IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	:	Chapter 11
	:	
Handy Hardware Wholesale, Inc.,	:	Case No. 13-10060 (MFW)
	:	
Debtor.[1]	:	

MODIFIED SECOND AMENDED PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

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Dated: July 23, 2013
Wilmington, Delaware

[1] The Debtor's EIN is 74-1381875. The Debtor's address for purposes of this chapter 11 case is 8300 Tewantin Drive, Houston, Texas 77061.

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INTRODUCTION

Handy Hardware Wholesale, Inc., as a debtor and debtor-in-possession (the "Debtor"), proposes this Plan for the resolution of all Claims against and Equity Interests in the Debtor. Reference is made to the Disclosure Statement for a discussion of (i) the Debtor's history and business; (ii) the background of its Chapter 11 Case, (iii) a summary and analysis of this Plan, and (iv) certain related matters, including risk factors relating to the consummation of this Plan and Distributions to be made under this Plan.

ALL HOLDERS OF CLAIMS AGAINST THE DEBTOR ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. ALL HOLDERS OF EQUITY INTERESTS IN THE DEBTOR ARE ALSO ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT. SUBJECT TO CERTAIN RESTRICTIONS AND REQUIREMENTS SET FORTH IN SECTION 1127 OF THE BANKRUPTCY CODE, BANKRUPTCY RULE 3019, AND IN THE PLAN, THE DEBTOR RESERVES THE RIGHT TO ALTER, AMEND, MODIFY, REVOKE OR WITHDRAW THE PLAN, OR ANY PART THEREOF, PRIOR TO ITS SUBSTANTIAL CONSUMMATION.

ARTICLE I

DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME AND GOVERNING LAW

Section 1.1. Rules of Interpretation, Computation of Time and Governing Law

1. For purposes of the Plan: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (b) unless otherwise specified, any reference herein to a contract, lease, 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; (c) unless otherwise specified, any reference herein to an existing document, schedule, or exhibit, shall mean such document, schedule, or exhibit, as it may have been or may be amended, modified, or supplemented; (d) unless otherwise specified, all references herein to "Articles" or "Sections" are references to "Articles" or "Sections" hereof or hereto, respectively; (e) the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to any particular portion of the Plan; (f) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (g) unless otherwise specified herein, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (h) "includes" or "including" means includes, including, and including without limitation; and (i) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

2. In computing any period of time prescribed or allowed hereby, the provisions of Bankruptcy Rule 9006(a) shall apply.

3. Except to the extent that the Bankruptcy Code or Bankruptcy Rules apply, and subject to the express provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection herewith, the laws of the State of Delaware, giving effect to the conflicts of laws' principles thereof, shall govern the construction of the Plan and any agreements, documents, and instruments executed in connection with the Plan, including, without limitation, any rule of law or procedure supplied by federal law as interpreted under the decisions in the State of Delaware (including the Bankruptcy Code and the Bankruptcy Rules).

Section 1.2. Proponent of Plan

The Debtor is the proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code.

Section 1.3. Defined Terms

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form herein:

1. "503(b)(9) Claim" means any Allowed Claim entitled to priority of payment pursuant to section 503(b)(9) of the Bankruptcy Code and filed as such on or prior to the General Bar Date or as otherwise permissibly timely filed.

2. "Acquisition Documentation" means all documents that are incorporated under and associated with the Purchase Agreement and Sale, including the Purchase Agreement itself, the Plan, and any related court orders or pleadings filed in support of the Purchase Agreement or the Sale.

3. "Administrative Claim" means a claim, cause of action, right, or other liability, or the portion thereof, that is entitled to priority under 11 U.S.C. §§ 503(b) and 507(a)(2), including (a) the actual and necessary costs and expenses incurred from and after the Petition Date of preserving the Debtor's bankruptcy estate and operating the Debtor's business (such as wages, salaries, or payments for goods and services); (b) 503(b)(9) Claims; (c) Professional Fee Claim; (d) Committee Expense Claim; (e) Cure; and (f) all fees and charges assessed against the Estate under 28 U.S.C. § 1930 (a "U.S. Trustee Fee Claim"), but, for the avoidance of doubt, shall not include any Secured Claims, Priority Tax Claims, Non-Tax Priority Claims, General Unsecured Claims, or the DIP Facility Claim.

4. "Administrative Claims Bar Date" means May 30, 2013, which is the deadline established by the Bankruptcy Court pursuant to the Administrative Claims Bar Date Order, by which any holder of an Administrative Claim that accrued between the Petition Date and April 30, 2013 must file with the Bankruptcy Court a written request for allowance and payment of such Administrative Claim with the Bankruptcy Court; provided that holders of the following

shall not be required to file a written request for allowance of payment by the Administrative Claims Bar Date: (i) a 503(b)(9) Claim, (ii) a Professional Fee Claim, (iii) a Committee Expense Claim, (iv) an Administrative Claim incurred by the Debtor for the purchase of goods or services (other than in respect of Professional Compensation) in the ordinary course of business on and after the Petition Date, (v) the DIP Facility Claim, and (vi) a U.S. Trustee Fee Claim.

5. "Administrative Claims Bar Date Order" means that certain Order entered by the Bankruptcy Court on April 10, 2013 [Docket No. 386] by which the Bankruptcy Court established, among other things, the Administrative Claims Bar Date.

6. "Allowed" means, with respect to any Claim or Equity Interest in any Class, an Allowed Claim or Allowed Equity Interest in the particular Class or category specified. Unless otherwise specified in the Plan or in an order of the Bankruptcy Court allowing such Claim, "Allowed" in reference to a Claim shall not include (a) any interest on the amount of such Claim accruing from and after the Petition Date, (b) any punitive or exemplary damages, or (c) any fine, penalty or forfeiture.

7. "Allowed Amount" means, with respect to any Allowed Claim, the amount of the Claim that is Allowed.

8. "Allowed Claim" means a Claim allowable under 11 U.S.C. § 502: (a) for which a proof of claim was filed by the applicable Bar Date or by other order of the Bankruptcy Court and as to which no objection or other challenge to allowance thereof has been filed, or, if an objection or challenge has been timely filed, such Claim is allowed by Final Order; (b) for which a proof of claim is not filed and that has been listed in the Schedules and is not listed as disputed, contingent, or unliquidated; (c) that is deemed allowed under the Plan; or (d) that is not Disputed.

9. "Assumed Executory Contracts and Unexpired Leases" has such meaning as defined in the Purchase Agreement.

10. "Assumed Obligations" has such meaning as set forth in the Purchase Agreement. In no event shall any claim, obligation or liability constitute an Assumed Obligation unless specifically identified as such with the written consent of Buyer.

11. "Avoidance Actions" means the Causes of Action of the Debtor or its Estate under Chapter 5 of the Bankruptcy Code (except under section 549 of the Bankruptcy Code), or applicable non-bankruptcy law whether or not commenced as of the Effective Date.

12. "Avoidance Action Release" means the release and waiver of the Avoidance Actions as, and to the extent, provided in Section 9.7.2, hereof.

13. "Ballot" or "Ballots" means the ballots accompanying the Disclosure Statement upon which holders of Impaired Claims entitled to vote shall indicate their acceptance or rejection of the Plan in accordance with the Plan and the Voting Instructions.

14. "Bankruptcy Code" means title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as may be amended from time to time.

15. "Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware.

16. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Case, promulgated under 28 U.S.C. § 2075 and the General, Local and Chambers Rules of the Bankruptcy Court, as amended from time to time.

17. "Bar Date" means as applicable, (a) the General Bar Date, (b) the Government Bar Date, (c) the Administrative Claims Bar Date, (d) the Supplemental Administrative Claims Bar Date, and (e) the Rejection Bar Date.

18. "Bar Date Order" means that certain Order dated February 4, 2013 [Docket No. 133].

19. "Business Day" means any day, other than a Saturday, Sunday, or legal holiday (as defined in Bankruptcy Rule 9006(a)).

20. "Buyer" means HH OPCO LLC, which is an affiliate of Littlejohn Management and the Entity, or any assignee thereof, acquiring the Purchased Assets and the Assumed Obligations under the Acquisition Documentation.

21. "Capital One" means each of, and collectively, Capital One, National Association, the Indenture Trustee, and every participant in any tranche, loan or other debt issued to, or for the benefit of, the Debtor that collectively comprise the Capital One Secured Claim.

22. "Capital One Group" means Capital One, the Indenture Trustee, and their respective affiliates, including their current, former, and future entities, together with their respective current, former, and future officers, directors, members, partners, consultants, managers, employees, financial advisors, representatives, attorneys, professionals, and other agents.

23. "Capital One Release" means that, by the terms of the Plan, and effective as of the Effective Date, for good and valuable consideration, the Debtor, the Estate, and any Person seeking to exercise the rights of the Debtor, or the Estate, or any Person acting by, through, or under the Debtor, or the Estate, including estate representatives, shall be deemed to completely and forever release, waive, void, extinguish, and discharge all Claims, causes of action, obligations, suits, judgments, remedies, damages, commitments of any kind or nature, demands, debts, rights, and liabilities whatsoever that may be asserted by the Debtor, or the Estate, or any Person acting by, through, or under the Debtor, or the Estate, against the Capital One Group (or any member thereof), whether liquidated or unliquidated, fixed or contingent, direct, indirect or derivative, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or in part on any act, omission, transaction, event or

other occurrence taking place on or prior to the Effective Date, relating in any way to the Debtor, the Estate, the Case, the DIP Credit Facility, the Houston Facility, the Meridian Facility, the Capital One Secured Claim, or the Plan, which general release shall further be incorporated into the Confirmation Order; the Capital One Release shall include, without limitation, a full and complete release in favor of the Capital One Group as to (i) all objections, challenges, avoidance actions, and claims of any kind or nature against the Capital One Group (or any member thereof), Capital One's (and the Indenture Trustee's) pre-petition claims and pre-petition Liens, as more fully described in the applicable provisions of the Final Financing Order, all of which are released, barred and waived, effective as of the Effective Date.

24. "Capital One Secured Claim" means the Allowed Secured Claims held by Capital One and the Indenture Trustee in the principal amount of $25,804,996.65 plus accrued interest and attorney's fees.

25. "Case" or "Chapter 11 Case" means the Chapter 11 case styled *In re Handy Hardware Wholesale, Inc.*, Case Number 13-10060 (MFW), pending in the Bankruptcy Court.

26. "Cash" means legal tender of the United States of America or the equivalent thereof, including bank deposits and checks.

27. "Causes of Action" means, without limitation, all claims, actions, causes of action, controversies, liabilities, rights, choses in action, suits, debts, dues, damages, judgments, third-party claims, counterclaims, and crossclaims based in law or equity, whether direct, indirect, known or unknown, derivative, or otherwise, including, but not limited to, all claims arising under state, federal or other non-bankruptcy law, any avoidance, recovery, subordination or other actions against insiders or any other Person or Entity under the Bankruptcy Code or other applicable law, including sections 506, 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code or otherwise) of the Debtor or the Estate that are or may be pending or existing on or before the Effective Date, or which are based on any facts or circumstances occurring on or before the Effective Date, against any Person or Entity, and whether asserted or unasserted as of the Effective Date; *provided, however*, that Causes of Action shall not include any causes of action and Claims released by the Wells Fargo Release under the terms of this Plan, effective as of the Effective Date, or previously released under the terms of the Final Financing Order.

28. "Certificate" means any instrument evidencing a Claim or Equity Interest.

29. "Cetus Participation" means the last-out participation purchased by Cetus Capital II, LLC in the principal amount of $4,000,000 in the DIP Credit Facility.

30. "Claim" means a claim, as defined in section 101(5) of the Bankruptcy Code, against the Debtor and, for the avoidance of doubt, shall include Administrative Claims.

31. "Claims Objection Deadline" means the date that is 60 days after the Effective Date, or such later date as may be ordered by the Bankruptcy Court.

32. "Claims Register" means the official register of Claims and Equity Interests maintained by the Claims and Solicitation Agent.

33. "Claims and Solicitation Agent" means Donlin, Recano & Company, Inc. or any successor entity.

34. "Class" means a category of holders of Claims or Equity Interests as set forth in Article III herein.

35. "Class A Shares" means all shares of Class A Common Voting Stock of the Debtor authorized, issued or outstanding as of the Petition Date, which shares shall be cancelled and extinguished pursuant to the Plan on the Effective Date.

36. "Class B Shares" means all of the shares of Class B Non-Voting Stock of the Debtor authorized, issued or outstanding as of the Petition Date, which shares shall be cancelled and extinguished pursuant to the Plan on the Effective Date.

37. "Class C Shares" means all shares of the Class C Common Stock of the Debtor authorized, issued or outstanding as of the Petition Date, which shares shall be cancelled and extinguished pursuant to the Plan on the Effective Date.

38. "Committee Expense Claim" means a Claim for reimbursement of expenses incurred by Committee Members in connection with this Case.

39. "Committee Members" means the current and any former members of the Creditors' Committee or Members' Committee, as applicable, each solely in their capacity as a member of such Creditors' Committee or Members' Committee.

40. "Confirmation" means the entry on the docket by the Clerk of the Bankruptcy Court of the Confirmation Order.

41. "Confirmation Date" means the date upon which the Confirmation Order is entered by the Bankruptcy Court on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

42. "Confirmation Hearing" means the hearing or hearings at which the Bankruptcy Court considers entry of the Confirmation Order.

43. "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

44. "Consummation" means the substantial consummation of the Plan on or after the Effective Date.

45. "Counterparties" means, with respect to any Executory Contract or Unexpired Lease, the non-debtor party to such Executory Contract or Unexpired Lease.

46. "Creditor" means any holder of a Claim.

47. "Creditors' Committee" means the official committee of unsecured creditors appointed pursuant to section 1102 of the Bankruptcy Code by the United States Trustee for the District of Delaware on January 24, 2013, as it may be reconstituted from time to time.

48. "Cure" means a Claim for all unpaid monetary obligations, or such lesser amount as may be agreed upon by the parties, under an Executory Contract or Unexpired Lease assumed by the Debtor and assigned to Buyer pursuant to section 365 of the Bankruptcy Code in accordance with the Acquisition Documentation.

49. "Cure Notice" means as defined in the Solicitation Procedures Order.

50. "Debtor" or "Debtor-in-Possession" means Handy Hardware Wholesale, Inc., as the debtor-in-possession in the Chapter 11 Case.

51. "DIP Credit Agreement" means, with respect to the DIP Credit Facility, the Ratification and Amendment Agreement, dated January 11, 2013, and all of the loan documents, security agreements, and financing statements, and all other related agreements, documents, notes, instruments, and guarantees creating or evidencing indebtedness of the Debtor to Wells Fargo or granting collateral security of the Debtor in favor of Wells Fargo, as the same now exist or may hereafter be amended, modified, supplemented, ratified, assumed, extended, renewed, restated, or replaced.

52. "DIP Credit Facility" means the post-petition secured revolving credit facility in an aggregate stated principal amount of up to Thirty Million Dollars ($30,000,000), inclusive of all prepetition indebtedness owed by the Debtor to Wells Fargo, that was approved by the Bankruptcy Court pursuant to the Final Financing Order, and as such secured revolving credit facility is more fully described in that certain Ratification and Amendment Agreement, dated as of January 11, 2013, as amended by that certain Third Amendment to Capital and Security Agreement and First Amendment to Ratification Agreement, dated May 13, 2013, between the Debtor and Wells Fargo and approved by the Bankruptcy Court pursuant to the First Amended Financing Order.

53. "DIP Facility Claim" means any and all Claims of the DIP Lender derived from, arising under or based upon the DIP Credit Agreement, the Interim Financing Order and/or the Final Financing Order, including, without limitation, the Cetus Participation in the DIP Credit Facility, and any and all agreements and instruments relating thereto.

54. "DIP Financing" means the DIP Credit Facility provided to the Debtor by the DIP Lender in the Chapter 11 Case.

55. "DIP Lender" means Wells Fargo Bank, National Association, as lender with respect to the DIP Credit Facility.

56. "Disallowed" means in reference to any Claim, a Claim or portion thereof that has been disallowed, overruled, or expunged by Final Order, or withdrawn by the holder thereof.

57. "Disclosure Statement" means the Second Amended Disclosure Statement for the Plan as it may be amended, supplemented, or modified from time to time, describing the Debtor and providing a summary of the Plan, in the form that is approved by the Bankruptcy Court and distributed in accordance with sections 1125, 1126(b) and/or 1145 of the Bankruptcy Code and Bankruptcy Rule 3018 and/or other applicable law.

58. "Disputed" means, with respect to any Claim, as of the date of determination: (a) listed on the Schedules as unliquidated, disputed or contingent, unless and until it is Allowed pursuant to an order that is a Final Order; (b) as to which the Debtor (on or prior to the Effective Date), the Plan Administrator (after the Effective Date) or any other party-in-interest has Filed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules, which objection or request for estimation has not been withdrawn with prejudice or determined by a Final Order; (c) as to which the deadline for filing objections has not passed (whether or not an objection has been filed), unless and to the extent such Claim has been Allowed pursuant to an order that is a Final Order; (d) specifically identified as Disputed under the Plan; or (e) is otherwise disputed by the Debtor (on or prior to the Effective Date), the Plan Administrator (after the Effective Date) or any other party-in-interest, or is subject to any right of setoff or recoupment, or the holder thereof is subject to any Causes of Action, in accordance with applicable law, which dispute, right of setoff or recoupment, or Cause of Action, has not been withdrawn or determined in favor of such holder by a Final Order; *provided*, *however*, that a Claim that is Disputed by reason of subsection (c) hereof shall be entitled to vote to accept or reject the Plan.

59. "Disputed Claim" means any Claim that is not yet an Allowed Claim or deemed to be an Allowed Claim under the Plan.

60. "Distribution" means any distribution pursuant to the Plan to the holder of an Allowed Claim.

61. "Distribution Date" means the date that is at least 60 days following the Effective Date, upon which the Plan Administrator shall make the initial Distribution to Holders of Allowed Claims as of the Distribution Record Date entitled to receive Distributions under the Plan without regard to any Distribution to be made on or prior to the Effective Date in accordance with the Plan.

62. "Distribution Record Date" means the date established by the Bankruptcy Court in the Solicitation Procedures Order for determining the date by which holders of Allowed Claims shall be recognized as holders eligible to receive Distributions hereunder.

63. "Effective Date" means the date which is the first Business Day after the Confirmation Date on which: (a) no stay of the Confirmation Order is in effect, and (b) all conditions specified in Article X herein have been satisfied or waived pursuant to Article X herein.

64. "Effective Date Professional Fee Cap" means the amount of $1,000,000.

65. "Entity" means an entity as defined in section 101(15) of the Bankruptcy Code.

66. "Equity Interest" means any "equity security" in the Debtor, as such term is defined in section 101(16) of the Bankruptcy Code, including all Class A Shares, Class B Shares, and Class C Shares, whether issued, unissued, authorized or outstanding as of the Effective Date, and all interests, warrants, options or contract rights to purchase or acquire such interests at any time.

67. "Estate" means the estate of the Debtor created pursuant to section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Case.

68. "Excluded Assets" has such meaning as defined in the Purchase Agreement.

69. "Exculpated Claim" means any Claim or Cause of Action related to any act or omission in connection with, relating to, or arising out of the Chapter 11 Case, the formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement or Plan, the DIP Credit Facility, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement, the Plan, the filing of the Chapter 11 Case, the pursuit of Confirmation, and/or the pursuit of Consummation of the Plan.

70. "Exculpated Parties" means each of the following in its capacity as such: (a) the Debtor, (b) the Creditors' Committee and the members thereof, and (c) the Members' Committee and the members thereof, and with respect to each of the foregoing Persons in clauses (a) through (c), such Persons' subsidiaries, affiliates, officers, directors, principals, partners, members, employees, agents, financial advisors, attorneys, accountants, consultants, representatives, and other Professionals, in their capacities as such.

71. "Executory Contract" means a contract to which the Debtor is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

72. "File" or "Filed" means to physically or electronically file or filed with the Bankruptcy Court, or deemed to be filed by order of the Bankruptcy Court, in the Debtor's Chapter 11 Case.

73. "Final Decree" means the decree contemplated under Bankruptcy Rule 3022.

74. "Final Financing Order" means that certain Stipulation and Agreed Final Order; (I) Authorizing Debtor To (A) Obtain Post-Petition Financing On A Super Priority, Secured and Priming Basis From Wells Fargo Bank, National Association; (B) Use Cash Collateral, (C) Provide Adequate Protection To Wells Fargo Bank, National Association, And (D) Enter Into Post-Petition Agreements With Wells Fargo Bank, National Association; And (II) Modifying The Automatic Stay [Docket No. 140] (inclusive of the Approved Budget attached thereto), approving the DIP Credit Agreement, entered by the Bankruptcy Court in the Case on February

5, 2013, and any other extensions, modifications or amendments related thereto (including, without limitation, the First Amended Final Financing Order), together with any successive Approved Budgets referenced or contemplated thereby.

75. "Final Order" means an order of the Bankruptcy Court: (i) as to which the time to appeal, petition for certiorari or move for reargument, reconsideration or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for reargument, reconsideration or rehearing is pending; or (ii) if an appeal, writ of certiorari, reargument or rehearing thereof has been sought, such order has been affirmed by the highest court to which such order was appealed or from which certiorari was sought, reargument, reconsideration or rehearing has been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for reargument, reconsideration or rehearing has expired; *provided, however,* that the possibility of a motion under Rule 59 or 60 of the Federal Rules of Civil Procedure or any analogous Bankruptcy Rule or section 1144 of the Bankruptcy Code being Filed with respect to such order, shall not cause such order to be deemed a non-Final Order.

76. "First Amended Final Financing Order" means that certain Order [Docket No. 499] entered by the Bankruptcy Court on May 13, 2013.

77. "General Bar Date" means March 15, 2013.

78. "General Unsecured Claim" means any general unsecured Claim that is not (i) entitled to priority under section 507 of the Bankruptcy Code; (ii) subject to subordination under section 510 of the Bankruptcy Code, by contract, or under applicable non-bankruptcy law; or (iii) subordinated by an order of the Bankruptcy Court.

79. "Government Bar Date" has such meaning as defined in the Bar Date Order.

80. "Governmental Unit" has the meaning ascribed to it in section 101(27) of the Bankruptcy Code.

81. "Houston Facility" means the Debtor's office and warehouse facility (including the adjacent parcel of undeveloped real estate owned by the Debtor) located in Houston, Texas.

82. "Impaired" means with respect to any Class of Claims or Equity Interests, a Claim or Equity Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

83. "Impaired Claim" or "Impaired Equity Interest" means a Claim or Equity Interest, as the case may be, classified in an Impaired Class.

84. "Improvements" means, with respect to the Meridian Facility, all fixtures and structural modifications, together with all permits, approvals, and site improvements to the Meridian Facility owned by the Debtor.

85. "Indemnification Obligation" means all indemnification provisions in place as of the Effective Date (whether in the Debtor's by-laws, certificates of incorporation, articles of limited partnership, board resolutions, contracts, or otherwise) for the benefit of the directors and officers, employees, attorneys, other professionals, and agents of the Debtor that served in such capacity from and after the Petition Date and such directors' and officers' respective affiliates.

86. "Indenture Trustee" means Hancock Bank as Trustee pursuant to that certain Trust Indenture dated as of January 1, 2010 between Hancock Bank, as Trustee, and the Mississippi Business Finance Corporation.

87. "Insider" has the meaning ascribed to it in section 101(31) of the Bankruptcy Code.

88. "Intercreditor Agreement" has the meaning ascribed to it in the Final Financing Order.

89. "Interim Compensation Order" means that certain order [Docket No. 129] entered by the Bankruptcy Court establishing procedures for payment of interim compensation of and reimbursement of expenses to Professionals retained pursuant to an order entered by the Bankruptcy Court with respect to this Case, subject to entry of a Final Order allowing final compensation and reimbursement of expenses.

90. "Interim Financing Order" means that certain Stipulation And Agreed Interim Order: (i) Authorizing Debtor To (A) Obtain Post-Petition Financing On A Super-Priority, Secured And Priming Basis In Favor Of Wells Fargo Bank, National Association; (B) Use Cash Collateral On An Interim Basis, (C) Provide Adequate Protection To Wells Fargo Bank, National Association, And (D) Enter Into Post-Petition Agreements With Wells Fargo Bank, National Association; (ii) Modifying The Automatic Stay; And (iii) Scheduling A Final Hearing Pursuant To Bankruptcy Rule 4001 (inclusive of the Approved Budget thereto) [Docket No. 35], approving the DIP Credit Agreement on an interim basis, entered by the Bankruptcy Court in the Case and dated January 14, 2013.

91. "Lien" shall have the meaning set forth in section 101(37) of the Bankruptcy Code, including any charge, lien, or encumbrance against, or interest in, property to secure payment of a debt or performance of an obligation, including a right of set off to secure payment of a debt or performance of an obligation.

92. "Liquidating Debtor" means the Debtor immediately after the occurrence of the Effective Date.

93. "Littlejohn Administrative/503(b)(9) Contribution" means Cash to be contributed by the Littlejohn Parties on or before the Effective Date as a part of the Purchase Price in partial consideration for the Sale, which will be segregated by the Debtor or the Plan Administrator and will be available solely for distribution to holders of Allowed Administrative Claims, Allowed Secured Tax Claims and Allowed Other Secured Claims.

94. "Littlejohn Management" means Littlejohn Management Holdings, LLC.

95. "Littlejohn Parties" means Littlejohn Management, together with Buyer.

96. "Littlejohn Unsecured Contribution" means Cash in the amount of $4,000,000 to be contributed by the Littlejohn Parties as a part of the Purchase Price on or before the Effective Date in partial consideration for the Sale, which will be held in trust in a segregated account by the Debtor or the Plan Administrator and will be available solely for, and in the following priority: (i) first, distribution to satisfy the Section 503(b)(9) True-up Claims; (ii) second, distribution to holders of Allowed Non-Tax Priority Claims, if any, and upon satisfaction in full of all Allowed Non-Tax Priority Claims; (iii) third, distribution to holders of Allowed Priority Tax Claims, if any; (iv) fourth, funding of the Wind Down Account in the amount of the Wind Down Costs; (v) fifth, Pro Rata to holders of Allowed General Unsecured Claims in accordance with the distribution provisions set forth in this Plan; *provided, however*, that in no event shall the Littlejohn Unsecured Contribution be used to pay any Claims other the Section 503(b)(9) True-up Claims, Allowed Non-Tax Priority Claims classified in Class 4, Allowed Priority Tax Claims and Allowed General Unsecured Claims classified in Class 5.

97. "Member" means a Person which as of the Petition Date holds Class A Shares and Class B Shares.

98. "Members' Committee" means the official committee of equity holders appointed pursuant to section 1102 of the Bankruptcy Code by the United States Trustee for the District of Delaware on March 1, 2013, as it may be reconstituted from time to time.

99. "Meridian Facility" means the Debtor's warehouse facility located in Meridian, Mississippi, including all Improvements, furniture, fixtures and equipment located therein.

100. "New Credit Facility" means an asset based working capital credit facility for Buyer on terms and conditions acceptable to Buyer including the following terms and conditions: (i) reasonable interest rates, (ii) market advance rates for eligible inventory and eligible receivables, (iii) reasonable covenants, and (iv) sufficient availability on the Effective Date to repay in full in Cash the amount of the DIP Facility Claim, together with such other amounts paid by Buyer to satisfy such claim in full in Cash, and provide reasonable excess availability as determined by Buyer and by such lender on such date.

101. "Non-Tax Priority Claims" means any and all Claims accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Claim.

102. "Official Bankruptcy Forms" means the Official and Procedural Bankruptcy Forms, prescribed by the Judicial Conference of the United States, in accordance with Bankruptcy Rule 9009.

103. "Ordinary Course Professional" means any professional Person or Entity retained by the Debtor in accordance with that certain Order dated February 4, 2013 [Docket No. 130].

104. "Other Secured Claims" means any and all Secured Claims other than the Wells Fargo Secured Claim, the DIP Facility Claim, the Capital One Secured Claim and the Secured Tax Claims.

105. "Periodic Distribution Date" means the Distribution Date, as to the first Distribution made by the Plan Administrator, and thereafter, the last Business Day of the second month following the close of each quarter, subject to the terms and provisions of Article VIII hereof.

106. "Person" means a person as defined in section 101(41) of the Bankruptcy Code.

107. "Petition Date" means January 11, 2013.

108. "Plan" means this Second Amended Plan of Reorganization pursuant to Chapter 11 of the Bankruptcy Code, together with all exhibits hereto, either in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with the terms hereof, the Bankruptcy Code and the Bankruptcy Rules.

109. "Plan Administrator" means the Person appointed in accordance with Section 5.5 of the Plan and identified in the Plan Supplement.

110. "Plan Administrator Agreement" means the Plan Administrator Agreement between the Debtor and the Plan Administrator, a copy in substantially final form of which is included in the Plan Supplement.

111. "Plan Supplement" means the compilation of, and form of, documents, schedules and exhibits that are to be executed and delivered to implement the Plan, to be Filed on or before ten (10) days prior to the Confirmation Hearing and which may be amended from time to time until Confirmation.

112. "Plan Support Agreement" means that certain agreement dated June 19, 2013 by and among the Debtor, Littlejohn Management and to the extent it becomes a party thereto, the Creditors' Committee, approved by that certain order [Docket No. 593] entered by the Bankruptcy Court on June 20, 2013.

113. "Priority Tax Claim" means an unsecured Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

114. "Professional" means a Person (other than an Ordinary Course Professional) employed pursuant to a Final Order of the Bankruptcy Court in accordance with sections 327 or 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date, pursuant to sections 327, 328, 329, 330 and 331 of the Bankruptcy Code.

115. "Professional Compensation" means the amount of fees and expenses incurred by any Professional in connection with this Case, while being administered under Chapter 11 of the Bankruptcy Code.

116. "Professional Fee Claim" means a Claim for fees, for services rendered or expenses incurred by a Professional in the Case and prior to the Effective Date.

117. "Professional Fee Escrow Account" means a non-interest-bearing account, which the Confirmation Order shall authorize the Debtor or the Plan Administrator to open and will be funded on or before the Effective Date from the Littlejohn Administrative/503(b)(9) Contribution in an amount equal to the Professional Fee Reserve Amount.

118. "Professional Fee Reserve Amount" means the Professional Compensation and aggregate amount of Committee Expense Claims through the Effective Date as estimated in accordance with Article II herein as reduced by interim payments and retainers.

119. "Proof of Claim" has the meaning ascribed to it in Bankruptcy Rule 3001.

120. "Pro Rata" means, with respect to Distributions, the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of all Allowed Claims in such Class.

121. "Purchase Agreement" means that certain asset purchase agreement dated as of a date on or before the Effective Date, among the Debtor and Buyer, a copy in substantially final form of which is included in the Plan Supplement, providing the terms and conditions for the acquisition of the Purchased Assets, and the assumption of the Assumed Obligations effective as of the Effective Date, including any exhibits and schedules thereto.

122. "Purchase Price" has such meaning as defined in the Purchase Agreement.

123. "Purchased Assets" has the meaning as defined in the Purchase Agreement; *provided, however*, the Purchased Assets shall not include (i) any Avoidance Actions released pursuant to the terms of the Plan; (ii) the Excluded Assets; and (iii) the Purchase Price.

124. "Rejected Executory Contracts and Unexpired Leases" means any Executory Contract or Unexpired Lease to the extent such Executory Contract or Unexpired Lease has been, or will be, rejected by the Debtor in accordance with section 365 of the Bankruptcy Code and Article VI hereof.

125. "Rejection Bar Date" has such meaning as defined in the Bar Date Order.

126. "Released Party" means each of the following in its capacity as such, and only in its capacity as such: (a) the Debtor's current officers, directors, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultant, representatives, and other Professionals, (b) the Wells Fargo Group (solely in connection with the Wells Fargo Pre-Petition Loan Documents, and the DIP Credit Agreement and, with respect to each of the foregoing, the transactions thereunder), (c) the Creditors' Committee and the members thereof solely in their

capacity as such, (d) the Littlejohn Parties, (e) the Members' Committee and the members thereof solely in their capacity as such, (f) in the event Capital One and the Indenture Trustee vote to accept the Plan, the Capital One Group, and (g) with respect to the foregoing Persons in clauses (b) through (f), their respective current and former affiliates, subsidiaries, officers, directors, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other Professionals, or professionals, in their capacities as such.

127. "Releasing Party" means each of the following in its capacity as such: (a) the Debtor, (b) Creditors' Committee and the members thereof solely in their capacity as such, (c) the Members' Committee and the members thereof solely in their capacity as such, and (d) each holder of a Claim that returns a signed Ballot unless such holder checks the box on the applicable Ballot indicating that such holder opts not to grant the releases provided in Section 9.8 of the Plan.

128. "Sale" means the sale, assignment and transfer of the Purchased Assets and assumption of the Assumed Obligations by Buyer under or in connection with the Plan and the Purchase Agreement effective as of the Effective Date.

129. "Schedules" mean the schedules of assets and liabilities, schedules of executory contracts, and the statement of financial affairs that were filed by the Debtor in accordance with section 521 of the Bankruptcy Code, the Official Bankruptcy Forms and the Bankruptcy Rules, as they may be amended and supplemented from time to time.

130. "Section 503(b)(9) True-up Claim" means a Claim in an amount equal to that portion of any 503(b)(9) Claim that would otherwise be Disputed on the basis of alleged chargebacks, deductions, allowances (or similar claims) arising prior to the Petition Date unrelated to such holder's 503(b)(9) Claim(s), but that shall be Allowed and paid in full from the Littlejohn Unsecured Contribution; *provided, however*, that the Plan Administrator shall adjust such holder's General Unsecured Claim to account for such Section 503(b)(9) True-up Claim.

131. "Section 510(b) Claim" means any Claim against the Debtor arising from rescission of a purchase or sale of a security of the Debtor, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such Claim.

132. "Secured Claim" means (a) a Claim that is secured by a Lien on property in which the Estate has an interest, which Lien is valid, perfected and enforceable under applicable law or by reason of a Final Order, or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Creditor's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code, or (b) a Claim Allowed under this Plan as a Secured Claim.

133. "Secured Tax Claim" means any Secured Claim that, absent its secured status, would be entitled to priority in right of payment under section 507(a)(8) of the Bankruptcy

Code (determined irrespective of time limitations), including any related Secured Claim for penalties.

134. "Seller Intellectual Property" has such meaning as defined in the Purchase Agreement.

135. "Site Lease" means the Project Site Lease dated as of March 29, 2012 entered into between the Lauderdale County Economic Development District, as landlord, and Handy Hardware Wholesale, Inc., a Delaware corporation, as tenant, under which the Debtor leases the real property with respect to the Meridian Facility.

136. "Solicitation Procedure Order" means that certain Final Order [Docket No. __] approving the Disclosure Statement and procedures by which the Debtor shall distribute the Disclosure Statement and other solicitation voting materials and solicit votes to accept or reject the Plan.

137. "Supplemental Administrative Claims Bar Date" shall have such meaning as defined in Section 2.1 hereof.

138. "Transferred Avoidance Actions" shall mean those Avoidance Actions transferred to Buyer through the Sale and any and all avoidance actions under section 549 of the Bankruptcy Code. The definition of Transferred Avoidance Actions shall incorporate the definition and description given to them in the Purchase Agreement. Additionally and/or conjunctively with the Purchase Agreement definition, the assignee of the Transferred Avoidance Actions has sole authority and sole discretion to determine whether to pursue, prosecute, settle or recover upon such Transferred Avoidance Actions. Transferred Avoidance Actions do not include those Avoidance Actions released and waived under Section 9.7.2 of the Plan, or any Avoidance Actions against the Capital One Group or Wells Fargo Group.

139. "Unclaimed Distribution" means any Distribution under the Plan on account of an Allowed Claim to a holder that has not: (a) accepted a particular Distribution or, in the case of Distributions made by check, negotiated such check; (b) given notice to the Plan Administrator of an intent to accept a particular Distribution; (c) responded to the Plan Administrator's request for information necessary to facilitate a particular Distribution; or (d) taken any other action necessary to facilitate such distribution.

140. "Unexpired Lease" means a lease of nonresidential real property or personal property to which the Debtor is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

141. "Unimpaired" means with respect to a Class of Claims or Equity Interests, a Class of Claims or Equity Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

142. "Voting Deadline" means the deadline established by the Bankruptcy Court in the Solicitation Procedures Order to vote to accept or reject the Plan.

143. "Voting Instructions" means the instructions for voting on the Plan contained in Article I of the Disclosure Statement and in the Ballots.

144. "Voting Record Date" means the date established by the Bankruptcy Court in the Solicitation Procedures Order for the purpose of determining those holders of Allowed Claims that are entitled to vote to accept or reject this Plan.

145. "Wells Fargo" means Wells Fargo Bank, National Association.

146. "Wells Fargo Avoidance Actions" has the meaning given to it in the Final Financing Order.

147. "Wells Fargo Group" means Wells Fargo and its affiliates (and any participants under the DIP Credit Facility), including their current, former, and future entities, together with their respective current, former, and future officers, directors, members, partners, consultants, managers, employees, financial advisors, representatives, attorneys, professionals, and other agents.

148. "Wells Fargo Pre-Petition Collateral" has the meaning given to it in the Final Financing Order.

149. "Wells Fargo Pre-Petition Debt" has the meaning given to it in the Final Financing Order.

150. "Wells Fargo Pre-Petition Loan Documents" means any and all loan documents evidencing the Wells Fargo Pre-Petition Debt, including all amendments and ratifications entered into prior to the Petition Date, and all security documents delivered, recorded or filed with respect thereto but exclusive of the DIP Credit Facility or the Ratification and Amendment Agreement entered into with respect to the DIP Credit Facility.

151. "Wells Fargo Release" means that, by the terms of the Plan, and effective as of the Effective Date, for good and valuable consideration, the Debtor, the Estate, and any Person seeking to exercise the rights of the Debtor, or the Estate, or any Person acting by, through, or under the Debtor, or the Estate, including estate representatives, shall be deemed to completely and forever release, waive, void, extinguish, and discharge all Claims, causes of action, obligations, suits, judgments, remedies, damages, commitments of any kind or nature, demands, debts, rights, and liabilities whatsoever that may be asserted by the Debtor, or the Estate, or any Person acting by, through, or under the Debtor, or the Estate, against the Wells Fargo Group (or any member thereof), whether liquidated or unliquidated, fixed or contingent, direct, indirect or derivative, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date, relating in any way to the Debtor, the Estate, the Case, the DIP Credit Facility, or the Plan, which general release shall further be incorporated into the Confirmation Order; the Wells Fargo Release shall include, without limitation, a full and complete release in favor of the Wells Fargo Group as to all objections, challenges, avoidance actions, and claims of any kind or nature against Wells Fargo Group (or

any member thereof), Wells Fargo's pre-petition claims and pre-petition Liens, as more fully described in the applicable provisions of the Final Financing Order, all of which are released, barred and waived, effective as of the Effective Date.

152. "Wells Fargo Secured Claim" shall mean the Secured Claim of Wells Fargo against the Debtor consisting of the Wells Fargo Pre-Petition Debt.

153. "Wind Down" means the wind down of the Liquidating Debtor following the occurrence of the Effective Date in accordance with the Plan, as set forth in Section 5.9 herein.

154. "Wind Down Account" means the account or, collectively, the accounts, to be established by the Debtor or the Plan Administrator on or prior to the Effective Date and funded from the Littlejohn Unsecured Contribution, in an amount not less than the amount of Wind Down Costs, for the purpose of funding the Wind Down.

155. "Wind Down Costs" means the estimated amount of fees and expenses to be incurred by the Plan Administrator from the Confirmation Date (including the reasonable fees and costs of attorneys and other professionals) as determined by the Plan Administrator (in consultation with the Debtor) with the consent of the Littlejohn Parties and the Creditors' Committee prior to the Effective Date.

ARTICLE II

UNCLASSIFIED CLAIMS AGAINST THE DEBTOR

In accordance with section 1123(a)(l) of the Bankruptcy Code, 503(b)(9) Claims, Administrative Claims, Professional Fee Claims, Committee Expense Claims, the DIP Facility Claim, and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims set forth in Article III; *provided, however*, the resolution of such Claims is set forth in this Article II of the Plan.

Section 2.1. Administrative Claims

1. Supplemental Administrative Claims Bar Date. Any request for allowance and payment of any Administrative Claim, other than a Professional Fee Claim, a Committee Expense Claim, 503(b)(9) Claim, the DIP Facility Claim, a U.S. Trustee Fee Claim or an Administrative Expense Claim incurred by the Debtor in the ordinary course of business, accruing between the May 1, 2013 and the Effective Date, shall be filed no later than the date that is thirty (30) days after the Effective Date (the "Supplemental Administrative Claims Bar Date").

2. Objections to Administrative Claims. Objections, if any, to Administrative Claims, including 503(b)(9) Claims but excluding Professional Fee Claims and Committee Expense Claims, shall be filed no later than thirty (30) days after the Effective Date; *provided, however*, that objections to Supplemental Administrative Claims shall be filed no later than thirty (30) days after the Supplemental Administrative Claims Bar Date. Any

holder of an Administrative Claim (other than a holder of an Administrative Claim incurred in the ordinary course of business and the DIP Facility Claim) who fails to timely file a request for the allowance of an Administrative Claim on or before the Administrative Claims Bar Date or the Supplemental Administrative Claims Bar Date, as applicable: (i) shall be forever barred, estopped and enjoined from asserting (or filing a request for the allowance thereof) such Administrative Claim against the Debtor, the Estate or its property, and the Debtor, the Estate and its property 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. The Littlejohn Parties shall have standing to object to, prosecute and settle any and all Administrative Claims, and additionally reserve the right to assert offset rights, credits, and any other objections regarding claims under section 503(b)(9) (including failure to provide proof of delivery); provided that, as part of the consideration for the Sale, the Debtor and the Littlejohn Parties agree that they will not object to 503(b)(9) claims upon the ground that goods were shipped directly by the creditor to, and received by, the Debtor's customer rather than the Debtor; provided however, that the costs of filing such objections shall not be paid from the Wind Down Account or the Littlejohn Unsecured Contribution.

3. Treatment. Unless otherwise agreed to by the holder of an Allowed Administrative Claim and the Debtor or the Plan Administrator as applicable, each holder of an Allowed Administrative Claim (other than of a Professional Fee Claim or Committee Expense Claim), will receive from the proceeds of the Littlejohn Administrative/503(b)(9) Contribution in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim either: (1) on the Effective Date, or as soon as practicable thereafter, or (2) if the Administrative Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which an order Allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter; provided however that Allowed Administrative Claims representing liabilities incurred by the Debtor in the ordinary course of business of the Debtor prior to the Effective Date, including, without limitation, claims for fees and expenses incurred by any Ordinary Course Professional, shall be paid in full and performed by the Debtor or, if not paid or fully performed prior to the Effective Date, then by Buyer in the ordinary course of business on or after the Effective Date and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transaction, including any agreements between Buyer and such Creditor. Any amount of the Littlejohn Administrative/503(b)(9) Contribution that is not used for the payment of Allowed Administrative Claims (because of the disallowance of any Claim, the resolution of estimates determined at the Effective Date, or otherwise) shall revert to Buyer.

Section 2.2. Professional Fee Claims and Committee Expense Claims

1. Final Applications. All final requests for allowance and payment of Professional Fee Claims, Committee Expense Claims, claims for reimbursement of actual, necessary expenses or reasonable compensation pursuant to sections 503(b)(3) or (4) of the Bankruptcy Code, or otherwise seeking reimbursement of expenses or compensation from the Estate (except for Wells Fargo, as provided under the Final Financing Order, and any Ordinary Course Professional) shall be filed no later than sixty (60) days after the Effective Date. After notice and a hearing in

accordance with the procedures established by the Bankruptcy Code and any prior Bankruptcy Court orders, the Allowed Amounts of such Professional Fee Claims and Committee Expense Claims shall be determined by the Bankruptcy Court. Subject to Section 2.2.2 and Section 2.2.3. below, Allowed Professional Fee Claims and Allowed Committee Expense Claims shall be paid in Cash from the Professional Fee Escrow Account in an amount equal to the Allowed Amount of such Allowed Professional Fee Claim or Allowed Committee Expense Claim when such Claims are Allowed by a Final Order or as soon as practical thereafter.

2. Professional Fee Escrow Account. On the Effective Date, the Debtor or Plan Administrator shall establish and fund from the proceeds of the Littlejohn Administrative/503(b)(9) Contribution, for the benefit of Professionals and Committee Members, the Professional Fee Escrow Account with Cash equal to the aggregate Professional Fee Reserve Amount, and upon such funding of the Professional Fee Escrow Account in full as provided hereunder, Wells Fargo shall be fully released and discharged from any further carve-out and funding provisions in favor of the Professionals and Committee Members or otherwise under the terms and conditions of the Final Financing Order. The Professional Fee Escrow Account shall be maintained in trust by the Plan Administrator for the Professionals and Committee Members. Such funds shall not be considered property of the Estate to the extent of the aggregate amount of Professional Fee Claims and Committee Expense Claims allowed by a Final Order. When all Allowed Professional Fee Claims and Allowed Committee Expense Claims have been paid in full, amounts remaining in the Professional Fee Escrow Account, if any, shall revert to Buyer.

3. Professional Fee Reserve Amount. To receive payment for unbilled fees and expenses incurred through the Effective Date, the Professionals shall estimate their Professional Compensation and Committee Members shall estimate their expenses prior to and as of the Effective Date for which they will seek reimbursement from the Liquidating Debtor and shall deliver such estimate to the Debtor and Buyer no later than 10 days prior to the Confirmation Date. If a Professional or Committee Member does not provide an estimate, the Debtor may estimate the unbilled fees and expenses through the Effective Date and holdbacks (interim Professional Compensation asserted and only partially paid pursuant to the Interim Compensation Order) of such Professional or Committee Member. A failure to so estimate by a Professional or Committee Member will lead to a presumption that the Debtor's estimate is correct by the Bankruptcy Court in any litigation regarding such claims. The total amount so estimated through the Effective Date, together with all holdbacks, shall comprise the Professional Fee Reserve Amount.

In the event that the unpaid Professional Fees as estimated pursuant to paragraph 3 above exceed $1,000,000 (the "Effective Date Professional Fee Cap"), then (in the event that Buyer elects to close the transactions) the Professionals agree to negotiate in good faith the terms of payment of such excess allowed and unpaid fees and expenses under the Plan (without requiring payment of funding in full of all such unpaid and allowed amounts in excess of the Effective Date Professional Fee Cap upon the Effective Date) and appropriate and good faith accommodations, so as to facilitate the closing of the transactions and the emergence of the Debtor from bankruptcy given the Debtor's and Buyer's available financing.

4. Post-Effective Date Fees and Expenses. Except as otherwise specifically provided

in the Plan, from and after the Effective Date, the Plan Administrator, shall, from the Wind Down Account and in the ordinary course of business and without any further notice to, action, order, or approval of the Bankruptcy Court, pay in Cash from the Wind Down Account the reasonable legal, professional, or other fees and expenses related to implementation and Consummation incurred by the Liquidating Debtor or Plan Administrator from and after the Effective Date. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code or the Interim Compensation Order in seeking retention or compensation for services rendered after such date shall terminate, and the Plan Administrator may employ and pay any former Professional as a professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court. For the avoidance of doubt, Buyer shall not be responsible for the payment of any claims, fees or expenses incurred or accrued by the Debtor, the Liquidating Debtor, any committee, or the Plan Administrator following the occurrence of the Effective Date.

Section 2.3. The Wells Fargo Secured Claim and DIP Facility Claim

In accordance with the terms of the Final Financing Order, and by virtue of no challenge having been asserted with respect to the Wells Fargo Secured Claim, the Wells Fargo Secured Claim is deemed an Allowed Secured Claim on a final basis. Furthermore, the Wells Fargo Secured Claim has been indefeasibly paid in full in accordance with the provisions of the Final Financing Order. The Wells Fargo Secured Claim, therefore, is not classified pursuant to the Plan and will not receive any Distribution pursuant to the Plan.

Notwithstanding anything else contained in this Plan or the Confirmation Order, or any amendments thereto, and notwithstanding the confirmation of the Plan or Consummation, the holder of the DIP Facility Claim, which is a secured Administrative Claim, shall be entitled to all of the Liens, protections, benefits, and priorities granted under the Final Financing Order, which shall continue until indefeasibly paid in full in Cash on the Effective Date by Buyer pursuant to the New Credit Facility, the Acquisition Documentation and the Plan, which secured Allowed Administrative Claim, by reason of the Final Financing Order and the Confirmation Order, (a) shall be allowed and payable in its entirety, (b) includes principal, accrued but unpaid interest, and attorneys' fees, costs, and expenses through the date of the full and indefeasible payment in Cash of the DIP Facility Claim (subject to the terms and conditions in the Final Financing Order regarding attorneys' fees, costs, and expenses), and (c) is secured by the valid, unavoidable and perfected Liens and security interests granted under, or in connection with the DIP Credit Agreement (and loan documents related thereto) and authorized by the Final Financing Order. All sums owing with respect to, and all payments made in reduction of the DIP Facility Claim through the date of the full payment in Cash of the DIP Facility Claim shall be deemed indefeasibly paid in Cash on the closing of the Sale on the Effective Date. On or before the Effective Date, the Debtor shall execute and deliver to Wells Fargo a payoff indemnity and release letter (the "Pay-Off Letter") in favor of Wells Fargo, in form and substance acceptable to Wells Fargo, and providing for the indefeasible payment in full in Cash of the DIP Credit Facility Claim.

Section 2.4. Priority Tax Claims

Each holder of an Allowed Priority Tax Claim due and payable on or before the Effective Date (without regard to any extension), if any, shall receive from the proceeds of the Littlejohn Unsecured Contribution, at the Debtor's and Plan Administrator's option (in consultation with the Littlejohn Parties, Creditors' Committee and Wells Fargo) one of the following treatments on account of such Claim (1) Cash in an amount equal to the amount of such Allowed Priority Tax Claim, or (2) Cash in an amount agreed to by the Debtor or Plan Administrator and such holder. To the extent any Allowed Priority Tax Claim is not due and owing on the Effective Date (without regard to any extension), such Claim shall be paid in full in Cash in accordance with the terms of any agreement between Buyer and the holder of such Claim, or as may be due and payable under applicable non-bankruptcy law or in the ordinary course of business. The Debtor or the Plan Administrator is solely responsible for the treatment and satisfaction of any Priority Tax Claim due and owing on or before the Effective Date and under no circumstance shall the Littlejohn Parties, or any affiliate thereof, have any responsibility or liability for such claims.

ARTICLE III

CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

Section 3.1. Summary

Except for the unclassified Claims addressed in Article II above, all Claims and Equity Interests are classified in the Classes set forth below pursuant to section 1122 of the Bankruptcy Code. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtor has not classified Administrative Claims, Professional Fee Claims, Committee Expense Claims, the DIP Facility Claim, and Priority Tax Claims. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and is classified in any other Class to the extent that any portion of the Claim or Equity Interest qualifies within the description of such other Class. A Claim or Equity Interest is also classified in a particular Class for the purpose of receiving Distributions or being cancelled pursuant to the Plan only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

Except as otherwise provided in the Plan, nothing in the Plan shall affect the Debtor's rights in respect of any Unimpaired Claim or other Claim, including all rights in respect of legal and equitable defenses to, or setoff or recoupment against, any Unimpaired Claim.

Summary of Classification and Treatment of Claims and Equity Interests

Class	Claim	Status	Voting Right
1.	Capital One Secured Claim	Impaired	Entitled to vote
2.	Secured Tax Claims	Unimpaired	Deemed to accept

3.	Other Secured Claims	Unimpaired	Deemed to accept
4.	Non-Tax Priority Claims	Unimpaired	Deemed to accept
5.	General Unsecured Claims	Impaired	Entitled to vote
6.	Section 510(b) Claims	Impaired	Deemed to reject
7.	Equity Interests (Class A Shares, Class B Shares, and Class C Shares)	Impaired	Deemed to reject

Section 3.2. Classification and Treatment of Claims and Equity Interests

1. Class 1 - Capital One Secured Claim

(a) Classification: Class 1 consists of the Allowed Capital One Secured Claim against the Debtor.

(b) Treatment: In full and final settlement of the Allowed Capital One Secured Claim, including, without limitation, (a) the release of all associated liens, encumbrances and interests only on all assets that are not being transferred to Capital One, and (b) the release of any other form or classification of claim by Capital One which could be asserted against all assets that are not being transferred to Capital One, Capital One shall receive (subject to existing liens only on all assets that are being transferred to Capital One and related non-recourse debt in favor of Capital One) the Meridian Facility and the Houston Facility, by, among other things, transfer of deeds (or, as to the Meridian Facility and certain items of personal property located there, some other appropriate transfer documents) directly from the Debtor to Capital One on the Effective Date, with Capital One also receiving title to ten reach trucks (including all charging stations), six stretch wrap machines and all furniture currently in the Meridian Facility, as well as all fixtures and racking in both the Meridian Facility and the Houston Facility. Capital One agrees to execute a lease with Buyer for Buyer's lease and full use of the Houston Facility with such lease terms acceptable to Buyer and Capital One. Such lease terms shall include, without limitation, (i) initial term of four years (the "Initial Term") with Buyer options for two additional and successive three year terms of renewal (each a "Successive Term"); (ii) initial monthly rental rate of 22 cents per square foot (based upon an improvement square footage calculation to be determined, if necessary, as a result of uncertainty between 537,000 and 560,000 square feet), subject to a market rate adjustment mechanism to the rental rate determined at the conclusion of the Initial Term and the conclusion of the first Successive Term, and with such rental rate decreasing, increasing, or remaining the same depending on the applicable market at the time of any rental rate adjustment; (iii) discounted rental rate consisting of a 100% discount to the rental rate for the first six months of the Initial Term, and a 75% discount to the rental rate for the second six months of the Initial Term; (iv) a security deposit by Buyer associated with such lease in the form of an irrevocable confirmed letter of credit (with an evergreen provision) in the amount of six months of rent at 22 cents/square foot per month, and with such amount reduced by $100,000 per year at the beginning of each year of tenancy beyond the Initial Term; (v) Capital One will receive on the Effective Date $80,000 from Buyer toward the immediate roof repairs needed for the Houston Facility (the $80,000 contributed by Buyer is fixed such that any higher amounts needed to make immediate roof repairs will be borne by Capital One, and Buyer

is not entitled to any refund if the cost of immediate roof repairs is less than $80,000); (vi) the Debtor (not Capital One) is responsible for payment of ad valorem taxes associated with the Houston Facility or the Meridian Facility accruing prior to the Effective Date (as set forth in detail below); (vii) tenant will cooperate with Capital One whenever requested to do so for any monitoring of the Houston Facility as may be required by the Texas Commission on Environmental Quality; and (viii) other customary commercial terms for a triple net lease. As may be requested by Buyer's lender, Capital One will provide a standard landlord waiver and related collateral assignment to Buyer's lender in a form acceptable to Capital One.

In return for the consensual treatment described herein, including receiving the Capital One Release on the Effective Date, and the other rights and benefits provided to Capital One and the Indenture Trustee in the Plan and the Plan related documents to be drafted, agreed to and executed on or before the Effective Date, and provided that any subsequent modification or amendment to the Plan is immaterial as to Capital One and the Indenture Trustee, Capital One and the Indenture Trustee will vote to accept the Plan and shall (through their counsel) state to the Bankruptcy Court (in a pleading and/or on the record at the Confirmation Hearing) that "[t]he Plan should be confirmed." Subject only to Capital One and the Indenture Trustee voting to accept the Plan, and through their counsel stating to the Bankruptcy Court (in a pleading and/or on the record at the Confirmation Hearing) that "[t]he Plan should be confirmed," Capital One and the Indenture Trustee shall receive the Capital One Release on the Effective Date.

Capital One, the Littlejohn Parties, and the Debtor agree to negotiate in good faith and within commercial terms for the closure of any additional detail or issue relating to the lease or its treatment, and it is a non-waiveable condition to the occurrence of the Effective Date of the Plan that the Debtor, Capital One and the Littlejohn Parties reach full agreement upon any remaining detail necessary for the consensual treatment of the Allowed Capital One Secured Claim. The documents further memorializing the treatment of the Allowed Capital One Secured Claim may be included in the Plan Supplement in substantially final form, and the Debtor shall be authorized and directed to execute and deliver any such document to be signed by the Debtor in connection with the closing of the transactions that gives rise to the occurrence of the Effective Date.

The Allowed Capital One Secured Claim is allowed as of the Effective Date in the amount of $25,804,996.65 plus post-petition interest, as set forth in the proofs of claim timely filed by Capital One and the Indenture Trustee [Claims Nos. 651 and 671].

Capital One, the Littlejohn Parties, and the Debtor further agree that the Debtor will pay under the Plan on the Effective Date: (i) all past due ad valorem taxes related to the Meridian Facility and the Houston Facility, and (ii) any other tax pertaining specifically to the Meridian Facility or the Houston Facility that is past due as of the Effective Date. Finally, Capital One, the Littlejohn Parties, and the Debtor agree that Buyer shall pay the Debtor's *pro rata* portion of the 2013 real estate taxes associated with the Meridian Facility and the Houston Facility for the period in 2013 that the Debtor retains title to the Meridian Facility and/or the Houston Facility. Such taxes shall be paid by Buyer to Capital One (for payment to the appropriate taxing authorities) pursuant to the following procedures:

(i) on or before January 10, 2014, Capital One shall send to Buyer (i) evidence of the full amount of 2013 ad valorem taxes due for the Houston Facility and the Meridian Facility, (ii) a number equal to the *pro rata* portion of such ad valorem taxes owed by Buyer, and (iii) wire transfer instructions for Buyer to use to wire to Capital One the full amount of Buyer's *pro rata* portion of such ad valorem taxes,

(ii) on or before January 30, 2014, Buyer shall wire to Capital One the full amount of Buyer's *pro rata* portion of such ad valorem taxes, and

(iii) Capital One shall pay such ad valorem taxes to the appropriate taxing authorities by January 31, 2014.

If Buyer fails to pay any such *pro rated* 2013 ad valorem taxes to Capital One by January 30, 2014, then provided that Capital One has complied with the procedures set forth in (i) – (iii) above, it shall constitute a material default under the Houston Facility lease, giving Capital One the right to immediately (or any time thereafter) terminate the tenant's right of possession, cancel the lease, and/or exercise any rights or remedies available at law. In the event that Capital One fails to comply with the procedures set forth in (i) – (iii) above, then Buyer shall pay its *pro rata* share of such ad valorem taxes to Capital One within fifteen (15) days after Capital One has sent to Buyer the items listed in (i) – (iii) above. If Buyer then fails to pay to Capital One all such *pro rated* 2013 ad valorem taxes within such fifteen (15) days, then it shall constitute a material default under the Houston Facility lease, giving Capital One the right to immediately (or any time thereafter) terminate the tenant's right of possession, cancel the lease, and/or exercise any rights or remedies available at law.

(c) Voting: Class 1 is impaired and Capital One and the Indenture Trustee are entitled to vote to accept or reject the Plan. In return for the treatment described herein, and the other rights and benefits provided to Capital One and the Indenture Trustee in the Plan, and provided that any subsequent modification or amendment to the Plan is immaterial as to Capital One and the Indenture Trustee, Capital One and the Indenture Trustee shall vote to accept the Plan.

2. Class 2 - Secured Tax Claims

(a) Classification: Class 2 consists of all Allowed Secured Tax Claims.

(b) Treatment: Except to the extent that a holder of an Allowed Secured Tax Claim agrees to a different treatment of its claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each and every Allowed Secured Tax Claim, each such holder of an Allowed Secured Tax Claim shall receive from the proceeds of the Littlejohn Administrative/503(b)(9) Contribution Cash on the Effective Date in an amount equal to such Allowed Secured Tax Claim. The Debtor will also pay under the Plan on the Effective Date (i) all past due ad valorem taxes related to the Meridian Facility and the Houston Facility, and (ii) any other tax pertaining specifically to the Meridian Facility or the Houston Facility that is past due as of the Effective Date. Debtor's pro rata portion of the 2013 real estate ad valorem taxes

associated with the Meridian Facility and the Houston Facility for the period in 2013 that the Debtor retains title to the Meridian Facility and/or the Houston Facility shall be paid by Buyer as provided for in Section 3.2.1(b).

(c) Voting: Class 2 is Unimpaired, and is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

3. Class 3 – Other Secured Claims

(a) Classification: Class 3 consists of all Allowed Other Secured Claims against the Debtor.

(b) Treatment: Except to the extent that a holder of an Allowed Other Secured Claim agrees to a different treatment of its claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each and every Allowed Other Secured Claim, each such holder of an Allowed Other Secured Claim shall, at the sole option of the Littlejohn Parties:

(i) have its Allowed Other Secured Claim reinstated and rendered Unimpaired in accordance with section 1124(2) of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the Holder of an Allowed Other Secured Claim to demand or receive payment of such Allowed Other Secured Claim prior to the stated maturity of such Allowed Other Secured Claim from and after the occurrence of a default;

(ii) receive from the proceeds of the Littlejohn Administrative/503(b)(9) Contribution Cash in an amount equal to the Allowed Amount of such Allowed Other Secured Claim, including any interest on such Allowed Other Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, on the later of the Effective Date and the date such Other Secured Claim becomes an Allowed Other Secured Claim, or as soon as practicable thereafter; or

(iii) receive the collateral securing its Allowed Other Secured Claim and any interest on such Allowed Other Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code.

(c) Voting: Class 3 is Unimpaired and is conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

(d) Disputed Nature of Class 3: Because the Debtor believes that there are no other Secured Claims in Class 3, all Proofs of Claim asserting treatment as a Class 3 Other Secured Claim shall be treated as a Disputed Claim, except for Proofs of Claim relating to certain claims secured by letters of credit and the claims of Ford Motor Credit Company and Toyota Motor Credit; provided that any claim may be further objected to pursuant to the provisions of this Plan.

4. Class 4 - Non-Tax Priority Claims

(a) Classification: Class 4 consists of Allowed Non-Tax Priority Claims against the Debtor.

(b) Treatment: The Plan will not alter any of the legal, equitable and contractual rights of the holders of Non-Tax Priority Claims. Each holder of an Allowed Non-Tax Priority Claim shall receive from the proceeds of the Littlejohn Unsecured Contribution, in full and final satisfaction, settlement, release and discharge of and in exchange for each and every Allowed Non-Tax Priority Claim, Cash in an amount equal to the Allowed Amount of such Allowed Non-Tax Priority Claim on the Effective Date, or as soon thereafter as is practical.

(c) Voting: Class 4 is Unimpaired and is conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

5. Class 5 - General Unsecured Claims

(a) Classification: Class 5 consists of all Allowed General Unsecured Claims against the Debtor. For the avoidance of doubt, Capital One shall not have a General Unsecured Claim.

(b) Treatment: Each holder of an Allowed General Unsecured Claim in Class 5 shall receive (1) from the Littlejohn Unsecured Contribution, in full and final satisfaction, settlement, release, and discharge of and in exchange for the Holder's Allowed General Unsecured Claim, without interest, Cash equal to the holder's Pro Rata share of the difference of $4.0 million minus (i) the amount necessary to pay in full all Section 503(B)(9) True-up Claims; (ii) the amount necessary to pay in full the Allowed Claims in Class 4, and (iii) the Wind Down Costs, and (2) to the extent eligible, the Avoidance Action Release as provided in Section 9.7.2 hereof.

(c) Voting: Class 5 is Impaired and the holders of Allowed General Unsecured Claims are entitled to vote to accept or reject the Plan.

6. Class 6 - Section 510(b) Claims

(a) Classification: Class 6 consists of all Allowed Section 510(b) Claims.

(b) Treatment: Holders of Allowed Section 510(b) Claims shall not receive any Distributions on account of such Allowed Section 510(b) Claims. On the Effective Date, all Allowed Section 510(b) Claims shall be discharged.

(c) Voting: Class 6 is Impaired and is deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

7. Class 7 - Equity Interests (Class A Shares, Class B Shares and Class C Shares)

(a) Classification: Class 7 consists of all Equity Interests in the Debtor including, without limitation, the Class A Shares, the Class B Shares and the Class C Shares.

(b) Treatment: On the Effective Date, all Equity Interests will be cancelled. A Member will not receive any Distribution of any kind under the Plan on account of its Class A Shares, Class B Shares, or Class C Shares.

(c) Voting: Class 7 is Impaired and is deemed to reject the Plan.

ARTICLE IV

ACCEPTANCE OR REJECTION OF THE PLAN

Section 4.1. Voting Classes

Each holder of an Allowed Claim in Class 1 and Class 5 shall be entitled to vote to accept or reject the Plan. Class 6 and Class 7 are deemed to reject the Plan because the Claims and Equity Interests in those Classes will receive no Distribution on account of their Claims or Equity Interests.

Section 4.2. Acceptance by Impaired Classes

An Impaired Class of Claims shall be deemed to have accepted the Plan if (a) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (b) the holders (other than any holder designated under Section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

Section 4.3. Presumed Acceptance of the Plan

Class 2, Class 3, and Class 4 are Unimpaired under the Plan, and, therefore, are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

Section 4.4. Non-Consensual Confirmation

To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtor requests confirmation of the Plan under section 1129(b) of the Bankruptcy Code. The Debtor reserves the right to alter, amend, modify, revoke or withdraw this Plan or any document in the Plan Supplement, including to amend or modify it to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary, subject to the consent of Wells Fargo and the Littlejohn Parties.

ARTICLE V

PROVISIONS FOR IMPLEMENTATION OF THE PLAN

Section 5.1. Sale of the Purchased Assets

1. Upon entry of the Confirmation Order, the Debtor shall be authorized and directed to, on the Effective Date, sell, assume, assume and assign, and/or transfer any and all of the Purchased Assets (including the Transferred Avoidance Actions) pursuant to sections 105(a), 363, 365, 1123(b)(4), 1129 and 1146(a) of the Bankruptcy Code under the terms and conditions of the Purchase Agreement and the Acquisition Documentation, and shall be authorized and directed to take any and all actions necessary to consummate the Sale to Buyer. It is intended that the Purchased Assets shall include substantially all of the assets of the Debtor other than (i) the Avoidance Actions released pursuant to the terms of this Plan, (ii) the Excluded Assets including the assets transferred to Capital One pursuant to Section 3.2.1(b) hereof and (iii) the Purchase Price. The Purchased Assets shall be transferred free and clear of all Claims, Liens, or interests. Such Sale shall be entered into in accordance with the Confirmation Order and any other applicable orders of the Bankruptcy Court. The actions necessary to effect the sale of the Purchased Assets shall include: (i) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Purchase Agreement and the Plan and having such other terms to which the Debtor and Buyer may agree, (ii) all other actions that the Debtor or Plan Administrator, as applicable, and Buyer determine to be necessary or appropriate in connection with such transactions, including making such filings or recordings that may be required by or appropriate under applicable state law and (iii) the preparation and execution any tax allocation documents or any other document relating to tax matters. On or prior to the Effective Date, the Debtor and Buyer shall execute the Purchase Agreement and the Purchase Agreement shall be in form and substance satisfactory to Debtor and Buyer. The Debtor or the Plan Administrator is authorized and directed to take any and all actions reasonably necessary to comply with the Acquisition Documentation and effectuate the Sale. Furthermore, the Debtor or Plan Administrator, as applicable, is authorized and directed to take any and all actions reasonably necessary to effectuate the sale, assignment and transfer of the Purchased Assets in accordance with Section 363 and 365 of the Bankruptcy Code, in accordance with and subject to the terms and conditions of the Plan Support Agreement. On or before the Effective Date, the Debtor shall be authorized and directed to execute and deliver the Pay-Off Letter to Wells Fargo.

2. The solicitation of votes on the Plan in accordance with the Solicitation Procedure Order shall be deemed to be a solicitation of the holders of Claims for the approval of the Purchase Agreement and the Sale. Entry of the Confirmation Order shall constitute approval of any agreements and transactions related to the Sale.

3. Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage

recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment.

Section 5.2. Assumed Obligations

In accordance with the terms of the Purchase Agreement, on the Effective Date, Buyer shall only be responsible for satisfaction of the Assumed Obligations. Except as provided in the Purchase Agreement, as filed in connection with the Plan Supplement, it is intended that the only Claim that will constitute Assumed Obligations shall be accounts payable incurred by the Debtor in the ordinary course of business for the purchase of goods and services by the Debtor after the Petition Date and prior to the Effective Date, and excluding any Professional Fee Claim; provided that the Assumed Obligations shall not exceed the amount set forth in Section 10.2.11(a). All Persons holding Claims specifically included as an Assumed Obligation, shall be forever barred, estopped and permanently enjoined from asserting against the Debtor, the Estate, the Liquidating Debtor or the Plan Administrator and any of their property, such Person's Claims included as an Assumed Obligation; *provided, however*, that any non-Debtor party to an Assumed Obligation shall have contractual privity with Buyer with respect to such Assumed Obligation. Buyer is not a successor to the Debtor and is not assuming, and shall not become liable for the payment or performance of, any liabilities or other obligations of the Debtor or the Plan Administrator of any nature whatsoever, whether accrued or unaccrued or asserted or unasserted, other than the bargained for and purchased Assumed Obligations. Following the full payment in Cash to Wells Fargo of the DIP Facility Claim, all claims, liens, interests, liabilities and obligations of and against Debtor and its property (except for existing liens on all assets being transferred to Capital One under Section 3.2.1(b) and related non-recourse debt) shall attach on the Effective Date solely to the Liquidating Debtor and its property, including the proceeds of the Sale as enumerated herein, and no claims, liens, interests, liabilities or obligations shall attach to Buyer, the Purchased Assets, the Littlejohn Parties or any affiliate thereof (unless specifically designated by Buyer in writing as an Assumed Obligation). Notwithstanding references to or identification of Buyer as "Handy Hardware," "Handy Hardware Wholesale" or similar name, after the closing of the Sale or upon the Effective Date, Buyer shall have no successor liability or other form of liability for any of the claims against the Debtor or Estate, actions or inaction of the Debtor, interests in the Debtor, or alleged liabilities arising from or relating to the Debtor, the Liquidating Debtor or the Plan Administrator, whether arising before or after the Effective Date. Notwithstanding anything herein to the contrary, Buyer is responsible to pay the pro rated portion of 2013 ad valorem taxes associated with the Houston Facility and the Meridian Facility for the period in 2013 that the Debtor retains title to each facility, respectively (assuming the Effective Date occurs) as provided for in Section 3.2.1(b).

Section 5.3. Means of Funding Plan Obligations

The Debtor's obligations under the Plan and the fees and expenses of the Debtor will be funded out of the proceeds from the Sale, including the Littlejohn Administrative/503(b)(9)

Contribution, the Littlejohn Unsecured Contribution and the assumption by Buyer of the Assumed Obligations in accordance with the Purchase Agreement and this Plan, and used to satisfy Allowed Claims and other obligations and expenses of the Estate. On the Effective Date, the DIP Facility Claim shall be indefeasibly paid in full in Cash. The Littlejohn Administrative/503(b)(9) Contribution shall be used to satisfy Allowed Administrative Claims, Allowed Secured Tax Claims, and Allowed Other Secured Claims in the order of priority under the Bankruptcy Code. The Littlejohn Unsecured Contribution shall be used to satisfy (i) first, all Section 503(b)(9) True-up Claims in full; (ii) second, Allowed Priority Tax Claims (if any) and Allowed Non-Tax Priority Claims (if any); (iii) third, to fund the Wind Down Account; and (iv) fourth, Allowed General Unsecured Claims, in accordance with the terms hereof and in the order of priority established under the Bankruptcy Code. The Littlejohn Parties shall not be required to fund the Littlejohn Administrative/503(b)(9) Contribution or the components thereof in excess of the applicable amounts set forth in Section 10.2.10 and Section 10.2.11, and shall not be required to provide funding for any Claims that shall have been paid or Disallowed before the Effective Date. Following the Effective Date, the Littlejohn Parties shall not be required to provide any further funding whatsoever in respect of the Littlejohn Administrative/503(b)(9) Contribution and the Littlejohn Unsecured Contribution, and shall not have any other obligations following the Effective Date, except as specifically provided in the Plan and the Purchase Agreement. To the extent that the aggregate amount of the Littlejohn Administrative/503(b)(9) Contribution includes amounts in respect of 503(b)(9) Claims that are Section 503(b)(9) True-up Claims, such amounts shall be deemed to have been made by the Littlejohn Parties on account of its obligation to fund the Littlejohn Unsecured Contribution, and the amount otherwise payable by the Littlejohn Parties for the Littlejohn Unsecured Contribution shall be correspondingly reduced dollar for dollar. When all Allowed Administrative Claims, Allowed Secured Tax Claims and Allowed Other Secured Claims have been paid in full, amounts remaining from the Littlejohn Administrative/503(b)(9) Contribution, if any, shall revert to Buyer.

Section 5.4. Corporate Governance

From and after the Effective Date, the Liquidating Debtor shall be managed and administered through the Plan Administrator, who shall be appointed the sole officer of the Debtor and shall have full authority under any applicable law, including, without limitation, 8 Del. Code § 303, to administer and implement the provisions of the Plan. The Plan Administrator may employ one or more Persons to assist it with performing its duties under the Plan.

Section 5.5. Plan Administrator

1. *Appointment; Duties.* Not less than ten (10) days prior to the commencement of the Confirmation Hearing and subject to Bankruptcy Court approval in connection with confirmation of the Plan, the Creditors' Committee, with the consent of the Debtor, and in consultation with the Littlejohn Parties, shall designate the person who initially will serve as the Plan Administrator; *provided, however*, that the Plan Administrator shall be subject to removal by the Bankruptcy Court for cause shown at any time. On or after the Confirmation Date but prior to the Effective Date, the Plan Administrator shall assume all of its obligations, powers and authority under the Plan to: (i) establish bank accounts, including the Wind Down Account, as

may be required to fulfill the Debtor's obligations under this Plan; and (ii) exercise such other power and authority as may be set forth in the Confirmation Order (collectively, the "Pre-Effective Date PA Duties"). On the Effective Date, the Plan Administrator shall assume all of its other obligations, powers and authority under the Plan.

2. *Qualifications; Plan Administrator Agreement.*

a. *Plan Administrator as Fiduciary.* The Plan Administrator shall be a fiduciary of the Liquidating Debtor, and shall be compensated and reimbursed for expenses as set forth in, and in accordance with, the Plan Administrator Agreement. To the extent necessary, following the Effective Date, the Plan Administrator shall be deemed to be a judicial substitute for the Debtor as the party-in-interest in the Chapter 11 Case, under the Plan or in any judicial proceeding or appeal to which the Debtor is a party (and which does not constitute a Purchased Asset), consistent with section 1123(b)(3)(B) of the Bankruptcy Code.

The Plan Administrator shall not be liable for any action it takes or omits to take that it believes in good faith to be authorized or within its rights and powers unless it is ultimately determined by the Final Order of a court of competent jurisdiction that such action or inaction was the result of fraud, gross negligence or willful misconduct.

b. *Provisions of Agreement and Order.* The Plan Administrator Agreement and the Confirmation Order shall provide that: (i) the Plan Administrator shall be a fiduciary of the Liquidating Debtor; (ii) neither the Debtor (except as expressly set forth in the Plan Administrator Agreement) nor its board of directors, management, employees and professionals shall have any liability for any action taken or omitted to be taken by the Plan Administrator in performing the Pre-Effective Date PA Duties and all Persons are enjoined from pursuing any Claims or Causes of Action against the foregoing pursuant to this Plan on account of any such action taken or omitted to be taken; (iii) any determinations made by the Plan Administrator with respect to the establishment of reserves under this Plan shall not be binding on any party if the Effective Date fails to occur; and (iv) if the Plan is withdrawn or otherwise abandoned prior to the occurrence of the Effective Date, the Plan Administrator position shall thereafter be dissolved automatically.

3. *Debtor's Stock.* On the Effective Date, a single share of stock shall be issued by the Liquidating Debtor to the Plan Administrator.

4. *Disputed Reserves.* On the Effective Date, and subject to the other provisions in this Plan, the Debtor shall transfer to the Liquidating Debtor all Excluded Assets owned by the Debtor (if any) and the cash received by the Debtor in respect of the Purchase Price, including assets held in each of the reserves being held by the Debtor, including reserves for Disputed

Claims, if any, and the Plan Administrator shall establish such additional reserves, holdbacks and funds as may be required by the Plan in his/her sole and absolute discretion.

5. *Resignation, Death or Removal.* The Plan Administrator may be removed by the Bankruptcy Court upon application for good cause shown. In the event of the resignation or removal, liquidation, dissolution, death or incapacity of the Plan Administrator, the Bankruptcy Court shall designate another Person to become Plan Administrator and thereupon the successor Plan Administrator, without any further act, shall become fully vested with all of the rights, powers, duties and obligations of its predecessor.

6. *Wind Down Funds.* The Plan Administrator shall establish the Wind Down Account and any excess funds remaining after effecting the Wind Down shall be distributed to holders of Allowed General Unsecured Claims.

Section 5.6. Continued Corporate Existence and Vesting of Assets

1. Except as otherwise provided in this Plan, the Liquidating Debtor will exist after the Effective Date as a separate corporate entity, in accordance with the applicable laws of the jurisdiction in which it is incorporated or organized, for the sole purpose of satisfying its obligations under the Plan and the Purchase Agreement, including the making of distributions as required under the Plan and effectuating the Wind Down. In addition to any obligations provided in the Purchase Agreement, the Plan Administrator, within five (5) days following the closing of the Sale, must cause the legal name of the Debtor to be changed to reflect that it is administering a wind-up (the new name of the Liquidating Debtor must not include the phrase "Handy Hardware" or any other name or mark included in the Seller Intellectual Property or any translations, adaptations, derivations or combinations of any of the foregoing or any name or mark confusingly similar thereto) and take such action as permitted by applicable law. Additionally, the Liquidating Debtor may, following the filing of an appropriate notice with the Court, determine to cause (a) the Liquidating Debtor to be dissolved without necessity for any other or further actions to be taken by or on behalf of the Liquidating Debtor or any payments to be made in connection therewith subject to the filing of a certificate of dissolution with the appropriate governmental authorities; and (b) the closing of the Case and entry of a final decree.

2. On and after the Effective Date, and provided Wells Fargo has been paid in full in Cash on the DIP Facility Claim, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, and except as otherwise expressly provided in this Plan or in the Confirmation Order, the Excluded Assets owned by the Debtor shall vest in the Liquidating Debtor free and clear of all Claims, Liens, charges, other encumbrances and Equity Interests. On and after the Effective Date, the Plan Administrator may effectuate the Wind Down of the Liquidating Debtor, including payment of all Wind Down Costs, and may use, acquire and dispose of property and prosecute, compromise or settle any Claims (including Administrative Claims) and Causes of Action (in each case that are not Purchased Assets or Assumed Obligations) without supervision of or approval by the Bankruptcy Court and free and clear of any restriction of the Bankruptcy Code or the Bankruptcy Rules other than restrictions expressly imposed by this Plan or the Confirmation Order. Without limiting the foregoing, the Plan Administrator may pay the

charges that it incurs on or after the Effective Date for professionals it retains for fees, disbursements, expenses or related support services without application to the Bankruptcy Court.

Section 5.7. Cancellation of Notes, Instruments, Certificates and Other Documents

On the Effective Date, except to the extent otherwise provided in the Plan, the Confirmation Order, or as set forth below, all notes, instruments, Certificates, indentures and other documents evidencing Claims or Equity Interests shall be cancelled. All notes, instruments, Certificates, indentures and other documents evidencing claims of Capital One and/or the Indenture Trustee shall remain valid and in place, only to the extent specifically pertaining to liens and related debt in favor of Capital One and/or the Indenture Trustee on the Debtor's real property and improvements upon the Houston Facility and the Meridian Facility (and specific items of property transferred to Capital One under section 3.2.1 of the Plan) and such liens and debt shall become non-recourse on the Effective Date. All personal property liens of Capital One and/or the Indenture Trustee on any property purchased by Buyer or retained by the Liquidating Debtor will be cancelled and released on the Effective Date, with: (i) title to the Houston Facility, the Meridian Facility, and specific items of property transferred to Capital One under Section 3.2.1 of the Plan all transferred to Capital One, and (ii) the payment of past due ad valorem taxes related to the Houston Facility and Meridian Facility paid (excluding the pro rata portion of the 2013 ad valorem taxes associated with the Houston Facility and Meridian Facility for the period in 2013 that the Debtor retains title) occurring on the Effective Date.

Section 5.8. Post-Confirmation Property Sales

To the extent the Liquidating Debtor sells any property not transferred to Capital One or sold or transferred to Buyer pursuant to the Purchase Agreement prior to or including the date that is one year after the Confirmation Date, the Liquidating Debtor may elect to sell such property pursuant to sections 363, 1123(a)(5)(D), 1141(c), and 1146(a) of the Bankruptcy Code.

Section 5.9. Wind Down of the Debtor's Estate

1. The Plan Administrator shall oversee the Wind Down and shall make distributions to, and otherwise hold all property of the Liquidating Debtor for the benefit of, holders of Allowed Claims in accordance with the Plan and the Confirmation Order. The Liquidating Debtor (including the Plan Administrator as the sole shareholder of the Liquidating Debtor) shall not be required to post a bond in favor of the United States. After the Effective Date, the Plan Administrator shall perform all covenants, obligations, and agreements of the Debtor or the Liquidating Debtor under the Purchase Agreement and any related document, whether such powers are specifically enumerated in Section 5.9.2 below or otherwise. The Plan Administrator shall execute and deliver all documents, make any required endorsements, and take any and all other actions necessary or desirable to effect the transfer of the Purchased Assets to Buyer, including immediately forwarding and remitting to Buyer any and all checks, payments, refunds and other receivables of Handy Hardware received after the Effective Date.

2. As set forth in the Plan Administrator Agreement, the Plan Administrator shall have the power and authority, but shall not be required, to perform any and all of the following

acts, in addition to any powers granted by law or conferred by any other provision of the Plan and orders of the Bankruptcy Court: (i) take all steps and execute all instruments and documents necessary to make distributions to holders of Allowed Claims; (ii) object to Claims as provided in this Plan and prosecute such objections; (iii) resolve, compromise and/or settle any objections to the amount, validity, priority, treatment, allowance or priority of Claims; (iv) comply with this Plan and its obligations hereunder and under the Plan Administrator Agreement; (v) if necessary, employ, retain, or replace professionals to represent it with respect to its responsibilities; (vi) establish, replenish or release reserves as provided in this Plan, as applicable; (vii) take all actions necessary or appropriate to enforce the Debtor's or the Liquidating Debtor's rights under the Purchase Agreement and any related document and to fulfill, comply with or otherwise satisfy the Debtor's or the Liquidating Debtor's covenants, agreements and obligations under the Purchase Agreement and any related document; (viii) make all determinations on behalf of the Liquidating Debtor under the Purchase Agreement; (ix) prepare and file applicable tax returns and other tax forms for the Liquidating Debtor; (x) liquidate any of the Excluded Assets; (xi) deposit funds, draw checks and make disbursements consistent with the terms of this Plan; (xii) purchase or continue insurance protecting the Liquidating Debtor, the Plan Administrator and property of the Liquidating Debtor; (xiii) seek entry of a final decree in the Chapter 11 Case at the appropriate time; (xiv) prosecute, resolve, compromise and/or settle any litigation which is not included within the Purchased Assets; (xv) abandon in any commercially reasonable manner, including abandonment or donation to a charitable organization (as such term is described in Internal Revenue Code section 501(c)(3) (whose contributions are deductible under Internal Revenue Code section 170)) of the Plan Administrator's choice, any assets that are of no material benefit, including distributable Cash hereunder; (xvi) destroy the books and records of the Liquidating Debtor in the possession of the Plan Administrator upon the entry of a final decree in the Chapter 11 Case, and (xvii) take such other action as the Plan Administrator may determine to be necessary or desirable to carry out the purpose of this Plan; *provided, however*, the Plan Administrator shall not (i) purchase director and officer tail insurance from the proceeds of the Littlejohn Unsecured Contribution; (ii) be required to object to any Claims, and shall only object to Claims in its reasonable discretion; and (iii) deal with any property transferred to Capital One.

3. Following the Effective Date, the Liquidating Debtor shall not engage in any business activities or take any actions, except those necessary to effectuate the Plan, the Wind Down and the compliance with its obligations under the Purchase Agreement. On and after the Effective Date, the Plan Administrator may, in the name of the Liquidating Debtor, take such action and settle and compromise Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than any restrictions expressly imposed by the Plan or the Confirmation Order.

Section 5.10. Officers and Board of Directors

1. *Officers*. The officers of the Debtor immediately prior to the Effective Date, in their capacities as such, shall be deemed removed from such position as of the Effective Date and each such officer that is an employee of the Debtor may be offered employment with Buyer as and to the extent set forth in the Purchase Agreement.

2. *Board of Directors*. The members of the board of directors of the Debtor prior to the Effective Date, in their capacities as such, shall have no continuing obligations to the Debtor or the Liquidating Debtor on or after the Effective Date and each such member will be deemed to have resigned on the Effective Date.

3. *Plan Administrator as Sole Officer/Director*. The Plan Administrator shall be the sole director and officer of the Liquidating Debtor following the Effective Date.

Section 5.11. Corporate Action

1. The Plan Administrator shall serve on the United States Trustee quarterly reports of the disbursements made until such time as a final decree is entered closing the Chapter 11 Case or the Bankruptcy Court orders otherwise. Any deadline for filing Administrative Claims shall not apply to fees payable pursuant to section 1930 of title 28 of the United States Code.

2. Entry of the Confirmation Order shall establish conclusive corporate and other authority (and evidence of such corporate and other authority) required for the Debtor or the Liquidating Debtor to undertake any and all acts and actions required to implement or contemplated by the Plan (including, without limitation, the execution, delivery and performance of the Purchase Agreement and the Pay-Off Letter), and such acts and actions shall be deemed to have occurred and shall be in effect pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without the need for board or member vote and without any requirement of further action by the members or directors of the Debtor or Liquidating Debtor.

3. On or before the Effective Date, and following the Effective Date, the appropriate officers of the Debtor, or the Plan Administrator, as applicable, are authorized and directed to execute and/or deliver, as the case may be, the agreements, documents and instruments contemplated by the Plan, the Plan Supplement, and the Purchase Agreement and any schedules, exhibits or other documents attached thereto, or contemplated thereby and the Pay-Off Letter in the name of and on behalf of the Debtor or the Liquidating Debtor without the need for any approvals, authorizations, or consents except for those expressly required pursuant to the Plan.

4. Upon entry of a final decree in the Chapter 11 Case, if not previously dissolved, the Liquidating Debtor shall be deemed dissolved and wound up without any further action required by, or on behalf of, the Liquidating Debtor.

ARTICLE VI

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Section 6.1. Rejection of Executory Contracts and Unexpired Leases

Except as otherwise provided herein, each Executory Contract and Unexpired Lease shall be deemed automatically rejected pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date, unless any such Executory Contract or Unexpired Lease: (1) is listed on the schedule of "Assumed Executory Contracts and Unexpired Leases" in the Plan Supplement;

(2) has been previously assumed by the Debtor by Final Order or has been assumed by the Debtor by order of the Bankruptcy Court as of the Effective Date, which order becomes a Final Order after the Effective Date; (3) is the subject of a motion to assume or reject pending as of the Effective Date; or (4) is otherwise assumed pursuant to the Plan.

The Confirmation Order will constitute an order of the Bankruptcy Court approving such rejections pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. Counterparties to Executory Contracts or Unexpired Leases that are deemed rejected as of the Effective Date shall have the right to assert any Claim on account of the rejection of such Executory Contracts or Unexpired Leases, including under section 502(g) of the Bankruptcy Code, subject to compliance with the requirements herein.

Unless otherwise provided by a Bankruptcy Court order, Proofs of Claim asserting Claims arising from the rejection of the Executory Contracts and Unexpired Leases pursuant to the Plan must be filed with the Claims and Solicitation Agent within 30 days after the earlier of (i) the Effective Date or (ii) the effective date of rejection. Any Proofs of Claim arising from the rejection of the Executory Contracts or Unexpired Leases that are not timely filed shall be disallowed automatically and forever barred, estopped, and enjoined from assertion and shall not be enforceable against the Debtor, the Liquidating Debtor or the property thereof, without the need for any objection by the Debtor or the Plan Administrator and without any further notice to or action, order, or approval of the Bankruptcy Court, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Executory Contracts and Unexpired Leases shall be classified as Class 5 General Unsecured Claims against the Debtor.

Section 6.2. Assumption of Executory Contracts and Unexpired Leases

On the Effective Date, the Debtor shall assume and immediately assign to Buyer in accordance with the terms of the Purchase Agreement, or as otherwise designated by Buyer, all of the Executory Contracts and Unexpired Leases listed on the schedule of "Assumed Executory Contracts and Unexpired Leases" in the Plan Supplement and any other Assumed Executory Contracts and Unexpired Leases. Such schedule may be modified or revised by Debtor at the direction of Buyer any time prior to the Effective Date so long as any counterparty to an Assumed Executory Contract and Unexpired Lease is provided with adequate notice of such modification or revision. On the Effective Date, the Debtor will assume and assign its interests under the Site Lease to Capital One. The Confirmation Order shall constitute an order of the Bankruptcy Court approving any such assumption pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

A. Modifications, Amendments, Supplements, Restatements, or Other Agreements

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all rights

related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated hereunder. Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtor during the Chapter 11 Case shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

B. Proofs of Claim Based on Executory Contracts or Unexpired Leases that Have Been Assumed.

Any and all Proofs of Claim based upon Executory Contracts or Unexpired Leases that have been previously assumed in the Chapter 11 Case or are to be assumed under the Plan, except unresolved Proofs of Claim asserting Cures, shall be deemed disallowed and expunged from the Claims Register as of the Effective Date without any further notice to or action, order, or approval of the Bankruptcy Court.

C. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases

The Debtor shall, for each of the Executory Contracts or Unexpired Leases listed on the schedule of "Assumed Executory Contracts and Unexpired Leases" included in the Plan Supplement, designate the amount the Debtor's books and records reflect is necessary to Cure any default under such Executory Contract or Unexpired Lease. Such Cure, if any, shall be satisfied by Buyer by payment of the Cure in Cash on the Effective Date or as soon as reasonably practicable thereafter, or otherwise in accordance with section 365(b)(1)(A), or on such other terms as may be ordered by the Bankruptcy Court or agreed upon by the Plan Administrator or Buyer and the parties to the applicable Executory Contract or Unexpired Lease without any further notice to or action, order, or approval of the Bankruptcy Court. Any counterparty to an Executory Contract or Unexpired Lease that disagrees with the proposed Cure identified in the Cure Notice or otherwise objects to the assumption of the Executory Contract or Unexpired Lease must file an objection on or before the date specified in the Solicitation Procedures Order. Any objection to the Cure Notice that is not timely filed shall be disallowed automatically and forever barred, estopped, and enjoined from assertion and shall not be enforceable against the Debtor, the Liquidating Debtor, the Plan Administrator, Buyer or any property of the foregoing, without the need for any objection by the Debtor, the Liquidating Debtor, the Plan Administrator or Buyer or any further notice to or action, order, or approval of the Bankruptcy Court, and any Cure shall be deemed fully satisfied, released, and discharged upon payment by Buyer of the amounts listed on the Debtor's Cure Notice, notwithstanding anything included in the Schedules or in any Proof of Claim to the contrary; *provided, however*, that nothing shall prevent Buyer from paying any Cure despite the failure of the relevant counterparty to file such objection. The Debtor, the Liquidating Debtor, the Plan Administrator and/or Buyer may settle any objection to Cure (each in consultation with the other) without any further notice to or action, order, or approval of the Bankruptcy Court.

If the Counterparty to an Executory Contract or Unexpired Lease, as applicable, objects to any Cure or any other matter related to assumption, and such objection remains unresolved within fifteen (15) days after the Effective Date, the Bankruptcy Court shall determine the Allowed Amount of such Cure and any related issues. If there is a dispute regarding such Cure, the ability of the Debtor (or Buyer) to provide "adequate assurance of future performance" within the meaning of section 365 of the Bankruptcy Code, or any other matter pertaining to assumption, then payment of Cure shall occur as soon as reasonably practicable after entry of a Final Order resolving such dispute, approving such assumption (and, if applicable, assignment), or as may be agreed upon by the Debtor, the Liquidating Debtor or the Plan Administrator, as applicable, with the express consent of Buyer (and in the case of the Site Lease, Capital One) and the Counterparty to the Executory Contract or Unexpired Lease. Any Counterparty to an Executory Contract and Unexpired Lease that fails to object timely to the proposed assumption of any Executory Contract or Unexpired Lease and associated Cure will be deemed to have consented to such assumption and Cure. The Debtor, the Liquidating Debtor and the Plan Administrator reserve the right, with the express consent of Buyer, either to reject or nullify (and at the direction of Buyer, the Debtor, the Liquidating Debtor and the Plan Administrator shall reject or nullify), the assumption of any Executory Contract or Unexpired Lease after a Final Order determining the Cure or any request for adequate assurance of future performance required to assume such Executory Contract or Unexpired Lease is made.

Assumption of any Executory Contract or Unexpired Lease in accordance with this Plan or otherwise shall result in the full release and satisfaction of any Cures, Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption.

All fees and expenses incurred by the Debtor or Plan Administrator for handling any dispute regarding the proper Cure concerning, or the assignability of, any Executory Contract or Unexpired Lease intended to be assigned to Buyer listed on the schedule of "Assumed Executory Contracts and Unexpired Leases", shall not be credited against, or otherwise reduce, the Littlejohn Administrative/503(b)(9) Contribution or the Littlejohn Unsecured Contribution; *provided*, *however*, that the Plan Administrator shall not be required to incur any costs or expenses related to Cure Objections without obtaining assurance of reasonable reimbursement by Buyer.

D. § 365(k) Provision

Upon the assignment of any Executory Contract or Unexpired Lease to Buyer, the Debtor, the Liquidating Debtor, the Plan Administrator and the property thereof shall not have any liability for any breach of such Executory Contract or Unexpired Lease occurring after such assignment as provided in section 365(k) of the Bankruptcy Code.

Section 6.3. Indemnification Obligations

Except as otherwise provided in the Plan, any and all Indemnification Obligation shall be rejected by the Debtor effective as of the Effective Date, pursuant to sections 365 and 1123 of the Bankruptcy Code, to the extent such Indemnification Obligation is executory. All contingent and unliquidated Claims relating from the obligation of the Debtor to exculpate, indemnify and advance any expenses to any Person serving at any time for the Debtor as one of its directors or officers (statutory or otherwise) by reason of such Person's service in such capacity, or as a director or officer (statutory or otherwise) of any other corporation or legal entity, for acts or omissions occurring at or prior to the Effective Date, whether asserted or claimed prior to, at or after the Effective Date, to the extent provided in the Debtor's constituent documents, a written agreement with the Debtor, in accordance with any applicable law, or any combination of the foregoing, shall be treated under the Plan as a Claim for $0.00 and the Liquidating Debtor and Plan Administrator shall have no obligation to reserve any amounts therefor; *provided, however*, nothing herein shall affect the right of any such directors or officers (statutory therefrom or otherwise) to proceed against any of the Debtor's director and officer liability insurance policies, insurance proceeds or any insurer thereof nor affect the value of such Claims in respect of same.

Section 6.4. Insurance Policies

Without regard to its listing on the schedule of Assumed Executory Contracts and Unexpired Leases, unless determined otherwise by the Littlejohn Parties prior to the Confirmation Hearing, each insurance policy under which the Debtor is a beneficiary shall be assumed by Buyer as of the Effective Date, pursuant to sections 365 and 1123 of the Bankruptcy Code, unless such insurance policy previously was rejected by the Debtor pursuant to a Bankruptcy Court order, or is the subject of a motion to reject pending on the Effective Date. The Liquidating Debtor, Estate and Plan Administrator shall remain a possible beneficiary relating to any appropriately corresponding occurrences prior to the Effective Date under any insurance policy assumed by Buyer pursuant to the Plan.

Section 6.5. Preexisting Obligations to the Debtor Under Executory Contracts and Unexpired Leases

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of pre-existing obligations owed to the Debtor under such contracts or leases. In particular, notwithstanding any law to the contrary, the Liquidating Debtor expressly reserves and does not waive (for itself and for benefit of Buyer) any right to receive, or any continuing obligation of a Counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the Debtor from Counterparties to rejected or repudiated Executory Contracts.

Section 6.6. Reservation of Rights

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtor that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the

Debtor, or the Liquidating Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtor, Liquidating Debtor or Plan Administrator, with the written consent of Buyer, shall have 45 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease; *provided, however*, that the Debtor, Liquidating Debtor and Plan Administrator shall not be required to reserve for a distribution on any such claim subject to dispute.

ARTICLE VII.

PROCEDURES FOR RESOLVING DISPUTED CLAIMS

Section 7.1. Allowance of Claims

After the Effective Date, the Liquidating Debtor and Plan Administrator shall have and retain any and all rights and defenses the Debtor had with respect to any Claim immediately prior to the Effective Date except with respect to any Claim deemed Allowed under the Plan or deemed waived or released under the Plan. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Case prior to the Effective Date (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed in accordance with the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including the Confirmation Order, in the Chapter 11 Case allowing such Claim. All settled claims approved prior to the Effective Date pursuant to a Final Order of the Bankruptcy Court, pursuant to Bankruptcy Rule 9019 or otherwise shall be binding on all parties.

Section 7.2. Objections to Claims

Except as otherwise specifically provided in the Plan or other order of the Bankruptcy Court, after the Effective Date, the Plan Administrator shall have the authority (1) to file, withdraw, or litigate to judgment, objections to Claims (whether then pending or filed thereafter), (2) to settle or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court, and (3) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court; *provided, however*, the deadline to file an objection to any filed Proof of Claim shall be the Claims Objection Deadline; *provided further, however*, that the time to file an objection to any Claim may be extended but only with the express written consent of the holder of such Claim or by Bankruptcy Court order for good cause shown; and *provided further, however*, that the Littlejohn Parties shall have the right to object to any Administrative Claim or Claims in Class 2 and Class 3 on or before the deadlines specified in this Plan and the Plan Administrator shall not take any actions with respect to Administrative Claims or Claims in Class 2 or Class 3 without the consent of the Littlejohn Parties. Any claim which is not objected to by the Claims Objection Deadline (as may be extended as set forth herein) shall be deemed an Allowed Claim; *provided, however*, that, consistent with its fiduciary duties, the Plan Administrator shall not be required to file any objection to Claim.

Notwithstanding the foregoing, except for Claims in Class 5 (General Unsecured Claims) the Allowed Capital One Secured Claim, Claims in Class 4 and Priority Tax Claims, the Littlejohn Parties shall have concurrent standing and authority to (1) file, withdraw, or litigate to judgment objections to Claims (whether then pending or filed thereafter), and (2) settle or compromise any Disputed Claim without any further notice to or action, order or approval of the Bankruptcy Court.

Except for Claims in Class 5 (General Unsecured Claims), subject to the requirements of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, the Debtor shall file an objection to any claim that the Littlejohn Parties reasonably request for which the Littlejohn Parties and the Debtor believe that there is a valid basis to object; provided that the Littlejohn Parties will not request that the Debtor object to Section 503(b)(9) claims upon the ground that goods were shipped directly by the creditor to, and received by, the Debtor's customer rather than the Debtor.

All fees and expenses incurred by the Liquidating Debtor or Plan Administrator in connection with evaluation of and objections to claims as provided in this Article VII shall constitute part of the Wind Down Costs and shall be paid solely from the Wind Down Account.

Section 7.3. Estimation of Claims

Before or after the Effective Date, the Debtor or Plan Administrator, as applicable, in consultation with the Littlejohn Parties and the Creditors' Committee, as applicable, may (but is not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim, including during the litigation of any objection to any Claim or during the appeal relating to such objection. In the event that the Bankruptcy Court estimates any Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of Distributions), and the Debtor or Plan Administrator, as applicable, may elect to pursue any supplemental proceedings to object to any ultimate Distribution on such Claim.

Section 7.4. Expungement or Adjustment to Paid, Satisfied, or Superseded Claims

Any Claim that has been paid, satisfied, withdrawn, or superseded, or any Claim that has been amended or modified (including pursuant to a written acknowledgment by the Creditor), may be adjusted or expunged on the Claims Register by the Plan Administrator without an objection to such Claim having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

Section 7.5. No Post-Petition Interest On Claims

Unless otherwise specifically provided for in the Plan, required under applicable bankruptcy law, or agreed to by the Debtor or Plan Administrator, as applicable, the Confirmation Order, or a post-petition agreement in writing between the Debtor and a holder of a

Claim, post-petition interest shall not accrue or be paid on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Disputed Claim with respect to the period from the Effective Date to the date a final Distribution is made on account of such Disputed Claim, if and when such Disputed Claim becomes an Allowed Claim.

Section 7.6. Disallowance of Claims

EXCEPT AS OTHERWISE AGREED, OR AS MAY BE ORDERED BY THE BANKRUPTCY COURT, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE DEADLINE FOR FILING SUCH PROOFS OF CLAIM SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A FINAL ORDER OF THE BANKRUPTCY COURT ON OR BEFORE THE LATER OF (1) THE CONFIRMATION HEARING AND (2) FIFTEEN (15) DAYS AFTER THE APPLICABLE DEADLINE FOR FILING SUCH PROOF OF CLAIM.

All Claims of any Entity from which property is sought by the Debtor or the Plan Administrator, as applicable, under section 542, 543,550, or 553 of the Bankruptcy Code or that the Debtor or the Plan Administrator, as applicable, alleges is a transferee of a transfer that is avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code shall be disallowed if (1) the Entity, on the one hand, and the Debtor or the Plan Administrator, as applicable, on the other hand, agree or the Bankruptcy Court has determined by Final Order that such Entity or transferee is liable to turn over any property or monies under any of the aforementioned sections of the Bankruptcy Code and (2) such Entity or transferee has failed to turn over such property by the date set forth in such agreement or Final Order.

Upon disallowance of a Claim pursuant to the Plan, the Confirmation Order or such other order of the Bankruptcy Court, the Claims and Solicitation Agent shall be authorized and directed to reflect such disallowance on the official claims registry maintained by the Claims and Solicitation Agent in accordance with the terms of its retention as approved by the Bankruptcy Court.

Section 7.7. Amendments to Claims

On or after the Effective Date, except as otherwise provided herein, a Claim may not be filed or amended without the prior authorization of the Bankruptcy Court or the Plan Administrator (with the consent of Buyer, except for Claims in Class 4 or Class 5), and, to the extent such prior authorization is not received, any such new or amended Claim filed shall be deemed disallowed in full and expunged without any further notice to or action, order, or approval of the Bankruptcy Court.

Section 7.8. No Distributions Pending Allowance

If an objection to a Claim or portion thereof is timely filed, no payment or Distribution provided under the Plan shall be made on account of such Claim or portion thereof, as applicable, unless and until such Disputed Claim becomes an Allowed Claim.

Section 7.9. Distributions After Allowance

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, Distributions, if any, shall be made to the holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as practicable (as determined by the Plan Administrator) after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, but in any event no later than thirty (30) days thereafter, the Plan Administrator shall provide to the holder of such Claim the Distribution, if any, to which such holder is entitled under the Plan as of the Effective Date, without any interest to be paid on account of such Claim unless required under applicable bankruptcy law.

ARTICLE VIII.

PROVISIONS GOVERNING DISTRIBUTIONS

Section 8.1. Distributions on Account of Claims Allowed as of the Effective Date

1. Plan Administrator.

Except as otherwise provided in this Plan, all Distributions under this Plan to holders of Allowed Claims shall be made by the Plan Administrator on and after the Effective Date as provided herein. The Plan Administrator shall not be required to provide or post any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court and, in the event that the Plan Administrator is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Liquidating Debtor. Furthermore, any such Person required to give a bond shall notify the Bankruptcy Court and the U.S. Trustee in writing before terminating any such bond that is obtained.

2. Delivery of Distributions in General.

Except for the payment of the DIP Facility Claim, which shall be paid by Buyer directly to Wells Fargo at Closing, the Plan Administrator shall make all Distributions to the appropriate holders of Allowed Claims in accordance with the terms of this Plan. All Distributions of Cash shall be made by check or wire transfer within the Plan Administrator's sole discretion.

3. Delivery of Distributions on the Effective Date.

Unless otherwise provided herein, any Distributions and deliveries to be made hereunder shall be made on the Effective Date or as soon thereafter as is practicable, provided that the Plan Administrator may utilize periodic distribution dates to the extent it determines to be appropriate

in the reasonable exercise of its judgment. In the event that any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

4. Delivery of Distributions on account of DIP Facility Claim.

The DIP Facility Claim of Wells Fargo shall be treated pursuant to Section 2.3 above.

Section 8.2. Delivery of Distributions

1. Record Date for Distributions.

As of the close of business on the Distribution Record Date, the various lists of holders of Claims and Equity Interests in each of the Classes, as maintained by the Debtor, or its agents, shall be deemed closed and there shall be no further changes in the record holders of any of the Claims and Equity Interests. Neither the Debtor nor the Plan Administrator shall have any obligation to recognize any transfer of Claims or Equity Interests occurring after the close of business on the Distribution Record Date. Additionally, with respect to payment of any Cure Costs or any Cure Disputes in connection with the assumption and/or assignment of the Debtor's Executory Contracts and Unexpired Leases, the Debtor or Plan Administrator, as applicable, shall have no obligation to recognize or communicate with any party other than the non-Debtor name contract party to the underlying Executory Contract or Unexpired Lease, even if such non-Debtor party has sold, assigned or otherwise transferred its Claim or alleged Cure Cost.

2. Distribution Process.

Except as otherwise provided in the Plan, and notwithstanding any authority to the contrary, Distributions to holders of Allowed Claims shall be made to holders of record as of the Distribution Record Date by the Plan Administrator: (a) to the signatory set forth on any of the Proofs of Claim filed by such holder or other representative identified therein (or at the last known addresses of such holder if no Proof of Claim is filed or if the Debtor has been notified in writing of a change of address); (b) at the addresses set forth in any written notices of address changes delivered to the Debtor after the date of any related Proof of Claim; (c) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004 if no Proof of Claim has been filed and the Debtor has not received a written notice of a change of address; (d) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Debtor has not received a written notice of a change of address; or (e) on any counsel that has appeared in the Chapter 11 Case on the holder's behalf.

3. Compliance Matters.

In connection with the Plan, to the extent applicable, the Plan Administrator shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all Distributions pursuant to the Plan shall be subject to such withholding and reporting

requirements. Notwithstanding any provision in the Plan to the contrary, the Plan Administrator shall be authorized and directed to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the Distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding Distributions pending receipt of information necessary to facilitate such Distributions, or establishing any other mechanisms it believes are reasonable and appropriate. The Plan Administrator shall have the right to allocate all Distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

4. Fractional, De Minimis, Undeliverable, and Unclaimed Distributions.

a. Fractional Distributions.

Notwithstanding any other provision of the Plan to the contrary, the Plan Administrator shall not be required to make Distributions or payments of fractions of dollars. Whenever any payment of Cash of a fraction of a dollar pursuant to the Plan would otherwise be required, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down.

b. De Minimis Distributions.

The Plan Administrator shall not be required to make a Distribution on a Claim if the amount to be distributed to that holder on the particular Distribution date is less than $100.00.

c. Undeliverable Distributions.

If any Distribution to a holder of an Allowed Claim is returned to the Plan Administrator as undeliverable, no further Distributions shall be made to such holder unless the Plan Administrator is notified in writing of such holder's then-current address within sixty (60) days of Distribution returned as undeliverable, at which time the missed Distribution shall be made to such holder on the next Periodic Distribution Date. Undeliverable Distributions shall remain in the possession of the Plan Administrator until such time as a Distribution becomes deliverable, or such Distribution reverts to the Plan Administrator for the Pro Rata distribution to the holders of Allowed General Unsecured Claims in Class 5, and shall not be supplemented with any interest, dividends, or other accruals of any kind.

d. Reversion.

Any Distribution under the Plan that is an Unclaimed Distribution for a period of six months after Distribution shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and such Unclaimed Distribution shall revest in the Liquidating Debtor and be redistributed to the holders of Allowed General Unsecured Claims in Class 5, Pro Rata on the Periodic Distribution Date immediately following the reversion. Upon

such revesting, the Claim of any holder or its successors with respect to such property shall be cancelled, discharged, and forever barred notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary. Any distribution under the Plan that is an Unclaimed Distribution in respect of Claims other than Priority Tax Claims, Priority Non-Tax Claims, Section 503(b)(9) True-up Claims and Claims in Class 5 shall revert to Buyer.

5. Surrender of Cancelled Instruments or Securities.

On the Effective Date, each Certificate shall be deemed cancelled solely with respect to the Debtor, and such cancellation shall not alter the obligations or rights of any non-Debtor third parties vis-à-vis one another with respect to such Certificate.

Section 8.3. Claims Paid or Payable by Third Parties

1. Claims Paid by Third Parties.

The Claims and Solicitation Agent shall reduce in full a Claim, and such Claim shall be disallowed without a Claim objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the holder of such Claim receives payment in full on account of such Claim from a party that is not the Debtor; *provided, however*, that nothing contained herein shall release, waive, reduce or diminish any rights of any such third party to contribution and subrogation hereunder. To the extent a holder of a Claim receives a Distribution on account of such Claim and receives payment from a third party that is not the Debtor or Plan Administrator on account of such Claim, such holder shall, within two weeks of receipt thereof, repay or return any Distribution received by said holder to the Plan Administrator, to the extent the holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such Distribution under the Plan; *provided, however*, that nothing contained herein shall release, waive, reduce or diminish any rights of any such third party to contribution and subrogation hereunder.

2. Claims Payable by Insurance Carriers.

No Distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtor's insurance policies until the holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtor's insurers agrees to satisfy in full a Claim (if and to the extent adjudicated by a court of competent jurisdiction or by agreement of the parties), then immediately upon such insurers' agreement, such Claim may be expunged to the extent of any agreed upon satisfaction on the Claims Register by the Claims and Solicitation Agent without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court; provided that the Debtor shall file a notice with the Bankruptcy Court setting forth a schedule of such satisfactions and expungements on or before each Periodic Distribution Date.

3. Applicability of Insurance Policies.

Except as otherwise provided in the Plan, Distributions to holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Causes of Action that the Debtor, Liquidating Debtor or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

Section 8.4. Setoffs

Except as otherwise expressly provided for in the Plan, the Debtor or Plan Administrator, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the holder of a Claim, may set off against any Allowed Claim (before any Distribution is made on account of such Allowed Claim), any Claims, rights, or Causes of Action of any nature that the Debtor may hold against the holder of such Allowed Claim, to the extent such Claims, rights, or Causes of Action against such holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise) or transferred to Buyer pursuant to the Plan or the Purchase Agreement; *provided, however*, that such setoff must be effectuated on or before the Claims Objection Deadline; *provided, however*, that the Debtor or Plan Administrator, shall give such holder of an Allowed Claim ten (10) Business Days' notice of such setoff and an opportunity to object; *provided, further however*, that the failure to effect such a setoff before the Claims Objection Deadline shall constitute a waiver or release by the Debtor of any such Claim, rights, and Causes of Action that the Debtor may possess against such holder. In no event shall any holder of Claim be entitled to set off any Claim against any Claim, right, or Causes of Action of the Debtor, unless such holder has filed a motion with the Bankruptcy Court requesting the authority to perform such setoff on or before the Confirmation Date, or has indicated in any Proof of Claim or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 or otherwise; *provided, further* however, that nothing contained herein is intended to limit the ability of any holder of a Disputed Claim to effectuate rights of setoff or recoupment preserved or permitted by the provisions of sections 553, 555, 559 or 560 of the Bankruptcy Code or pursuant to the common law right of recoupment.

Section 8.5. Allocation Between Principal and Accrued Interest

Except as otherwise provided in the Plan, the aggregate consideration paid to the holder with respect to its Allowed Claims shall be treated pursuant to the Plan as allocated first to the principal amount of such Allowed Claims (to the extent thereof) and, thereafter, to the interest, if any and if specific entitlement thereto per the terms of the Plan, accrued through the Effective Date.

ARTICLE IX.

EFFECT OF CONFIRMATION OF THE PLAN

Section 9.1. Binding Effect

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of this Plan shall bind any holder of a Claim against, or Equity Interest in, the Debtor and inure to the benefit of and be binding on such holder's respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under this Plan and whether or not such holder has accepted this Plan.

Section 9.2. Term of Pre-Confirmation Injunctions or Stays

Unless otherwise provided herein, all injunctions or stays arising prior to the Confirmation Date in accordance with sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect following the Effective Date.

Section 9.3. Injunction Against Interference with Plan

Except as otherwise provided under the Bankruptcy Code, the Bankruptcy Rules or other applicable law, upon entry of the Confirmation Order, all holders of Claims and Interests and other parties in interest, along with their respective present or former affiliates, employees, agent, officers, directors, or principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of this Plan.

Section 9.4. Subordinated Claims

The allowance, classification, and treatment of all Allowed Claims and the respective Distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510 of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtor, reserves the right to re-classify any Allowed Claim or Equity Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

Section 9.5. Compromise and Settlement of Claims and Controversies

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the Distributions and other benefits provided pursuant to the Plan or any Distribution or other consideration to be provided on account of an Allowed Claim, the provisions of the Plan shall constitute a good faith compromise of all Claims, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim may have with

respect to any Allowed Claim. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, and controversies, as well as a finding by the Bankruptcy Court that any such compromise or settlement is in the best interests of the Debtor, and holders of Claims and Equity Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Debtor or Plan Administrator, as applicable, may compromise and settle Claims against it and Causes of Action against other Entities.

Section 9.6. Preservation of Causes of Action

Other than any Causes of Action expressly waived, relinquished, exculpated, released or compromised, that constitute a Purchased Asset, or that is settled in the Plan, the Purchase Agreement, or a Final Order, in accordance with section 1123(b) of the Bankruptcy Code, the Debtor shall retain for itself and for the benefit of the Estate, and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Debtor's and Plan Administrator's rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Debtor or Plan Administrator may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Debtor. No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Causes of Action against them as any indication that the Debtor (or to the extent a Purchased Asset, Buyer) will not pursue any and all available Causes of Action against them. The Debtor for itself and for the benefit of the Plan Administrator, expressly reserves all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order or constitute a Purchased Asset, the Debtor expressly reserves all Causes of Action, for later adjudication, and, therefore no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation. The Debtor reserves and shall retain the foregoing Causes of Action notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Case or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that the Debtor may hold against any Entity shall vest in the Debtor unless expressly released or transferred to another Person under this Plan or its supporting documents, including the Acquisition Documentation. The Debtor, through its authorized agents or representatives, including the Plan Administrator, shall retain and may exclusively enforce any and all such Causes of Action. The Debtor or the Plan Administrator, as applicable, shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or any further notice to or action, order, or approval of the Bankruptcy Court.

Section 9.7. Releases by the Debtor

1. *General Release.* **Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, the Debtor, and the Debtor's Estate shall be deemed to have released and discharged each Released Party from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims, asserted on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtor, or the Estate would have been legally entitled to assert in its own right, or on behalf of the holder of any Claim or Equity Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Chapter 11 Case, the purchase, sale, or rescission of the purchase or sale of any Equity Interest in the Debtor, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Case, the negotiation, formulation, or preparation of the Plan and Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date of the Plan, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct or gross negligence, or as otherwise provided in the Plan.**

2. *Avoidance Action Release.* **Upon the Effective Date, Avoidance Actions against any individual or Entity that is a holder of a General Unsecured Claim in Class 5 of the Plan, in such capacity, and that did not vote to reject the Plan or file an objection to confirmation of the Plan, will be deemed forever released and waived. As set forth in the Purchase Agreement and the Plan, any and all Avoidance Actions not so released and waived, shall be transferred to Buyer on the Effective Date.**

3. *Wells Fargo Release.* **The Wells Fargo Release shall be effective from and after the Effective Date. Effective as of the Effective Date, all causes of action owned by, through, or under the Debtor against the Wells Fargo Group, including the right to assert a Challenge Action against Wells Fargo (or its collateral) contained in the Final Financing Order or the DIP Credit Facility, are waived and barred.**

4. *Capital One Release.* **The Capital One Release shall be effective from and after the Effective Date. Effective as of the Effective Date, all Causes of Action owned by, through, or under the Debtor against the Capital One Group are waived and barred.**

Section 9.8. Releases by Holders of Claims

As of the Effective Date, each Releasing Party shall be deemed to have released and discharged the Debtor, the Liquidating Debtor and every other Released Party from any and all Claims, Equity Interests, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, including any derivative causes of action, asserted on

behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Debtor's restructuring, the Case, the purchase, sale, or rescission of the purchase or sale of any security of the Debtor, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Case, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, the Plan Supplement, DIP Credit Facility, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date of the Plan; *provided, however*, that nothing herein shall release or exculpate any Released Party to the extent that such claims arise from the gross negligence, willful misconduct or fraud of such Released Party, in each case subject to determination of such by Final Order of a court of competent jurisdiction.

Nothing herein shall release or exculpate any Released Party from their obligations under this Plan, the DIP Credit Facility, Final Financing Order, the Acquisition Documentation, or any document executed in connection therewith. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any obligations of any party under the Plan, the Acquisition Documentation or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed in connection with the Plan.

Section 9.9. Exculpation

The Exculpated Parties shall neither have, nor incur any liability to any Entity for any Exculpated Claim; *provided, however*, that the foregoing "exculpation" shall have no effect on the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct. The Exculpated Parties have, and upon Confirmation shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to Distributions pursuant to the Plan and, therefore, are not and shall not be liable at any time for the violations of any applicable, law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such Distributions made pursuant to the Plan.

Section 9.10. Injunction

From and after the Effective Date, all Entities are permanently enjoined from commencing or continuing in any manner, any suit, action, or other proceeding against the Debtor, the Liquidating Debtor the Plan Administrator, any Released Party or any Exculpated Party, on account of or respecting any Claim, demand, Lien, liability, obligation, debt, right, causes of action, Interest, or remedy released or to be released, exculpated, or to be exculpated pursuant to the Plan or the Confirmation Order. All Entities are permanently enjoined from pursuing any action, claim, Claim or alleged

liability against the Littlejohn Parties or the Purchased Assets that relates in any way to the Debtor, the Liquidating Debtor or the Plan Administrator, the Wells Fargo Group, and the Capital One Group, or any actions or alleged obligations of the Debtor, the Liquidating Debtor or the Plan Administrator, whether asserted or unasserted, unless such obligation is specifically identified in writing by Buyer as an Assumed Obligation. On and after the Effective Date, all holders of Claims against and Equity Interests in the Debtor, now or hereafter arising, except with respect to Assumed Obligations, are barred and enjoined from (i) commencing or pursuing any action against Buyer or the Littlejohn Parties regarding any Claim, debt, liability or other cause of action, or (ii) enforcing, levying, attaching, collecting, or otherwise seeking recovery in any manner against Buyer or the Littlejohn Parties.

Section 9.11. Recoupment

In no event shall any holder of Claims or Equity Interests be entitled to recoup any Claim or Equity Interest against any Claim, right, or Causes of Action of the Debtor or Buyer unless such holder actually has performed such recoupment and provided notice thereof in writing to the Debtor on or before the later of the Confirmation Date and the applicable Bar Date including, without limitation, by indication in any Proof of Claim or Interest or otherwise that such holder asserts, has, or intends to preserve any right of recoupment.

Section 9.12. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan or executed in connection with the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Liquidating Debtor shall be fully released, and discharged.

Section 9.13. Reimbursement or Contribution

If the Bankruptcy Court disallows any Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the Effective Date, such Claim shall be forever disallowed notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Effective Date (1) such Claim has been adjudicated as noncontingent or (2) the relevant holder of a Claim has filed a noncontingent Proof of Claim on account of such Claim and a Final Order has been entered determining such Claim as no longer contingent.

Section 9.14. Tax Reporting Matters

All parties (including the Debtor, the Plan Administrator and holders of Claims and Equity Interests) shall report for all federal income tax purposes in a manner consistent with the Plan and the Purchase Agreement.

Section 9.15. No Successor Liability

Except as otherwise expressly provided in the Plan, the Purchase Agreement or the Confirmation Order, Buyer shall not assume, agree to perform, pay or indemnify, and Buyer shall not otherwise have any responsibilities for any liabilities or obligations, whether asserted or unasserted, of or relating to the Debtor or the Plan Administrator, or any other party relating to or arising out of the operations of or assets of the Debtor, whether arising prior to, on, or after the Effective Date. Buyer is purchasing the Purchased Assets free and clear of all Claims, Liens, or interests and is not, and shall not be, a successor to the Debtor by reason of any theory of law or equity, and it shall not have any successor or transferee liability of any kind or character, except that Buyer shall assume the Assumed Obligations, only with its prior written consent and its sole discretion and only under the terms and subject to the conditions set for the in the Purchase Agreement.

ARTICLE X.

CONDITIONS PRECEDENT TO CONSUMMATION OF THE PLAN

Section 10.1. Conditions Precedent to Confirmation of the Plan

The following shall be conditions to Confirmation of the Plan:

1. the Confirmation Order is in form and substance satisfactory to the Debtor, Wells Fargo, Littlejohn Management, the Creditors' Committee and the Members' Committee;

2. the Confirmation Order shall approve the Wells Fargo Release and the Capital One Release;

3. the Debtor has determined in its reasonable discretion, in consultation with the Creditors' Committee and the Littlejohn Parties, that sufficient Cash and/or Reserves exist to satisfy all Allowed Administrative Expenses, Professional Fee Claims, Committee Expense Claims, Secured Tax Claim, Other Secured Claims, and Priority Tax Claims and its other obligations under the Plan;

4. the Bankruptcy Court has entered an order approving the Plan Support Agreement;

5. all authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of this Plan shall have been obtained.

Section 10.2. Conditions Precedent to the Occurrence of the Effective Date of the Plan

This Plan shall not become effective, the Effective Date shall not occur, and the Plan shall not be consummated, unless and until each of the following conditions shall have been satisfied in full or waived:

1. the Confirmation Order shall have been entered by the Bankruptcy Court, and become a Final Order and shall not be subject to any stay of effectiveness; the Confirmation Date shall have occurred and no request for revocation of the Confirmation Order under § 1144 shall have been made, or if made, shall remain pending;

2. all documents, instruments and agreements, in form and substance reasonably acceptable to the Debtor, the Littlejohn Parties, Wells Fargo, and the Creditors' Committee (including the Acquisition Documentation and all schedules and exhibits therein), and with respect to all documents, instruments and agreement related to Capital One and the Indenture Trustee, Capital One, provided for under or necessary to implement this Plan shall have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the party or parties benefited thereby;

3. the Purchase Agreement shall be in form and substance acceptable to the Littlejohn Parties and all the conditions precedent under the Purchase Agreement have been satisfied or waived in accordance with the provisions thereof

4. the receipt by the Debtor of the Purchase Price;

5. Buyer shall have closed the New Credit Facility;

6. Buyer shall have indefeasibly paid the DIP Facility Claim in full in Cash;

7. there shall not have occurred any Termination Event under the Plan Support Agreement;

8. Capital One, the Littlejohn Parties and the Debtor shall have completed the agreements which are necessary for the consensual terms treatment of the Allowed Capital One Secured Claim, and Capital One shall have released all liens and interests on the Purchased Assets and released all liens and interests on any property not specifically referenced for transfer to Capital One under section 3.2(1)(b);

9. Capital One and Buyer shall have entered into a lease in respect of the Houston Facility on terms acceptable to Buyer and Capital One;

10. the estimated aggregate amount required to fund the Littlejohn Administrative/503(b)(9) Contribution (excluding Assumed Obligations), including the Professional Fee Reserve Amount, shall not exceed $4,816,302; and

11. (a) the total estimated amount of Assumed Obligations shall not exceed $5,000,000, (b) the estimated amount of Allowed Professional Fee Claims unpaid as of the Effective Date shall not exceed $1,000,000, (c) the estimated amount of Allowed Claims in Class 2 shall not exceed $780,000, (d) the estimated amount of Allowed Claims in Class 3 (other than secured claims relating to financed vehicles) shall not exceed $142,000, (e) the amount required to indefeasibly pay in full in Cash the DIP Facility Claim shall not exceed $14,500,000, and (f)

the total estimated amount of Allowed Claims constituting 503(b)(9) Claims shall not exceed $2,864,302.

Section 10.3. Waiver of Conditions Precedent

The Debtor, subject to the consent of Wells Fargo, Littlejohn Management and the Creditors' Committee, may waive any of the conditions to Confirmation of the Plan and the occurrence of the Effective Date (except for (i) conditions the Littlejohn Parties have the sole right to waive, and (ii) the Capital One Agreements set forth in sections 10.2.8 and 10.2.9 above, which may not be waived) to the extent such conditions benefit that respective party at any time without any notice to other parties in interest and without any further notice to or action, order, or approval of the Bankruptcy Court, and without any formal action other than proceeding to confirm or consummate the Plan. The Littlejohn Parties shall have the sole right to waive the condition to occurrence of the Effective Date set forth in sections 10.2.5, 10.2.6, (except for the indefeasible payment of the Wells Fargo DIP Facility Claim) 10.2.7, 10.2.10 and 10.2.11 set forth above. The Plan Administrator and the Debtor jointly, with the express written consent of the Creditors' Committee, shall have the right to waive the condition to occurrence of the Effective Date set forth in section 10.2.4.

Section 10.4. Effect of Non-Occurrence of Conditions to Consummation

If prior to Consummation, the Confirmation Order is vacated pursuant to a Final Order, then except as provided in any order of the Bankruptcy Court vacating the Confirmation Order, the Plan will be null and void in all respects, and nothing contained in the Plan or Disclosure Statement shall (i) constitute a waiver or release of any Claims, Equity Interests, or Causes of Action, (ii) prejudice in any manner the rights of the Debtor or any other Entity, or (iii) constitute an admission, acknowledgment, offer, or undertaking of any sort by the Debtor or any other Entity.

Section 10.5. Simultaneous Occurrence of Certain Events

For the purposes of the Plan and the transaction contemplated to occur in connection with the Plan as set forth herein, the Effective Date, payment of the DIP Facility Claim in accordance with Section 5.3 hereof, the closing of the New Credit Facility, and the closing of the Sale shall be deemed to occur simultaneously.

ARTICLE XI.

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, or related to, the Chapter 11 Case and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority,

secured or unsecured status, or amount of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Expense Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to Executory Contracts or Unexpired Leases, including: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which the Debtor is party or with respect to which the Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Cure or Claims arising therefrom, including pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) the Debtor's or Liquidating Debtor's amendment, modification, or supplement, after the Effective Date, pursuant to Article VI, of the list of Assumed Executory Contracts and Unexpired Leases or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that Distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan and adjudicate any and all disputes arising from or relating to Distributions under the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving the Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

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

9. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

10. grant any consensual request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code;

11. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

12. enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of all contracts, instruments, releases, indentures, and other agreements or documents approved by Final Order in the Chapter 11 Case;

13. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;

14. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the releases, injunctions, and other provisions contained in the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;

15. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of Distributions and the recovery of additional amounts owed by the holder of a Claim for amounts not timely repaid pursuant to the Plan;

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

17. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement including, without limitation, the Acquisition Documentation;

18. enter an order or Final Decree concluding or closing the Chapter 11 Case;

19. consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

20. determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;

21. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan including, without limitation, the Acquisition Documentation;

22. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

23. hear and determine all disputes relating to any liability arising out of the termination of employment or the termination of any employee, regardless of whether such termination occurred prior to or after the Effective Date;

24. enforce all orders previously entered by the Bankruptcy Court; and

25. hear any other matter not inconsistent with the Bankruptcy Code.

ARTICLE XII.

MISCELLANEOUS PROVISIONS

Section 12.1. No Stay of Confirmation Order

The Confirmation Order shall contain a waiver of any stay of enforcement otherwise applicable, including pursuant to Bankruptcy Rules 3020(e) and 7062.

Section 12.2. Modification of Plan

Effective as of the date hereof and subject to the limitations and rights contained in the Plan, upon five (5) Business Days' written notice to Wells Fargo, the Littlejohn Parties, Capital One, the Creditors' Committee and the Members' Committee: (1) the Debtor reserves the right with express, written consent from Wells Fargo and the Littlejohn Parties, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan before the entry of the Confirmation Order; and (2) after the entry of the Confirmation Order, the Debtor (or Liquidating Debtor) may, subject to express, written consent from Wells Fargo and the Littlejohn Parties, or upon order of the Bankruptcy Court, amend or modify the Plan in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan; *provided*, *however*, that the provisions of this Plan affecting the treatment of or Distributions to holders of General Unsecured Claims shall not be modified without the express written consent of the Creditors' Committee.

Section 12.3. Revocation or Withdrawal of Plan

The Debtor reserves the right, subject to the express, written consent of Wells Fargo and the Littlejohn Parties, to revoke or withdraw the Plan before the Confirmation Date and to file subsequent chapter 11 plans. If the Debtor revokes or withdraws the Plan, or if Confirmation or the Effective Date does not occur, then (1) the Plan, the Plan Supplement, and the Plan Support Agreement will be null and void in all respects, (2) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant hereto will be null and void in all respects, and (3) nothing contained in the Plan shall (a) constitute a waiver or release of any Claims, Equity Interests, or Causes of Action, (b) prejudice in any manner the rights of any Debtor or any other Entity, or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by any Debtor or any other Entity.

Section 12.4. Additional Documents

On or before the Effective Date, the Debtor, subject to prior consent of Wells Fargo and the Littlejohn Parties, may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of

the Plan. The Debtor and all holders of Claims receiving Distributions pursuant to the Plan, and all other parties in interest may, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan; *provided, however*, that in the event of a conflict between this Plan and any other provision in any other document related to the transactions contemplated hereunder, the Plan shall control.

Section 12.5. Payment of Statutory Fees

All fees payable pursuant to 28 U.S.C. § 1930(a), as determined by the Bankruptcy Court at a hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Case is converted, dismissed, or closed, whichever occurs first.

Section 12.6. Dissolution of Creditors' Committee and the Members' Committee

On the Effective Date, the Creditors' Committee and the Members' Committee shall each be dissolved automatically, and each of their respective members shall be released and discharged from all rights, duties, responsibilities, and liabilities arising from, or related to, the Chapter 11 Case; *provided, however*, that the Creditors' Committee and the Members' Committee shall each be deemed to remain in existence solely for the purpose of preparation, filing and prosecution of applications filed pursuant to sections 330 and 331 of the Bankruptcy Code.

Section 12.7. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the holders of Claims or Equity Interests prior to the Effective Date.

Section 12.8. Successors and Assigns

The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit or any heir, executor, administrator, successor or assign, affiliate, officer, director, agent, representative, attorney, beneficiary, or guardian, if any, of each Entity.

Section 12.9. Service of Documents

After the Effective Date, any pleading, notice, or other document required by the Plan to be served on or delivered to the Debtor shall be served on:

Debtor:	Counsel to the Debtor:
Handy Hardware Wholesale, Inc. 8300 Tewantin Drive Houston, Texas 77061 Attn: Thomas J. Schifanella, Jr.	ASHBY & GEDDES, P.A. 500 Delaware Avenue, 8th Floor P.O. Box 1150 Wilmington, DE 19899 Attn: William P. Bowden, Esq. (wbowden@ashby-geddes.com) Gregory A. Taylor, Esq. (gtaylor@ashby-geddes.com) Amanda Winfree Herrmann, Esq. (aherrmann@ashby-geddes.com) Stacy L. Newman, Esq. (snewman@ashby-geddes.com)
Counsel to the Creditors' Committee:	
LOWENSTEIN SANDLER LLP 65 Livingston Avenue Roseland, New Jersey 07068 Attn: Sharon Levine, Esq. (slevine@lowenstein.com) Jeffrey Prol, Esq. (jprol@lowenstein.com) 1251 Avenue of the Americas New York, New York 10020 Attn: Bruce Nathan, Esq. (bnathan@lowenstein.com)	THE ROSNER LAW GROUP LLC 824 Market Street, Suite 810 Wilmington, Delaware 19801 Attn: Frederick B. Rosner, Esq. (Rosner@teamrosner.com) Julia B. Klein, Esq. (Klein@teamrosner.com)
Counsel to the DIP Lender:	
K&L GATES LLP 1717 Main Street, Suite 2800 Dallas, Texas 75201 Attn: David Weitman, Esq. (david.weitman@klgates.com)	DLA PIPER 919 North Market Street, Suite 1500, Wilmington, Delaware 19801 Attn: Stuart Brown, Esq. (Stuart.Brown@dlapiper.com)
Counsel to the Members' Committee:	
GELLERT SCALI BUSENKELL & BROWN, LLC 913 N. Market St., 10th Floor Wilmington, Delaware 19801 Attn: Mike Busenkell, Esq. (mbusenkell@gsbblaw.com)	

United States Trustee:	
OFFICE OF THE UNITED STATES TRUSTEE 844 King Street, Suite 2207 Lockbox 35 Wilmington, DE 19801 Attn: Richard L. Schepacarter, Esq.	
Counsel to the Littlejohn Parties:	
VINSON & ELKINS LLP 666 Fifth Avenue New York, New York 10103 Attn: Steven Abramowitz, Esq (sabramowitz@velaw.com) 1001 Fannin Street, Suite 2500 Houston, TX 77002-6760 Attn: Duston K. McFaul, Esq. (dmcfaul@velaw.com)	MORRIS NICHOLS ARSHT & TUNNELL LLP 1201 North Market Street, 16th Floor P.O. Box 1347 Wilmington, DE 19899-1347 Attn: Robert Dehney, Esq. (rdehney@mnat.com)
Capital One:	
JACKSON & WALKER L.L.P. 1401 McKinney, Suite 1900 Houston, TX 77010 Attn: Bruce J. Ruzinsky, Esq. (bruzinsky@jw.com)	GEBHARDT & SMITH LLP 901 North Market Street, Suite 1001 Wilmington, DE 19801 Attn: Lisa B. Tancredi, Esq. (ltancredi@gebsmith.com)
Plan Administrator:	
To be determined	

Section 12.10. Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Case pursuant to section 105 of 362 of the Bankruptcy Code or any other of the Bankruptcy Court, and existing on the Confirmation Date (excluding injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

Section 12.11. Entire Agreement

Except as otherwise indicated, the Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

Section 12.12. Plan Supplement and Exhibits

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are filed, copies of such exhibits and documents shall be made available upon written request to the Debtor's counsel at the address above or by downloading such exhibits and documents from www.donlinrecano.com or the Bankruptcy Court's website at www.deb.uscourts.gov. Unless otherwise ordered by the Bankruptcy Court, to the extent any exhibit or document in the Plan Supplement is inconsistent with the terms of any part of the Plan that does not constitute the Plan Supplement, such part of the Plan that does not constitute the Plan Supplement shall control.

Section 12.13. Severability

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, with the consent of the Debtor and the Littlejohn Parties 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 holding, alteration, or interpretation, the remainder of the terms and provision of the Plan will remain in full force and effect and will 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 (i) valid and enforceable pursuant to its terms, (ii) integral to the Plan and may not be deleted or modified without the Debtor's and the Littlejohn Parties' and Wells Fargo's consent.

Wilmington, Delaware
Dated: _____, 2013

HANDY HARDWARE WHOLESALE, INC.
By: _____
Title: President