents in writing, setting forth the appointment of the Additional Directors, shall be signed by the Series A Senior Preferred Holders having not less than the minimum number of votes that would be necessary to elect the Additional Directors at a meeting at which all the Series A Senior Preferred Holders entitled to vote thereon were present and voted and such consent or consents have been delivered to the Corporation;

(iii) with respect to the determination of the Market Value of any Permitted Investment or Portfolio Investment, such Market Value shall be deemed to be determined by mutual agreement of the Corporation and the Holders of more than 50% of each of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares and the Series J Junior Preferred Shares if the Corporation and such Holders have (x) orally agreed to such Market Value, (y) each of the Corporation and such Holders have confirmed such oral agreement in writing and (z) such agreement would not result in the applicable Expected Investment Loss to be exceeded; and

(iv) the Corporation shall treat any beneficial owner of Series A Senior Preferred Shares that has provided the notice described in Section 10 hereof as a Series A Senior Preferred Holder for all purposes hereunder in place of the Person listed as the Holder of such Series A Senior Preferred Shares on the Stock Books and such beneficial owner shall be entitled to any and all rights and benefits provided to the Series A Senior Preferred Holders as if such beneficial owner were a Series A Senior Preferred Holder.

(l) Notwithstanding anything in the Articles of Incorporation to the contrary, no shares held of record by the Corporation or any Affiliate thereof will be entitled to vote or be deemed Series A Senior Preferred Shares for the purpose of voting such

shares or determining the number of Series A Senior Preferred Shares required to constitute a quorum at a meeting of the Series A Senior Preferred Holders.

(m) The Securities Depository, while it or its nominee is the registered owner of any Series A Senior Preferred Shares, will not independently exercise any voting rights with respect thereto. Rather, in accordance with its normal procedures, the Securities Depository will extend such voting rights to the Agent Member whose account is credited with such Series A Senior Preferred Shares. Each such Agent Member will, in turn, extend such voting rights to the Series A Senior Preferred Holders for whom it is so acting in accordance with such Agent Member's normal procedures.

Section 8. *Portfolio Investments; Other Assets Owned by Corporation; Other Agreements of the Corporation.*

(a) The Corporation shall use the proceeds from the sale of the Senior Preferred Stock and the Series J Junior Preferred Stock plus the proceeds from the sale of the Common Shares pursuant to the Master Subscription Agreement in accordance with the use of proceeds set forth in the Master Subscription Agreement. Upon the maturity, redemption, repayment, prepayment, sale, exchange or other disposition of any Portfolio Investment prior to the Scheduled Redemption Date, the Corporation shall reinvest the proceeds it receives therefrom within twenty (20) Business Days in replacement Eligible Portfolio Investments with an aggregate principal amount equal to the principal amount of the Portfolio Investment that matured or was redeemed, prepaid, sold or otherwise disposed of. The Corporation shall invest in Permitted Investments any such proceeds not immediately used to purchase replacement Eligible Portfolio Investments until such purchase occurs.

(b) The Corporation shall enter into a Permitted Swap Agreement on the Date of Original Issue. If any Portfolio Investment matures or is prepaid, terminated, sold or otherwise disposed of prior to the Scheduled Redemption Date and no replacement Eligible Portfolio Investments are available for purchase by the Corporation with sufficient floating rate income to enable the Corporation to meet its obligations under the Permitted Swap Agreement then in effect and the counterparty thereto is unwilling to reduce the floating rate payments to which it is entitled and maintain the fixed rate payments in the same amount as before such event, then the Corporation will partially or fully, as the case may be, terminate such Permitted Swap Agreement and, if the replacement Eligible Portfolio Investments bear interest at a floating rate, enter into one or more replacement Permitted Swap Agreements so that the Corporation receives under all Permitted Swap Agreements in effect thereafter an aggregate amount of fixed rate payments on all Quarterly Dividend Payment Dates thereafter that is as close to the Quarterly Dividend Amounts for such dates as possible in return for the aggregate floating rate payments with respect to such dates under the Portfolio Investments outstanding thereafter.

(c) All income of the Corporation not needed to pay dividends on the Senior Preferred Stock, the Series J Junior Preferred Stock, the Series K Junior Preferred Stock or the Common Stock within 24 hours shall be invested by the Corporation in Permitted

Investments, none of which may have a maturity later than the Business Day immediately preceding the Dividend Payment Date immediately succeeding the date of investment.

(d) "**Permitted Investments**" shall mean one or more investments denominated in United States dollars that (i) constitute financial assets, either fixed or revolving, that by their terms convert into cash within a finite time period and, therefore, qualify as "**eligible assets**" as that term is defined by sub-paragraph (b)(1) of Rule 3a-7 under the Investment Company Act and (ii) fall into one of the following categories:

(A) direct obligations of, and obligations fully guaranteed as to timely payment of principal and interest by, the United States of America or any agency or instrumentality of the United States of America;

(B) debt securities with a stated maturity bearing interest or sold at a discount whose issuer or obligor has a long-term unsecured debt rating of not less than "AAA" by S&P or "Aaa" by Moody's, but not including any mortgage-backed securities, asset-backed securities, collateralized debt obligations or any other type of structured finance securities;

(C) commercial paper issued by any corporation (including both noninterest-bearing discount obligations and interest-bearing obligations) and rated at least "A-1" by S&P and "P-1" by Moody's;

(D) time deposits in, certificates of deposit of, or bankers' acceptances issued by, any commercial bank incorporated under the laws of the United States or any state thereof or the District of Columbia, or any commercial bank organized outside the United States that is subject to U.S. regulatory supervision, in each case having at any date of determination combined capital and surplus of not less than $100,000,000 and having a long term unsecured debt rating of not less than "AAA" by S&P and "Aaa" by Moody's;

(E) the SEBC Real Estate LLC Note;

(F) loans to SEBC Holdings, LP such that, at any given time, the total amount of such loans is less than the lower of (i) $600,000 and (ii) 25% of the fair market value of SEBC Holdings, LP's total assets on an unconsolidated basis (exclusive of cash and U.S. government securities), and all such loans have a maturity date of [April 30, 2014] or earlier; and

(G) any other debt security or investment designated as a Permitted Investment by the Corporation that has been approved in writing by the Majority Holders;

provided that

(x) the Corporation shall not acquire a Permitted Investment if, after giving effect to such acquisition:

(1) the aggregate Market Value of the Permitted Investments described in clauses (B), (C) and (D) above representing the securities or obligations of any one corporation exceeds 25% of the aggregate Market Value of the Permitted Investments described in said clauses (B), (C) and (D) above; or

(2) the aggregate Market Value of the Permitted Investments described in clauses (B), (C) and (D) above representing the securities or obligations of any ten (10) issuers exceeds 50% of the aggregate Market Value of the Permitted Investments in said clauses (B), (C) and (D) above; and

(y) after giving effect to the acquisition of any Permitted Investment, the remaining term to final maturity of any individual Permitted Investment shall not extend beyond the Scheduled Redemption Date.

(e) After the first anniversary of the Date of Original Issue, for so long as there are any Series A Senior Preferred Shares outstanding, the Corporation shall maintain the Liquidity Reserve during each Quarterly Dividend Period in Permitted Investments maturing on or prior to the end of such Quarterly Dividend Period, and the Corporation shall take such action as necessary prior to such first anniversary to ensure that it shall be in compliance herewith; *provided, however*, that the Corporation's obligation to establish and maintain the Tax Reserve Amount shall commence on the Date of Original Issue.

(f) On each Quarterly Dividend Payment Date, the Corporation shall distribute or cause to be distributed (which distribution requirement may be satisfied through the posting of such report to a publicly available web site) to the Series A Senior Preferred Holders a report containing the following information for the Quarterly Dividend Period ending on such date:

(i) a brief description of each Portfolio Investment and each Permitted Investment held by the Corporation during such Quarterly Dividend Period and the outstanding principal amount thereof and identifying any such Portfolio Investment or Permitted Investment that was acquired by or delivered to the Corporation during such Quarterly Dividend Period;

(ii) the interest and other distributions and payments received by the Corporation during such Quarterly Dividend Period representing income or principal payments on the Portfolio Investments and Permitted Investments;

(iii) a description of any sales or other disposals of Portfolio Investments and of Permitted Investments during such Quarterly Dividend Period and the amount of gain or loss realized by the Corporation in connection with any such sale or disposal;

(iv) information concerning any payment or other defaults by the Obligors on any Portfolio Investments or any Permitted Investments held by the Corporation during such Quarterly Dividend Period; and

(v) a description of any Permitted Swap Agreement and any Swap Payment Amounts, Swap Receipt Amounts and Swap Termination Amounts received by the Corporation with respect thereto during such Quarterly Dividend Period.

(g) If an "**event of default**" or "**termination event**" shall occur under a Permitted Swap Agreement and, in connection therewith, the Eligible Swap Counterparty shall be the "**affected party**" and such Permitted Swap Agreement terminates prior to the Scheduled Redemption Date, the Corporation shall enter into a replacement Permitted Swap Agreement within twenty (20) Business Days thereafter with the same scheduled dates and amounts of fixed payments and floating payments as the terminated Permitted Swap Agreement.

(h) For so long as there are any Series A Senior Preferred Shares outstanding, the Corporation shall deliver a certificate (which delivery requirement may be satisfied through the posting of such certificate to a publicly available web site) to each Series A Senior Preferred Holder on each Quarterly Dividend Payment Date (a "**Compliance Certificate**") stating that no "**event of default**" or "**termination event**" has occurred under any Permitted Swap Agreement with respect to the Corporation or the Eligible Swap Counterparty thereunder.

Section 9. *Limitation on Business Activities.* For so long as there are any Series A Senior Preferred Shares outstanding:

(i) the Corporation shall be authorized to engage solely in the business of (A) acquiring, holding, selling and disposing of the Portfolio Investments and Permitted Investments, (B) entering into Permitted Swap Agreements from time to time and causing the Servicer to manage the Corporation's investments, Permitted Swap Agreements and the other assets and liabilities of the Corporation and (C) investing in SEBC Real Estate LLC, in each case in accordance with the provisions hereof and the Servicing Agreement, and, in connection with such business, the Corporation may engage in any lawful act or activity which is incidental thereto and necessary or desirable in connection with the foregoing;

(ii) the Corporation shall invest any available monies or funds of the Corporation solely in Permitted Investments;

(iii) at any time that the Corporation seeks to be exempt from registration as an investment company under the Investment Company Act by virtue of the exemption from

registration that is provided by Rule 3a-7 under the Investment Company Act, the Corporation shall (A) not acquire Portfolio Investments, Eligible Portfolio Investments or Permitted Investments or dispose of Portfolio Investments, Eligible Portfolio Investments or Permitted Investments for the primary purpose of recognizing gains or decreasing losses from market value changes and (B) in all respects, comply with the requirements of Rule 3a-7 under the Investment Company Act;

(iv) the Corporation shall not fail to ensure that any transaction entered into with any Person is fair to each party, constitutes an exchange for fair consideration and for reasonably equivalent value, and is made in good faith and without any intent to hinder, delay or defraud creditors;

(v) the Corporation shall not take any action with respect to, and will not engage in transactions with, any Person unless it determines in a reasonable fashion that such actions or transactions are in the best interests of the Corporation;

(vi) the Corporation shall comply with the covenants set forth in Article 5 of the Master Subscription Agreement; and

(vii) the Corporation shall not make any distribution or other payment on, or redeem or otherwise acquire, any shares of its Common Stock except for payment of a quarterly dividend on all shares of its Common Stock pursuant to the declaration of such quarterly dividend by unanimous vote of the Board of Directors.

Section 10. *Notices.* All communications and notices hereunder or with respect hereto, unless otherwise specified in the Articles of Incorporation or the Bylaws, shall be (i) in writing, (ii) hand-delivered or sent by overnight courier or telecopier or as an attachment to an email in a format then customarily used, (iii) addressed to the Corporation or a Series A Senior Preferred Holder at its street or email address or facsimile number specified below and (iv) effective as to a Person on receipt by such Person:

if to the Corporation: SEBC Financial Corporation

Address:

Phone:

Facsimile:

Email:

if to a Series A Senior Preferred Holder, at the address of such Series A Senior Preferred Holder set forth in the Stock Books. Any beneficial owner of Series A Senior Preferred Shares in book-entry form may provide notice to the Corporation of the identity of such beneficial owner and request the Corporation to provide all notices and other communications sent to Series A Senior Preferred Holders to also be sent to such beneficial owner at the address, facsimile number or email address provided by such beneficial owner.

Section 11. *Securities Depository Stock Certificate.* At the request of a Series A Senior Preferred Holder and upon receipt by the Corporation of the certificates representing the Series A Senior Preferred Shares of such Holder, the Corporation shall issue one or more certificates for such Series A Senior Preferred Shares, register such certificates in the name of Cede & Co. as the nominee of the Securities Depository and deliver such certificates to the Agent Member designated by such Holder in such request for deposit in its account with the Securities Depository on behalf of such Holder. Each such certificate shall bear a legend to the effect that such certificate is issued subject to the provisions restricting transfer of Series A Senior Preferred Shares contained in the Articles of Incorporation. The Securities Depository will maintain lists of its participants and the Series A Senior Preferred Shares held by each Agent Member whether as a Series A Senior Preferred Holder for its own account or as a nominee for another Series A Senior Preferred Holder.

Section 12. *Transfer Restrictions.*

(a) Series A Senior Preferred Shares may only be sold or otherwise transferred to a Person that is an Eligible Holder that is knowledgeable, sophisticated and experienced in business and financial matters and able and prepared to bear the economic risk of investing in and holding Series A Senior Preferred Shares. The Corporation shall have no obligation to recognize any sale, transfer or other disposition of any Series A Senior Preferred Share unless the purchaser or transferee thereof shall be an Eligible Holder. Any purchase or transfer of the Series A Senior Preferred Shares in violation of this Section 12 shall have no effect and the intended purchaser or transferee shall not be deemed to be a Series A Senior Preferred Holder for any purpose, including but not limited to, with respect to the receipt of dividends on, or other distributions in respect of, the Series A Senior Preferred Shares. The restrictions set forth in this Section 12 shall be subject in all respects to the provisions restricting transfer of Series A Senior Preferred Shares contained in the Articles of Incorporation.

(b) Each certificate representing the Series A Senior Preferred Shares shall bear a legend in substantially the following form:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR A BENEFICIAL INTEREST HEREIN, THE HOLDER AGREES THAT (1) IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITY EVIDENCED HEREBY, EXCEPT TO A PERSON THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A ADOPTED UNDER THE SECURITIES ACT) THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, ALL IN COMPLIANCE WITH RULE 144A; (2) IT WILL DELIVER TO EACH PERSON TO WHOM THE SECURITY EVIDENCED HEREBY IS TRANSFERRED A NOTICE

SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; AND (3) IT WILL, PRIOR TO ANY TRANSFER OF THIS SECURITY, FURNISH TO THE TRANSFER AGENT AND THE CORPORATION SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS MAY BE REQUESTED TO CONFIRM THAT SUCH TRANSFER IS BEING MADE IN ACCORDANCE WITH THIS LEGEND.

Section 13. *No Other Rights or Preferences.* Unless otherwise required by law, the Series A Senior Preferred Holders shall not have any rights or preferences other than those specifically set forth herein. The Series A Senior Preferred Holders shall have no preemptive rights.

EXHIBIT C

SERIES B SENIOR PREFERRED STOCK OF SEBC FINANCIAL CORPORATION

Section 1. *Designation, Amount, Series and Rank.* From the authorized Preferred Stock of SEBC Financial Corporation (the "**Corporation**"), there shall be a series of Preferred Stock designated as the "Series B Senior Preferred Stock," par value $0.001 per share (the "**Series B Senior Preferred Stock**"), and the number of shares constituting such series shall be [•]. The Series B Senior Preferred Stock shall, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of the Corporation, rank (a) senior to the Series J Junior Preferred Stock, the Series K Junior Preferred Stock, the Common Stock, and all other classes or series of capital stock of the Corporation hereafter issued which are not by their terms expressly senior to or on a parity with the Series B Senior Preferred Stock; (b) on a parity with all classes or series of capital stock of the Corporation hereafter issued which are by their terms expressly on a parity with the Series B Senior Preferred Stock; and (c) junior to the Series A Senior Preferred Stock, and to all other classes or series of capital stock of the Corporation hereafter issued which are by their terms expressly senior to the Series B Senior Preferred Stock.

Section 2. *Definitions.* Capitalized terms used but not defined in this Exhibit C shall have the respective meanings set forth in the Articles of Incorporation or in Exhibit A to the Articles of Incorporation.

Section 3. *Series B Senior Preferred Shares; Distributions.*

(a) The Series B Senior Preferred Shares shall be represented by one or more certificates registered in the Stock Books in the names of the Holders of the Series B Senior Preferred Shares.

(b) No fractional Series B Senior Preferred Shares shall be issued.

(c) Notwithstanding anything in the Articles of Incorporation to the contrary, the Corporation shall have no right to make distributions or payments in respect of the Series B Senior Preferred Shares unless (i) all required distributions have been, or contemporaneously are, made on the Series A Senior Preferred Shares and (ii) such distributions or payments are made solely from one or more of the following sources:

(i) interest and other distributions and payments received by the Corporation on or in respect of the Portfolio Investments or the Permitted Investments purchased by the Corporation from time to time;

(ii) all proceeds received by the Corporation from the maturity, redemption, repayment, prepayment, sale, exchange or other disposition of Portfolio Investments or Permitted Investments (including those in which the Liquidity Reserve is invested from time to time); and

(iii) all other assets or property of the Corporation including, without limitation, the stock of any Subsidiary and the proceeds of any disposition thereof.

Section 4. *Dividends.*

(a) Subject to Section 3(c) hereof, each Series B Senior Preferred Holder shall be entitled to receive, subject to declaration thereof by the Board of Directors or a duly authorized committee thereof, out of funds legally available therefor, a cash dividend (a "**Quarterly Dividend**") on each Quarterly Dividend Payment Date for the Quarterly Dividend Period then ending in an amount equal to the Series B Senior Quarterly Dividend Amount for such Quarterly Dividend Period. Notwithstanding anything in the Articles of Incorporation to the contrary, no dividends (including, without limitation, any Retroactive DRD Adjustment Dividends, Annual Gross-up Dividends and Additional Annual Gross-up Dividends) shall be paid to the Series B Senior Preferred Holders pursuant to this Section 4 unless and until there shall have been, or contemporaneously be, paid to each Holder of Series A Senior Preferred Stock all accrued and unpaid dividends (of any type) on such Series A Senior Preferred Stock.

(b) The amount of any dividend not declared, or the shortfall in the amount of any dividend that is declared, regardless of a lack of sufficient legally available funds or sufficient earnings and profits (such amount or shortfall, as the case may be, being an "**Undeclared Dividend**"), will accumulate until paid. Additional dividends will accumulate on the amount of any Undeclared Dividend at the rate per annum equal to the Series B Senior Quarterly Dividend Rate, compounded quarterly, from and including the Dividend Payment Date that would have been applicable to such Undeclared Dividend had it been declared to but excluding the date paid. Additional dividends will accumulate on the amount of any declared dividend that is not paid on the applicable Dividend Payment Date for any reason at the rate per annum equal to the Series B Senior Quarterly Dividend Rate, compounded quarterly, from and including such Dividend Payment Date to but excluding the date paid.

(c) The record date for the determination of the Series B Senior Preferred Holders entitled to receive payment of a dividend and the date of such payment will be the date fixed by the Corporation's Board of Directors or a duly authorized committee thereof, which record date will be no more than fifteen (15) days prior to the Dividend Payment Date fixed for the payment thereof. The Corporation shall provide written notice of the record date for, the amount of, and the Dividend Payment Date fixed for payment of, each dividend to the Series B Senior Preferred Holders promptly after each such date and amount is fixed. So long as the Series B Senior Preferred Shares are held of record by the nominee of the Securities Depository, dividends will be paid to the nominee of the Securities Depository on each Dividend Payment Date for the Series B Senior Preferred Shares. The Securities Depository will credit the accounts of Agent Members acting as such for Series B Senior Preferred Holders in accordance with its normal procedures, which provide for payment in same-day funds. Each Agent Member will be responsible for holding or disbursing such payments to the Series B Senior Preferred Holder for which it is so acting in accordance with the instructions of such Holder. Series B Senior Preferred Holders will not be entitled to any dividends

on Series B Senior Preferred Shares, whether payable in cash or property, in excess of the dividends provided herein. All dividends will be paid *pro rata* with respect to the Series B Senior Preferred Shares to the Series B Senior Preferred Holders entitled thereto. Notwithstanding anything in the Articles of Incorporation to the contrary, no dividend shall be paid unless, immediately after making such payment and giving effect thereto, the Market Value of the Portfolio Investments and the Permitted Investments equals or exceeds the sum of (i) the consolidated liabilities of the Corporation and its Subsidiaries at such time *plus* (ii) the aggregate of the Series A Senior Redemption Price (assuming the date of determination is a Series A Senior Redemption Date) and the Series B Senior Redemption Price (assuming the date of determination is a Series B Senior Redemption Date) for all Senior Preferred Shares outstanding at such time.

(d) (i) If any DRD Adjustment Event that reduces the Dividends Received Deduction applies with retroactive effect to dividends previously paid on the Series B Senior Preferred Shares (each date on which the Corporation previously paid dividends, a "**DRD Affected Dividend Payment Date**"), the Series B Senior Preferred Holders shall be entitled to receive, subject to declaration by the Board of Directors or a duly authorized committee thereof out of funds legally available therefor, an additional cash dividend (a "**Retroactive DRD Adjustment Dividend**") on the Series B Senior Preferred Shares on or before the last day of the Quarterly Dividend Period next succeeding the Quarterly Dividend Period in which the Corporation provides a Retroactive DRD Adjustment Dividend Payment Notice to the Series B Senior Preferred Holders in an amount equal (A) in the case of a Quarterly Dividend, to the excess (if any) of (x) the sum of the Quarterly Dividends that would have been paid by the Corporation on each DRD Affected Dividend Payment Date if Quarterly Dividends equal to the Series B Senior Quarterly Dividend Amount for the Quarterly Dividend Period ending on such DRD Affected Dividend Payment Date had been declared and paid in full on such date (assuming that the applicable Series B Senior Quarterly Dividend Rate used in determining such Series B Senior Quarterly Dividend Amount had been adjusted for such DRD Adjustment Event as described in the definition of Series B Senior Quarterly Dividend Rate) over (y) the sum of the Quarterly Dividends paid by the Corporation on each DRD Affected Dividend Payment Date and (B) in the case of Annual Gross-up Dividends or Additional Annual Gross-up Dividends, to the excess (if any) of (x) the Annual Gross-up Dividends or Additional Annual Gross-up Dividends adjusted for the effect of such DRD Adjustment Event over (y) the Annual Gross-up Dividends or Additional Annual Gross-up Dividends paid by the Corporation on each DRD Affected Dividend Payment Date. The Corporation shall make only one payment of Retroactive DRD Adjustment Dividends in connection with each DRD Adjustment Event. Upon the occurrence of any DRD Adjustment Event, the Board of Directors or a duly authorized committee thereof shall, within ten (10) Business Days after such DRD Adjustment Event occurs, determine whether to declare any Retroactive DRD Adjustment Dividend and, if so, the Corporation shall promptly provide written notice of the amount and date of payment thereof to the Series B Senior Preferred Holders (such notice, the "**Retroactive DRD Adjustment Dividend Payment Notice**"). Notwithstanding the foregoing, unless and until payment in full of Retroactive DRD Adjustment Dividends is made to the Holders of Series A Senior

Preferred Shares, no Retroactive DRD Adjustment Dividends may be paid to the Holders of any Series B Senior Preferred Shares.

(ii) If any DRD Adjustment Event that increases the Dividends Received Deduction applies with retroactive effect to Quarterly Dividends, Annual Gross-up Dividends or Additional Annual Gross-up Dividends previously paid on the Series B Senior Preferred Shares, then each Series B Senior Preferred Holder that received any such dividend subject to such retroactive DRD Adjustment Event shall pay to the Corporation an amount equal to the excess of the dividend actually received over the amount of dividend that would have been received had the amount of such dividend been adjusted at the time of payment to reflect such DRD Adjustment Event. Such Series B Senior Preferred Holder shall pay such excess not less than 10 Business Days after receipt of the Corporation's written demand therefor, which demand shall include a reasonably detailed computation of such excess and which computation shall be binding in the absence of manifest error. In lieu of requiring such payment, the Corporation may elect to reduce one or more subsequent Quarterly Dividends on the Series B Senior Preferred Shares by an aggregate amount equal to the payment that the Series B Senior Preferred Holders would otherwise have been required to pay pursuant to this Section 4(d)(ii).

(e) Without duplication, if any dividends paid by the Corporation during any taxable year (including without limitation, an Annual Gross-up Dividend paid during such taxable year) constitutes (in whole or in part) a return of capital for U.S. federal income tax purposes or is treated as a gain from the sale or exchange of the Series B Senior Preferred Shares pursuant to Section 301(c)(2) or (3) of the Code as a result of an insufficiency of "**earnings and profits**" (within the meaning of Section 316 of the Code) of the Corporation (such dividends (or portions thereof) so constituting a return of capital or being treated as a gain from the sale or exchange of the Series B Senior Preferred Shares, collectively, a "**Return of Capital Distribution**"), each Series B Senior Preferred Holder shall be entitled to receive, subject to declaration by the Board of Directors or a duly authorized committee thereof out of funds legally available therefor, an additional dividend (an "**Annual Gross-up Dividend**") on or before the last day of the Quarterly Dividend Period next succeeding the Quarterly Dividend Period in which the Corporation provides the Gross-up Dividend Payment Notice to the Series B Senior Preferred Holders in an amount (an "**Annual Gross-up Amount**") that, when taken together with the aggregate Return of Capital Distributions paid to the Series B Senior Preferred Holder thereof in respect of such Series B Senior Preferred Shares for such taxable year of the Corporation, would cause such Holder's net yield in dollars (after giving effect to income tax consequences as provided below and treating the portion of such Return of Capital Distributions otherwise treated as a return of capital as capital gain received upon the taxable sale or exchange of such Series B Senior Preferred Shares) from the Return of Capital Distributions to be equal to the net yield in dollars (after giving effect to income tax consequences as provided below) which would have been received by such Holder if the entire amount of the aggregate Return of Capital Distributions had instead been treated as a dividend for U.S. federal income tax purposes. In determining the Annual Gross-up Amount for any Holder's Series B Senior Preferred Shares: (i) such Annual Gross-up Amount shall be calculated using the

applicable maximum marginal U.S. federal, New York State and New York City corporate income tax rate and, where applicable, the applicable Dividends Received Deduction percentage, without consideration being given to the actual U.S. federal, state or local income tax situation of any Series B Senior Preferred Holder (in each case with respect to the highest U.S. federal, New York State and New York City corporate income tax rate and the Dividends Received Deduction percentage that was in effect for the taxable year in which the Return of Capital Distribution was made) and (ii) the Corporation shall make a determination, based upon its U.S. federal income tax return for the related taxable year, of the distributions to such Holder that are to be treated as dividends for U.S. federal income tax purposes. Not later than each Annual Gross-up Dividend Determination Date, the Corporation shall determine if any Return of Capital Distributions exist. Notwithstanding the foregoing, unless and until payment in full of Annual Gross-up Dividends is made to the Holders of Series A Senior Preferred Shares, no Annual Gross-up Dividends may be paid to the Holders of any Series B Senior Preferred Shares.

(f) (i) If the amount of the Corporation's "**earnings and profits**" (within the meaning of Section 316 of the Code) for a taxable year is redetermined by the IRS or otherwise and, after giving effect to such redetermination, any previously determined Annual Gross-up Amount would have been greater (the excess of such greater amount over the previously determined Annual Gross-up Amount being referred to herein as the "**Additional Annual Gross-up Amount**") had it been computed using such redetermined amount, each Series B Senior Preferred Holder shall be entitled to receive, subject to declaration by the Board of Directors or a duly authorized committee thereof out of funds legally available therefor, an additional dividend (an "**Additional Annual Gross-up Dividend**") on or before the last day of the Quarterly Dividend Period next succeeding the Quarterly Dividend Period in which the Corporation provides the Gross-up Dividend Payment Notice to the Series B Senior Preferred Holders relating to such redetermination, in an amount equal to the Additional Annual Gross-up Amount for each of such Holder's Series B Senior Preferred Shares. Notwithstanding the foregoing, unless and until payment in full of Additional Annual Gross-up Dividends is made to the Holders of Series A Senior Preferred Shares, no Additional Annual Gross-up Dividends may be paid to the Holders of any Series B Senior Preferred Shares.

(ii) If any such redetermination of the Corporation's earnings and profits results in a determination that the Annual Gross-up Dividends or Additional Annual Gross-up Dividends previously paid on the Series B Senior Preferred Shares, after giving effect to such redetermination would have been less, then each Series B Senior Preferred Holder that received any such dividend shall pay to the Corporation an amount equal to the excess of the dividend actually received over the amount of dividend that would have been received had the amount of such dividend been adjusted at the time of payment to reflect such redetermination. Such Series B Senior Preferred Holder shall pay such excess not less than 10 Business Days after receipt of the Corporation's written demand therefor, which demand shall include a reasonably detailed computation of such excess and which computation shall be binding in the absence of manifest error. In lieu of requiring such payment, the Corporation may elect to reduce one or more subsequent Quarterly Dividends on the Series B Senior

Preferred Shares by an aggregate amount equal to the payment that the Series B Senior Preferred Holders would otherwise have been required to pay pursuant to this Section 4(f)(ii).

(g) Not later than ten (10) Business Days after the date on which the Corporation has determined that any Annual Gross-up Amount or Additional Annual Gross-up Amount exists and an Annual Gross-up Dividend or Additional Annual Gross-up Dividend has been declared, the Corporation shall provide written notice to the Series B Senior Preferred Holders informing the Series B Senior Preferred Holders of the amount of such Annual Gross-up Dividends or Additional Annual Gross-up Dividends and the Dividend Payment Date fixed for payment thereof (such notice, a "**Gross-up Dividend Payment Notice**").

(h) On each Dividend Payment Date on which dividends are paid to the Series B Senior Preferred Holders, the Corporation shall provide to each Series B Senior Preferred Holder a written statement setting forth the Corporation's estimate as to the portion of such payment constituting a dividend for U.S. federal income tax purposes. Not later than the 75th day after the end of each taxable year of the Corporation, the Corporation shall provide each Series B Senior Preferred Holder with a statement setting forth the aggregate dividends paid to such Holder as a holder of record during such taxable year that constitute dividends for U.S. federal income tax purposes.

(i) Notwithstanding anything in the Articles of Incorporation to the contrary, if, after the date on which a Series B Senior Preferred Holder's shares have been redeemed or otherwise paid, a determination has been made that such Holder would have been entitled to receive dividends pursuant to Section 4(d), Section 4(e) or Section 4(f) hereof if such Holder's shares were still outstanding Series B Senior Preferred Shares, such Holder's shares shall be considered Series B Senior Preferred Shares solely for the purpose of receiving the amounts that such Holder shall be entitled to receive pursuant to Section 4(d), Section 4(e) or Section 4(f) hereof and, solely for the purpose of receiving such amounts pursuant to Section 4(d), Section 4(e) or Section 4(f) hereof, such Holder shall have all the rights and privileges that would be afforded such Holder under the Articles of Incorporation (including, without limitation, the voting rights under Section 7 hereof) if such Holder's shares were still Series B Senior Preferred Shares.

Section 5. *Liquidation Rights.*

(a) Subject to Section 3(c) hereof, upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, each Holder of Series B Senior Preferred Shares at such time will be entitled to receive out of the assets of the Corporation available for distribution to its stockholders an amount in cash, after any distribution of assets due upon liquidation, dissolution or winding up of the Corporation has been, or contemporaneously is, made to the Holders of Series A Senior Preferred Stock but before any distribution of assets is made to the Holders of Series J Junior Preferred Stock or Series K Junior Preferred Stock or to the Holders of Common Stock, equal to the Series B Senior Liquidation Price for each of such Holder's Series B Senior

Preferred Shares. The Series B Senior Liquidation Price for the Series B Senior Preferred Shares of each Series B Senior Preferred Holder shall be paid on the date established by the Board of Directors in connection with the approval of the liquidation, dissolution or winding up of the Corporation (the "**Liquidation Date**"). After the payment of the full amount of the Series B Senior Liquidation Price in respect of the Series B Senior Preferred Shares of the Holders entitled thereto and the other amounts provided in this paragraph, the Series B Senior Preferred Holders will have no right or claim to any of the remaining assets of the Corporation, except pursuant to Section 4(i) hereof.

(b) If, upon any such voluntary or involuntary dissolution, liquidation or winding up, the available assets of the Corporation are insufficient to pay the amount of the Series B Senior Liquidation Price in full on each Series B Senior Preferred Share, then such available assets will be applied *pro rata* (based upon the proportion that the amount available to pay such liquidation prices bears to the amount necessary to pay such liquidation prices in full) among all Series B Senior Preferred Shares toward payment of the Series B Senior Liquidation Price thereof. Unless and until payment in full of the Series A Senior Liquidation Price of each Series A Senior Preferred Share and the Series B Senior Liquidation Price of each Series B Senior Preferred Share, upon the liquidation, dissolution or winding up of the Corporation, no dividends or distributions or other payments may be made to the Holders of any Series J Junior Preferred Stock or Series K Junior Preferred Stock or to the Holders of any Common Stock, and no purchase, redemption or other acquisition for any consideration by the Corporation may be made in respect of the Series J Junior Preferred Stock, Series K Junior Preferred Stock or the Common Stock.

(c) If, on or before the first anniversary of the Date of Original Issue, the Majority Series B Senior Preferred Holders shall provide written notice to the Corporation (x) stating that MLE has not sold at least $250,000,000 Face Amount of Series A Senior Preferred Shares or Series B Senior Preferred Shares (or a combination thereof) and (y) requiring the Corporation to liquidate pursuant to this Section 5, then the Corporation shall have the right, but not the obligation, within forty-five (45) days after the receipt of such notice, to provide a Notice of Redemption to the Holders of the Series A Senior Preferred Stock, the Series B Senior Preferred Stock, the Series J Junior Preferred Stock and the Series K Junior Preferred Stock, which Notice of Redemption shall state that the next succeeding Quarterly Dividend Payment Date shall be deemed to be a Corporation Optional Redemption Date. If the Corporation shall provide such Notice of Redemption, then the Series A Senior Preferred Stock, the Series B Senior Preferred Stock, the Series J Junior Preferred Stock and the Series K Junior Preferred Stock shall be subject to redemption, in whole and not in part, pursuant to Section 6(b) of Exhibits B, C and D and Section 6(a) of Exhibit E, respectively. If the Corporation shall not provide such Notice of Redemption, then the Corporation shall promptly liquidate pursuant to Section 5 of Exhibits B, C, D and E.

(d) None of the conversion of the Corporation into another entity, the merger or consolidation of the Corporation into or with any other entity, the merger or consolidation of any other entity with or into the Corporation or the sale of all or

substantially all of the property or the business of the Corporation will be deemed to constitute a dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, for the purposes of this Section 5.

Section 6. *Redemption.*

(a) *Holders' Elective Redemption.* If any Holders' Elective Redemption Event shall have occurred, the Majority Series B Senior Preferred Holders may direct the Corporation to redeem the Series B Senior Preferred Shares, in whole or in part, on the Holders' Elective Redemption Date, subject to the right of the Majority Series A Senior Preferred Holders to direct the Corporation first to redeem the Series A Senior Preferred Shares pursuant to written notice from such Majority Series A Senior Preferred Holders received by the Corporation and the Majority Series B Senior Preferred Holders no later than 15 days before the Holders' Elective Redemption Date (as defined below). Any such direction by the Majority Series B Senior Preferred Holders shall be in writing (the "**Holders' Elective Redemption Direction**"), shall be delivered to the Corporation and to the Series A Senior Preferred Holders in accordance with Section 7(k)(i) hereof and shall specify (i) a date (the "**Holders' Elective Redemption Date**") for redemption of the Series B Senior Preferred Shares, which date shall be a Quarterly Dividend Payment Date occurring not less than 90 days after the date on which the Holders' Elective Redemption Direction is delivered to the Corporation, (ii) the Holders' Elective Redemption Event and (iii) whether such redemption is to be in whole or in part (expressed as percentages of Series B Senior Preferred Shares and Common Shares, as applicable). If any Holders' Elective Redemption Event shall have occurred, the Majority Series B Senior Preferred Holders may also direct the Corporation, pursuant to the Holders' Elective Redemption Direction, to redeem on the Holders' Elective Redemption Date the Common Shares then owned by the Series B Senior Preferred Holders, in whole or in part. The Corporation shall promptly forward a copy of such Holders' Elective Redemption Direction to each Series B Senior Preferred Holder together with a Notice of Redemption (as defined below). If on the Holders' Elective Redemption Date the funds of the Corporation are insufficient to redeem the total number of Series B Senior Preferred Shares and Common Shares to be redeemed on such date, those funds which are legally available and described in Section 3(c) hereof will be used first to redeem the maximum possible number of Series B Senior Preferred Shares *pro rata* (based upon the proportion that the amount available to pay such redemption prices bears to the amount necessary to pay such redemption prices in full) among the Holders of the Series B Senior Preferred Shares to be redeemed and second to redeem the maximum possible number of Common Shares ratably among the Holders of the Common Shares to be redeemed. At any time thereafter when additional funds of the Corporation described in Section 3(c) hereof are legally available for the redemption of Series B Senior Preferred Shares or Common Shares, such funds will immediately be used to redeem first the balance of the Series B Senior Preferred Shares *pro rata* (based upon the proportion that the amount available to pay such redemption prices bears to the amount necessary to pay the remaining amount of such redemption prices in full) and second the balance of the Common Shares which the Corporation has not redeemed. On the Holders' Elective Redemption Date, the Corporation shall pay each Series B

Senior Preferred Holder, as applicable, (x) the Series B Senior Redemption Price for each Series B Senior Preferred Share owned by such Holder to be redeemed and (y) the Common Stock Redemption Price for each Common Share owned by such Holder to be redeemed, in each case, in cash out of funds legally available therefor and described in Section 3(c) hereof. A Holders' Elective Redemption Direction may be withdrawn at any time by the Majority Series B Senior Preferred Holders. Notwithstanding the foregoing, if any Holders' Elective Redemption Event shall have occurred and the Majority Series J Junior Preferred Holders have directed the Corporation to redeem the Series J Junior Preferred Shares, in whole and not in part, on the Holders' Elective Redemption Date with respect to the Series J Junior Preferred Shares, then the Majority Series B Senior Preferred Holders shall have the right to direct the Corporation first to redeem the Series B Senior Preferred Shares (subject to the prior or contemporaneous redemption of Series A Senior Preferred Shares as to which the Corporation is then obligated to redeem). Any such direction by the Majority Series B Senior Preferred Holders shall be in writing and shall be delivered to the Corporation and the Majority Series J Junior Preferred Holders no later than 15 days before the Holders' Elective Redemption Date with respect to the Series J Junior Preferred Shares. If the Corporation shall have timely received a notice of redemption from the Majority Series A Senior Preferred Holders, then it shall not redeem any Series B Senior Preferred Shares unless, prior thereto or contemporaneously therewith, such shares of Series A Senior Preferred Stock shall have been so redeemed.

(b) *Corporation Optional Redemption.* The Series B Senior Preferred Shares and the Common Shares owned by the Series B Senior Preferred Holders will be subject to redemption, in whole and not in part, by resolution of the Board of Directors at the option of the Corporation on any Corporation Optional Redemption Date. On the Corporation Optional Redemption Date, the Corporation shall pay each Series B Senior Preferred Holder the Series B Senior Redemption Price and the Common Stock Redemption Price, as applicable, in cash for each Series B Senior Preferred Share and Common Share, as applicable, owned by such Holder to be redeemed out of funds legally available therefor and described in Section 3(c) hereof. Notwithstanding the foregoing, (i) in no event shall the Corporation exercise its optional redemption pursuant to this Section 6(b) unless the Corporation shall have redeemed or contemporaneously redeems, in whole and not in part, all of the outstanding Series A Senior Preferred Shares, and (ii) in the event of the redemption of any Common Shares, such Common Shares shall be redeemed pro rata among the Series B Senior Preferred Holders owning Common Shares.

(c) *Scheduled Redemption.* The Series B Senior Preferred Shares and the Common Shares owned by the Series B Senior Preferred Holders shall be redeemed, in whole and not in part, upon the Scheduled Redemption Date. On the Scheduled Redemption Date, the Corporation shall pay each Series B Senior Preferred Holder, as applicable, (i) with respect to Series B Senior Preferred Shares held by such Holder, the Series B Senior Redemption Price and (ii) with respect to Common Shares held by such Holder, the Common Stock Redemption Price, in each case in cash for each Series B Senior Preferred Share and each Common Share, as applicable, owned by such Holder out of funds legally available therefor and described in Section 3(c) hereof. If on the

Scheduled Redemption Date such funds are insufficient to redeem the total number of Series B Senior Preferred Shares and Common Shares to be redeemed on such date, those funds which are legally available and described in Section 3(c) hereof will be used first to redeem the maximum possible number of Series B Senior Preferred Shares *pro rata* (based upon the proportion that the amount available to pay such redemption prices bears to the amount necessary to pay such redemption prices in full) among all the Holders of such shares to be redeemed and second to redeem the maximum possible number of Common Shares ratably among the Holders of the Common Shares to be redeemed. At any time thereafter when additional funds of the Corporation described in Section 3(c) hereof are legally available for the redemption of Series B Senior Preferred Shares or Common Shares, such funds will immediately be used to redeem first the balance of the Series B Senior Preferred Shares and second the balance of the Common Shares which the Corporation has not redeemed. Notwithstanding the foregoing, in no event shall the Corporation redeem the Series B Senior Preferred Shares or Common Shares on the Scheduled Redemption Date pursuant to this Section 6(c) unless the Corporation shall first have redeemed, in whole and not in part, all of the outstanding Series A Senior Preferred Shares.

(d) *Notice of Redemption.* Whenever Series B Senior Preferred Shares are to be redeemed, the Corporation shall mail a notice (a "**Notice of Redemption**") to the Series B Senior Preferred Holders not less than fifteen (15) calendar days nor more than forty-five (45) calendar days prior to the date fixed for redemption. A Notice of Redemption shall be addressed to each Series B Senior Preferred Holder at the address for such Holder appearing on the Stock Books. The Notice of Redemption shall state (i) the Series B Senior Redemption Date, (ii) estimates of the Series B Senior Redemption Price and the Common Stock Redemption Price, (iii) the aggregate number of Series B Senior Preferred Shares and Common Shares to be redeemed (it being understood that if a redemption pursuant to Section 6(a) is in part, then the number of shares to be redeemed from each Series B Senior Preferred Holder shall be the same percentages of Series B Senior Preferred Shares and Common Shares specified in the Holders' Elective Redemption Direction), (iv) the place or places where Series B Senior Preferred Shares and Common Shares are to be surrendered for payment of the Series B Senior Redemption Price and the Common Stock Redemption Price, as applicable, (v) that no dividends on the Series B Senior Preferred Shares or Common Shares to be redeemed will be payable after the date fixed for redemption (unless the Corporation shall default in the payment of the Series B Senior Redemption Price or the Common Stock Redemption Price), and (vi) the provision under this Section 6 under which redemption is made.

(e) *Surrender of Certificates; Effect.* On or after the Series B Senior Redemption Date, each Holder of Series B Senior Preferred Shares and/or Common Shares shall surrender the certificate or certificates for such Series B Senior Preferred Shares and/or Common Shares to the Corporation at the place designated in the Notice of Redemption, and against such surrender the Series B Senior Redemption Price and/or Common Stock Redemption Price, as applicable, of such Series B Senior Preferred Shares and/or Common Shares shall be paid to or on the order of the person whose name appears on such certificate or certificates as the owner thereof, and each

surrendered certificate shall be canceled. If less than all the Series B Senior Preferred Shares and/or Common Shares, as applicable, represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed Series B Senior Preferred Shares and/or Common Shares, as applicable. From and after the Series B Senior Redemption Date (unless the Corporation shall default in the payment in full of the Series B Senior Redemption Price or the Common Stock Redemption Price), all dividends on the shares so redeemed shall cease to accrue and all rights of the Holders thereof, except the right to receive the Senior B Senior Redemption Price or the Common Stock Redemption Price, as applicable, of such shares upon the surrender of certificates representing the same and except as provided in Section 4(i) hereof, shall cease and terminate and such shares shall not thereafter be transferred on the Stock Books of the Corporation and shall not be deemed to be Series B Senior Preferred Shares or Common Shares for any purpose whatsoever.

(f) *Series B Senior Preferred Shares Retired.* Series B Senior Preferred Shares redeemed pursuant to the provisions of this Section 6 shall thereupon have the status of authorized but unissued shares of Preferred Stock without designation.

Section 7. *Voting Rights.*

(a) Holders of the Series B Senior Preferred Shares shall have no voting rights, either general or special, and shall have no right to participate in the management of the Corporation, except as expressly required by applicable law and as specified in this Section 7.

(b) Without the affirmative vote of the Holders of more than 80% of the Series B Senior Preferred Shares, so long as there are any Series B Senior Preferred Shares, the Corporation shall not:

(i) institute proceedings to be adjudicated a bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against it, or file a petition or an answer or consent to a petition seeking reorganization or relief under any applicable federal, state or foreign law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Corporation or of a substantial part of the property of the Corporation, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any corporate or other action in furtherance of any such action;

(ii) consolidate or merge the Corporation or any Subsidiary with or into any other Person, or permit any other Person to consolidate with or merge into the Corporation or any Subsidiary, in either case pursuant to which the market value of the surviving or resulting entity exceeds the market value of the Corporation by more than 5%;

(iii) sell, lease, convey or otherwise dispose of all or substantially all of the assets of the Corporation (other than with respect to sales or disposals of

Permitted Investments in connection with the payment of dividends or the redemption of Series B Senior Preferred Shares);

(iv) voluntarily dissolve, liquidate or wind up the affairs of the Corporation or any Subsidiary;

(v) issue shares of Common Stock to any Person;

(vi) create, authorize or issue shares of additional classes or series of stock;

(vii) own any assets other than (w) investments held by the Corporation on the date of filing of the Articles of Incorporation, (x) Portfolio Investments and Permitted Investments, (y) the common stock of the Subsidiaries (and the assets thereof owned on the date of filing of the Articles of Incorporation), and (z) securities issued by entities whose sole assets are cash, cash equivalents and real property (or securities issued by such entities);

(viii) create, authorize, issue, incur or suffer to exist any indebtedness for borrowed money or other liability other than in the ordinary course of business in an aggregate amount not exceeding $1,000,000;

(ix) have any salaried employees;

(x) amend, alter or repeal any provision of the Articles of Incorporation or the Bylaws, whether by merger, consolidation or otherwise, so as to adversely affect any of the rights, powers, preferences, privileges, terms or par value of any Series B Senior Preferred Share or to change the capital surplus of the Corporation in a manner adverse to the Holders of Series B Senior Preferred Shares or to modify any of the limitations set forth in this Section 7(b) or Section 8 hereof; or

(xi) do anything that requires the affirmative vote of each class of voting securities of the Corporation.

(c) Without the affirmative vote of the Holders of more than 80% of the Series B Senior Preferred Shares, so long as there are any Series B Senior Preferred Shares, the Corporation shall not permit any Subsidiary to:

(i) institute proceedings to be adjudicated a bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against it, or file a petition or an answer or consent to a petition seeking reorganization or relief under any applicable federal, state or foreign law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Subsidiary or of a substantial part of the property of such Subsidiary, or make any assignment for the benefit of creditors, or admit in writing such Subsidiary's inability to pay its respective debts generally as they

become due, or take any corporate or other action in furtherance of any such action;

(ii) consolidate or merge such Subsidiary with or into any other Person, or permit any other Person to consolidate with or merge into such Subsidiary;

(iii) sell, lease, convey or otherwise dispose of all or substantially all of the assets of such Subsidiary (other than with respect to sales or disposals of Portfolio Investments or Permitted Investments in connection with the payment of distributions on the Corporation's interest in such Subsidiary);

(iv) voluntarily dissolve, liquidate or wind up the affairs of such Subsidiary;

(v) if such Subsidiary is a limited liability company, admit or create additional members;

(vi) if such Subsidiary is a corporation, issue additional shares of common stock or create, authorize or issue shares of additional classes or series of stock;

(vii) own any assets other than (x) Portfolio Investments and Permitted Investments, (y) the common stock of the Subsidiaries and (z) the assets held on the date of filing of the Articles of Incorporation;

(viii) loan, distribute or transfer any monies or assets of such Subsidiary to any other Subsidiary;

(ix) create, authorize, issue, incur or suffer to exist any indebtedness for borrowed money or other liability;

(x) have any employees; or

(xi) make an election to become a "**disregarded entity**" for U.S. federal income tax purposes.

(d) Upon the occurrence of any of the following events, the authorized number of directors of the Board of Directors shall automatically be increased by the smallest even number divisible by three of new directors that shall constitute a majority of the Board of Directors, as so increased (such new directors, the "**Additional Directors**"), and (A) in the case of an event described in clauses (i), (ii) or (iii) below, each of the Majority Series A Senior Preferred Holders, the Majority Series B Senior Preferred Holders and the Majority Series J Junior Preferred Holders shall be entitled to elect one-third of the Additional Directors, and (B) in the case of an event described in clauses (iv) or (v) below, each of the Majority Series B Senior Preferred Holders and, voting together as a single class, the Majority Series J and Series K Junior Preferred Holders shall be entitled to elect one-half of the Additional Directors (*provided,*

however, that if at such time the Majority Series A Senior Preferred Holders have the right to elect Additional Directors, then the provisions of Section 7 of Exhibit B to the Articles of Incorporation shall apply):

(i) the Corporation or any Specified Affiliate shall institute proceedings to be adjudicated a bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against any such Person, or file a petition or an answer or consent to a petition seeking reorganization or relief under any applicable federal, state or foreign law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of any such Person or of a substantial part of any such Person's property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any corporate or other action in furtherance of any such action;

(ii) the entry of a decree or order by a court having competent jurisdiction adjudging the Corporation or any Specified Affiliate bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of any such Person under any applicable federal, state or foreign law relating to bankruptcy, or appointing a receiver, liquidator, assignee, trustee, sequestrator or other similar official of any such Person or of a substantial part of any such Person's property, or ordering the winding up or liquidation of any such Person's affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days;

(iii) failure of the Corporation to maintain the Liquidity Reserve in accordance with Section 8(e) hereof and such failure continues for ten (10) Business Days after any Series B Senior Preferred Holder gives written notice to the Corporation of such failure;

(iv) failure of the Corporation to declare and pay in full Quarterly Dividends equal to the applicable Series B Senior Quarterly Dividend Amount on two or more consecutive Quarterly Dividend Payment Dates; or

(v) failure of the Corporation to pay in full the aggregate Series B Senior Redemption Price and/or the Common Stock Redemption Price, as applicable, of the Series B Senior Preferred Shares and the Common Shares, as applicable, on the Series B Senior Redemption Date.

(e) As soon as reasonably practicable after the accrual of any right of the Series B Senior Preferred Holders to elect Additional Directors pursuant to Section 7(d) hereof and so long as the Series B Senior Preferred Holders shall not have taken the action described in Section 7(k)(ii) hereof, the Board of Directors shall call a special meeting of the Series A Senior Preferred Holders, the Series B Senior Preferred Holders, the Series J Junior Preferred Holders and, if applicable, the Series K Junior Preferred Holders by mailing to such Holders a notice of such special meeting to be held not less than five (5) Business Days nor more than thirty (30) calendar days after

the date such notice is given. If the Board of Directors does not send such notice, any such special meeting may be called by any Series A Senior Preferred Holder, Series B Senior Preferred Holder, Series J Junior Preferred Holder or Series K Junior Preferred Holder on like notice. The record date for determining the Holders entitled to notice of, and to vote at, such meeting shall be the close of business on the Business Day immediately preceding the day on which such notice is mailed. At any such special meeting, the applicable Holders will be entitled to elect Additional Directors on a one-vote-per-Series A Senior Preferred Share-per-director basis, on a one-vote-per-Series B Senior Preferred Share-per-director basis, on a one-vote-per-Series J Junior Preferred Share-per-director basis or on a one-vote-per-Series K Junior Preferred Share-per-director basis, as the case may be. The Holders of 34% of each of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares and the Series J Junior Preferred Shares or, taken together as a single class, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares, as applicable, at the time present in person or by proxy will constitute a quorum for the election of the Additional Directors. Notice of all meetings at which the Series A Senior Preferred Holders, the Series B Senior Preferred Holders, the Series J Junior Preferred Holders and the Series K Junior Preferred Holders shall be entitled to vote will be given to such Holders at their addresses as they appear on the Stock Books. At any such meeting or adjournment thereof in the absence of a quorum, subject to the provisions of any applicable law, the Holders of a majority of each of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares and the Series J Junior Preferred Shares or, voting together as a single class, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares, as applicable, present in person or by proxy shall have the power to adjourn the meeting for the election of the Additional Directors, without notice other than an announcement at the meeting, until a quorum is present. If a Cure Event shall occur after the notice of a special meeting for the election of Additional Directors has been given but before such special meeting is held, the Corporation shall, as soon as practicable after the occurrence of such Cure Event, mail notice of such occurrence and a statement that no special meeting will be held to the Holders of record that would have been entitled to vote at such special meeting.

(f) The term of office of all persons who are directors of the Corporation at the time the Additional Directors are elected shall continue, notwithstanding such election. The Additional Directors, together with the incumbent directors elected by Holders of the shares of Common Stock, shall constitute the duly elected directors of the Corporation.

(g) The term of office of the Additional Directors shall terminate as follows: (i) in the case of the event described in Section 7(d)(iii) hereof that gave rise to the election of the Additional Directors, on the date that the Corporation establishes the Liquidity Reserve in accordance with Section 8(e) hereof, (ii) in the case of the event described in Section 7(d)(iv) hereof that gave rise to the election of the Additional Directors, on the date that the Corporation declares and pays in full all unpaid Quarterly Dividends and (iii) in the case of an event described in clauses (i), (ii) or (v) of Section 7(d) hereof that gave rise to the election of the Additional Directors, on the date that the Series A Senior Preferred Shares, the Series B Senior Preferred Shares, the Series J

Junior Preferred Shares and the Series K Junior Preferred Shares have been redeemed in full by the Corporation in accordance with the next sentence. During the term of office of the Additional Directors, the Additional Directors shall have the limited right to cause either (i) a Cure Event to occur or (ii) the Corporation to redeem all of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares, the Series J Junior Preferred Shares and the Series K Junior Preferred shares, to the extent of funds legally available therefor and described in Section 3(c) hereof, and to cause the redemption of any remaining Series A Senior Preferred Shares, Series B Senior Preferred Shares, Series J Junior Preferred Shares and Series K Junior Preferred Shares upon the availability of funds of the Corporation legally available therefor and described in Section 3(c) hereof, and the Additional Directors shall have the power, among other things, to realize and provide for the orderly disposition of the Portfolio Investments, the Permitted Investments, the Permitted Swap Agreements and the other assets of the Corporation and any Subsidiary insofar as is necessary to acquire adequate capital and sufficient cash to effect any redemption of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares.

(h) Upon the expiration of the term of the Additional Directors, the persons who shall have been elected by the Holders of Common Stock and who are incumbent shall constitute the directors of the Corporation, the number of directors of the Corporation shall be reduced to the number in effect prior to the automatic increase in the authorized number of directors pursuant to Section 7(d) hereof and the voting rights of the Series A Senior Preferred Holders, the Series B Senior Preferred Holders, the Series J Junior Preferred Holders and, if applicable, the Series K Junior Preferred Holders to elect directors shall cease.

(i) So long as the right of the Series B Senior Preferred Holders to elect the Additional Directors shall continue, the Additional Directors elected by such Holders shall (subject to the provisions of any applicable law) be subject to removal only by the vote of the Majority Series B Senior Preferred Holders. Any vacancy in the members of the Board of Directors elected by the Majority Series B Senior Preferred Holders occurring by reason of such removal or otherwise may be filled by vote of the Majority Series B Senior Preferred Holders, in each case voting in person or by proxy at a meeting of the Series B Senior Preferred Holders, and if not so filled such vacancy shall (subject to the provisions of any applicable law) be filled by a majority of the remaining directors (or the remaining director) elected by the Majority Series B Senior Preferred Holders.

(j) The Corporation shall not, so long as there are any Series B Senior Preferred Shares, appoint a successor Servicer unless such successor has been approved in writing by the Majority Series B Senior Preferred Holders (such approval not to be unreasonably withheld).

(k) Notwithstanding anything in the Articles of Incorporation or the Bylaws to the contrary:

(i) except as provided in clauses (ii) and (iii) below, any written notice, consent or approval required by the Articles of Incorporation to be delivered by the Series B Senior Preferred Holders in connection with the exercise of any right or benefit of the Series B Senior Preferred Holders shall be effective if the requisite percentage of Series B Senior Preferred Holders entitled to give any such notice, consent or approval have provided such notice, consent or approval, as the case may be, in writing to the Corporation;

(ii) the right to elect the Additional Directors pursuant to Section 7(d) hereof may be exercised without a special meeting of the Series B Senior Preferred Holders, without notice to such Holders and without a vote of such Holders if a consent or consents in writing, setting forth the appointment of the Additional Directors, shall be signed by the Series B Senior Preferred Holders having not less than the minimum number of votes that would be necessary to elect the Additional Directors at a meeting at which all the Series B Senior Preferred Holders entitled to vote thereon were present and voted and such consent or consents have been delivered to the Corporation;

(iii) with respect to the determination of the Market Value of any Permitted Investment or Portfolio Investment, such Market Value shall be deemed to be determined by mutual agreement of the Corporation and the Holders of more than 50% of each of the Series A Senior Preferred Shares ,the Series B Senior Preferred Shares and the Series J Junior Preferred Shares if the Corporation and such Holders have (x) orally agreed to such Market Value, (y) each of the Corporation and such Holders have confirmed such oral agreement in writing and (z) such agreement would not result in the applicable Expected Investment Loss to be exceeded; and

(iv) the Corporation shall treat any beneficial owner of Series B Senior Preferred Shares that has provided the notice described in Section 10 hereof as a Series B Senior Preferred Holder for all purposes hereunder in place of the Person listed as the Holder of such Series B Senior Preferred Shares on the Stock Books and such beneficial owner shall be entitled to any and all rights and benefits provided to the Series B Senior Preferred Holders as if such beneficial owner were a Series B Senior Preferred Holder.

(l) Notwithstanding anything in the Articles of Incorporation to the contrary, no shares held of record by the Corporation or any Affiliate thereof will be entitled to vote or be deemed Series B Senior Preferred Shares for the purpose of voting such shares or determining the number of Series B Senior Preferred Shares required to constitute a quorum at a meeting of the Series B Senior Preferred Holders.

(m) The Securities Depository, while it or its nominee is the registered owner of any Series B Senior Preferred Shares, will not independently exercise any voting rights with respect thereto. Rather, in accordance with its normal procedures, the Securities Depository will extend such voting rights to the Agent Member whose account is credited with such Series B Senior Preferred Shares. Each such Agent

Member will, in turn, extend such voting rights to the Series B Senior Preferred Holders for whom it is so acting in accordance with such Agent Member's normal procedures.

Section 8. *Portfolio Investments; Other Assets Owned by Corporation; Other Agreements of the Corporation.*

(a) The Corporation shall use the proceeds from the sale of the Senior Preferred Stock and the Series J Junior Preferred Stock plus the proceeds from the sale of the Common Shares pursuant to the Master Subscription Agreement in accordance with the use of proceeds set forth in the Master Subscription Agreement. Upon the maturity, redemption, repayment, prepayment, sale, exchange or other disposition of any Portfolio Investment, in each case prior to the Scheduled Redemption Date, the Corporation shall reinvest the proceeds it receives therefrom within twenty (20) Business Days in replacement Eligible Portfolio Investments with an aggregate principal amount equal to the principal amount of the Portfolio Investment that matured or was redeemed, prepaid, sold or otherwise disposed of. The Corporation shall invest in Permitted Investments any such proceeds not immediately used to purchase replacement Eligible Portfolio Investments until such purchase occurs.

(b) The Corporation shall enter into a Permitted Swap Agreement on the Date of Original Issue. If any Portfolio Investment matures or is prepaid, terminated, sold or otherwise disposed of prior to the Scheduled Redemption Date and no replacement Eligible Portfolio Investments are available for purchase by the Corporation with sufficient floating rate income to enable the Corporation to meet its obligations under the Permitted Swap Agreement then in effect and the counterparty thereto is unwilling to reduce the floating rate payments to which it is entitled and maintain the fixed rate payments in the same amount as before such event, then the Corporation will partially or fully, as the case may be, terminate such Permitted Swap Agreement and, if the replacement Eligible Portfolio Investments bear interest at a floating rate, enter into one or more replacement Permitted Swap Agreements so that the Corporation receives under all Permitted Swap Agreements in effect thereafter an aggregate amount of fixed rate payments on all Quarterly Dividend Payment Dates thereafter that is as close to the Quarterly Dividend Amounts for such dates as possible in return for the aggregate floating rate payments with respect to such dates under the Portfolio Investments outstanding thereafter.

(c) All income of the Corporation not needed to pay dividends on the Senior Preferred Stock, the Series J Junior Preferred Stock, the Series K Junior Preferred Stock or the Common Stock within 24 hours shall be invested by the Corporation in Permitted Investments, none of which may have a maturity later than the Business Day immediately preceding the Dividend Payment Date immediately succeeding the date of investment.

(d) "**Permitted Investments**" shall mean one or more investments denominated in United States dollars that (i) constitute financial assets, either fixed or revolving, that by their terms convert into cash within a finite time period and, therefore,

qualify as "**eligible assets**" as that term is defined by sub-paragraph (b)(1) of Rule 3a-7 under the Investment Company Act and (ii) fall into one of the following categories:

(A) direct obligations of, and obligations fully guaranteed as to timely payment of principal and interest by, the United States of America or any agency or instrumentality of the United States of America;

(B) debt securities with a stated interest bearing interest or sold at a discount whose issuer or obligor has a long-term unsecured debt rating of not less than "AAA" by S&P or "Aaa" by Moody's, but not including any mortgage-backed securities, asset-backed securities, collateralized debt obligations or any other type of structured finance securities;

(C) commercial paper issued by any corporation (including both noninterest-bearing discount obligations and interest-bearing obligations) and rated at least "A-1" by S&P and "P-1" by Moody's;

(D) time deposits in, certificates of deposit of, or bankers' acceptances issued by, any commercial bank incorporated under the laws of the United States or any state thereof or the District of Columbia, or any commercial bank organized outside the United States that is subject to U.S. regulatory supervision, in each case having at any date of determination combined capital and surplus of not less than $100,000,000 and having a long term unsecured debt rating of not less than "AAA" by S&P and "Aaa" by Moody's;

(E) the SEBC Real Estate LLC Note;

(F) loans to SEBC Holdings, LP such that, at any given time, the total amount of such loans is less than the lower of (i) $600,000 and (ii) 25% of the fair market value of SEBC Holdings, LP's total assets on an unconsolidated basis (exclusive of cash and U.S. government securities), and all such loans have a maturity date of [April 30, 2014] or earlier; and

(G) any other debt security or investment designated as a Permitted Investment by the Corporation that has been approved in writing by the Majority Holders;

provided that

(x) the Corporation shall not acquire a Permitted Investment if, after giving effect to such acquisition:

(1) the aggregate Market Value of the Permitted Investments described in clauses (B), (C) and (D) above representing the securities or obligations of any one corporation exceeds 25% of the

aggregate Market Value of the Permitted Investments described in said clauses (B), (C) and (D) above; or

(2) the aggregate Market Value of the Permitted Investments described in clauses (B), (C) and (D) above representing the securities or obligations of any ten (10) issuers exceeds 50% of the aggregate Market Value of the Permitted Investments in said clauses (B), (C) and (D) above; and

(y) after giving effect to the acquisition of any Permitted Investment, the remaining term to final maturity of any individual Permitted Investment shall not extend beyond the Scheduled Redemption Date.

(e) After the first anniversary of the Date of Original Issue, for so long as there are any Series B Senior Preferred Shares outstanding, the Corporation shall maintain the Liquidity Reserve during each Quarterly Dividend Period in Permitted Investments maturing on or prior to the end of such Quarterly Dividend Period, and the Corporation shall take such action as necessary prior to such first anniversary to ensure that it shall be in compliance herewith; *provided, however*, that the Corporation's obligation to establish and maintain the Tax Reserve Amount shall commence on the Date of Original Issue.

(f) On each Quarterly Dividend Payment Date, the Corporation shall distribute or cause to be distributed (which distribution requirement may be satisfied through the posting of such report to a publicly available web site) to the Series B Senior Preferred Holders a report containing the following information for the Quarterly Dividend Period ending on such date:

(i) a brief description of each Portfolio Investment and each Permitted Investment held by the Corporation during such Quarterly Dividend Period and the outstanding principal amount thereof and identifying any such Portfolio Investment or Permitted Investment that was acquired by or delivered to the Corporation during such Quarterly Dividend Period;

(ii) the interest and other distributions and payments received by the Corporation during such Quarterly Dividend Period representing income or principal payments on the Portfolio Investments and Permitted Investments;

(iii) a description of any sales or other disposals of Portfolio Investments and of Permitted Investments during such Quarterly Dividend Period and the amount of gain or loss realized by the Corporation in connection with any such sale or disposal;

(iv) information concerning any payment or other defaults by the Obligors on any Portfolio Investments or any Permitted Investments held by the Corporation during such Quarterly Dividend Period; and

(v) a description of any Permitted Swap Agreement and any Swap Payment Amounts, Swap Receipt Amounts and Swap Termination Amounts received by the Corporation with respect thereto during such Quarterly Dividend Period.

(g) If an "**event of default**" or "**termination event**" shall occur under a Permitted Swap Agreement and, in connection therewith, the Eligible Swap Counterparty shall be the "**affected party**" and such Permitted Swap Agreement terminates prior to the Scheduled Redemption Date, the Corporation shall enter into a replacement Permitted Swap Agreement within twenty (20) Business Days thereafter with the same scheduled dates and amounts of fixed payments and floating payments as the terminated Permitted Swap Agreement.

(h) For so long as there are any Series B Senior Preferred Shares outstanding, the Corporation shall deliver a certificate (which delivery requirement may be satisfied through the posting of such certificate to a publicly available web site) to each Series B Senior Preferred Holder on each Quarterly Dividend Payment Date (a "**Compliance Certificate**") stating that no "**event of default**" or "**termination event**" has occurred under any Permitted Swap Agreement with respect to the Corporation or the Eligible Swap Counterparty thereunder.

Section 9. *Limitation on Business Activities.* For so long as there are any Series B Senior Preferred Shares outstanding:

(i) the Corporation shall be authorized to engage solely in the business of (A) acquiring, holding, selling and disposing of the Portfolio Investments and Permitted Investments, (B) entering into Permitted Swap Agreements from time to time and causing the Servicer to manage the Corporation's investments, Permitted Swap Agreements and the other assets and liabilities of the Corporation and (C) investing in SEBC Real Estate LLC, in each case in accordance with the provisions hereof and the Servicing Agreement, and, in connection with such business, the Corporation may engage in any lawful act or activity which is incidental thereto and necessary or desirable in connection with the foregoing;

(ii) the Corporation shall invest any available monies or funds of the Corporation solely in Permitted Investments;

(iii) at any time that the Corporation seeks to be exempt from registration as an investment company under the Investment Company Act by virtue of the exemption from registration that is provided by Rule 3a-7 under the Investment Company Act, the Corporation shall (A) not acquire Portfolio Investments, Eligible Portfolio Investments or Permitted Investments or dispose of Portfolio Investments, Eligible Portfolio Investments or Permitted Investments for the primary purpose of recognizing gains or decreasing losses from market value changes and (B) in all respects, comply with the requirements of Rule 3a-7 under the Investment Company Act;

(iv) the Corporation shall not fail to ensure that any transaction entered into with any Person is fair to each party, constitutes an exchange for fair consideration and for reasonably equivalent value, and is made in good faith and without any intent to hinder, delay or defraud creditors;

(v) the Corporation shall not take any action with respect to, and will not engage in transactions with, any Person unless it determines in a reasonable fashion that such actions or transactions are in the best interests of the Corporation;

(vi) the Corporation shall comply with the covenants set forth in Article 5 of the Master Subscription Agreement; and

(vii) the Corporation shall not make any distribution or other payment on, or redeem or otherwise acquire, any shares of its Common Stock except for payment of a quarterly dividend on all shares of its Common Stock pursuant to the declaration of such quarterly dividend by unanimous vote of the Board of Directors.

Section 10. *Notices.* All communications and notices hereunder or with respect hereto, unless otherwise specified in the Articles of Incorporation or the Bylaws, shall be (i) in writing, (ii) hand-delivered or sent by overnight courier or telecopier or as an attachment to an email in a format then customarily used, (iii) addressed to the Corporation or a Series B Senior Preferred Holder at its street or email address or facsimile number specified below and (iv) effective as to a Person on receipt by such Person:

if to the Corporation: SEBC Financial Corporation

Address:

Phone:

Facsimile:

Email:

if to a Series B Senior Preferred Holder, at the address of such Series B Senior Preferred Holder set forth in the Stock Books. Any beneficial owner of Series B Senior Preferred Shares in book-entry form may provide notice to the Corporation of the identity of such beneficial owner and request the Corporation to provide all notices and other communications sent to Series B Senior Preferred Holders to also be sent to such beneficial owner at the address, facsimile number or email address provided by such beneficial owner.

Section 11. *Securities Depository Stock Certificate.* At the request of a Series B Senior Preferred Holder and upon receipt by the Corporation of the certificates representing the Series B Senior Preferred Shares of such Holder, the Corporation shall issue one or more certificates for such Series B Senior Preferred Shares, register such certificates in the name of Cede & Co. as the nominee of the Securities Depository and deliver such certificates to the Agent Member designated by such Holder in such request for deposit in its account with the Securities Depository on behalf of such Holder. Each such certificate shall bear a legend to the effect that

such certificate is issued subject to the provisions restricting transfer of Series B Senior Preferred Shares contained in the Articles of Incorporation. The Securities Depository will maintain lists of its participants and the Series B Senior Preferred Shares held by each Agent Member whether as a Series B Senior Preferred Holder for its own account or as a nominee for another Series B Senior Preferred Holder.

Section 12. *Transfer Restrictions.*

(a) Series B Senior Preferred Shares may only be sold or otherwise transferred to a Person that is an Eligible Holder that is knowledgeable, sophisticated and experienced in business and financial matters and able and prepared to bear the economic risk of investing in and holding Series B Senior Preferred Shares. The Corporation shall have no obligation to recognize any sale, transfer or other disposition of any Series B Senior Preferred Share unless the purchaser or transferee thereof shall be an Eligible Holder. Any purchase or transfer of the Series B Senior Preferred Shares in violation of this Section 12 shall have no effect and the intended purchaser or transferee shall not be deemed to be a Series B Senior Preferred Holder for any purpose, including but not limited to, with respect to the receipt of dividends on, or other distributions in respect of, the Series B Senior Preferred Shares. The restrictions set forth in this Section 12 shall be subject in all respects to the provisions restricting transfer of Series B Senior Preferred Shares contained in the Articles of Incorporation.

(b) Each certificate representing the Series B Senior Preferred Shares shall bear a legend in substantially the following form:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR A BENEFICIAL INTEREST HEREIN, THE HOLDER AGREES THAT (1) IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITY EVIDENCED HEREBY, EXCEPT TO A PERSON THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A ADOPTED UNDER THE SECURITIES ACT) THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, ALL IN COMPLIANCE WITH RULE 144A; (2) IT WILL DELIVER TO EACH PERSON TO WHOM THE SECURITY EVIDENCED HEREBY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; AND (3) IT WILL, PRIOR TO ANY TRANSFER OF THIS SECURITY, FURNISH TO THE TRANSFER AGENT AND THE CORPORATION SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS MAY BE REQUESTED TO CONFIRM THAT SUCH TRANSFER IS BEING MADE IN ACCORDANCE WITH THIS LEGEND.

Section 13. *No Other Rights or Preferences.* Unless otherwise required by law, the Series B Senior Preferred Holders shall not have any rights or preferences other than those specifically set forth herein. The Series B Senior Preferred Holders shall have no preemptive rights.

EXHIBIT D

SERIES J JUNIOR CUMULATIVE PREFERRED STOCK OF SEBC FINANCIAL CORPORATION

Section 1. *Designation, Amount, Series and Rank.* From the authorized Preferred Stock of SEBC Financial Corporation (the "**Corporation**"), there shall be a series of Preferred Stock designated as the "Series J Junior Cumulative Preferred Stock," par value $0.001 per share (the "**Series J Junior Preferred Stock**"), and the number of shares constituting such series shall be [•]. The Series J Junior Preferred Stock shall, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of the Corporation, rank (a) senior to the Common Stock, and to all other classes or series of capital stock of the Corporation hereafter issued which are not by their terms expressly senior to or on a parity with the Series J Junior Preferred Stock; (b) on a parity with the Series K Junior Preferred Stock, and with all other classes or series of capital stock of the Corporation hereafter issued which are by their terms expressly on a parity with the Series J Junior Preferred Stock; and (c) junior to the Corporation's Senior Preferred Stock, and to all other classes or series of capital stock of the Corporation hereafter issued which are by their terms expressly senior to the Series J Junior Preferred Stock.

Section 2. *Definitions.* Capitalized terms used but not defined in this Exhibit D shall have the respective meanings set forth in the Articles of Incorporation or in Exhibit A to the Articles of Incorporation.

Section 3. *Series J Junior Preferred Shares; Distributions.*

(a) The Series J Junior Preferred Shares shall be represented by one or more certificates registered in the Stock Books in the names of the Holders of the Series J Junior Preferred Shares.

(b) No fractional Series J Junior Preferred Shares shall be issued.

(c) Notwithstanding anything in the Articles of Incorporation to the contrary, the Corporation shall have no right to make distributions or payments in respect of the Series J Junior Preferred Shares unless (i) all required distributions have been, or contemporaneously are, made on the Senior Preferred Stock and the Series K Junior Preferred Stock and (ii) such distributions or payments are made solely from one or more of the following sources:

(i) interest and other distributions and payments received by the Corporation on or in respect of the Portfolio Investments or the Permitted Investments purchased by the Corporation from time to time;

(ii) all proceeds received by the Corporation from the maturity, redemption, repayment, prepayment, sale, exchange or other disposition of Portfolio Investments or Permitted Investments (including those in which the Liquidity Reserve is invested from time to time); and

(iii) all other assets or property of the Corporation including, without limitation, the stock of any Subsidiary and the proceeds of any disposition thereof.

Section 4. *Dividends.*

(a) Subject to Section 3(c) hereof, each Series J Junior Preferred Holder shall be entitled to receive, subject to declaration thereof by the Board of Directors or a duly authorized committee thereof, out of funds legally available therefor, a cash dividend (a "**Quarterly Dividend**") on each Quarterly Dividend Payment Date for the Quarterly Dividend Period then ending in an amount equal to the Series J Junior Quarterly Dividend Amount for such Quarterly Dividend Period. Notwithstanding anything in the Articles of Incorporation to the contrary, no dividends (including, without limitation, any Retroactive DRD Adjustment Dividends, Annual Gross-up Dividends and Additional Annual Gross-up Dividends) shall be paid to the Series J Junior Preferred Holders pursuant to this Section 4 unless and until there shall have been, or contemporaneously be, paid to each Holder of Senior Preferred Stock and each Holder of Series K Junior Preferred Stock all accrued and unpaid dividends (of any type) on such Senior Preferred Stock or Series K Junior Preferred Stock, respectively.

(b) The amount of any dividend not declared, or the shortfall in the amount of any dividend that is declared, regardless of a lack of sufficient legally available funds or sufficient earnings and profits (such amount or shortfall, as the case may be, being an "**Undeclared Dividend**"), will accumulate until paid. Additional dividends will accumulate on the amount of any Undeclared Dividend at the rate per annum equal to the Series J Junior Quarterly Dividend Rate, compounded quarterly, from and including the Dividend Payment Date that would have been applicable to such Undeclared Dividend had it been declared to but excluding the date paid. Additional dividends will accumulate on the amount of any declared dividend that is not paid on the applicable Dividend Payment Date for any reason at the rate per annum equal to the Series J Junior Quarterly Dividend Rate, compounded quarterly, from and including such Dividend Payment Date to but excluding the date paid.

(c) The record date for the determination of the Series J Junior Preferred Holders entitled to receive payment of a dividend and the date of such payment will be the date fixed by the Corporation's Board of Directors or a duly authorized committee thereof, which record date will be no more than fifteen (15) days prior to the Dividend Payment Date fixed for the payment thereof. The Corporation shall provide written notice of the record date for, the amount of, and the Dividend Payment Date fixed for payment of, each dividend to the Series J Junior Preferred Holders promptly after each such date and amount is fixed. So long as the Series J Junior Preferred Shares are held of record by the nominee of the Securities Depository, dividends will be paid to the nominee of the Securities Depository on each Dividend Payment Date for the Series J Junior Preferred Shares. The Securities Depository will credit the accounts of Agent Members acting as such for Series J Junior Preferred Holders in accordance with its normal procedures, which provide for payment in same-day funds. Each Agent Member will be responsible for holding or disbursing such payments to the Series J Junior Preferred Holder for which it is so acting in accordance with the instructions of

such Holder. Series J Junior Preferred Holders will not be entitled to any dividends on Series J Junior Preferred Shares, whether payable in cash or property, in excess of the dividends provided herein. All dividends will be paid *pro rata* with respect to the Series J Junior Preferred Shares to the Series J Junior Preferred Holders entitled thereto. Notwithstanding anything in the Articles of Incorporation to the contrary, no dividend shall be paid unless, immediately after making such payment and giving effect thereto, the Market Value of the Portfolio Investments and the Permitted Investments equals or exceeds the sum of (i) the consolidated liabilities of the Corporation and its Subsidiaries at such time *plus* (ii) the aggregate of the Series J Junior Redemption Price (assuming the date of determination is a Series J Junior Redemption Date), the Series K Junior Redemption Price (assuming the date of determination is a Series K Junior Redemption Date), the Series A Senior Redemption Price (assuming the date of determination is a Series A Senior Redemption Date) and the Series B Senior Redemption Price (assuming the date of determination is a Series B Senior Redemption Date) for all shares of the Corporation's preferred stock outstanding at such time.

(d) (i) If any DRD Adjustment Event that reduces the Dividends Received Deduction applies with retroactive effect to dividends previously paid on the Series J Junior Preferred Shares (each date on which the Corporation previously paid dividends, a "**DRD Affected Dividend Payment Date**"), the Series J Junior Preferred Holders shall be entitled to receive, subject to declaration by the Board of Directors or a duly authorized committee thereof out of funds legally available therefor, an additional cash dividend (a "**Retroactive DRD Adjustment Dividend**") on the Series J Junior Preferred Shares on or before the last day of the Quarterly Dividend Period next succeeding the Quarterly Dividend Period in which the Corporation provides a Retroactive DRD Adjustment Dividend Payment Notice to the Series J Junior Preferred Holders in an amount equal (A) in the case of a Quarterly Dividend, to the excess (if any) of (x) the sum of the Quarterly Dividends that would have been paid by the Corporation on each DRD Affected Dividend Payment Date if Quarterly Dividends equal to the Series J Junior Quarterly Dividend Amount for the Quarterly Dividend Period ending on such DRD Affected Dividend Payment Date had been declared and paid in full on such date (assuming that the applicable Series J Junior Quarterly Dividend Rate used in determining such Series J Junior Quarterly Dividend Amount had been adjusted for such DRD Adjustment Event as described in the definition of Series J Junior Quarterly Dividend Rate) over (y) the sum of the Quarterly Dividends paid by the Corporation on each DRD Affected Dividend Payment Date and (B) in the case of Annual Gross-up Dividends or Additional Annual Gross-up Dividends, to the excess (if any) of (x) the Annual Gross-up Dividends or Additional Annual Gross-up Dividends adjusted for the effect of such DRD Adjustment Event over (y) the Annual Gross-up Dividends or Additional Annual Gross-up Dividends paid by the Corporation on each DRD Affected Dividend Payment Date. The Corporation shall make only one payment of Retroactive DRD Adjustment Dividends in connection with each DRD Adjustment Event. Upon the occurrence of any DRD Adjustment Event, the Board of Directors or a duly authorized committee thereof shall, within ten (10) Business Days after such DRD Adjustment Event occurs,

determine whether to declare any Retroactive DRD Adjustment Dividend and, if so, the Corporation shall promptly provide written notice of the amount and date of payment thereof to the Series J Junior Preferred Holders (such notice, the "**Retroactive DRD Adjustment Dividend Payment Notice**"). Notwithstanding the foregoing, unless and until payment in full of Retroactive DRD Adjustment Dividends is made to the Holders of Senior Preferred Shares, no Retroactive DRD Adjustment Dividends may be paid to the Holders of any Series J Junior Preferred Shares.

(ii) If any DRD Adjustment Event that increases the Dividends Received Deduction applies with retroactive effect to Quarterly Dividends, Annual Gross-up Dividends or Additional Annual Gross-up Dividends previously paid on the Series J Junior Preferred Shares, then each Series J Junior Preferred Holder that received any such dividend subject to such retroactive DRD Adjustment Event shall pay to the Corporation an amount equal to the excess of the dividend actually received over the amount of dividend that would have been received had the amount of such dividend been adjusted at the time of payment to reflect such DRD Adjustment Event. Such Series J Junior Preferred Holder shall pay such excess not less than 10 Business Days after receipt of the Corporation's written demand therefor, which demand shall include a reasonably detailed computation of such excess and which computation shall be binding in the absence of manifest error. In lieu of requiring such payment, the Corporation may elect to reduce one or more subsequent Quarterly Dividends on the Series J Junior Preferred Shares by an aggregate amount equal to the payment that the Series J Junior Preferred Holders would otherwise have been required to pay pursuant to this Section 4(d)(ii).

(e) Without duplication, if any dividends paid by the Corporation during any taxable year (including without limitation, an Annual Gross-up Dividend paid during such taxable year) constitutes (in whole or in part) a return of capital for U.S. federal income tax purposes or is treated as a gain from the sale or exchange of the Series J Junior Preferred Shares pursuant to Section 301(c)(2) or (3) of the Code as a result of an insufficiency of "**earnings and profits**" (within the meaning of Section 316 of the Code) of the Corporation (such dividends (or portions thereof) so constituting a return of capital or being treated as a gain from the sale or exchange of the Series J Junior Preferred Shares, collectively, a "**Return of Capital Distribution**"), each Series J Junior Preferred Holder shall be entitled to receive, subject to declaration by the Board of Directors or a duly authorized committee thereof out of funds legally available therefor, an additional dividend (an "**Annual Gross-up Dividend**") on or before the last day of the Quarterly Dividend Period next succeeding the Quarterly Dividend Period in which the Corporation provides the Gross-up Dividend Payment Notice to the Series J Junior Preferred Holders in an amount (an "**Annual Gross-up Amount**") that, when taken together with the aggregate Return of Capital Distributions paid to the Series J Junior Preferred Holder thereof in respect of such Series J Junior Preferred Shares for such taxable year of the Corporation, would cause such Holder's net yield in dollars (after giving effect to income tax consequences as provided below and treating the portion of such Return of Capital Distributions otherwise treated as a return of capital as

capital gain received upon the taxable sale or exchange of such Series J Junior Preferred Shares) from the Return of Capital Distributions to be equal to the net yield in dollars (after giving effect to income tax consequences as provided below) which would have been received by such Holder if the entire amount of the aggregate Return of Capital Distributions had instead been treated as a dividend for U.S. federal income tax purposes. In determining the Annual Gross-up Amount for any Holder's Series J Junior Preferred Shares: (i) such Annual Gross-up Amount shall be calculated using the applicable maximum marginal U.S. federal, New York State and New York City corporate income tax rate and, where applicable, the applicable Dividends Received Deduction percentage, without consideration being given to the actual U.S. federal, state or local income tax situation of any Series J Junior Preferred Holder (in each case with respect to the highest U.S. federal, New York State and New York City corporate income tax rate and the Dividends Received Deduction percentage that was in effect for the taxable year in which the Return of Capital Distribution was made) and (ii) the Corporation shall make a determination, based upon its U.S. federal income tax return for the related taxable year, of the distributions to such Holder that are to be treated as dividends for U.S. federal income tax purposes. Not later than each Annual Gross-up Dividend Determination Date, the Corporation shall determine if any Return of Capital Distributions exist. Notwithstanding the foregoing, unless and until payment in full of Annual Gross-up Dividends is made to the Holders of Senior Preferred Shares, no Annual Gross-up Dividends may be paid to the Holders of any Series J Junior Preferred Shares.

(f) (i) If the amount of the Corporation's "**earnings and profits**" (within the meaning of Section 316 of the Code) for a taxable year is redetermined by the IRS or otherwise and, after giving effect to such redetermination, any previously determined Annual Gross-up Amount would have been greater (the excess of such greater amount over the previously determined Annual Gross-up Amount being referred to herein as the "**Additional Annual Gross-up Amount**") had it been computed using such redetermined amount, each Series J Junior Preferred Holder shall be entitled to receive, subject to declaration by the Board of Directors or a duly authorized committee thereof out of funds legally available therefor, an additional dividend (an "**Additional Annual Gross-up Dividend**") on or before the last day of the Quarterly Dividend Period next succeeding the Quarterly Dividend Period in which the Corporation provides the Gross-up Dividend Payment Notice to the Series J Junior Preferred Holders relating to such redetermination, in an amount equal to the Additional Annual Gross-up Amount for each of such Holder's Series J Junior Preferred Shares. Notwithstanding the foregoing, unless and until payment in full of Additional Annual Gross-up Dividends is made to the Holders of Senior Preferred Shares, no Additional Annual Gross-up Dividends may be paid to the Holders of any Series J Junior Preferred Shares.

(ii) If any such redetermination of the Corporation's earnings and profits results in a determination that the Annual Gross-up Dividends or Additional Annual Gross-up Dividends previously paid on the Series J Junior Preferred Shares, after giving effect to such redetermination would have been

less, then each Series J Junior Preferred Holder that received any such dividend shall pay to the Corporation an amount equal to the excess of the dividend actually received over the amount of dividend that would have been received had the amount of such dividend been adjusted at the time of payment to reflect such redetermination. Such Series J Junior Preferred Holder shall pay such excess not less than 10 Business Days after receipt of the Corporation's written demand therefor, which demand shall include a reasonably detailed computation of such excess and which computation shall be binding in the absence of manifest error. In lieu of requiring such payment, the Corporation may elect to reduce one or more subsequent Quarterly Dividends on the Series J Junior Preferred Shares by an aggregate amount equal to the payment that the Series J Junior Preferred Holders would otherwise have been required to pay pursuant to this Section 4(f)(ii).

(g) Not later than ten (10) Business Days after the date on which the Corporation has determined that any Annual Gross-up Amount or Additional Annual Gross-up Amount exists and an Annual Gross-up Dividend or Additional Annual Gross-up Dividend has been declared, the Corporation shall provide written notice to the Series J Junior Preferred Holders informing the Series J Junior Preferred Holders of the amount of such Annual Gross-up Dividends or Additional Annual Gross-up Dividends and the Dividend Payment Date fixed for payment thereof (such notice, a "**Gross-up Dividend Payment Notice**").

(h) On each Dividend Payment Date on which dividends are paid to the Series J Junior Preferred Holders, the Corporation shall provide to each Series J Junior Preferred Holder a written statement setting forth the Corporation's estimate as to the portion of such payment constituting a dividend for U.S. federal income tax purposes. Not later than the 75th day after the end of each taxable year of the Corporation, the Corporation shall provide each Series J Junior Preferred Holder with a statement setting forth the aggregate dividends paid to such Holder as a holder of record during such taxable year that constitute dividends for U.S. federal income tax purposes.

(i) Notwithstanding anything in the Articles of Incorporation to the contrary, if, after the date on which a Series J Junior Preferred Holder's shares have been redeemed or otherwise paid, a determination has been made that such Holder would have been entitled to receive dividends pursuant to Section 4(d), Section 4(e) or Section 4(f) hereof if such Holder's shares were still outstanding Series J Junior Preferred Shares, such Holder's shares shall be considered Series J Junior Preferred Shares solely for the purpose of receiving the amounts that such Holder shall be entitled to receive pursuant to Section 4(d), Section 4(e) or Section 4(f) hereof and, solely for the purpose of receiving such amounts pursuant to Section 4(d), Section 4(e) or Section 4(f) hereof, such Holder shall have all the rights and privileges that would be afforded such Holder under the Articles of Incorporation (including, without limitation, the voting rights under Section 7 hereof) if such Holder's shares were still Series J Junior Preferred Shares.

Section 5. *Liquidation Rights.*

(a) Subject to Section 3(c) hereof, upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, each Holder of Series J Junior Preferred Shares at such time will be entitled to receive out of the assets of the Corporation available for distribution to its stockholders an amount in cash, after any distribution of assets due upon liquidation, dissolution or winding up of the Corporation has been, or contemporaneously is, made to the Holders of Senior Preferred Stock and the Holders of Series K Junior Preferred Stock but before any distribution of assets is made to the Holders of Common Stock, equal to the Series J Junior Liquidation Price for each of such Holder's Series J Junior Preferred Shares. The Series J Junior Liquidation Price for the Series J Junior Preferred Shares of each Series J Junior Preferred Holder shall be paid on the date established by the Board of Directors in connection with the approval of the liquidation, dissolution or winding up of the Corporation (the "**Liquidation Date**"). After the payment of the full amount of the Series J Junior Liquidation Price in respect of the Series J Junior Preferred Shares of the Holders entitled thereto and the other amounts provided in this paragraph, the Series J Junior Preferred Holders will have no right or claim to any of the remaining assets of the Corporation, except pursuant to Section 4(i) hereof.

(b) If, upon any such voluntary or involuntary dissolution, liquidation or winding up, the available assets of the Corporation are insufficient to pay the amount of the Series J Junior Liquidation Price and the Series K Junior Liquidation Price in full on each Series J Junior Preferred Share and Series K Junior Preferred Share, respectively, then such available assets will be applied *pro rata* (based upon the proportion that the amount available to pay such liquidation prices bears to the amount necessary to pay such liquidation prices in full) among all Series J Junior Preferred Shares and Series K Junior Preferred Shares toward payment of the Series J Junior Liquidation Price and the Series K Junior Liquidation Price thereof. Unless and until payment in full of (i) the Series A Senior Liquidation Price of each Series A Senior Preferred Share, (ii) the Series B Senior Liquidation Price of each Series B Senior Preferred Share, (iii) the Series J Junior Liquidation Price of each Series J Junior Preferred Share and (iv) the Series K Junior Liquidation Price of each Series K Junior Preferred Share, upon the liquidation, dissolution or winding up of the Corporation, no dividends or distributions or other payments may be made to the Holders of any Common Stock, and no purchase, redemption or other acquisition for any consideration by the Corporation may be made in respect of the Common Stock.

(c) If, on or before the first anniversary of the Date of Original Issue, the Majority Series J Junior Preferred Holders shall provide written notice to the Corporation (x) stating that MLE has not sold at least $250,000,000 Face Amount of Series A Senior Preferred Shares or Series B Senior Preferred Shares (or a combination thereof) and (y) requiring the Corporation to liquidate pursuant to this Section 5, then the Corporation shall have the right, but not the obligation, within forty-five (45) days after the receipt of such notice, to provide a Notice of Redemption to the Holders of the Series A Senior Preferred Stock, the Series B Senior Preferred Stock, the Series J Junior Preferred Stock and the Series K Junior Preferred Stock, which Notice of Redemption

shall state that the next succeeding Quarterly Dividend Payment Date shall be deemed to be a Corporation Optional Redemption Date. If the Corporation shall provide such Notice of Redemption, then the Series A Senior Preferred Stock, the Series B Senior Preferred Stock, the Series J Junior Preferred Stock and the Series K Junior Preferred Stock shall be subject to redemption, in whole and not in part, pursuant to Section 6(b) of Exhibits B, C and D and Section 6(a) of Exhibit E, respectively. If the Corporation shall not provide such Notice of Redemption, then the Corporation shall promptly liquidate pursuant to Section 5 of Exhibits B, C, D and E.

(d) None of the conversion of the Corporation into another entity, the merger or consolidation of the Corporation into or with any other entity, the merger or consolidation of any other entity with or into the Corporation or the sale of all or substantially all of the property or the business of the Corporation will be deemed to constitute a dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, for the purposes of this Section 5.

Section 6. *Redemption.*

(a) *Holders' Elective Redemption.* If any Holders' Elective Redemption Event shall have occurred, the Majority Series J Junior Preferred Holders may direct the Corporation to redeem the Series J Junior Preferred Shares, in whole and not in part, on the Holders' Elective Redemption Date, subject to the right of the Majority Series A Senior Preferred Holders and Majority Series B Senior Preferred Holders to direct the Corporation first to redeem the Series A Senior Preferred Shares and Series B Senior Preferred Shares, as applicable, pursuant to notice from such Majority Series A Senior Preferred Holders and Majority Series B Senior Preferred Holders, as applicable, received by the Corporation and the Majority Series J Junior Preferred Holders no later than 15 days before the Holders' Elective Redemption Date (as defined below) and subject to the obligation of the Corporation to redeem Series K Junior Preferred Shares pursuant to Section 6(c) of Exhibit E to the Articles of Incorporation on a pari passu basis. Any such direction by the Majority Series J Junior Preferred Holders shall be in writing (the "**Holders' Elective Redemption Direction**"), shall be delivered to the Corporation and to the Senior Preferred Holders in accordance with Section 7(k)(i) hereof and shall specify (i) a date (the "**Holders' Elective Redemption Date**") for redemption of the Series J Junior Preferred Shares, which date shall be a Quarterly Dividend Payment Date occurring not less than 90 days after the date on which the Holders' Elective Redemption Direction is delivered to the Corporation, and (ii) the Holders' Elective Redemption Event. If any Holders' Elective Redemption Event shall have occurred, the Majority Series J Junior Preferred Holders may also direct the Corporation, pursuant to the Holders' Elective Redemption Direction, to redeem on the Holders' Elective Redemption Date the Common Shares then owned by the Series J Junior Preferred Holders, in whole and not in part. The Corporation shall promptly forward a copy of such Holders' Elective Redemption Direction to each Series J Junior Preferred Holder together with a Notice of Redemption (as defined below). If on the Holders' Elective Redemption Date the funds of the Corporation are insufficient to redeem the total number of Series J Junior Preferred Shares, Series K Junior Preferred Shares and Common Shares to be redeemed on such date, those funds which are legally

available and described in Section 3(c) hereof will be used first to redeem the maximum possible number of Series J Junior Preferred Shares and Series K Junior Preferred Shares *pro rata* (based upon the proportion that the amount available to pay such redemption prices bears to the amount necessary to pay such redemption prices in full) among the Holders of the Series J Junior Preferred Shares and Series K Junior Preferred Shares to be redeemed and second to redeem the maximum possible number of Common Shares ratably among the Holders of the Common Shares to be redeemed. At any time thereafter when additional funds of the Corporation described in Section 3(c) hereof are legally available for the redemption of Series J Junior Preferred Shares, Series K Junior Preferred Shares or Common Shares, such funds will immediately be used to redeem first the balance of the Series J Junior Preferred Shares and Series K Junior Preferred Shares *pro rata* (based upon the proportion that the amount available to pay such redemption prices bears to the amount necessary to pay the remaining amount of such redemption prices in full) and second the balance of the Common Shares which the Corporation has not redeemed. On the Holders' Elective Redemption Date, the Corporation shall pay each Holder, as applicable, and subject to the contemporaneous payment upon redemption of Series K Junior Preferred Shares in accordance with the terms thereof, (x) the Series J Junior Redemption Price for each Series J Junior Preferred Share owned by such Holder to be redeemed and (y) the Common Stock Redemption Price for each Common Share owned by such Holder to be redeemed, in each case in cash out of funds legally available therefor and described in Section 3(c) hereof. A Holders' Elective Redemption Direction may be withdrawn at any time by the Majority Series J Junior Preferred Holders. If the Corporation shall have timely received a notice of redemption from the Majority Series A Senior Preferred Holders and/or Majority Series B Senior Preferred Holders, then it shall not redeem any Series J Junior Preferred Shares unless, prior thereto or contemporaneously therewith, such shares of Senior Preferred Stock shall have been so redeemed.

(b) *Corporation Optional Redemption.* The Series J Junior Preferred Shares and the Common Shares owned by the Series J Junior Preferred Holders will be subject to redemption, in whole and not in part, by resolution of the Board of Directors at the option of the Corporation on any Corporation Optional Redemption Date. On the Corporation Optional Redemption Date, the Corporation shall pay each Holder the Series J Junior Redemption Price and the Common Stock Redemption Price, as applicable, in cash for each Series J Junior Preferred Share and Common Share, as applicable, owned by such Holder to be redeemed out of funds legally available therefor and described in Section 3(c) hereof. Notwithstanding the foregoing, (i) in no event shall the Corporation exercise its optional redemption pursuant to this Section 6(b) unless the Corporation shall have redeemed or contemporaneously redeems, in whole and not in part, all of the outstanding Senior Preferred Shares and Series K Junior Preferred Shares, and (ii) in the event of the redemption of any Common Shares, such Common Shares shall be redeemed pro rata among the Series J Junior Preferred Holders owning Common Shares.

(c) *Scheduled Redemption.* The Series J Junior Preferred Shares, the Series K Junior Preferred Shares and the Common Shares owned by the Series J Junior Preferred Holders shall be redeemed, in whole and not in part, upon the Scheduled

Redemption Date. On the Scheduled Redemption Date, the Corporation shall pay each Holder, as applicable, (i) with respect to the Series J Junior Preferred Shares held by such Holder, the Series J Junior Redemption Price and (ii) with respect to the Common Shares held by such Holder, the Common Stock Redemption Price, in each case in cash for each Series J Junior Preferred Share and each Common Share, as applicable, owned by such Holder out of funds legally available therefor and described in Section 3(c) hereof. If on the Scheduled Redemption Date such funds are insufficient to redeem the total number of Series J Junior Preferred Shares, Series K Junior Preferred Shares and Common Shares to be redeemed on such date, those funds which are legally available and described in Section 3(c) hereof will be used first to redeem the maximum possible number of Series J Junior Preferred Shares and Series K Junior Preferred Shares *pro rata* (based upon the proportion that the amount available to pay such redemption prices bears to the amount necessary to pay such redemption prices in full) among the Holders of such shares to be redeemed and second to redeem the maximum possible number of Common Shares ratably among the Holders of the Common Shares to be redeemed. At any time thereafter when additional funds of the Corporation described in Section 3(c) hereof are legally available for the redemption of Series J Junior Preferred Shares, Series K Junior Preferred Shares or Common Shares, such funds will immediately be used to redeem first the balance of the Series J Junior Preferred Shares and the Series K Junior Preferred Shares and second the balance of the Common Shares which the Corporation has not redeemed. Notwithstanding the foregoing, in no event shall the Corporation redeem the Series J Junior Preferred Shares, Series K Junior Preferred Shares or Common Shares on the Scheduled Redemption Date pursuant to this Section 6(b) unless the Corporation shall first have redeemed, in whole and not in part, all of the outstanding Senior Preferred Shares.

(d) *Notice of Redemption.* Whenever Series J Junior Preferred Shares and Series K Junior Preferred Shares are to be redeemed, the Corporation shall mail a notice (a "**Notice of Redemption**") to the Series J Junior Preferred Holders not less than fifteen (15) calendar days nor more than forty-five (45) calendar days prior to the date fixed for redemption. A Notice of Redemption shall be addressed to each Series J Junior Preferred Holder at the address for such Holder appearing on the Stock Books. The Notice of Redemption shall state (i) the Series J Junior Redemption Date, (ii) estimates of the Series J Junior Redemption Price and the Common Stock Redemption Price, (iii) the place or places where Series J Junior Preferred Shares and Common Shares are to be surrendered for payment of the Series J Junior Redemption Price and the Common Stock Redemption Price, as applicable, (iv) that no dividends on the Series J Junior Preferred Shares or Common Shares to be redeemed will be payable after the date fixed for redemption (unless the Corporation shall default in the payment of the Series J Junior Redemption Price or the Common Stock Redemption Price), and (v) the provision under this Section 6 under which redemption is made.

(e) *Surrender of Certificates; Effect.* On or after the Series J Junior Redemption Date, each Holder of Series J Junior Preferred Shares and/or Common Shares shall surrender the certificate or certificates for such Series J Junior Preferred Shares and/or Common Shares to the Corporation at the place designated in the Notice of Redemption, and against such surrender the Series J Junior Redemption Price and/or

Common Stock Redemption Price, as applicable, of such Series J Junior Preferred Shares and/or Common Shares shall be paid to or on the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be canceled. If less than all the Series J Junior Preferred Shares and/or Common Shares, as applicable, represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed Series J Junior Preferred Shares and/or Common Shares, as applicable. From and after the Series J Junior Redemption Date (unless the Corporation shall default in the payment in full of the Series J Junior Redemption Price or the Common Stock Redemption Price), all dividends on the shares so redeemed shall cease to accrue and all rights of the Holders thereof, except the right to receive the Series J Junior Redemption Price or the Common Stock Redemption Price, as applicable, of such shares upon the surrender of certificates representing the same and except as provided in Section 4(i) hereof, shall cease and terminate and such shares shall not thereafter be transferred on the Stock Books of the Corporation and shall not be deemed to be Series J Junior Preferred Shares or Common Shares for any purpose whatsoever.

(f) *Series J Junior Preferred Shares Retired.* Series J Junior Preferred Shares redeemed pursuant to the provisions of this Section 6 shall thereupon have the status of authorized but unissued shares of Preferred Stock without designation.

Section 7. *Voting Rights.*

(a) Holders of the Series J Junior Preferred Shares shall have no voting rights, either general or special, and shall have no right to participate in the management of the Corporation, except as expressly required by applicable law and as specified in this Section 7.

(b) Without the affirmative vote of the Holders of more than 80% of the Series J Junior Preferred Shares, so long as there are any Series J Junior Preferred Shares, the Corporation shall not:

(i) institute proceedings to be adjudicated a bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against it, or file a petition or an answer or consent to a petition seeking reorganization or relief under any applicable federal, state or foreign law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Corporation or of a substantial part of the property of the Corporation, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any corporate or other action in furtherance of any such action;

(ii) consolidate or merge the Corporation or any Subsidiary with or into any other Person, or permit any other Person to consolidate with or merge into the Corporation or any Subsidiary, in either case pursuant to which the market value of the surviving or resulting entity exceeds the market value of the Corporation by more than 5%;

(iii) sell, lease, convey or otherwise dispose of all or substantially all of the assets of the Corporation (other than with respect to sales or disposals of Permitted Investments in connection with the payment of dividends or the redemption of Series J Junior Preferred Shares);

(iv) voluntarily dissolve, liquidate or wind up the affairs of the Corporation or any Subsidiary;

(v) issue shares of Common Stock to any Person;

(vi) create, authorize or issue shares of additional classes or series of stock;

(vii) own any assets other than (w) investments held by the Corporation on the date of filing of the Articles of Incorporation, (x) Portfolio Investments and Permitted Investments, (y) the common stock of the Subsidiaries (and the assets thereof owned on the date of filing of the Articles of Incorporation), and (z) securities issued by entities whose sole assets are cash, cash equivalents and real property (or securities issued by such entities);

(viii) create, authorize, issue, incur or suffer to exist any indebtedness for borrowed money or other liability other than in the ordinary course of business in an aggregate amount not exceeding $1,000,000;

(ix) have any salaried employees;

(x) amend, alter or repeal any provision of the Articles of Incorporation or the Bylaws, whether by merger, consolidation or otherwise, so as to adversely affect any of the rights, powers, preferences, privileges, terms or par value of any Series J Junior Preferred Share or to change the capital surplus of the Corporation in a manner adverse to the Holders of Series J Junior Preferred Shares or to modify any of the limitations set forth in this Section 7(b) or Section 8 hereof; or

(xi) do anything that requires the affirmative vote of each class of voting securities of the Corporation.

(c) Without the affirmative vote of the Holders of more than 80% of the Series J Junior Preferred Shares, so long as there are any Series J Junior Preferred Shares, the Corporation shall not permit any Subsidiary to:

(i) institute proceedings to be adjudicated a bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against it, or file a petition or an answer or consent to a petition seeking reorganization or relief under any applicable federal, state or foreign law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Subsidiary or of a substantial part of the property of such Subsidiary, or make any assignment for the benefit of

creditors, or admit in writing such Subsidiary's inability to pay its respective debts generally as they become due, or take any corporate or other action in furtherance of any such action;

(ii) consolidate or merge such Subsidiary with or into any other Person, or permit any other Person to consolidate with or merge into such Subsidiary;

(iii) sell, lease, convey or otherwise dispose of all or substantially all of the assets of such Subsidiary (other than with respect to sales or disposals of Portfolio Investments or Permitted Investments in connection with the payment of distributions on the Corporation's interest in such Subsidiary);

(iv) voluntarily dissolve, liquidate or wind up the affairs of such Subsidiary;

(v) if such Subsidiary is a limited liability company, admit or create additional members;

(vi) if such Subsidiary is a corporation, issue additional shares of common stock or create, authorize or issue shares of additional classes or series of stock;

(vii) own any assets other than (x) Portfolio Investments and Permitted Investments, (y) the common stock of the Subsidiaries and (z) the assets held on the date of filing of the Articles of Incorporation;

(viii) loan, distribute or transfer any monies or assets of such Subsidiary to any other Subsidiary;

(ix) create, authorize, issue, incur or suffer to exist any indebtedness for borrowed money or other liability;

(x) have any employees; or

(xi) make an election to become a "**disregarded entity**" for U.S. federal income tax purposes.

(d) Upon the occurrence of any of the following events, the authorized number of directors of the Board of Directors shall automatically be increased by the smallest even number divisible by three of new directors that shall constitute a majority of the Board of Directors, as so increased (such new directors, the "**Additional Directors**"), and (A) in the case of an event described in clauses (i), (ii) or (iii) below, each of the Majority Series A Senior Preferred Holders, the Majority Series B Senior Preferred Holders and the Majority Series J Junior Preferred Holders shall be entitled to elect one-third of the Additional Directors, and (B) in the case of an event described in clauses (iv) or (v) below, the Majority Series J and Series K Junior Preferred Holders, voting together as a single class, shall be entitled to elect all of the Additional Directors

(*provided, however*, that if at such time the Majority Series A Senior Preferred Holders have the right to elect Additional Directors, then the provisions of Section 7 of Exhibit B to the Articles of Incorporation shall apply, and if at such time the Majority Series B Senior Preferred Holders but not the Majority Series A Senior Preferred Holders have the right to elect Additional Directors, then the provisions of Section 7 of Exhibit C shall apply):

(i) the Corporation or any Specified Affiliate shall institute proceedings to be adjudicated a bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against any such Person, or file a petition or an answer or consent to a petition seeking reorganization or relief under any applicable federal, state or foreign law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of any such Person or of a substantial part of any such Person's property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any corporate or other action in furtherance of any such action;

(ii) the entry of a decree or order by a court having competent jurisdiction adjudging the Corporation or any Specified Affiliate bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of any such Person under any applicable federal, state or foreign law relating to bankruptcy, or appointing a receiver, liquidator, assignee, trustee, sequestrator or other similar official of any such Person or of a substantial part of any such Person's property, or ordering the winding up or liquidation of any such Person's affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days;

(iii) failure of the Corporation to maintain the Liquidity Reserve in accordance with Section 8(e) hereof and such failure continues for ten (10) Business Days after any Series J Junior Preferred Holder gives written notice to the Corporation of such failure;

(iv) failure of the Corporation to declare and pay in full Quarterly Dividends equal to the applicable Series J Junior Quarterly Dividend Amount on two or more consecutive Quarterly Dividend Payment Dates; or

(v) failure of the Corporation to pay in full the aggregate Series J Junior Redemption Price and/or Common Stock Redemption Price, as applicable, of the Series J Junior Preferred Shares and the Common Shares, as applicable, on the Series J Junior Redemption Date.

(e) As soon as reasonably practicable after the accrual of any right of the Series J Junior Preferred Holders to elect Additional Directors pursuant to Section 7(d) hereof and so long as the Series J Junior Preferred Holders shall not have taken the action described in Section 7(k)(ii) hereof, the Board of Directors shall call a special meeting of the Series A Senior Preferred Holders, the Series B Senior Preferred

Holders, the Series J Junior Preferred Holders and, if applicable, the Series K Junior Preferred Holders by mailing to such Holders a notice of such special meeting to be held not less than five (5) Business Days nor more than thirty (30) calendar days after the date such notice is given. If the Board of Directors does not send such notice, any such special meeting may be called by any Series A Senior Preferred Holder, Series B Senior Preferred Holder, Series J Junior Preferred Holder or Series K Junior Preferred Holder on like notice. The record date for determining the Holders entitled to notice of, and to vote at, such meeting shall be the close of business on the Business Day immediately preceding the day on which such notice is mailed. At any such special meeting, the applicable Holders will be entitled to elect Additional Directors on a one-vote-per-Series A Senior Preferred Share-per-director basis, on a one-vote-per-Series B Senior Preferred Share-per-director basis, on a one-vote-per-Series J Junior Preferred Share-per-director basis or on a one-vote-per-Series K Junior Preferred Share-per-director basis, as the case may be. The Holders of 34% of each of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares and the Series J Junior Preferred Shares or, taken together as a single class, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares, as applicable, at the time present in person or by proxy will constitute a quorum for the election of the Additional Directors. Notice of all meetings at which the Series A Senior Preferred Holders, the Series B Senior Preferred Holders, the Series J Junior Preferred Holders and the Series K Junior Preferred Holders shall be entitled to vote will be given to such Holders at their addresses as they appear on the Stock Books. At any such meeting or adjournment thereof in the absence of a quorum, subject to the provisions of any applicable law, the Holders of a majority of each of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares and the Series J Junior Preferred Shares or, voting together as a single class, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares, as applicable, present in person or by proxy shall have the power to adjourn the meeting for the election of the Additional Directors, without notice other than an announcement at the meeting, until a quorum is present. If a Cure Event shall occur after the notice of a special meeting for the election of Additional Directors has been given but before such special meeting is held, the Corporation shall, as soon as practicable after the occurrence of such Cure Event, mail notice of such occurrence and a statement that no special meeting will be held to the Holders of record that would have been entitled to vote at such special meeting.

(f) The term of office of all persons who are directors of the Corporation at the time the Additional Directors are elected shall continue, notwithstanding such election. The Additional Directors, together with the incumbent directors elected by Holders of the shares of Common Stock, shall constitute the duly elected directors of the Corporation.

(g) The term of office of the Additional Directors shall terminate as follows: (i) in the case of the event described in Section 7(d)(iii) hereof that gave rise to the election of the Additional Directors, on the date that the Corporation establishes the Liquidity Reserve in accordance with Section 8(e) hereof, (ii) in the case of the event described in Section 7(d)(iv) hereof that gave rise to the election of the Additional Directors, on the date that the Corporation declares and pays in full all unpaid Quarterly

Dividends and (iii) in the case of an event described in clauses (i), (ii) or (v) of Section 7(d) hereof that gave rise to the election of the Additional Directors, on the date that the Series A Senior Preferred Shares, the Series B Senior Preferred Shares, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares have been redeemed in full by the Corporation in accordance with the next sentence. During the term of office of the Additional Directors, the Additional Directors shall have the limited right to cause either (i) a Cure Event to occur or (ii) the Corporation to redeem all of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares, to the extent of funds legally available therefor and described in Section 3(c) hereof, and to cause the redemption of any remaining Series A Senior Preferred Shares, Series B Senior Preferred Shares, Series J Junior Preferred Shares and Series K Junior Preferred Shares upon the availability of funds of the Corporation legally available therefor and described in Section 3(c) hereof, and the Additional Directors shall have the power, among other things, to realize and provide for the orderly disposition of the Portfolio Investments, the Permitted Investments, the Permitted Swap Agreements and the other assets of the Corporation and any Subsidiary insofar as is necessary to acquire adequate capital and sufficient cash to effect any redemption of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares.

(h) Upon the expiration of the term of the Additional Directors, the persons who shall have been elected by the Holders of Common Stock and who are incumbent shall constitute the directors of the Corporation, the number of directors of the Corporation shall be reduced to the number in effect prior to the automatic increase in the authorized number of directors pursuant to Section 7(d) hereof and the voting rights of the Series A Senior Preferred Holders, the Series B Senior Preferred Holders, the Series J Junior Preferred Holders and, if applicable, the Series K Junior Preferred Holders to elect directors shall cease.

(i) So long as the right of the Series J Junior Preferred Holders and, if applicable, the Series K Junior Preferred Holders to elect the Additional Directors shall continue, the Additional Directors elected by such Holders shall (subject to the provisions of any applicable law) be subject to removal only by the vote of the Majority Series J Junior Preferred Holders or, voting together as a single class, the Majority Series J and Series K Junior Preferred Holders, as applicable. Any vacancy in the members of the Board of Directors elected by the Majority Series J Junior Preferred Holders or, voting together as a single class, the Majority Series J and Series K Junior Preferred Holders occurring by reason of such removal or otherwise may be filled by vote of the Majority Series J Junior Preferred Holders or, voting together as a single class, the Majority Series J and Series K Junior Preferred Holders, as applicable, in each case voting in person or by proxy at a meeting of the Series J Junior Preferred Holders and, if applicable, the Series K Junior Preferred Holders, and if not so filled such vacancy shall (subject to the provisions of any applicable law) be filled by a majority of the remaining directors (or the remaining director) elected by the Majority Series J Junior Preferred Holders or, voting together as a single class, the Majority Series J and Series K Junior Preferred Holders, as applicable.

(j) The Corporation shall not, so long as there are any Series J Junior Preferred Shares, appoint a successor Servicer unless such successor has been approved in writing by the Majority Series J Junior Preferred Holders (such approval not to be unreasonably withheld).

(k) Notwithstanding anything in the Articles of Incorporation or the Bylaws to the contrary:

(i) except as provided in clauses (ii) and (iii) below, any written notice, consent or approval required by the Articles of Incorporation to be delivered by the Series J Junior Preferred Holders in connection with the exercise of any right or benefit of the Series J Junior Preferred Holders shall be effective if the requisite percentage of Series J Junior Preferred Holders entitled to give any such notice, consent or approval have provided such notice, consent or approval, as the case may be, in writing to the Corporation;

(ii) the right to elect the Additional Directors pursuant to Section 7(d) hereof may be exercised without a special meeting of the Series J Junior Preferred Holders and, if applicable, the Series K Junior Preferred Holders, without notice to such Holders and without a vote of such Holders if a consent or consents in writing, setting forth the appointment of the Additional Directors, shall be signed by the Series J Junior Preferred Holders or, voting together as a single class, the Series J Junior Preferred Holders and the Series K Junior Preferred Holders, as applicable, having not less than the minimum number of votes that would be necessary to elect the Additional Directors at a meeting at which all the Series J Junior Preferred Holders and, if applicable, the Series K Junior Preferred Holders entitled to vote thereon were present and voted and such consent or consents have been delivered to the Corporation;

(iii) with respect to the determination of the Market Value of any Permitted Investment or Portfolio Investment, such Market Value shall be deemed to be determined by mutual agreement of the Corporation and the Holders of more than 50% of each of the Series A Senior Preferred Shares ,the Series B Senior Preferred Shares and the Series J Junior Preferred Shares if the Corporation and such Holders have (x) orally agreed to such Market Value, (y) each of the Corporation and such Holders have confirmed such oral agreement in writing and (z) such agreement would not result in the applicable Expected Investment Loss to be exceeded; and

(iv) the Corporation shall treat any beneficial owner of Series J Junior Preferred Shares that has provided the notice described in Section 10 hereof as a Series J Junior Preferred Holder for all purposes hereunder in place of the Person listed as the Holder of such Series J Junior Preferred Shares on the Stock Books and such beneficial owner shall be entitled to any and all rights and benefits provided to the Series J Junior Preferred Holders as if such beneficial owner were a Series J Junior Preferred Holder.

(l) Notwithstanding anything in the Articles of Incorporation to the contrary, no shares held of record by the Corporation or any Affiliate thereof will be entitled to vote or be deemed Series J Junior Preferred Shares for the purpose of voting such shares or determining the number of Series J Junior Preferred Shares required to constitute a quorum at a meeting of the Series J Junior Preferred Holders.

(m) The Securities Depository, while it or its nominee is the registered owner of any Series J Junior Preferred Shares, will not independently exercise any voting rights with respect thereto. Rather, in accordance with its normal procedures, the Securities Depository will extend such voting rights to the Agent Member whose account is credited with such Series J Junior Preferred Shares. Each such Agent Member will, in turn, extend such voting rights to the Series J Junior Preferred Holders for whom it is so acting in accordance with such Agent Member's normal procedures.

Section 8. *Portfolio Investments; Other Assets Owned by Corporation; Other Agreements of the Corporation.*

(a) The Corporation shall use the proceeds from the sale of the Senior Preferred Stock and the Series J Junior Preferred Stock plus the proceeds from the sale of the Common Shares pursuant to the Master Subscription Agreement in accordance with the use of proceeds set forth in the Master Subscription Agreement. Upon the maturity, redemption, repayment, prepayment, sale, exchange or other disposition of any Portfolio Investment, in each case prior to the Scheduled Redemption Date, the Corporation shall reinvest the proceeds it receives therefrom within twenty (20) Business Days in replacement Eligible Portfolio Investments with an aggregate principal amount equal to the principal amount of the Portfolio Investment that matured or was redeemed, prepaid, sold or otherwise disposed of. The Corporation shall invest in Permitted Investments any such proceeds not immediately used to purchase replacement Eligible Portfolio Investments until such purchase occurs.

(b) The Corporation shall enter into a Permitted Swap Agreement on the Date of Original Issue. If any Portfolio Investment matures or is prepaid, terminated, sold or otherwise disposed of prior to the Scheduled Redemption Date and no replacement Eligible Portfolio Investments are available for purchase by the Corporation with sufficient floating rate income to enable the Corporation to meet its obligations under the Permitted Swap Agreement then in effect and the counterparty thereto is unwilling to reduce the floating rate payments to which it is entitled and maintain the fixed rate payments in the same amount as before such event, then the Corporation will partially or fully, as the case may be, terminate such Permitted Swap Agreement and, if the replacement Eligible Portfolio Investments bear interest at a floating rate, enter into one or more replacement Permitted Swap Agreements so that the Corporation receives under all Permitted Swap Agreements in effect thereafter an aggregate amount of fixed rate payments on all Quarterly Dividend Payment Dates thereafter that is as close to the Quarterly Dividend Amounts for such dates as possible in return for the aggregate floating rate payments with respect to such dates under the Portfolio Investments outstanding thereafter.

(c) All income of the Corporation not needed to pay dividends on the Senior Preferred Stock, the Series J Junior Preferred Stock, the Series K Junior Preferred Stock or the Common Stock within 24 hours shall be invested by the Corporation in Permitted Investments, none of which may have a maturity later than the Business Day immediately preceding the Dividend Payment Date immediately succeeding the date of investment.

(d) "**Permitted Investments**" shall mean one or more investments denominated in United States dollars that (i) constitute financial assets, either fixed or revolving, that by their terms convert into cash within a finite time period and, therefore, qualify as "**eligible assets**" as that term is defined by sub-paragraph (b)(1) of Rule 3a-7 under the Investment Company Act and (ii) fall into one of the following categories:

(A) direct obligations of, and obligations fully guaranteed as to timely payment of principal and interest by, the United States of America or any agency or instrumentality of the United States of America;

(B) debt securities with a stated maturity bearing interest or sold at a discount whose issuer or obligor has a long-term unsecured debt rating of not less than "AAA" by S&P or "Aaa" by Moody's, but not including any mortgage-backed securities, asset-backed securities, collateralized debt obligations or any other type of structured finance securities;

(C) commercial paper issued by any corporation (including both noninterest-bearing discount obligations and interest-bearing obligations) and rated at least "A-1" by S&P and "P-1" by Moody's;

(D) time deposits in, certificates of deposit of, or bankers' acceptances issued by, any commercial bank incorporated under the laws of the United States or any state thereof or the District of Columbia, or any commercial bank organized outside the United States that is subject to U.S. regulatory supervision, in each case having at any date of determination combined capital and surplus of not less than $100,000,000 and having a long term unsecured debt rating of not less than "AAA" by S&P and "Aaa" by Moody's;

(E) the SEBC Real Estate LLC Note;

(F) loans to SEBC Holdings, LP such that, at any given time, the total amount of such loans is less than the lower of (i) $600,000 and (ii) 25% of the fair market value of SEBC Holdings, LP's total assets on an unconsolidated basis (exclusive of cash and U.S. government securities), and all such loans have a maturity date of [April 30, 2014] or earlier; and

(G) and any other debt security or investment designated as a Permitted Investment by the Corporation that has been approved in writing by the Majority Holders;

provided that

(x) the Corporation shall not acquire a Permitted Investment if, after giving effect to such acquisition:

(1) the aggregate Market Value of the Permitted Investments described in clauses (B), (C) and (D) above representing the securities or obligations of any one corporation exceeds 25% of the aggregate Market Value of the Permitted Investments described in said clauses (B), (C) and (D) above; or

(2) the aggregate Market Value of the Permitted Investments described in clauses (B), (C) and (D) above representing the securities or obligations of any ten (10) issuers exceeds 50% of the aggregate Market Value of the Permitted Investments in said clauses (B), (C) and (D) above; and

(y) after giving effect to the acquisition of any Permitted Investment, the remaining term to final maturity of any individual Permitted Investment shall not extend beyond the Scheduled Redemption Date.

(e) After the first anniversary of the Date of Original Issue, for so long as there are any Series J Junior Preferred Shares outstanding, the Corporation shall maintain the Liquidity Reserve during each Quarterly Dividend Period in Permitted Investments maturing on or prior to the end of such Quarterly Dividend Period, and the Corporation shall take such action as necessary prior to such first anniversary to ensure that it shall be in compliance herewith; *provided, however*, that the Corporation's obligation to establish and maintain the Tax Reserve Amount shall commence on the Date of Original Issue.

(f) On each Quarterly Dividend Payment Date, the Corporation shall distribute or cause to be distributed (which distribution requirement may be satisfied through the posting of such report to a publicly available web site) to the Series J Junior Preferred Holders a report containing the following information for the Quarterly Dividend Period ending on such date:

(i) a brief description of each Portfolio Investment and each Permitted Investment held by the Corporation during such Quarterly Dividend Period and the outstanding principal amount thereof and identifying any such Portfolio Investment or Permitted Investment that was acquired by or delivered to the Corporation during such Quarterly Dividend Period;

(ii) the interest and other distributions and payments received by the Corporation during such Quarterly Dividend Period representing income or principal payments on the Portfolio Investments and Permitted Investments;

(iii) a description of any sales or other disposals of Portfolio Investments and of Permitted Investments during such Quarterly Dividend Period and the amount of gain or loss realized by the Corporation in connection with any such sale or disposal;

(iv) information concerning any payment or other defaults by the Obligors on any Portfolio Investments or any Permitted Investments held by the Corporation during such Quarterly Dividend Period; and

(v) a description of any Permitted Swap Agreement and any Swap Payment Amounts, Swap Receipt Amounts and Swap Termination Amounts received by the Corporation with respect thereto during such Quarterly Dividend Period.

(g) If an "**event of default**" or "**termination event**" shall occur under a Permitted Swap Agreement and, in connection therewith, the Eligible Swap Counterparty shall be the "**affected party**" and such Permitted Swap Agreement terminates prior to the Scheduled Redemption Date, the Corporation shall enter into a replacement Permitted Swap Agreement within twenty (20) Business Days thereafter with the same scheduled dates and amounts of fixed payments and floating payments as the terminated Permitted Swap Agreement.

(h) For so long as there are any Series J Junior Preferred Shares outstanding, the Corporation shall deliver a certificate (which delivery requirement may be satisfied through the posting of such certificate to a publicly available web site) to each Series J Junior Preferred Holder on each Quarterly Dividend Payment Date (a "**Compliance Certificate**") stating that no "**event of default**" or "**termination event**" has occurred under any Permitted Swap Agreement with respect to the Corporation or the Eligible Swap Counterparty thereunder.

Section 9. *Limitation on Business Activities.* For so long as there are any Series J Junior Preferred Shares outstanding: .

(i) the Corporation shall be authorized to engage solely in the business of (A) acquiring, holding, selling and disposing of the Portfolio Investments and Permitted Investments, (B) entering into Permitted Swap Agreements from time to time and causing the Servicer to manage the Corporation's investments, Permitted Swap Agreements and the other assets and liabilities of the Corporation and (C) investing in SEBC Real Estate LLC, in each case in accordance with the provisions hereof and the Servicing Agreement, and, in connection with such business, the Corporation may engage in any lawful act or activity which is incidental thereto and necessary or desirable in connection with the foregoing;

(ii) the Corporation shall invest any available monies or funds of the Corporation solely in Permitted Investments;

(iii) at any time that the Corporation seeks to be exempt from registration as an investment company under the Investment Company Act by virtue of the exemption from registration that is provided by Rule 3a-7 under the Investment Company Act, the Corporation shall (A) not acquire Portfolio Investments, Eligible Portfolio Investments or Permitted Investments or dispose of Portfolio Investments, Eligible Portfolio Investments or Permitted Investments for the primary purpose of recognizing gains or decreasing losses from market value changes and (B) in all respects, comply with the requirements of Rule 3a-7 under the Investment Company Act;

(iv) the Corporation shall not fail to ensure that any transaction entered into with any Person is fair to each party, constitutes an exchange for fair consideration and for reasonably equivalent value, and is made in good faith and without any intent to hinder, delay or defraud creditors;

(v) the Corporation shall not take any action with respect to, and will not engage in transactions with, any Person unless it determines in a reasonable fashion that such actions or transactions are in the best interests of the Corporation;

(vi) the Corporation shall comply with the covenants set forth in Article 5 of the Master Subscription Agreement; and

(vii) the Corporation shall not make any distribution or other payment on, or redeem or otherwise acquire, any shares of its Common Stock except for payment of a quarterly dividend on all shares of its Common Stock pursuant to the declaration of such quarterly dividend by unanimous vote of the Board of Directors.

Section 10. *Notices.* All communications and notices hereunder or with respect hereto, unless otherwise specified in the Articles of Incorporation or the Bylaws, shall be (i) in writing, (ii) hand-delivered or sent by overnight courier or telecopier or as an attachment to an email in a format then customarily used, (iii) addressed to the Corporation or a Series J Junior Preferred Holder at its street or email address or facsimile number specified below and (iv) effective as to a Person on receipt by such Person:

if to the Corporation: SEBC Financial Corporation

Address:

Phone:

Facsimile:

Email:

if to a Series J Junior Preferred Holder, at the address of such Series J Junior Preferred Holder set forth in the Stock Books. Any beneficial owner of Series J Junior Preferred Shares in book-entry form may provide notice to the Corporation of the identity of such beneficial owner and request the Corporation to provide all notices and other communications sent to Series J Junior Preferred Holders to also be sent to such beneficial owner at the address, facsimile number or email address provided by such beneficial owner.

Section 11. *Securities Depository Stock Certificate*. At the request of a Series J Junior Preferred Holder and upon receipt by the Corporation of the certificates representing the Series J Junior Preferred Shares of such Holder, the Corporation shall issue one or more certificates for such Series J Junior Preferred Shares, register such certificates in the name of Cede & Co. as the nominee of the Securities Depository and deliver such certificates to the Agent Member designated by such Holder in such request for deposit in its account with the Securities Depository on behalf of such Holder. Each such certificate shall bear a legend to the effect that such certificate is issued subject to the provisions restricting transfer of Series J Junior Preferred Shares contained in the Articles of Incorporation. The Securities Depository will maintain lists of its participants and the Series J Junior Preferred Shares held by each Agent Member whether as a Series J Junior Preferred Holder for its own account or as a nominee for another Series J Junior Preferred Holder.

Section 12. *Transfer Restrictions.*

(a) Series J Junior Preferred Shares may only be sold or otherwise transferred to a Person that is an Eligible Holder that is knowledgeable, sophisticated and experienced in business and financial matters and able and prepared to bear the economic risk of investing in and holding Series J Junior Preferred Shares. The Corporation shall have no obligation to recognize any sale, transfer or other disposition of any Series J Junior Preferred Share unless the purchaser or transferee thereof shall be an Eligible Holder. Any purchase or transfer of the Series J Junior Preferred Shares in violation of this Section 12 shall have no effect and the intended purchaser or transferee shall not be deemed to be a Series J Junior Preferred Holder for any purpose, including but not limited to, with respect to the receipt of dividends on, or other distributions in respect of, the Series J Junior Preferred Shares. The restrictions set forth in this Section 12 shall be subject in all respects to the provisions restricting transfer of Series J Junior Preferred Shares contained in the Articles of Incorporation.

(b) Each certificate representing the Series J Junior Preferred Shares shall bear a legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR A BENEFICIAL INTEREST HEREIN, THE HOLDER AGREES THAT (1) IT WILL NOT RESELL OR OTHERWISE

TRANSFER THE SECURITY EVIDENCED HEREBY, EXCEPT TO A PERSON THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A ADOPTED UNDER THE SECURITIES ACT) THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, ALL IN COMPLIANCE WITH RULE 144A; (2) IT WILL DELIVER TO EACH PERSON TO WHOM THE SECURITY EVIDENCED HEREBY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; AND (3) IT WILL, PRIOR TO ANY TRANSFER OF THIS SECURITY, FURNISH TO THE TRANSFER AGENT AND THE CORPORATION SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS MAY BE REQUESTED TO CONFIRM THAT SUCH TRANSFER IS BEING MADE IN ACCORDANCE WITH THIS LEGEND.

Section 13. *No Other Rights or Preferences.* Unless otherwise required by law, the Series J Junior Preferred Holders shall not have any rights or preferences other than those specifically set forth herein. The Series J Junior Preferred Holders shall have no preemptive rights.

EXHIBIT E

SERIES K JUNIOR CUMULATIVE PREFERRED STOCK OF SEBC FINANCIAL CORPORATION

Section 1. *Designation, Amount, Series and Rank.* From the authorized Preferred Stock of SEBC Financial Corporation (the "**Corporation**"), there shall be a series of Preferred Stock designated as the "Series K Junior Cumulative Preferred Stock," par value $0.001 per share (the "**Series K Junior Preferred Stock**"), and the number of shares constituting such series shall be [•]. The Series K Junior Preferred Stock shall, with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of the Corporation, rank (a) senior to the Common Stock, and to all other classes or series of capital stock of the Corporation hereafter issued which are not by their terms expressly senior to or on a parity with the Series K Junior Preferred Stock; (b) on a parity with the Series J Junior Preferred Stock, and with all other classes or series of capital stock of the Corporation hereafter issued which are by their terms expressly on a parity with the Series K Junior Preferred Stock; and (c) junior to the Senior Preferred Stock, and to all other classes or series of capital stock of the Corporation hereafter issued which are by their terms expressly senior to the Series K Junior Preferred Stock.

Section 2. *Definitions.* Capitalized terms used but not defined in this Exhibit E shall have the respective meanings set forth in the Articles of Incorporation or Exhibit A to the Articles of Incorporation.

Section 3. *Series K Junior Preferred Shares; Distributions.*

(a) The Series K Junior Preferred Shares shall be represented by one or more certificates registered in the Stock Books in the names of the Holders of the Series K Junior Preferred Shares.

(b) No fractional Series K Junior Preferred Shares shall be issued.

(c) Notwithstanding anything in the Articles of Incorporation to the contrary, the Corporation shall have no right to make distributions or payments in respect of the Series K Junior Preferred Shares unless (i) all required distributions have been, or contemporaneously are, made on the Senior Preferred Stock and the Series J Junior Preferred Stock and (ii) such distributions or payments are made solely from one or more of the following sources:

(i) interest and other distributions and payments received by the Corporation on or in respect of the Portfolio Investments or the Permitted Investments purchased by the Corporation from time to time;

(ii) all proceeds received by the Corporation from the maturity, redemption, repayment, prepayment, sale, exchange or other disposition of Portfolio Investments or Permitted Investments (including those in which the Liquidity Reserve is invested from time to time); and

(iii) all other assets or property of the Corporation including, without limitation, the stock of any Subsidiary and the proceeds of any disposition thereof.

Section 4. *Dividends.*

(a) Subject to Section 3(c) hereof, each Series K Junior Preferred Holder shall be entitled to receive, subject to declaration thereof by the Board of Directors or a duly authorized committee thereof, out of funds legally available therefor, a cash dividend (a "**Quarterly Dividend**") on each Quarterly Dividend Payment Date for the Quarterly Dividend Period then ending in an amount equal to the Series K Junior Quarterly Dividend Amount for such Quarterly Dividend Period. Notwithstanding anything in the Articles of Incorporation to the contrary, no dividends shall be paid to the Series K Junior Preferred Holders pursuant to this Section 4 unless and until there shall have been, or contemporaneously be, paid to each Holder of Senior Preferred Stock and each Holder of Series J Junior Preferred Stock all accrued and unpaid dividends (of any type) on such Senior Preferred Stock or Series J Junior Preferred Stock, respectively

(b) The amount of any dividend not declared, or the shortfall in the amount of any dividend that is declared, regardless of a lack of sufficient legally available funds or sufficient earnings and profits (such amount or shortfall, as the case may be, being an "**Undeclared Dividend**"), will accumulate until paid. Additional dividends will accumulate on the amount of any Undeclared Dividend at the rate per annum equal to the Series K Junior Quarterly Dividend Rate, compounded quarterly, from and including the Dividend Payment Date that would have been applicable to such Undeclared Dividend had it been declared to but excluding the date paid. Additional dividends will accumulate on the amount of any declared dividend that is not paid on the applicable Dividend Payment Date for any reason at the rate per annum equal to the Series K Junior Quarterly Dividend Rate, compounded quarterly, from and including such Dividend Payment Date to but excluding the date paid.

(c) The record date for the determination of the Series K Junior Preferred Holders entitled to receive payment of a dividend and the date of such payment will be the date fixed by the Corporation's Board of Directors or a duly authorized committee thereof, which record date will be no more than fifteen (15) days prior to the Dividend Payment Date fixed for the payment thereof. The Corporation shall provide written notice of the record date for, the amount of, and the Dividend Payment Date fixed for payment of, each dividend to the Series K Junior Preferred Holders promptly after each such date and amount is fixed. So long as the Series K Junior Preferred Shares are held of record by the nominee of the Securities Depository, dividends will be paid to the nominee of the Securities Depository on each Dividend Payment Date for the Series K Junior Preferred Shares. The Securities Depository will credit the accounts of Agent Members acting as such for Series K Junior Preferred Holders in accordance with its normal procedures, which provide for payment in same-day funds. Each Agent Member will be responsible for holding or disbursing such payments to the Series K Junior Preferred Holder for which it is so acting in accordance with the instructions of such Holder. Series K Junior Preferred Holders will not be entitled to any dividends on Series K Junior Preferred Shares, whether payable in cash or property, in excess of the dividends provided herein. All dividends will be paid *pro rata* with respect to the Series K Junior Preferred Shares to the Series K Junior Preferred Holders entitled thereto. Notwithstanding anything in the Articles of Incorporation to

the contrary, no dividend shall be paid unless, immediately after making such payment and giving effect thereto, the Market Value of the Portfolio Investments and the Permitted Investments equals or exceeds the sum of (i) the consolidated liabilities of the Corporation and its Subsidiaries at such time *plus* (ii) the aggregate of the Series J Junior Redemption Price (assuming the date of determination is a Series J Junior Redemption Date), the Series K Junior Redemption Price (assuming the date of determination is a Series K Junior Redemption Date), the Series A Senior Redemption Price (assuming the date of determination is a Series A Senior Redemption Date) and the Series B Senior Redemption Price (assuming the date of determination is a Series B Senior Redemption Date) for all shares of the Corporation's preferred stock outstanding at such time.

(d) On each Dividend Payment Date on which dividends are paid to the Series K Junior Preferred Holders, the Corporation shall provide to each Series K Junior Preferred Holder a written statement setting forth the Corporation's estimate as to the portion of such payment constituting a dividend for U.S. federal income tax purposes. Not later than the 75th day after the end of each taxable year of the Corporation, the Corporation shall provide each Series K Junior Preferred Holder with a statement setting forth the aggregate dividends paid to such Holder as a holder of record during such taxable year that constitute dividends for U.S. federal income tax purposes.

Section 5. *Liquidation Rights.*

(a) Subject to Section 3(c) hereof, upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, each Holder of Series K Junior Preferred Shares at such time will be entitled to receive out of the assets of the Corporation available for distribution to its stockholders an amount in cash, after any distribution of assets due upon liquidation, dissolution or winding up of the Corporation has been, or contemporaneously is, made to the Holders of Senior Preferred Stock and the Holders of Series J Junior Preferred Stock but before any distribution of assets is made to the Holders of Common Stock, equal to the Series K Junior Liquidation Price for each of such Holder's Series K Junior Preferred Shares. The Series K Junior Liquidation Price for the Series K Junior Preferred Shares of each Series K Junior Preferred Holder shall be paid on the date established by the Board of Directors in connection with the approval of the liquidation, dissolution or winding up of the Corporation (the "**Liquidation Date**"). After the payment of the full amount of the Series K Junior Liquidation Price in respect of the Series K Junior Preferred Shares of the Holders entitled thereto and the other amounts provided in this paragraph, the Series K Junior Preferred Holders will have no right or claim to any of the remaining assets of the Corporation.

(b) If, upon any such voluntary or involuntary dissolution, liquidation or winding up, the available assets of the Corporation are insufficient to pay the amount of the Series J Junior Liquidation Price and the Series K Junior Liquidation Price in full on each Series J Junior Preferred Share and Series K Junior Preferred Share, respectively, then such available assets will be applied *pro rata* (based upon the proportion that the amount available to pay such liquidation prices bears to the amount necessary to pay such liquidation prices in full) among all Series J Junior Preferred Shares and Series K Junior Preferred Shares toward payment of the Series J Junior Liquidation Price and the Series K Junior Liquidation Price thereof. Unless and until payment in full of (i) the Series A Senior Liquidation Price of each Series A Senior Preferred

Share, (ii) the Series B Senior Liquidation Price of each Series B Senior Preferred Share, (iii) the Series J Junior Liquidation Price of each Series J Junior Preferred Share and (iv) the Series K Junior Liquidation price of each Series K Junior Preferred Share, upon the liquidation, dissolution or winding up of the Corporation, no dividends or distributions or other payments may be made to the Holders of any Common Stock, and no purchase, redemption or other acquisition for any consideration by the Corporation may be made in respect of the Common Stock.

(c) None of the conversion of the Corporation into another entity, the merger or consolidation of the Corporation into or with any other entity, the merger or consolidation of any other entity with or into the Corporation or the sale of all or substantially all of the property or the business of the Corporation will be deemed to constitute a dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, for the purposes of this Section 5.

Section 6. *Redemption.*

(a) *Corporation Optional Redemption.* The Series K Junior Preferred Shares will be subject to redemption, in whole and not in part, by resolution of the Board of Directors at the option of the Corporation on any Corporation Optional Redemption Date. On the Corporation Optional Redemption Date, the Corporation shall pay each Series K Junior Preferred Holder the Series K Junior Redemption Price in cash for each Series K Junior Preferred Share owned by such Holder out of funds legally available therefor and described in Section 3(c) hereof. Notwithstanding the foregoing, in no event shall the Corporation exercise its optional redemption pursuant to this Section 6(a) unless the Corporation shall have redeemed or contemporaneously redeems, in whole and not in part, all of the outstanding Senior Preferred Shares and Series J Junior Preferred Shares.

(b) *Scheduled Redemption.* The Series K Junior Preferred Shares (and the Series J Junior Preferred Shares) shall be redeemed, in whole and not in part, upon the Scheduled Redemption Date. On the Scheduled Redemption Date, the Corporation shall pay each Series K Junior Preferred Holder the Series K Junior Redemption Price in cash for each Series K Junior Preferred Share owned by such Holder out of funds legally available therefor and described in Section 3(c) hereof. If on the Scheduled Redemption Date such funds are insufficient to redeem the total number of Series J Junior Preferred Shares and Series K Junior Preferred Shares to be redeemed on such date, those funds which are legally available and described in Section 3(c) hereof will be applied *pro rata* (based upon the proportion that the amount available to pay such redemption prices bears to the amount necessary to pay such redemption prices in full) among all Series J Junior Preferred Shares and Series K Junior Preferred Shares toward payment of the Series J Junior Redemption Price and Series K Junior Redemption Price thereof. Notwithstanding the foregoing, in no event shall the Corporation redeem the Series J Junior Preferred Shares or Series K Junior Preferred Shares on the Scheduled Redemption Date pursuant to this Section 6(b) unless the Corporation shall first have redeemed, in whole and not in part, all of the outstanding Senior Preferred Shares.

(c) *Additional Redemption.* If the Corporation receives a Holders' Elective Redemption Direction with respect to any of the Series J Junior Preferred Shares, then not later than two Business Days following the receipt of such Holders' Elective Redemption Direction,

the Corporation shall provide a Notice of Redemption (as defined below) to the Holders of the Series K Junior Preferred Shares which shall state (in addition to the other requirements of Section 6(d) below) that such Holders' Elective Redemption Direction has been received. Contemporaneously with the redemption of such Series J Junior Preferred Shares on the Holders' Elective Redemption Date, the Corporation shall redeem the Series K Junior Preferred Shares. On the Holders' Elective Redemption Date, the Corporation shall pay to each Holder, subject to the contemporaneous payment upon redemption of Series J Junior Preferred Shares in accordance with the terms thereof, the Series K Junior Redemption Price for each Series K Junior Preferred Share owned by such Holder to be redeemed in cash out of funds legally available therefor and described in Section 3(c) hereof. If on the Holders' Elective Redemption Date the funds of the Corporation are insufficient to redeem the total number of Series J Junior Preferred Shares, Series K Junior Preferred Shares and Common Shares then owned by the Series J Junior Preferred Holders to be redeemed on such date, those funds which are legally available and described in Section 3(c) hereof will be used first to redeem the maximum possible number of Series J Junior Preferred Shares and Series K Junior Preferred Shares *pro rata* (based upon the proportion that the amount available to pay such redemption prices bears to the amount necessary to pay such redemption prices in full) among the Holders of such shares to be redeemed and second to redeem the maximum possible number of Common Shares ratably among the Holders of the Common Shares to be redeemed. At any time thereafter when additional funds of the Corporation described in Section 3(c) hereof are legally available for the redemption of Series J Junior Preferred Shares, Series K Junior Preferred Shares or Common Shares, such funds will immediately be used to redeem first the balance of the Series J Junior Preferred Shares and Series K Junior Preferred Shares *pro rata* (based upon the proportion that the amount available to pay such redemption prices bears to the amount necessary to pay the remaining amount of such redemption prices in full) and second the balance of the Common Shares which the Corporation has not redeemed. If the Holders' Elective Redemption Direction is withdrawn by the Majority Series J Junior Preferred Holders, then the obligation of the Corporation to redeem any Series K Junior Preferred Shares in connection therewith shall terminate as well. Notwithstanding the foregoing, the obligation of the Corporation to redeem any Series K Junior Preferred Shares shall be subject to the prior or contemporaneous redemption of shares of Senior Preferred Stock as to which the Corporation is then obligated to redeem.

(d) *Notice of Redemption.* Whenever Series K Junior Preferred Shares are to be redeemed, the Corporation shall mail a notice (a "**Notice of Redemption**") to the Series K Junior Preferred Holders not less than fifteen (15) calendar days nor more than forty-five (45) (ninety (90) in the case of a redemption pursuant to Section 6(c) above) calendar days prior to the date fixed for redemption. A Notice of Redemption shall be addressed to each Series K Junior Preferred Holder at the address for such Holder appearing on the Stock Books. The Notice of Redemption shall state (i) the Series K Junior Redemption Date or the Holders' Elective Redemption Date, as the case may be, (ii) an estimate of the Series K Junior Redemption Price, (iii) the aggregate number of Series K Junior Preferred Shares to be redeemed, (iv) the place or places where Series K Junior Preferred Shares are to be surrendered for payment of the Series K Junior Redemption Price and (v) that no dividends on the Series K Junior Preferred Shares to be redeemed will be payable after the date fixed for redemption (unless the Corporation shall default in the payment of the Series K Junior Redemption Price).

(e) *Surrender of Certificates; Effect.* On or after the Series K Junior Redemption Date, each Holder of Series K Junior Preferred Shares shall surrender the certificate or certificates for such Series K Junior Preferred Shares to the Corporation at the place designated in the Notice of Redemption, and against such surrender the Series K Junior Redemption Price of such Series K Junior Preferred Shares shall be paid to or on the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be canceled. If less than all the Series K Junior Preferred Shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed Series K Junior Preferred Shares. From and after the Series K Junior Redemption Date (unless the Corporation shall default in the payment in full of the Series K Junior Redemption Price), all dividends on the Series K Junior Preferred Shares so redeemed shall cease to accrue and all rights of the Series K Junior Preferred Holders thereof, except the right to receive the Series K Junior Redemption Price of such shares upon the surrender of certificates representing the same, shall cease and terminate and such shares shall not thereafter be transferred on the Stock Books of the Corporation and shall not be deemed to be Series K Junior Preferred Shares for any purpose whatsoever.

(f) *Series K Junior Preferred Shares Retired.* Series K Junior Preferred Shares redeemed pursuant to the provisions of this Section 6 shall thereupon have the status of authorized but unissued shares of Preferred Stock without designation.

Section 7. *Voting Rights.*

(a) Holders of the Series K Junior Preferred Shares shall have no voting rights, either general or special, and shall have no right to participate in the management of the Corporation, except as expressly required by applicable law and as specified in this Section 7.

(b) Without the affirmative vote of the Holders of more than 80% of the Series K Junior Preferred Shares, so long as there are any Series K Junior Preferred Shares, the Corporation shall not:

(i) create, authorize or issue shares of additional classes or series of capital stock ranking senior to or on a parity with the Series K Junior Preferred Shares with respect to dividend rights, and rights on liquidation, dissolution and winding up of the affairs of the Corporation;

(ii) amend, alter or repeal any provision of the Articles of Incorporation or the Bylaws, whether by merger, consolidation or otherwise, so as to adversely affect any of the rights, powers, preferences, privileges, terms or par value of any Series K Junior Preferred Share or to change the capital surplus of the Corporation in a manner adverse to the Holders of Series K Junior Preferred Shares or to modify any of the limitations set forth in this Section 7(b); or

(iii) do anything that requires the affirmative vote of each class of voting securities of the Corporation.

(c) Upon the occurrence of either of the following events, the authorized number of directors of the Board of Directors shall automatically be increased by the smallest even number

divisible by three of new directors that shall constitute a majority of the Board of Directors, as so increased (such new directors, the "**Additional Directors**"), and the Majority Series J and Series K Junior Preferred Holders, voting together as a single class, shall be entitled to elect all of the Additional Directors (*provided, however*, that if at such time the Majority Series A Senior Preferred Holders have the right to elect Additional Directors, then the provisions of Section 7 of Exhibit B to the Articles of Incorporation shall apply, and if at such time the Majority Series B Senior Preferred Holders but not the Majority Series A Senior Preferred Holders have the right to elect Additional Directors, then the provisions of Section 7 of Exhibit C shall apply):

(i) failure of the Corporation to declare and pay in full Quarterly Dividends equal to the applicable Series K Junior Quarterly Dividend Amount on two or more consecutive Quarterly Dividend Payment Dates; or

(ii) failure of the Corporation to pay in full the aggregate Series K Junior Redemption Price of the Series K Junior Preferred Shares on the Series K Junior Redemption Date.

(d) As soon as reasonably practicable after the accrual of any right of the Series K Junior Preferred Holders to elect Additional Directors pursuant to Section 7(c) hereof and so long as the Series K Junior Preferred Holders shall not have taken the action described in Section 7(i)(ii) hereof, the Board of Directors shall call a special meeting of the Series J Junior Preferred Holders and the Series K Junior Preferred Holders by mailing to such Holders a notice of such special meeting to be held not less than five (5) Business Days nor more than thirty (30) calendar days after the date such notice is given. If the Board of Directors does not send such notice, any such special meeting may be called by any Series J Junior Preferred Holder or Series K Junior Preferred Holder on like notice. The record date for determining the Holders entitled to notice of, and to vote at, such meeting shall be the close of business on the Business Day immediately preceding the day on which such notice is mailed. At any such special meeting, the applicable Holders will be entitled to elect Additional Directors on a one-vote-per-Series J Junior Preferred Share-per-director basis or on a one-vote-per-Series K Junior Preferred Share-per-director basis, as the case may be. The Holders of 34% of the Series J Junior Preferred Shares and the Series K Junior Preferred Shares, taken together as a single class, at the time present in person or by proxy will constitute a quorum for the election of the Additional Directors. Notice of all meetings at which the Series J Junior Preferred Holders and the Series K Junior Preferred Holders shall be entitled to vote will be given to such Holders at their addresses as they appear on the Stock Books. At any such meeting or adjournment thereof in the absence of a quorum, subject to the provisions of any applicable law, the Holders of a majority of the Series J Junior Preferred Shares and the Series K Junior Preferred Shares, voting together as a single class, present in person or by proxy shall have the power to adjourn the meeting for the election of the Additional Directors, without notice other than an announcement at the meeting, until a quorum is present. If a Cure Event shall occur after the notice of a special meeting for the election of Additional Directors has been given but before such special meeting is held, the Corporation shall, as soon as practicable after the occurrence of such Cure Event, mail notice of such occurrence and a statement that no special meeting will be held to the Holders of record that would have been entitled to vote at such special meeting.

(e) The term of office of all persons who are directors of the Corporation at the time the Additional Directors are elected shall continue, notwithstanding such election. The Additional Directors, together with the incumbent directors elected by Holders of the shares of Common Stock, shall constitute the duly elected directors of the Corporation.

(f) The term of office of the Additional Directors shall terminate as follows: (i) in the case of the event described in Section 7(c)(i) hereof that gave rise to the election of the Additional Directors, on the date that the Corporation declares and pays in full all unpaid Quarterly Dividends and (ii) in the case of the event described in Section 7(c)(ii) hereof that gave rise to the election of the Additional Directors, on the date that the Series A Senior Preferred Shares, the Series B Senior Preferred Shares, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares have been redeemed in full by the Corporation in accordance with the next sentence. During the term of office of the Additional Directors, the Additional Directors shall have the limited right to cause either (i) a Cure Event to occur or (ii) the Corporation to redeem all of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares, to the extent of funds legally available therefor and described in Section 3(c) hereof, and to cause the redemption of any remaining Series A Senior Preferred Shares, Series B Senior Preferred Shares, Series J Junior Preferred Shares and Series K Junior Preferred Shares upon the availability of funds of the Corporation legally available therefor and described in Section 3(c) hereof, and the Additional Directors shall have the power, among other things, to realize and provide for the orderly disposition of the Portfolio Investments, the Permitted Investments, the Permitted Swap Agreements and the other assets of the Corporation and any Subsidiary insofar as is necessary to acquire adequate capital and sufficient cash to effect any redemption of the Series A Senior Preferred Shares, the Series B Senior Preferred Shares, the Series J Junior Preferred Shares and the Series K Junior Preferred Shares.

(g) Upon the expiration of the term of the Additional Directors, the persons who shall have been elected by the Holders of Common Stock and who are incumbent shall constitute the directors of the Corporation, the number of directors of the Corporation shall be reduced to the number in effect prior to the automatic increase in the authorized number of directors pursuant to Section 7(c) hereof and the voting rights of the Series J Junior Preferred Holders and the Series K Junior Preferred Holders to elect directors shall cease.

(h) So long as the right of the Series J Junior Preferred Holders and the Series K Junior Preferred Holders, voting together as a class, to elect the Additional Directors shall continue, the Additional Directors elected by such Holders shall (subject to the provisions of any applicable law) be subject to removal only by the vote of the Majority Series J and Series K Junior Preferred Holders, voting together as a single class. Any vacancy in the members of the Board of Directors elected by the Majority Series J and Series K Junior Preferred Holders, voting together as a single class, occurring by reason of such removal or otherwise may be filled by vote of the Majority Series J and Series K Junior Preferred Holders, voting together as a single class, in each case voting in person or by proxy at a meeting of the Series J Junior Preferred Holders and the Series K Junior Preferred Holders, and if not so filled such vacancy shall (subject to the provisions of any applicable law) be filled by a majority of the remaining directors (or the remaining director) elected by the Majority Series J and Series K Junior Preferred Holders, voting together as a single class.

(i) Notwithstanding anything in the Articles of Incorporation or the Bylaws to the contrary:

(i) except as provided in clause (ii) below, any written notice, consent or approval required by the Articles of Incorporation to be delivered by the Series K Junior Preferred Holders in connection with the exercise of any right or benefit of the Series K Junior Preferred Holders shall be effective if the requisite percentage of Series K Junior Preferred Holders entitled to give any such notice, consent or approval have provided such notice, consent or approval, as the case may be, in writing to the Corporation;

(ii) the right to elect the Additional Directors pursuant to Section 7(c) hereof may be exercised without a special meeting of the Series J Junior Preferred Holders and Series K Junior Preferred Holders, without notice to such Holders and without a vote of such Holders if a consent or consents in writing, setting forth the appointment of the Additional Directors, shall be signed by the Series J Junior Preferred Holders and Series K Junior Preferred Holders having not less than the minimum number of votes that would be necessary to elect the Additional Directors at a meeting at which all the Series J Junior Preferred Holders and Series K Junior Preferred Holders entitled to vote thereon were present and voted and such consent or consents have been delivered to the Corporation; and

(iii) the Corporation shall treat any beneficial owner of Series K Junior Preferred Shares that has provided the notice described in Section 10 hereof as a Series K Junior Preferred Holder for all purposes hereunder in place of the Person listed as the Holder of such Series K Junior Preferred Shares on the Stock Books and such beneficial owner shall be entitled to any and all rights and benefits provided to the Series K Junior Preferred Holders as if such beneficial owner were a Series K Junior Preferred Holder.

(j) Notwithstanding anything in the Articles of Incorporation to the contrary, no shares held of record by the Corporation or any Affiliate thereof will be entitled to vote or be deemed Series K Junior Preferred Shares for the purpose of voting such shares or determining the number of Series K Junior Preferred Shares required to constitute a quorum at a meeting of the Series K Junior Preferred Holders.

(k) The Securities Depository, while it or its nominee is the registered owner of any Series K Junior Preferred Shares, will not independently exercise any voting rights with respect thereto. Rather, in accordance with its normal procedures, the Securities Depository will extend such voting rights to the Agent Member whose account is credited with such Series K Junior Preferred Shares. Each such Agent Member will, in turn, extend such voting rights to the Series K Junior Preferred Holders for whom it is so acting in accordance with such Agent Member's normal procedures.

Section 8. *Portfolio Investments; Other Assets Owned by Corporation; Other Agreements of the Corporation.*

(a) The Corporation shall use the proceeds from the sale of the Senior Preferred Stock and the Series J Junior Preferred Stock plus the proceeds from the sale of the Common Shares

pursuant to the Master Subscription Agreement in accordance with the use of proceeds set forth in the Master Subscription Agreement. Upon the maturity, redemption, repayment, prepayment, sale, exchange or other disposition of any Portfolio Investment prior to the Scheduled Redemption Date, the Corporation shall reinvest the proceeds it receives therefrom within twenty (20) Business Days in replacement Eligible Portfolio Investments with an aggregate principal amount equal to the principal amount of the Portfolio Investment that matured or was redeemed, prepaid, sold or otherwise disposed of. The Corporation shall invest in Permitted Investments any such proceeds not immediately used to purchase replacement Eligible Portfolio Investments until such purchase occurs.

(b) The Corporation shall enter into a Permitted Swap Agreement on the Date of Original Issue. If any Portfolio Investment matures or is prepaid, terminated, sold or otherwise disposed of prior to the Scheduled Redemption Date and no replacement Eligible Portfolio Investments are available for purchase by the Corporation with sufficient floating rate income to enable the Corporation to meet its obligations under the Permitted Swap Agreement then in effect and the counterparty thereto is unwilling to reduce the floating rate payments to which it is entitled and maintain the fixed rate payments in the same amount as before such event, then the Corporation will partially or fully, as the case may be, terminate such Permitted Swap Agreement and, if the replacement Eligible Portfolio Investments bear interest at a floating rate, enter into one or more replacement Permitted Swap Agreements so that the Corporation receives under all Permitted Swap Agreements in effect thereafter an aggregate amount of fixed rate payments on all Quarterly Dividend Payment Dates thereafter that is as close to the Quarterly Dividend Amounts for such dates as possible in return for the aggregate floating rate payments with respect to such dates under the Portfolio Investments outstanding thereafter.

(c) All income of the Corporation not needed to pay dividends on the Senior Preferred Stock, the Series J Junior Preferred Stock, the Series K Junior Preferred Stock or the Common Stock within 24 hours shall be invested by the Corporation in Permitted Investments, none of which may have a maturity later than the Business Day immediately preceding the Dividend Payment Date immediately succeeding the date of investment.

(d) "**Permitted Investments**" shall mean one or more investments denominated in United States dollars that (i) constitute financial assets, either fixed or revolving, that by their terms convert into cash within a finite time period and, therefore, qualify as "**eligible assets**" as that term is defined by sub-paragraph (b)(1) of Rule 3a-7 under the Investment Company Act and (ii) fall into one of the following categories:

(A) direct obligations of, and obligations fully guaranteed as to timely payment of principal and interest by, the United States of America or any agency or instrumentality of the United States of America;

(B) debt securities with a stated maturity bearing interest or sold at a discount whose issuer or obligor has a long-term unsecured debt rating of not less than "AAA" by S&P or "Aaa" by Moody's, but not including any mortgage-backed securities, asset-backed securities, collateralized debt obligations or any other type of structured finance securities;

(C) commercial paper issued by any corporation (including both noninterest-bearing discount obligations and interest-bearing obligations) and rated at least "A-1" by S&P and "P-1" by Moody's;

(D) time deposits in, certificates of deposit of, or bankers' acceptances issued by, any commercial bank incorporated under the laws of the United States or any state thereof or the District of Columbia, or any commercial bank organized outside the United States that is subject to U.S. regulatory supervision, in each case having at any date of determination combined capital and surplus of not less than $100,000,000 and having a long term unsecured debt rating of not less than "AAA" by S&P and "Aaa" by Moody's;

(E) the SEBC Real Estate LLC Note;

(F) loans to SEBC Holdings, LP such that, at any given time, the total amount of such loans is less than the lower of (i) $600,000 and (ii) 25% of the fair market value of SEBC Holdings, LP's total assets on an unconsolidated basis (exclusive of cash and U.S. government securities), and all such loans have a maturity date of [April 30, 2014] or earlier; and

(G) any other debt security or investment designated as a Permitted Investment by the Corporation that has been approved in writing by the Majority Holders;

provided that

(x) the Corporation shall not acquire a Permitted Investment if, after giving effect to such acquisition:

(1) the aggregate Market Value of the Permitted Investments described in clauses (B), (C) and (D) above representing the securities or obligations of any one corporation exceeds 25% of the aggregate Market Value of the Permitted Investments described in said clauses (B), (C) and (D) above; or

(2) the aggregate Market Value of the Permitted Investments described in clauses (B), (C) and (D) above representing the securities or obligations of any ten (10) issuers exceeds 50% of the aggregate Market Value of the Permitted Investments in said clauses (B), (C) and (D) above; and

(y) after giving effect to the acquisition of any Permitted Investment, the remaining term to final maturity of any individual Permitted Investment shall not extend beyond the Scheduled Redemption Date.

(e) After the first anniversary of the Date of Original Issue, for so long as there are any Series K Junior Preferred Shares outstanding, the Corporation shall maintain the Liquidity Reserve during each Quarterly Dividend Period in Permitted Investments maturing on or prior to the end of such Quarterly Dividend Period, and the Corporation shall take such action as necessary prior to such first anniversary to ensure that it shall be in compliance herewith;

provided, however, that the Corporation's obligation to establish and maintain the Tax Reserve Amount shall commence on the Date of Original Issue.

(f) On each Quarterly Dividend Payment Date, the Corporation shall distribute or cause to be distributed (which distribution requirement may be satisfied through the posting of such report to a publicly available web site) to the Series K Junior Preferred Holders a report containing the following information for the Quarterly Dividend Period ending on such date:

(i) a brief description of each Portfolio Investment and each Permitted Investment held by the Corporation during such Quarterly Dividend Period and the outstanding principal amount thereof and identifying any such Portfolio Investment or Permitted Investment that was acquired by or delivered to the Corporation during such Quarterly Dividend Period;

(ii) the interest and other distributions and payments received by the Corporation during such Quarterly Dividend Period representing income or principal payments on the Portfolio Investments and Permitted Investments;

(iii) a description of any sales or other disposals of Portfolio Investments and of Permitted Investments during such Quarterly Dividend Period and the amount of gain or loss realized by the Corporation in connection with any such sale or disposal;

(iv) information concerning any payment or other defaults by the Obligors on any Portfolio Investments or any Permitted Investments held by the Corporation during such Quarterly Dividend Period; and

(v) a description of any Permitted Swap Agreement and any Swap Payment Amounts, Swap Receipt Amounts and Swap Termination Amounts received by the Corporation with respect thereto during such Quarterly Dividend Period.

(g) If an "**event of default**" or "**termination event**" shall occur under a Permitted Swap Agreement and, in connection therewith, the Eligible Swap Counterparty shall be the "**affected party**" and such Permitted Swap Agreement terminates prior to the Scheduled Redemption Date, the Corporation shall enter into a replacement Permitted Swap Agreement within twenty (20) Business Days thereafter with the same scheduled dates and amounts of fixed payments and floating payments as the terminated Permitted Swap Agreement.

(h) For so long as there are any Series K Junior Preferred Shares outstanding, the Corporation shall deliver a certificate (which delivery requirement may be satisfied through the posting of such certificate to a publicly available web site) to each Series K Junior Preferred Holder on each Quarterly Dividend Payment Date (a "**Compliance Certificate**") stating that no "**event of default**" or "**termination event**" has occurred under any Permitted Swap Agreement with respect to the Corporation or the Eligible Swap Counterparty thereunder.

Section 9. *Limitation on Business Activities.* For so long as there are any Series K Junior Preferred Shares outstanding:

(i) the Corporation shall be authorized to engage solely in the business of (A) acquiring, holding, selling and disposing of the Portfolio Investments and Permitted Investments, (B) entering into Permitted Swap Agreements from time to time and causing the Servicer to manage the Corporation's investments, Permitted Swap Agreements and the other assets and liabilities of the Corporation and (C) investing in SEBC Real Estate LLC, in each case in accordance with the provisions hereof and the Servicing Agreement, and, in connection with such business, the Corporation may engage in any lawful act or activity which is incidental thereto and necessary or desirable in connection with the foregoing;

(ii) the Corporation shall invest any available monies or funds of the Corporation solely in Permitted Investments;

(iii) at any time that the Corporation seeks to be exempt from registration as an investment company under the Investment Company Act by virtue of the exemption from registration that is provided by Rule 3a-7 under the Investment Company Act, the Corporation shall (A) not acquire Portfolio Investments, Eligible Portfolio Investments or Permitted Investments or dispose of Portfolio Investments, Eligible Portfolio Investments or Permitted Investments for the primary purpose of recognizing gains or decreasing losses from market value changes and (B) in all respects, comply with the requirements of Rule 3a-7 under the Investment Company Act;

(iv) the Corporation shall not fail to ensure that any transaction entered into with any Person is fair to each party, constitutes an exchange for fair consideration and for reasonably equivalent value, and is made in good faith and without any intent to hinder, delay or defraud creditors;

(v) the Corporation shall not take any action with respect to, and will not engage in transactions with, any Person unless it determines in a reasonable fashion that such actions or transactions are in the best interests of the Corporation;

(vi) the Corporation shall comply with the covenants set forth in Article 5 of the Master Subscription Agreement; and

(vii) the Corporation shall not make any distribution or other payment on, or redeem or otherwise acquire, any shares of its Common Stock except for payment of a quarterly dividend on all shares of its Common Stock pursuant to the declaration of such quarterly dividend by unanimous vote of the Board of Directors.

Section 10. *Notices.* All communications and notices hereunder or with respect hereto, unless otherwise specified in the Articles of Incorporation or the Bylaws, shall be (i) in writing, (ii) hand-delivered or sent by overnight courier or telecopier or as an attachment to an email in a format then customarily used, (iii) addressed to the Corporation or a Series K Junior Preferred Holder at its street or email address or facsimile number specified below and (iv) effective as to a Person on receipt by such Person:

if to the Corporation: SEBC Financial Corporation

Address:

Phone:

Facsimile:

Email:

if to a Series K Junior Preferred Holder, at the address of such Series K Junior Preferred Holder set forth in the Stock Books. Any beneficial owner of Series K Junior Preferred Shares in book-entry form may provide notice to the Corporation of the identity of such beneficial owner and request the Corporation to provide all notices and other communications sent to Series K Junior Preferred Holders to also be sent to such beneficial owner at the address, facsimile number or email address provided by such beneficial owner.

Section 11. *Securities Depository Stock Certificate*. At the request of a Series K Junior Preferred Holder and upon receipt by the Corporation of the certificates representing the Series K Junior Preferred Shares of such Holder, the Corporation shall issue one or more certificates for such Series K Junior Preferred Shares, register such certificates in the name of Cede & Co. as the nominee of the Securities Depository and deliver such certificates to the Agent Member designated by such Holder in such request for deposit in its account with the Securities Depository on behalf of such Holder. Each such certificate shall bear a legend to the effect that such certificate is issued subject to the provisions restricting transfer of Series K Junior Preferred Shares contained in the Articles of Incorporation. The Securities Depository will maintain lists of its participants and the Series K Junior Preferred Shares held by each Agent Member whether as a Series K Junior Preferred Holder for its own account or as a nominee for another Series K Junior Preferred Holder.

Section 12. *Transfer Restrictions.*

(a) Series K Junior Preferred Shares may only be sold or otherwise transferred to a Person that is an Eligible Holder that is knowledgeable, sophisticated and experienced in business and financial matters and able and prepared to bear the economic risk of investing in and holding Series K Junior Preferred Shares. The Corporation shall have no obligation to recognize any sale, transfer or other disposition of any Series K Junior Preferred Share unless the purchaser or transferee thereof shall be an Eligible Holder. In addition, a "**holder of record**" (as defined for purposes of Sections 12(g) and 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) of Series K Junior Preferred Shares may not sell or otherwise transfer any Series K Junior Preferred Shares "**held of record**" (as defined for purposes of Sections 12(g) and 15(d) of the Exchange Act) by such holder unless such sale or transfer is to a single holder of record and includes all Series K Junior Preferred Shares held of record by such holder immediately prior to any such sale or transfer. Any purchase, sale or transfer of the Series K Junior Preferred Shares in violation of this Section 12 shall have no effect and the intended purchaser or transferee shall not be deemed to be a Series K Junior Preferred Holder for any purpose, including, but not limited to, with respect to the receipt of

dividends on, or other distributions in respect of, the Series K Junior Preferred Shares. The restrictions set forth in this Section 12 shall be subject in all respects to the provisions restricting transfer of Series K Junior Preferred Shares contained in the Articles of Incorporation.

(b) Each certificate representing the Series K Junior Preferred Shares shall bear a legend in substantially the following form:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR A BENEFICIAL INTEREST HEREIN, THE HOLDER AGREES THAT (1) IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITY EVIDENCED HEREBY, EXCEPT IN ITS ENTIRETY TO A PERSON THE SELLER REASONABLY BELIEVES IS AN INSTITUTIONAL ACCREDITED INVESTOR (AS DEFINED IN PARAGRAPHS (1), (2), (3) AND (7) OF RULE 501(A) OF REGULATION D ADOPTED UNDER THE SECURITIES ACT) THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, ALL IN COMPLIANCE WITH SUCH EXEMPTION; (2) IT WILL DELIVER TO EACH PERSON TO WHOM THE SECURITY EVIDENCED HEREBY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; AND (3) IT WILL, PRIOR TO ANY TRANSFER OF THIS SECURITY, FURNISH TO THE TRANSFER AGENT AND THE CORPORATION SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS MAY BE REQUESTED TO CONFIRM THAT SUCH TRANSFER IS BEING MADE IN ACCORDANCE WITH THIS LEGEND.

Section 13. *Amendment to Articles of Incorporation.* Any amendment or proposed amendment to the Articles of Incorporation that would have the effect of granting a liquidation right to the Holders of the Series A Senior Preferred Shares shall not be deemed to adversely affect the rights or interests of the Series K Junior Preferred Stock.

Section 14. *No Other Rights or Preferences.* Unless otherwise required by law, the Series K Junior Preferred Holders shall not have any rights or preferences other than those specifically set forth herein. The Series K Junior Preferred Holders shall have no preemptive rights.

Exhibit B to
Master Subscription Agreement

FORM OF OPINION OF GREENBERG TRAURIG, P.A.

1. Each SEBC Entity is a corporation or limited liability company validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite corporate or limited liability company power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Each SEBC Entity is duly qualified to transact business and is in good standing as a foreign corporation in each jurisdiction where such qualification is required.

2. The shares of common stock and preferred stock to be issued pursuant to the Agreement have been duly authorized and, when issued as contemplated by the Agreement, will be validly issued, fully paid and non-assessable and free of preemptive rights pursuant to law or in the Articles of Incorporation.

3. The Trustee, as SEBC's duly authorized agent, has all requisite power and authority to execute and deliver the Agreement and to perform his obligations thereunder. The Agreement has been duly and validly executed and delivered by the Trustee and (assuming the due authorization, execution and delivery thereof by Investor) constitutes the legal, valid and binding obligation of the Trustee, enforceable against him in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

4. The performance by Reorganized SEBC of its obligations under the Agreement will not conflict with, constitute a default under or violate (i) any of the terms, conditions or provisions of the Articles of Incorporation or bylaws of Reorganized SEBC, (ii) Florida or federal law or regulation, or (iii) any judgment, writ, injunction, decree, order or ruling of any court or governmental authority binding on Reorganized SEBC, other than conflicts, defaults or violations which could not reasonably be expected to have a Material Adverse Effect.

5. No consent, approval, waiver, license or authorization or other action by or filing with any Governmental Authority is required in connection with the consummation by Reorganized SEBC of the transactions contemplated by the Agreement or the performance by Reorganized SEBC of its obligations thereunder, other than those which have been made or those which if not obtained could not reasonably be expected to have a Material Adverse Effect.

6. Based solely upon the representations and warranties of Investor set forth in the Agreement, it is not necessary in connection with the offer, sale and delivery of the Senior Preferred Stock, the Series J Junior Preferred Stock and the Common Stock

to Investor pursuant to the Agreement to register such Senior Preferred Stock, Series J Junior Preferred Stock and Common Stock under the Securities Act of 1933, as amended.

EXHIBIT M

TO

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

CREDITOR QUESTIONNAIRE

SOUTHEAST BANKING CORPORATION
TRUSTEE'S FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

CREDITOR QUESTIONNAIRE

INSTRUCTIONS:

The purpose of this Creditor Questionnaire (this "**Questionnaire**") is to provide information to Jeffrey H. Beck, as Chapter 11 Trustee (the "**Trustee**") for the Estate of Southeast Banking Corporation, Debtor (the "**Debtor**"), in connection with the Trustee's Chapter 11 Plan of Reorganization (the "**Plan**") for the resolution of the outstanding Claims against and Interests in the Debtor. All capitalized terms used but not defined in this Questionnaire shall have the same respective meanings as set forth in the Plan.

Each holder of Senior Notes, Subordinated Notes, and Allowed Class 3 Claims (a "**Holder**") must submit this Questionnaire, properly completed, in order to receive any Distribution under the Plan. The completed Questionnaire must be received by the Trustee no later than _____, 2009. The information provided by a Holder in this Questionnaire will be used to determine whether such Holder is a Qualified Creditor. Only Qualified Creditors will be eligible to receive, acquire, or hold Reorganized SEBC Series K Junior Preferred Stock. **An individual may not be a Qualified Creditor**.

Each Holder's answers will be kept strictly confidential at all times. However, the Trustee may provide this Questionnaire to such parties as it deems appropriate in order to facilitate the administration of the Plan and Distributions thereunder. Additional copies of this Questionnaire are available at www.sebcglobalsettlement.com.

IF THE HOLDER IS AN INDIVIDUAL, COMPLETE ONLY THIS INSTRUCTION PAGE

If the Holder is an entity, complete items 1, 2, 3 and 4 beginning on the following page.

Please return this Questionnaire to:

Karina Dominguez
Greenberg Traurig, P.A. Telephone: (305) 579-7743
1221 Brickell Avenue Facsimile: (305) 579-0717
Miami, FL 33131 Email: dominguezk@gtlaw.com

INDIVIDUAL HOLDER INFORMATION:

The undersigned hereby acknowledges, represents and warrants to the Trustee, Reorganized SEBC and their respective Affiliates as follows:

(i) The Holder is an individual and, therefore, is not a Qualified Creditor.

(ii) The information in this Questionnaire completed and executed by the undersigned is accurate and true in all respects. The undersigned agrees to provide to the Trustee and Reorganized SEBC such supporting documentation for any responses to this Questionnaire as either of them may reasonably request. Any information which the undersigned has heretofore furnished to the Trustee is correct and complete as of the date set forth below and if there should be any material change in such information it will immediately furnish such revised or corrected information to the Trustee.

Name (Please Print): _____ Address: _____

Signature: _____ _____

Date: _____ Phone Number: _____

ENTITY HOLDER INFORMATION:

If the Holder is an entity, complete items 1, 2, 3 and 4 beginning on this page.

A "**Qualified Creditor**" means either a QIB or an Institutional Accredited Investor. A "**QIB**" means a "qualified institutional buyer" as such term is defined in Rule 144A under the Securities Act of 1933, as amended (the "**Securities Act**"). An "**Institutional Accredited Investor**" means an "accredited investor" as such term is defined in paragraphs (1), (2), (3) and (7) of Rule 501(a) of Regulation D under the Securities Act.

If the appropriate answer is "None" or "Not Applicable", so state. Please print or type your answers to ALL questions. Attach additional sheets if necessary to complete your answers to an item.

1. Holder Information.

(i) Name: _____

(ii) Year of organization or incorporation: _____

(iii) Principal office address:

_____

_____

(iv) Telephone Number: _____

(v) Taxpayer Identification Number: _____

2. Institutional Accredited Investor: The Holder is an Institutional Accredited Investor because the Holder falls within at least one of the following categories (**check all appropriate lines**):

____ (i) a bank as defined in Section 3(a)(2) of the Securities Act or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity;

____ (ii) a broker-dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**");

____ (iii) an insurance company as defined in Section 2(13) of the Securities Act;

____ (iv) an investment company registered under the Investment Company Act of 1940, as amended (the "**Investment Company Act**") or a business development company as defined in Section 2(a)(48) of the Investment Company Act;

____ (v) a Small Business Investment Partnership licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended (the "**SBIA**");

____ (vi) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, where such plan has total assets in excess of $5,000,000;

____ (vii) an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), where the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance Partnership, or registered investment

adviser, or an employee benefit plan that has total assets in excess of $5,000,000 or a self-directed plan the investment decisions of which are made solely by persons that are accredited investors;

____ (viii) a private business development partnership, as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**");

____ (ix) an organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; or

____ (x) a trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a "sophisticated" person, who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment.

____ NONE OF THE ABOVE. The Holder is NOT an Institutional Accredited Investor.

3. Qualified Institutional Buyer[1]: The Holder is a QIB because the Holder falls within at least one of the following categories (**check all appropriate lines**):

____ (i) any of the following entities, acting for its own account or the accounts of other QIBs, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the entity:

____ (A) an insurance company as defined in Section 2(a)(13) of the Securities Act;

____ (B) an investment company registered under the Investment Company Act or any business development company as defined in Section 2(a)(48) of that act;

____ (C) a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the SBIA;

____ (D) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees;

____ (E) an employee benefit plan within the meaning of Title I of ERISA;

____ (F) a trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in sections 3(i)(D) or (E) of this Questionnaire, except trust funds that include as participants individual retirement accounts or H.R. 10 plans;

____ (G) a business development company as defined in Section 202(a)(22) of the Advisers Act;

____ (H) an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation (other than a bank as defined in Section

[1] For explanations of certain terms used in Section 3, please see the accompanying Notes to Section 3, attached hereto as Exhibit M-1.

3(a)(2) of the Securities Act or a savings and loan association or other institution referenced in Section 3(a)(5)(A) of the Securities Act or a foreign bank or savings and loan association or equivalent institution), partnership, or Massachusetts or similar business trust; or

____ (l) an investment adviser registered under the Advisers Act;

____ (ii) a dealer registered pursuant to Section 15 of the Exchange Act, acting for its own account or the accounts of other QIBs, that in the aggregate owns and invests on a discretionary basis at least $10 million of securities of issuers that are not affiliated with the dealer, provided, that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer;

____ (iii) a dealer registered pursuant to Section 15 of the Exchange Act acting in a riskless principal transaction on behalf of a QIB;

____ (iv) an investment company registered under the Investment Company Act, acting for its own account or for the accounts of other QIBs, that is part of a family of investment companies which own in the aggregate at least $100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies. Family of investment companies means any two or more investment companies registered under the Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), provided that:

(A) Each series of a series company (as defined in Rule 18f-2 under the Investment Company Act) shall be deemed to be a separate investment company; and

(B) Investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor);

____ (v) an entity, all of the equity owners of which are QIBs, acting for its own account or the accounts of other QIBs; or

____ (vi) a bank as defined in Section 3(a)(2) of the Securities Act, any savings and loan association or other institution as referenced in Section 3(a)(5)(A) of the Securities Act, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other QIBs, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least $25 million as demonstrated in its latest annual financial statements, as of a date not more than 16 months preceding the Closing Date in the case of a U.S. bank or savings and loan association, and not more than 18 months preceding such date for a foreign bank or savings and loan association or equivalent institution.

____ NONE OF THE ABOVE. The Holder is NOT a QIB.

4. Entity Holder Representations and Warranties.

The undersigned hereby acknowledges, represents and warrants to the Trustee, Reorganized SEBC and their respective Affiliates as follows:

(i) The information in this Questionnaire completed and executed by the undersigned is accurate and true in all respects and, if indicated above, the undersigned is an Institutional Accredited Investor or QIB.

(ii) The undersigned agrees to provide to the Trustee and Reorganized SEBC such supporting documentation for any responses to this Questionnaire as either of them may reasonably request. Any information which the undersigned has heretofore furnished to the Trustee is correct and complete as of the date set forth below and if there should be any material change in such information it will immediately furnish such revised or corrected information to the Trustee.

(iii) The Holder was not formed for the purpose of purchasing Senior Notes, Subordinated Notes, or Allowed Class 3 Claims, as applicable.

Dated: _____

_____
(Name of Entity - Please Print)

By: _____

Name: _____

Title: _____

Please return this Questionnaire to:

Karina Dominguez
Greenberg Traurig, P.A.
1221 Brickell Avenue
Miami, FL 33131
Telephone: (305) 579-7743
Facsimile: (305) 579-0717
Email: dominguezk@gtlaw.com

Exhibit M-1

Notes to Section 3

1. In determining the aggregate amount of securities owned and invested on a discretionary basis by an entity, the following instruments and interests shall be excluded: bank deposit notes and certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.

2. The aggregate value of securities owned and invested on a discretionary basis by an entity shall be the cost of such securities, except where the entity reports its securities holdings in its financial statements on the basis of their market value, and no current information with respect to the cost of those securities has been published. In the latter event, the securities may be valued at market.

3. In determining the aggregate amount of securities owned by an entity and invested on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with generally accepted accounting principles may be included if the investments of such subsidiaries are managed under the direction of the entity, except that, unless the entity is a reporting company under section 13 or 15(d) of the Exchange Act, securities owned by such subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in the consolidated financial statements of another enterprise.

4. Riskless principal transaction means a transaction in which a dealer buys a security from any person and makes a simultaneous offsetting sale of such security to a QIB, including another dealer acting as riskless principal for a QIB.

APPENDIX B

PRO FORMA FINANCIAL PROJECTIONS

SEBC FINANCIAL PROJECTIONS

ASSUMPTIONS
NOTE: ALL AMOUNTS ARE QUOTED IN US DOLLARS UNLESS STATED OTHERWISE

Dates			
Assumed Funding Date		April 30, 2009	
Interest Rates			
5 Year Swap Rate		3.49%	
Return on Cash Balance		3.74%	
Expense Assumptions			
Initial Legal Fees		1,200,000	
Custodial Fee		100,000	pa
SEBC Financial Corp. Operating Expenses		60,000	pa
SEBC Holdings, LP Operating Expenses		500,000	pa
SCS Structuring Fee	0.04%	651,600	
SCS Annual Fee	0.08%	1,303,200	pa
Senior Securities			
Investment Amount		1,625,600,000	
Dividend Rate		5.49%	

SEBC Financial Corp	**Face Amount**	**Dividend Rate**
Series A Senior Preferred Stock	300,000,000	3.99%
Series B Senior Preferred Stock	718,000,000	4.19%
Series J Junior Preferred Stock	611,000,000	5.00%
Series K Junior Preferred Stock	4,500,000	4.36%
Class A Common Stock	15,000,000	60.00%
Class B/Class C Common Stock	10,000,000	40.00%
Available Cash (from SEBC Ch 11)	8,000,000	
Cash from Reimbursement Fee	500,000	
Total Capital Available	1,647,500,000	
Loan to SEBC Holdings, LP	400,000	
Loan to SEBC Holdings, LP Interest Rate	3.49%	
Upfront Cash to Creditors	21,500,000	
Investment in Senior Securities	1,625,600,000	
SEBC Holdings, LP		
Senior Units (to Creditors)	6,000,000	4.36%
Junior Units (to Creditors)	18,700,000	4.41%
Junior Units (to Existing Preferred Holders)	540,000	4.41%
Common Units	13,760,000	
SEBC Real Estate, LLC		
Real Estate Valuation	33,000,000	
Return on Real Estate	3.49%	
Members Interest	24,000,000	
Debt	9,000,000	
Debt Interest Rate	5.0000%	
Debt Participation	10%	

Inherent Uncertainty of Financial Projections

The Projections cover the operations of Reorganized SEBC and SEBC Holdings through April 30, 2014. These Projections are based on numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms; realization of the operating strategy of Reorganized SEBC and SEBC Holdings; industry performance; no material adverse changes in applicable legislation or regulations, or the administration thereof, or GAAP; no material adverse changes in general business and economic conditions; no material adverse changes in competition; adequate financing; the absence of material contingent or unliquidated litigation, indemnity, or other claims; and other matters, many of which will be beyond the control of Reorganized SEBC and SEBC Holdings and some or all of which may not materialize.

To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Trustee, the assumptions and estimates underlying the Projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of Reorganized SEBC and SEBC Holdings. Accordingly, the Projections are only estimates and are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and are likely to increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The Projections were not prepared in accordance with standards for projections promulgated by the American Institute of Certified Public Accountants, based upon financial statements prepared in accordance with GAAP, or with a view to compliance with published guidelines of the SEC regarding projections or forecasts. Rather, the Projections have been developed by the Trustee and his advisors. The Trustee and his advisors considered a number of factors in developing the Projections, including, but not limited to, general economic conditions, market growth forecasts, and fresh start accounting adjustments. A more comprehensive discussion of the assumptions used in the Projections is found in the section entitled Summary of Significant Assumptions Adopted for Purposes of the Projections.

The Projections, financial information, and valuations for SEBC Holdings and Reorganized SEBC have not been audited, reviewed, or compiled by independent public accountants and do not purport to be in accordance with GAAP or any other comprehensive basis of accounting. The projected financial information contained in this Disclosure Statement should not be regarded as a representation or warranty by the Trustee, the Trustee's advisors, or any other Person that the Projections can or will be achieved.

Neither MLE nor any of its Affiliates makes any representation or warranty as to, has independently verified or assumes any responsibility for the accuracy, completeness or sufficiency of the Projections.

SEBC FINANCIAL PROJECTIONS

SEBC FINANCIAL CORP.

Date	04/30/09	06/30/09	09/30/09	12/31/09	03/31/10	06/30/10	09/30/10	12/31/10	03/31/11	06/30/11	09/30/11	12/31/11
Initial Transactions												
Cash	8,000,000											
Cash from Reimbursement Fee	500,000											
SEBC Series A Senior Preferred Stock	300,000,000											
SEBC Series B Senior Preferred Stock	718,000,000											
SEBC Series J Junior Preferred Stock	611,000,000											
SEBC Series K Junior Preferred Stock	(4,500,000)											
SEBC Class B/C Common Stock	10,000,000											
Cash to Bond Holders	(21,000,000)											
Cash to Bond Holders from Reimbursement Fee	(500,000)											
Loan to SEBC Holdings, LP	(400,000)											
Investment in Senior Securities	(1,625,600,000)											
Real Estate Debt	9,000,000											
Starting Cash Balance	0	0	1,121,197	3,940,876	5,592,017	8,453,493	11,641,720	14,859,753	16,309,058	19,570,726	22,862,888	26,185,827
Income												
Return on Senior Securities		14,873,067	22,309,601	22,309,601	22,309,601	22,309,601	22,309,601	22,309,601	22,309,601	22,309,601	22,309,601	22,309,601
Return On Cash Balance		0	10,482	36,843	52,279	79,031	108,837	138,923	152,472	182,965	213,743	244,809
SEBC Real Estate, LLC Debt Obligation Accrual		75,000	113,438	114,855	116,291	117,745	119,217	120,707	122,216	123,743	125,290	126,856
Interest earned on Loan to SEBC Holdings, LP		2,326	3,305	3,026	2,745	2,461	2,175	1,887	1,596	1,302	1,006	707
Total Income		14,950,394	22,436,825	22,464,325	22,480,916	22,508,838	22,539,830	22,571,117	22,585,884	22,617,611	22,649,640	22,681,973
Fees/Expenses												
Legal Fees (Initial - Amortized Over 1 Year)		(300,000)										
SEBC Financial Corp Expenses		(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Assumed Losses												
SCS Fee		(325,800)	(325,800)	(325,800)	(325,800)	(325,800)	(325,800)	(325,800)	(325,800)	(325,800)	(325,800)	(325,800)
Custodial Fee		(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Total Fees/Expenses		(665,800)	(365,800)	(365,800)	(365,800)	(365,800)	(365,800)	(365,800)	(365,800)	(365,800)	(365,800)	(365,800)
Taxes												
Taxable Income		14,923,727	22,396,825	22,424,325	22,440,916	22,468,838	22,499,830	22,531,117	22,545,884	22,577,611	22,609,640	22,641,973
Federal (AMT) Taxes (Paid)/Benefit		0	0	(1,194,898)	0	0	0	(1,798,814)	0	0	0	(1,807,502)
Dividend Payments												
Dividends on Series A Senior Pref		(1,994,784)	(2,992,175)	(2,992,175)	(2,992,175)	(2,992,175)	(2,992,175)	(2,992,175)	(2,992,175)	(2,992,175)	(2,992,175)	(2,992,175)
Dividends on Series B Senior Pref		(5,013,515)	(7,520,273)	(7,520,273)	(7,520,273)	(7,520,273)	(7,520,273)	(7,520,273)	(7,520,273)	(7,520,273)	(7,520,273)	(7,520,273)
Dividends on Series J Junior Pref		(5,091,791)	(7,637,687)	(7,637,687)	(7,637,687)	(7,637,687)	(7,637,687)	(7,637,687)	(7,637,687)	(7,637,687)	(7,637,687)	(7,637,687)
Dividends on Series K Junior Pref		(32,697)	(49,045)	(49,045)	(49,045)	(49,045)	(49,045)	(49,045)	(49,045)	(49,045)	(49,045)	(49,045)
Dividends on Class B/Class C Common Stock		(178,847)	(268,271)	(268,271)	(268,271)	(268,271)	(268,271)	(268,271)	(268,271)	(268,271)	(268,271)	(268,271)
Dividends on Class A Common Stock		(268,271)	(402,407)	(402,407)	(402,407)	(402,407)	(402,407)	(402,407)	(402,407)	(402,407)	(402,407)	(402,407)
Total Dividends		(12,579,906)	(18,869,858)	(18,869,858)	(18,869,858)	(18,869,858)	(18,869,858)	(18,869,858)	(18,869,858)	(18,869,858)	(18,869,858)	(18,869,858)
Loan to SEBC Holdings, LP												
Starting Loan Balance	400,000	400,000	378,824	346,875	314,648	282,139	249,347	216,268	182,902	149,244	115,292	81,044
Interest on Loan		2,326	3,305	3,026	2,745	2,461	2,175	1,887	1,596	1,302	1,006	707
Loan Repayment		(23,502)	(35,254)	(35,254)	(35,254)	(35,254)	(35,254)	(35,254)	(35,254)	(35,254)	(35,254)	(35,254)
Ending Loan Balance	400,000	378,824	346,875	314,648	282,139	249,347	216,268	182,902	149,244	115,292	81,044	46,498

SEBC FINANCIAL PROJECTIONS

SEBC FINANCIAL CORP.

Date	03/31/12	06/30/12	09/30/12	12/31/12	03/31/13	06/30/13	09/30/13	12/31/13	03/31/14	04/30/14	
Initial Transactions											
Cash											
Cash from Reimbursement Fee											
SEBC Series A Senior Preferred Stock											
SEBC Series B Senior Preferred Stock											
SEBC Series J Junior Preferred Stock											
SEBC Series K Junior Preferred Stock											
SEBC Class B/C Common Stock											
Cash to Bond Holders											
Cash to Bond Holders from Reimbursement Fee											
Loan to SEBC Holdings, LP											
Investment in Senior Securities											
Real Estate Debt											
Starting Cash Balance	27,732,330	31,100,794	34,477,246	37,873,514	35,421,663	38,826,760	42,263,691	45,732,753	17,333,369	20,569,359	
Income											
Return on Senior Securities	22,309,601	22,309,601	22,309,601	22,309,601	22,309,601	22,309,601	22,309,601	22,309,601	22,309,601	7,436,534	446,192,017
Return On Cash Balance	259,267	290,759	322,325	354,076	331,154	362,988	395,120	427,552	162,048	64,100	4,189,775
SEBC Real Estate, LLC Debt Obligation Accrual	128,442	130,047	131,673	133,319	134,985	136,673	138,381	140,111	141,862	420,162	2,911,014
Interest earned on Loan to SEBC Holdings, LP	406	102	0	0	0	0	0	0	0	0	23,043
Total Income	22,697,716	22,730,509	22,763,599	22,796,996	22,775,741	22,809,262	22,843,102	22,877,264	22,613,511	7,920,796	453,315,849
Fees/Expenses											
Legal Fees (Initial - Amortized Over 1 Year)									(1,200,000)		(1,200,000)
SEBC Financial Corp Expenses	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(5,000)		(300,000)	(5,000)	(300,000)
Assumed Losses							(3,757,289)		(3,757,289)	(3,757,289)	(3,757,289)
SCS Fee	(325,800)	(325,800)	(325,800)	(325,800)	(325,800)	(325,800)	(108,600)		(7,167,600)	(108,600)	(7,167,600)
Custodial Fee	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(8,333)		(500,000)	(8,333)	(500,000)
Total Fees/Expenses	(365,800)	(365,800)	(365,800)	(365,800)	(365,800)	(365,800)	(3,879,222)		(12,924,888)	(3,879,222)	(12,924,888)
Taxes											
Taxable Income	22,657,716	22,690,509	22,723,599	22,756,996	22,735,741	22,769,262	22,803,102	22,837,264	22,573,511	4,150,174	448,758,561
Federal (AMT) Taxes (Paid)/Benefit	0	0	0	(5,879,869)	0	0	0	(31,900,879)	0	(9,353,290)	(51,935,252)
Dividend Payments											
Dividends on Series A Senior Pref	(2,992,175)	(2,992,175)	(2,992,175)	(2,992,175)	(2,992,175)	(2,992,175)	(2,992,175)	(2,992,175)	(2,992,175)	(997,392)	(59,843,507)
Dividends on Series B Senior Pref	(7,520,273)	(7,520,273)	(7,520,273)	(7,520,273)	(7,520,273)	(7,520,273)	(7,520,273)	(7,520,273)	(7,520,273)	(2,506,758)	(150,405,460)
Dividends on Series J Junior Pref	(7,637,687)	(7,637,687)	(7,637,687)	(7,637,687)	(7,637,687)	(7,637,687)	(7,637,687)	(7,637,687)	(7,637,687)	(2,545,896)	(152,753,740)
Dividends on Series K Junior Pref	(49,045)	(49,045)	(49,045)	(49,045)	(49,045)	(49,045)	(49,045)	(49,045)	(49,045)	(16,348)	(980,903)
Dividends on Class B/Class C Common Stock	(268,271)	(268,271)	(268,271)	(268,271)	(268,271)	(268,271)	(268,271)	(268,271)	(268,271)	(89,424)	(5,365,422)
Dividends on Class A Common Stock	(402,407)	(402,407)	(402,407)	(402,407)	(402,407)	(402,407)	(402,407)	(402,407)	(402,407)	(134,136)	(8,048,133)
Total Dividends	(18,869,858)	(18,869,858)	(18,869,858)	(18,869,858)	(18,869,858)	(18,869,858)	(18,869,858)	(18,869,858)	(18,869,858)	(6,289,953)	(377,397,166)
Loan to SEBC Holdings, LP											
Starting Loan Balance	46,498	11,650	0	0	0	0	0	0	0	0	
Interest on Loan	406	102	0	0	0	0	0	0	0	0	23,043
Loan Repayment	(35,254)	(11,751)	0	0	0	0	0	0	0	0	(423,043)
Ending Loan Balance	11,650	0	0	0	0	0	0	0	0	0	

SEBC FINANCIAL PROJECTIONS

SEBC HOLDINGS, LP

Date	04/30/09	06/30/09	09/30/09	12/31/09	03/31/10	06/30/10	09/30/10	12/31/10	03/31/11	06/30/11	09/30/11	12/31/11
Initial Assets												
SEBC Real Estate, LLC Member Interest (to SEBC Holdings)	24,000,000											
SEBC Class A Common Stock (to SEBC Holdings, LP)	15,000,000											
Cash (from Loan from SEBC)	400,000											
Initial Capital												
SEBC Holdings, LP Senior Unit (to Bondholder)	6,000,000											
SEBC Holdings, LP Junior Unit (to Bondholder)	18,700,000											
SEBC Holdings, LP Junior Unit (to Existing Pref Holder)	540,000											
SEBC Holdings, LP Common Unit (to Existing Common Holder)	13,760,000											
Loan from SEBC Financial Corp.	400,000											
Periodic Cash Flows												
Starting Cash	400,000	400,000	378,933	347,135	315,039	282,644	249,946	216,942	183,629	150,006	116,067	81,812
Income												
Return on Cash		2,493	3,543	3,245	2,945	2,642	2,337	2,028	1,717	1,402	1,085	765
SEBC Financial Corp. Class A Common Dividend Received		268,271	402,407	402,407	402,407	402,407	402,407	402,407	402,407	402,407	402,407	402,407
Expenses												
Loan Repayment		(23,502)	(35,254)	(35,254)	(35,254)	(35,254)	(35,254)	(35,254)	(35,254)	(35,254)	(35,254)	(35,254)
SEBC Holdings, LP Expenses		(83,333)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)
Unit Distributions												
Senior Unit Distribution		(43,596)	(65,394)	(65,394)	(65,394)	(65,394)	(65,394)	(65,394)	(65,394)	(65,394)	(65,394)	(65,394)
Junior Unit Distribution		(137,432)	(206,147)	(206,147)	(206,147)	(206,147)	(206,147)	(206,147)	(206,147)	(206,147)	(206,147)	(206,147)
Junior Unit Distribution to Existing Pref Holder Payment		(3,969)	(5,953)	(5,953)	(5,953)	(5,953)	(5,953)	(5,953)	(5,953)	(5,953)	(5,953)	(5,953)
Ending Cash	400,000	378,933	347,135	315,039	282,644	249,946	216,942	183,629	150,006	116,067	81,812	47,236

SEBC FINANCIAL PROJECTIONS

SEBC HOLDINGS, LP

Date	03/31/12	06/30/12	09/30/12	12/31/12	03/31/13	06/30/13	09/30/13	12/31/13	03/31/14	04/30/14	
Initial Assets											
SEBC Real Estate, LLC Member Interest (to SEBC Holdings)											
SEBC Class A Common Stock (to SEBC Holdings, LP)											
Cash (from Loan from SEBC)											
Initial Capital											
SEBC Holdings, LP Senior Unit (to Bondholder)											
SEBC Holdings, LP Junior Unit (to Bondholder)											
SEBC Holdings, LP Junior Unit (to Existing Pref Holder)											
SEBC Holdings, LP Common Unit (to Existing Common Holder)											
Loan from SEBC Financial Corp.											
Periodic Cash Flows											
Starting Cash	47,236	12,337	614	533	451	368	284	200	115	29	
Income											
Return on Cash	442	115	6	5	4	3	3	2	1	0	24,784
SEBC Financial Corp. Class A Common Dividend Received	402,407	402,407	402,407	402,407	402,407	402,407	402,407	402,407	402,407	134,136	8,048,133
Expenses											
Loan Repayment	(35,254)	(11,751)	0	0	0	0	0	0	0	0	(423,043)
SEBC Holdings, LP Expenses	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(41,667)	(2,500,000)
Unit Distributions											
Senior Unit Distribution	(65,394)	(65,394)	(65,394)	(65,394)	(65,394)	(65,394)	(65,394)	(65,394)	(65,394)	(21,798)	(1,307,870)
Junior Unit Distribution	(206,147)	(206,147)	(206,147)	(206,147)	(206,147)	(206,147)	(206,147)	(206,147)	(206,147)	(68,716)	(4,122,945)
Junior Unit Distribution to Existing Pref Holder Payment	(5,953)	(5,953)	(5,953)	(5,953)	(5,953)	(5,953)	(5,953)	(5,953)	(5,953)	(1,984)	(119,058)
Ending Cash	12,337	614	533	451	368	284	200	115	29	0	

SEBC FINANCIAL PROJECTIONS

SEBC REAL ESTATE, LLC

Date	04/30/09	06/30/09	09/30/09	12/31/09	03/31/10	06/30/10	09/30/10	12/31/10	03/31/11	06/30/11	09/30/11
Initial Assets											
Real Estate	33,000,000										
Initial Capital											
SEBC Real Estate, LLC Member Interest (to SEBC Holdings, LP	24,000,000										
SEBC Real Estate, LLC Debt Obligation (to SEBC Financial Corp.	9,000,000										
Real Estate Value	33,000,000	33,191,926	33,481,490	33,773,580	34,068,218	34,365,426	34,665,227	34,967,644	35,272,698	35,580,415	35,890,815
Debt Obligation Value	9,000,000	9,075,000	9,188,438	9,303,293	9,419,584	9,537,329	9,656,546	9,777,252	9,899,468	10,023,211	10,148,502
Member Interest Value	24,000,000	24,116,926	24,293,052	24,470,287	24,648,633	24,828,097	25,008,681	25,190,391	25,373,230	25,557,203	25,742,314
Periodic Accruals											
Real Estate Appreciation		191,926	289,564	292,090	294,638	297,208	299,801	302,417	305,055	307,716	310,401
Debt Interest Accrua		75,000	113,438	114,855	116,291	117,745	119,217	120,707	122,216	123,743	125,290
Debt Upside		-	-	-	-	-	-	-	-	-	-

SEBC FINANCIAL PROJECTIONS

SEBC REAL ESTATE, LLC

Date	12/31/11	03/31/12	06/30/12	09/30/12	12/31/12	03/31/13	06/30/13	09/30/13	12/31/13	03/31/14	04/30/14	
Initial Assets												
Real Estate												
Initial Capital												
SEBC Real Estate, LLC Member Interest (to SEBC Holdings, LP												
SEBC Real Estate, LLC Debt Obligation (to SEBC Financial Corp.												Ending Value
Real Estate Value	36,203,924	36,519,764	36,838,359	37,159,734	37,483,912	37,810,919	38,140,778	38,473,515	38,809,155	39,147,723	39,261,564	39,261,564
Debt Obligation Value	10,275,358	10,403,800	10,533,847	10,665,520	10,798,839	10,933,825	11,070,498	11,208,879	11,348,990	11,490,852	11,911,014	11,911,014
Member Interest Value	25,928,566	26,115,964	26,304,512	26,494,214	26,685,073	26,877,094	27,070,281	27,264,637	27,460,165	27,656,871	27,350,550	27,350,550
Periodic Accruals												Total
Real Estate Appreciation	313,109	315,840	318,595	321,375	324,178	327,007	329,859	332,737	335,640	338,568	113,841	6,261,564
Debt Interest Accrua	126,856	128,442	130,047	131,673	133,319	134,985	136,673	138,381	140,111	141,862	47,879	2,538,731
Debt Upside	-	-	-	-	-	-	-	-	-	-	372,283	372,283

APPENDIX C

ESTIMATED CASH PROJECTIONS

SOUTHEAST BANKING CORPORATION ("SEBC")
Case No. 91-14561-BKC-PGH

Estimated Available Cash at Chapter 11 Plan Confirmation (Note 1)

			Significant Assumptions
Cash	$	14,972,212	Note 2
Less Chapter 11 expenses:			
Professional fees:			
Greenberg Traurig		1,800,000	Note 3
Kapila & Company		375,000	Note 3
Other professionals		35,000	Note 3
Wetland creation/clearing contractor		80,000	Note 3
Estimated Trustee fees		3,538,872	Note 3
Estimated UST fees		30,975	Note 4
Estimated costs to administer real estate		51,000	Note 5
Contingency estimate		200,000	
Total Estimated Chapter 11 expenses		6,110,847	
Estimated available cash for transfer to Reorganized SEBC at closing	**$**	**8,861,365**	

Significant Assumptions:

Note 1) Assumes a confirmed Plan of Reorganization with a contemplated Effective Date and closing of the Restructuring Transaction with Merrill Lynch of March 31, 2009.

Note 2) Cash is based on estimated cash at November 20, 2008, bank balance. In addition, cash includes a reimbursement fee of $500,000 from the Restructuring Transaction with Merrill Lynch. The retention of the reimbursement fee is subject to a Break Up fee motion, the Plan of Reorganization and MSA. An estimate for interest has been included from November 2008 through March 2009 based on the current rate of .78%.

Note 3) Professional fees include expense reimbursements, and are based on holdbacks from prior fee applications filed in the Chapter 11 phase of the case and estimates provided by the Trustee and professionals for services rendered in connection with the Chapter 11 case through a contemplated March 31, 2009 Effective Date of the Plan. The Trustee fees reflect the maximum amount allowable under Section 327(a) of the Bankruptcy Code based on the Cash (but not the Securities) disbursed to date and projected to be distributed under the Plan. *The estimates for professionals do not include any fee enhancements or premiums that may be awarded by the Bankruptcy Court. The professional fees do not include any fee or expense claims that may be asserted by creditors, indenture trustees and/or their representatives.*

Note 4 UST fee estimates are based on statutory calculations and include actual case disbursements through November 20, 2008, plus current cash plus cash (but not Securities) provided by the Restructuring Transaction with Merrill Lynch and projected to be distributed under the Plan.

Note 5) Estimated costs to administer the remaining real estate assets through the contemplated March 31, 2009, Effective Date of the Plan. 30% of the estimated cost related to the SWQ real estate is recoverable from the 30% SWQ JV partner. The current receivable is approximately $1.76 million including interest. The recovery of the receivable is not likely to occur until the real estate is sold.

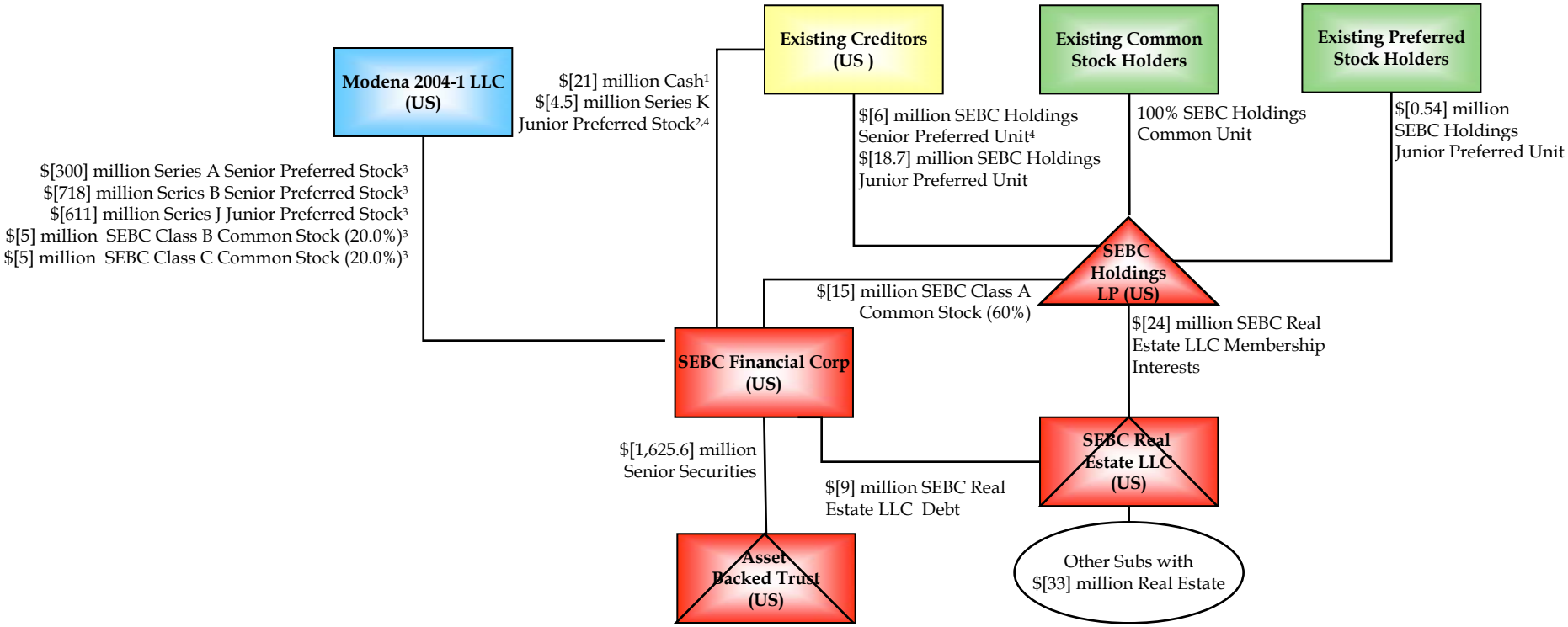
The Trustee of Southeast Banking Corporation ("SEBC") and his representatives from time to time make written or oral forward-looking statements concerning expectations, beliefs, plans, objectives, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are "forward-looking statements." Generally, the inclusion of the words "believe", "could", "should", "estimate", "expect", "intend", "anticipate", "will", "plan", "target", "forecast" and similar expressions identify statements that constitute "forward-looking statements." All statements addressing developments that the Trustee expects or anticipates will occur in the future, including statements relating to values, future financial condition, assets, real property and timing of their disposition, as well as statements expressing optimism or pessimism about future results, are forward-looking statements.

The forward-looking statements are based upon the Trustee's then-current views and assumptions regarding future developments and are applicable only as of the dates of such statements. By their nature, all forward-looking statements involve risks and uncertainties. The Trustee assumes no obligation to update or review any forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, whether as a result of new information, future events or otherwise. There can be no assurance that the Trustee has correctly identified and appropriately assessed all factors affecting SEBC and its assets. For these reasons, you are cautioned not to place undue reliance on any forward-looking statements.

APPENDIX D

POST-EFFECTIVE DATE STRUCTURE OF REORGANIZED SEBC AND RELATED ENTITIES

Southeast Banking Corporation Plan Structure



1. Assumes $8 million of cash left in SEBC at the close of the transaction. To the extent the cash position of SEBC Financial Corp is different than the $8 million the [$21] million of cash will adjusted as per the mechanics described in the Reorganization Plan.
2. Series K Junior Preferred Stock can be issued to a maximum of 250 Qualified Creditors. A holder of Series K Preferreds may not sell or transfer any shares unless such sale or transfer is to a single holder of record and includes all shares held of record by such holder.
3. Modena 2004-1 LLC may sell or assign its rights for the different classes of Preferred or Common stock to a Third Party Investor.
4. Modena 2004-1 LLC will purchase an aggregate of $[6.5] million of a combination of Series K Preferreds and SEBC Holdings Senior Preferred Units.

APPENDIX E

LIQUIDATION ANALYSIS

SOUTHEAST BANKING CORPORATION

Liquidation Analysis (Note 1)

Assets Available for Liquidation			Significant Assumptions
Cash	$	14,423,710	Note 2
Real estate		33,000,000	Note 3
Trivest Fund I		-	Note 8
		47,423,710	
Less Estimated Fees:			
Professional fees:			
Greenberg Traurig		1,170,000	Note 4
Kapila & Company		827,870	Note 4
Other professionals		505,674	Note 4
Trustee fees		3,928,872	Note 4
UST fees		49,500	Note 5
Reserve for other liquidation costs		500,000	Note 7
Costs to administer real estate		1,961,000	Note 6
		8,942,916	
Estimated net assets available for distribution under Chapter 7		**38,480,794**	
Balance due on post-petition interest (Note 1)		**70,720,975**	
Deficit on post-petition interest in liquidation	**$**	**(32,240,181)**	

Significant Assumptions:

Note 1) Assumes a liquidation process completed by December 2010 and re-conversion to Chapter 7 with post-petition interest calculated based on Chapter 7 rate of 5.57%.

Note 2) Cash is based on November 20, 2008, bank balance. No interest calculation is included due to fluctuating interest rates and the difficulty to compute. The Liquidation Analysis assumes the Plan of Reorganization is not confirmed for reasons other than default by the Investor and that SEBC would be required to return the $500,000 Reimbursement Fee; and as such, the fee is not included in estimated cash.

Note 3) The value set forth is based upon May 2008 appraisals of the real properties obtained by the estate in connection with the negotiations of the current chapter 11 business transaction and plan plus the estimated value of assets related to the real properties. The May 2008 appraisals did not assume an immediate liquidation of the properties with a sale in bulk. The value to be realized if the chapter 11 plan is not confirmed and consummated and the case is converted to Chapter 7 would likely vary according to the amount of time within which a Chapter 7 Trustee would be required to dispose of the properties and whether such Trustee would be required to sell the properties in bulk. The value realized would likely be significantly reduced below the values of the May 2008 appraisals if a Chapter 7 trustee were to be required to liquidate such properties immediately and/or if sale of the properties would be required to be conducted in bulk. However, because it is not possible to determine now what time frame would be allowed for such disposition or whether a bulk sale would be required, the value of the real properties set forth in this analysis is based on the May 2008 appraisals.

Note 4) Professional fees include expense reimbursements, and are based on holdbacks from prior fee applications filed in the Chapter 11 phase of the case and estimates provided by the Trustee and professionals for services rendered in connection with the Chapter 11 case through a contemplated Liquidation Date of December 31, 2010. The Trustee fees reflect the maximum amount allowable under Section 327(a) of the Bankruptcy Code based on the Cash disbursed to date and projected to be distributed under Liquidation. Other professional fees include legal fees related to the administration of the real estate including $350,000 for negotiation of real estate sales. *The estimates for professionals do not include any fee enhancements or premiums that may be awarded by the Bankruptcy Court. Also, the estimated professional fees do not include any fee or expense claims, whether valid and payable or not, that may be asserted by indentured trustees.*

Note 5) UST fee estimates are based on statutory calculations and include actual case disbursements through November 20, 2008, plus remaining cash and sale of real estate.

Note 6) Amounts include estimated costs to administer the remaining real estate assets and are based on SEBC's 70% ownership of SWQ parcel ($539,000) and 100% ownership of Belfort parcel ($98,000) for years 2008-2010. In addition, a management fee will be paid upon the sale of Belfort (6%-$204,000) and the SWQ parcel (4%-$1,120,000).

Note 7) Amount represents estimated miscellaneous wind down costs such as document destruction.

Note 8) The CFO of Trivest Partners, L.P. anticipates a close down of the investment by December 31, 2008. Based on the June 30, 2008, investment value provided by the CFO, the value of SEBC ownership was approximately $45,000. There is significant uncertainty as to whether SEBC will receive cash in respect of this investment; and, therefore, no value is assigned.

The Trustee of Southeast Banking Corporation ("SEBC") and his representatives from time to time make written or oral forward-looking statements concerning expectations, beliefs, plans, objectives, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are "forward-looking statements." Generally, the inclusion of the words "believe", "could", "should", "estimate", "expect", "intend", "anticipate", "will", "plan", "target", "forecast" and similar expressions identify statements that constitute "forward-looking statements." All statements addressing developments that the Trustee expects or anticipates will occur in the future, including statements relating to values, future financial condition, assets, real property and timing of their disposition, as well as statements expressing optimism or pessimism about future results, are forward-looking statements.

The forward-looking statements are based upon the Trustee's then-current views and assumptions regarding future developments and are applicable only as of the dates of such statements. By their nature, all forward-looking statements involve risks and uncertainties. The Trustee assumes no obligation to update or review any forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, whether as a result of new information, future events or otherwise. There can be no assurance that the Trustee has correctly identified and appropriately assessed all factors affecting SEBC and its assets. For these reasons, you are cautioned not to place undue reliance on any forward-looking statements.

COMPOSITE APPENDIX F

SUMMARY DISTRIBUTION SCHEDULES

SOUTHEAST BANKING CORPORATION
CASE NO. 91-14561-BKC-PGH

Summary of Distributions to Bondholders - Percentage of Claims Paid

Issue	TOTAL CLAIMS	Total Principal Distributions	POST PETITION INTEREST CLAIMS	Total Post Petition Interest Paid	TOTAL PRINCIPAL AND INTEREST PAID - ALL DISTRIBUTIONS
Total Senior Debt	$ 60,031,774.63	$ 60,031,774.63	$ 11,501,725.95	$ 7,503,148.26	$ 67,534,922.89
4.75%	12,334,529.00	12,334,529.00	6,483,589.04	1,650,760.53	13,985,289.53
10.50%	104,670,884.92	104,670,884.92	54,929,609.18	13,985,406.90	118,656,291.82
Subtotal BNY Issues	117,005,413.92	117,005,413.92	61,413,198.22	15,636,167.43	132,641,581.35
FRN 1996	45,609,909.73	45,609,909.73	23,975,781.89	6,104,377.41	51,714,287.14
FRN 1997	76,759,981.25	76,759,981.25	40,350,454.08	10,273,466.86	87,033,448.11
6.50%	50,049,865.14	50,049,865.14	26,309,735.26	6,698,615.89	56,748,481.03
Subtotal USB Issues	172,419,756.12	172,419,756.12	90,635,971.23	23,076,460.16	195,496,216.28
Total Junior Debt	289,425,170.04	289,425,170.04	152,049,169.45	38,712,627.59	328,137,797.63
Total	$ 349,456,944.67	$ 349,456,944.67	$ 163,550,895.40	$ 46,215,775.85	$ 395,672,720.52

PERCENTAGE OF TOTAL CLAIMS PAID

Issue	Total Principal Distributions	% Post-Petition Interest Paid	TOTAL PRINCIPAL AND INTEREST PAID - ALL DISTRIBUTIONS
Total Senior Debt	100.00%	65.23%	94.41%
4.75%	100.00%	25.46%	74.32%
10.50%	100.00%	25.46%	74.35%
Subtotal BNY Issues	100.00%	25.46%	74.34%
FRN 1996	100.00%	25.46%	74.32%
FRN 1997	100.00%	25.46%	74.32%
6.50%	100.00%	25.46%	74.32%
Subtotal USB Issues	100.00%	25.46%	74.32%
Total Junior Debt	100.00%	25.46%	74.33%
Total	100.00%	28.26%	77.13%

SOUTHEAST BANKING CORPORATION
Case No. 91-14561-BKC-PGH

Cash and Securities Per $1000 Claim of Post Petition Interest Claim - Plan of Reorganization (Note 1)

				Allocation Based on Plan of Reorganization				
	Post Petition Interest Claim - 8%	Post-Petition Interest Payments Made at 5.57%	Chapter 11 Claim Amount - 8%	Cash - $27,500,000	$4 million in Series K Junior Preferred Shares of Reorganized SEBC/Senior Preferred Units of SEBC Holdings, LP (Note 2)	$18.7 million in Junior Preferred Units of SEBC Holdings, LP	Total	Cash and Value of Securities to be Distributed per $1000 Post Petition Interest Claim (Note 3)
Senior Debt	**$ 11,501,725.95**	**$ 7,503,148.26**	**$ 3,998,577.69**	**$ 898,650.27**	**$ 130,712.77**	**$ 611,082.18**	**$ 1,640,445.22**	**410.2572**
Subordinated Debt								
BNY 4 3/4% Issue	6,483,589.04	1,650,760.53	4,832,828.51	1,086,141.87	157,984.27	738,576.47	1,982,702.61	410.2572
BNY 10.50% Issue	54,929,609.18	13,985,406.90	40,944,202.28	9,201,901.59	1,338,458.41	6,257,293.08	16,797,653.09	410.2572
Subtotal - BNY	61,413,198.22	15,636,167.43	45,777,030.79	10,288,043.46	1,496,442.68	6,995,869.55	18,780,355.70	410.2572
USB FRN due 1996	23,975,781.89	6,104,377.41	17,871,404.48	4,016,463.78	584,212.91	2,731,195.37	7,331,872.06	410.2572
USB FRN due 1997	40,350,454.08	10,273,466.86	30,076,987.22	6,759,576.72	983,211.16	4,596,512.17	12,339,300.05	410.2572
USB 6 1/2% Issue	26,309,735.26	6,698,615.89	19,611,119.37	4,407,451.62	641,083.87	2,997,067.10	8,045,602.59	410.2572
Subtotal - USB	90,635,971.23	23,076,460.16	67,559,511.07	15,183,492.11	2,208,507.94	10,324,774.64	27,716,774.69	410.2572
Subtotal - Subordinated Bondholder Claims	**152,049,169.45**	**38,712,627.59**	**113,336,541.86**	**25,471,535.57**	**3,704,950.63**	**17,320,644.19**	**46,497,130.39**	**410.2572**
Total Bondholder Claims	**163,550,895.40**	**46,215,775.85**	**117,335,119.55**	**26,370,185.84**	**3,835,663.39**	**17,931,726.37**	**48,137,575.61**	**410.2572**
Total Non-Bondholder Claims	**6,461,371.57**	**1,434,221.58**	**5,027,149.99**	**1,129,814.16**	**164,336.61**	**768,273.63**	**2,062,424.39**	**410.2572**
Grand Total Claims	**$ 170,012,266.97**	**$ 47,649,997.43**	**$ 122,362,269.54**	**$ 27,500,000.00**	**$ 4,000,000.00**	**$ 18,700,000.00**	**$ 50,200,000.00**	**410.2572**

Note 1 - Calculation is based on pro rata basis of post-petition interest claims calculated at 8% to total without effect of any reallocation that may be required by the Global Settlement Order.

Note 2 - The allocation of Series K Junior Preferred Shares of Reorganized SEBC and Senior Preferred Shares of SEBC Holdings, LP is based on a pro-rata share of each security. The actual distribution of Series K will be to Qualified Purchasers only (QIB or IA). Value and allocation obtained from Plan of Reorganization.

Note 3 - Charges may be assessed by the indenture trustees that would reduce the value of bondholder distributions. Such charges are not included in the above calculations. No consideration of tax effects on beneficiaries has been included.

SOUTHEAST BANKING CORPORATION
Case No. 91-14561-BKC-PGH

Cash and Securities Per $1000 of Original Claim - Plan of Reorganization (Note 1) - Bondholders Only

					Allocation Based on Plan of Reorganization - Bondholders Only (Note 2)						
	Original Claim - including face amount of bond plus pre petition interest	**Post Petition Interest Claim - 8%**	**Total Distributions - Claims and Post-Petition Interest at 5.57%**	**Total Bondholder Post Petition Claim Unpaid - 8%**	**Cash - $26,370,185.84**	**$3.835,663.39 in Series K Junior Preferred Shares of Reorganized SEBC /Senior Preferred Units of SEBC Holdings, LP (Note 2)**	**$17,931,726.37 in Junior Preferred Units of SEBC Holdings, LP**	**Total**	**Cash and Value of Securities to be Distributed per $1000 of Original Claim (Note 3)**	**Total Distributions of Principal, Pre and Post Petition Interest per $1000 of Original Claim**	**Total Distributions of Principal, Pre and Post Petition Interest and Plan of Reorganization Distributions per $1000 of Original Claim**
Senior Debt	**$ 60,031,774.63**	**$ 11,501,725.95**	**$ 67,534,922.89**	**$ 3,998,577.69**	**$ 898,650.27**	**$ 130,712.77**	**$ 611,082.18**	**$ 1,640,445.22**	**27.3263**	**1124.9863**	**1152.3126**
Subordinated Debt											
BNY 4 3/4% Issue	12,334,529.00	6,483,589.04	13,985,289.53	4,832,828.51	1,086,141.87	157,984.27	738,576.47	1,982,702.61	**160.7441**	**1133.8325**	**1294.5766**
BNY 10.50% Issue	104,670,884.92	54,929,609.18	118,656,291.82	40,944,202.28	9,201,901.59	1,338,458.41	6,257,293.08	16,797,653.09	**160.4807**	**1133.6132**	**1294.0938**
Subtotal - BNY	117,005,413.92	61,413,198.22	132,641,581.35	45,777,030.79	10,288,043.46	1,496,442.68	6,995,869.55	18,780,355.70	**160.5084**	**1133.6363**	**1294.1447**
USB FRN due 1996	45,609,909.73	23,975,781.89	51,714,287.14	17,871,404.48	4,016,463.78	584,212.91	2,731,195.37	7,331,872.06	**160.7517**	**1133.8388**	**1294.5906**
USB FRN due 1997	76,759,981.25	40,350,454.08	87,033,448.11	30,076,987.22	6,759,576.72	983,211.16	4,596,512.17	12,339,300.05	**160.7517**	**1133.8388**	**1294.5906**
USB 6 1/2% Issue	50,049,865.14	26,309,735.26	56,748,481.03	19,611,119.37	4,407,451.62	641,083.87	2,997,067.10	8,045,602.59	**160.7517**	**1133.8388**	**1294.5906**
Subtotal - USB	172,419,756.12	90,635,971.23	195,496,216.28	67,559,511.07	15,183,492.11	2,208,507.94	10,324,774.64	27,716,774.69	**160.7517**	**1133.8388**	**1294.5906**
Subtotal - Subordinated Bondholder Claims	**289,425,170.04**	**152,049,169.45**	**328,137,797.63**	**113,336,541.86**	**25,471,535.57**	**3,704,950.62**	**17,320,644.19**	**46,497,130.39**	**160.6534**	**1133.7569**	**1294.4103**
Total Bondholder Claims	**$ 349,456,944.67**	**$ 163,550,895.40**	**$ 395,672,720.52**	**$ 117,335,119.55**	**$ 26,370,185.84**	**$ 3,835,663.39**	**$ 17,931,726.37**	**$ 48,137,575.61**	**137.7497**	**1132.2503**	**1269.9999**

Note 1 - Calculation is based on pro rata basis of post-petition interest claims calculated at 8% to total without effect of any reallocation that may be required by the Global Settlement Order.

Note 2 - The allocation of Series K Junior Preferred Shares of Reorganized SEBC and Senior Preferred Shares of SEBC Holdings, LP is based on a pro-rata share of each security. The actual distribution of Series K will be to Qualified Purchasers only (QIB or IA). Value and allocation obtained from Plan of Reorganization.

Note 3 - Charges may be assessed by the indenture trustees that would reduce the value of bondholder distributions. Such charges are not included in the above calculations. No consideration of tax effects on beneficiaries has been included.

SOUTHEAST BANKING CORPORATION
Case No. 91-14561-BKC-PGH

Cash and Securities Per $1000 of Face Value of Bond Claim - Plan of Reorganization (Note 1) - Bondholders Only

						Allocation Based on Plan of Reorganization - Bondholders Only (Note 2)						
	Face Value of Bond Claim	**Pre Petition Interest**	**Post Petition Interest Claim - 8%**	**Total Distributions - Claims and Post-Petition Interest at 5.57%**	**Total Bondholder Post Petition Claim Unpaid - 8%**	**Cash - $26,370,185.84**	**$3.835,663.39 in Series K Junior Preferred Shares of Reorganized SEBC /Senior Preferred Units of SEBC Holdings, LP (Note 2)**	**$17,931,726.37 in Junior Preferred Units of SEBC Holdings, LP**	**Total**	**Cash and Value of Securities to be Distributed per $1000 of Bond Claim (Note 3)**	**Total Distributions of Principal, Pre and Post Petition Interest per $1000 of Bond Claim**	**Total Distributions of Principal, Pre and Post Petition Interest and Plan of Reorganization Distributions per $1000 of Bond Claim**
Senior Debt	**$ 57,500,000**	**$ 2,531,774.63**	**$ 11,501,725.95**	**$ 67,534,922.89**	**$ 3,998,577.69**	**$ 898,650.27**	**$ 130,712.77**	**$ 611,082.18**	**$ 1,640,445.22**	**28.5295**	**1174.5204**	**1203.0499**
Subordinated Debt												
BNY 4 3/4% Issue	12,083,000	251,529.00	6,483,589.04	13,985,289.53	4,832,828.51	1,086,141.87	157,984.27	738,576.47	1,982,702.61	**164.0903**	**1157.4352**	**1321.5255**
BNY 10.50% Issue	100,000,000	4,670,884.92	54,929,609.18	118,656,291.82	40,944,202.28	9,201,901.59	1,338,458.41	6,257,293.08	16,797,653.09	**167.9765**	**1186.5629**	**1354.5394**
Subtotal - BNY	112,083,000	4,922,413.92	61,413,198.22	132,641,581.35	45,777,030.79	10,288,043.46	1,496,442.68	6,995,869.55	18,780,355.70	**167.5576**	**1183.4228**	**1350.9804**
USB FRN due 1996	44,800,000	809,909.73	23,975,781.89	51,714,287.14	17,871,404.48	4,016,463.78	584,212.91	2,731,195.37	7,331,872.06	**163.6579**	**1154.3368**	**1317.9946**
USB FRN due 1997	75,000,000	1,759,981.25	40,350,454.08	87,033,448.11	30,076,987.22	6,759,576.72	983,211.16	4,596,512.17	12,339,300.05	**164.5240**	**1160.4460**	**1324.9700**
USB 6 1/2% Issue	50,000,000	49,865.14	26,309,735.26	56,748,481.03	19,611,119.37	4,407,451.62	641,083.87	2,997,067.10	8,045,602.59	**160.9121**	**1134.9696**	**1295.8817**
Subtotal - USB	169,800,000	2,619,756.12	90,635,971.23	195,496,216.28	67,559,511.07	15,183,492.11	2,208,507.94	10,324,774.64	27,716,774.69	**163.2319**	**1151.3323**	**1314.5641**
Subtotal - Subordinated Bondholder Claims	**281,883,000**	**7,542,170.04**	**152,049,169.45**	**328,137,797.63**	**113,336,541.86**	**25,471,535.57**	**3,704,950.62**	**17,320,644.19**	**46,497,130.39**	**164.9519**	**1164.0922**	**1329.0441**
Total Bondholder Claims	**$ 339,383,000**	**$ 10,073,944.67**	**$ 163,550,895.40**	**$ 395,672,720.52**	**$ 117,335,119.55**	**$ 26,370,185.84**	**$ 3,835,663.39**	**$ 17,931,726.37**	**$ 48,137,575.61**	**141.8385**	**1165.8590**	**1307.6975**

Note 1 - Calculation is based on pro rata basis of post-petition interest claims calculated at 8% to total without effect of any reallocation that may be required by the Global Settlement Order.

Note 2 - The allocation of Series K Junior Preferred Shares of Reorganized SEBC and Senior Preferred Shares of SEBC Holdings, LP is based on a pro-rata share of each security. The actual distribution of Series K will be to Qualified Purchasers only (QIB or IA). Value and allocation obtained from Plan of Reorganization.

Note 3 - Charges may be assessed by the indenture trustees that would reduce the value of bondholder distributions. Such charges are not included in the above calculations. No consideration of tax effects on beneficiaries has been included.

SOUTHEAST BANKING CORPORATION
Case No. 91-14561-BKC-PGH

Cash and Securities Per $1000 of Original Claim - Plan of Reorganization (Note 1) - Non - Bondholders Only

					Allocation Based on Plan of Reorganization - Non - Bondholders Only (Note 2)						
	Original Claim including pre-petition interest	Post Petition Interest Claim - 8%	Total Distributions - Claims and Post-Petition Interest at 5.57%	Total Non-Bondholder Post Petition Claim Unpaid - 8%	Cash	Series K Junior Preferred Shares of Reorganized SEBC /Senior Preferred Units of SEBC Holdings, LP (Note 2)	Junior Preferred Units of SEBC Holdings, LP	Total	% of Cash and Value of Securities to be Distributed to Original Claim (Note 3)	% of Total Distributions of Principal, Pre and Post Petition Interest to Original Claim	% of Total Distributions of Principal, Pre and Post Petition Interest and Plan of Reorganization Distributions to Original Claim
Non-Bondholder Claims	$ 10,062,374.59	$ 6,461,371.57	$ 11,496,596.17	$ 5,027,149.99	$ 1,129,814.16	$ 164,336.61	$ 768,273.63	$ 2,062,424.39	20.50%	114.25%	134.75%

Note 1 - Calculation is based on pro rata basis of post-petition interest claims calculated at 8% to total without effect of any reallocation that may be required by the Global Settlement Order.

Note 2 - The allocation of Series K Junior Preferred Shares of Reorganized SEBC and Senior Preferred Shares of SEBC Holdings, LP is based on a pro-rata share of each security. The actual distribution of Series K will be to Qualified Purchasers only (QIB or IA). Value and allocation obtained from Plan of Reorganization.

Note 3 - Charges may be assessed by the indenture trustees that would reduce the value of bondholder distributions. Such charges are not included in the above calculations. No consideration of tax effects on beneficiaries has been included.

Responsibility For and Purpose of the Projections

The Projections included herein were prepared based on the expected results of Reorganized SEBC and SEBC Holdings. The Projections were developed by the Trustee. See Section VII of this Disclosure Statement for further discussion of the risk factors associated with the Projections.

The Projections were prepared in good faith based upon assumptions believed to be reasonable. A significant number of assumptions about the operations of the business after the Effective Date used in the Projections were based, in part, on economic, competitive, and general business conditions prevailing at the time the Projections were developed. While such conditions have not materially changed as of the date of this Disclosure Statement, any future changes in these conditions may materially impact the ability of Reorganized SEBC and/or SEBC Holdings to achieve the financial results set forth in the Projections.

Inherent Uncertainty of Financial Projections

The Projections cover the operations of Reorganized SEBC and SEBC Holdings through April 30, 2014. These Projections are based on numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms; realization of the operating strategy of Reorganized SEBC and SEBC Holdings; industry performance; no material adverse changes in applicable legislation or regulations, or the administration thereof, or GAAP; no material adverse changes in general business and economic conditions; no material adverse changes in competition; adequate financing; the absence of material contingent or unliquidated litigation, indemnity, or other claims; and other matters, many of which will be beyond the control of Reorganized SEBC and SEBC Holdings and some or all of which may not materialize.

To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Trustee, the assumptions and estimates underlying the Projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of Reorganized SEBC and SEBC Holdings. Accordingly, the Projections are only estimates and are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and are likely to increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The Projections were not prepared in accordance with standards for projections promulgated by the American Institute of Certified Public Accountants (the "AICPA") based upon financial statements prepared in accordance with GAAP or with a view to compliance with published guidelines of the SEC regarding projections or forecasts. Rather, the Projections have been developed by the Trustee and his advisors. The Trustee and his advisors considered a number of factors in developing the Projections, including, but not limited to, general economic conditions, market growth forecasts, and fresh start accounting adjustments. A more comprehensive discussion of the assumptions used in the Projections is found in the section entitled Summary of Significant Assumptions Adopted for Purposes of the Projections.

The Projections, financial information, and valuations for SEBC Holdings and Reorganized SEBC have not been audited, reviewed, or compiled by independent public accountants and do not purport to be in accordance with GAAP or any other comprehensive basis of accounting. The projected financial information contained in this Disclosure Statement should not be regarded as a representation or warranty by the Trustee, the Trustee's advisors, or any other Person that the Projections can or will be achieved.

The valuation assumptions are not a prediction or reflection of post-Confirmation value or trading prices, if any, of the SEBC Holdings Securities or the Reorganized SEBC Securities. Such securities may trade, if at all, at substantially lower or higher prices because of a number of factors, including, but not limited to, those discussed in Section VII herein. The value and trading prices of securities issued under a plan of reorganization are subject to many unforeseeable

circumstances and therefore cannot be predicted. It is difficult to obtain accurate pricing for the assets and securities in the current market and economic conditions, and the Projections implicitly assume some normalization of financial markets. Neither MLE nor any of its Affiliates makes any representation or warranty as to, has independently verified or assumes any responsibility for the accuracy, completeness or sufficiency of the Projections.

Summary of Significant Assumptions Adopted for Purposes of the Projections

The Trustee developed the Projections contained herein based on the following assumptions, among others:

(a) General Economic Conditions. The Projections were prepared assuming that economic conditions do not differ markedly over the next 8 years from current economic conditions.

(b) Market Assumptions. The Projections were based on the assumed interest rates set out in the Assumption Page of Appendix B, including the assumptions as to the level of prevailing swap rates, earnings rates on future Cash balances and interest rate spread earned on the Investment Vehicle.

(c) Operational Expenses. The Projections were based on assumed levels of operating expenses including legal costs and SCS Fees as set out in the Assumption Page of Appendix B.

(d) Property Values. The Projections assume the Jacksonville Property will have an end value of $39.26 million at year 5 based on a current appraisal of $34.5 million including joint venture partner receivables and excess mitigation credits but excluding any value for concurrency credits.

(f) Transaction. The Projections assume that the Transaction will be used to fund Reorganized SEBC's operations. The terms of the Transaction are assumed to be more favorable than the terms of any other available financing.

(g) Fresh Start Accounting. The Projections include estimated adjustments to the Debtor's financial statements to reflect fresh start accounting. These adjustments are made solely for purposes of the Projections and have not been audited. The Debtor will be required to adopt "fresh start" accounting upon its emergence from Chapter 11. The actual adjustments for "fresh start" accounting that the Debtor will be required to adopt upon emergence may differ substantially from those "fresh start" adjustments in the Projections.

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