

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:) Chapter 11
)
MIDWEST BANC HOLDINGS, INC.,¹) Case No. 10-37319
)
Debtor.) Judge A. Benjamin Goldgar

THIRD AMENDED JOINT PLAN OF LIQUIDATION DATED MAY 27, 2011

The above-captioned debtor and debtor-in-possession (the “*Debtor*”) and the Official Committee of Unsecured Creditors (the “*Committee*”), hereby submit this Third Amended Joint Plan of Liquidation (the “*Plan*”) pursuant to section 1123 of the Bankruptcy Code:

ARTICLE I
Definitions and Rules of Construction

1.1 **Definitions.** The following terms, when used in the Plan shall, unless the context otherwise requires, have the following meanings, respectively:

1.1.1 “**Administrative Claim**” shall mean a Claim of a Creditor of the kind specified in section 503(b) of the Bankruptcy Code that is entitled to priority under section 507(a)(2) of the Bankruptcy Code, and shall include: (i) any actual and necessary costs and expenses incurred by the Debtor after the Petition Date with respect to preserving the Estate and operating the Debtor’s business; (ii) any Professional Fee Claims approved by the Bankruptcy Court pursuant to section 330 of the Bankruptcy Code; (iii) all fees and charges properly assessed against the Estate pursuant to 28 U.S.C. § 1930; and (iv) TOPrS Trustee Fees and Expenses incurred after the Petition Date.

1.1.2 “**Allowed Claim**” or “**Allowed . . . Claim**” shall mean a Claim, proof of which is filed within the time fixed by the Bankruptcy Court, or that has been, or is hereafter, scheduled by the Debtor as liquidated in amount and not disputed or contingent, and to which no objection to allowance thereof has been raised or filed within any applicable period fixed by the Bankruptcy Court, or as to which a Final Order allowing such Claim has been entered.

1.1.3 “**Avoidance Action**” shall mean causes of action against Persons arising under sections 502, 510, 541, 542, 544, 545, 547 through 551 and 553 of the Bankruptcy Code, or under related state or federal statutes and common law, including fraudulent transfer laws, whether or not litigation is commenced before or after the Effective Date to prosecute such Avoidance Actions.

¹ The Debtor in this chapter 11 case, along with the last four digits of the Debtor’s tax identification number is Midwest Banc Holdings, Inc. (2484). The service address for the Debtor is 54 South Washington Street, Suite 1, Hinsdale, Illinois 60521-4161.

1.1.4 “**Bankruptcy Code**” shall mean Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*

1.1.5 “**Bankruptcy Court**” shall mean the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, located in Chicago, Illinois, or any court having jurisdiction over this Case or a proceeding arising in, or arising under or related to this Case.

1.1.6 “**Bankruptcy Rules**” shall mean the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, as now in effect.

1.1.7 “**Case**” shall mean the case commenced under chapter 11 of the Bankruptcy Code by the Debtor on the Petition Date, styled *In re Midwest Banc Holdings, Inc.*, Case No. 10-37319, currently pending before the Bankruptcy Court.

1.1.8 “**Cash**” shall mean legal tender of the United States of America and equivalents thereof.

1.1.9 “**Causes of Action**” shall mean all claims and causes of action now owned or hereafter acquired by the Debtor, whether arising under any contract, the Bankruptcy Code, or other federal or state law, including, but not limited to, all litigation pending as of the Confirmation Date in any jurisdiction in which the Debtor is a plaintiff, defendant or other party, and all other adversary proceedings and lawsuits. Without limiting the generality of the foregoing and for purposes of disclosure, the term includes all claims and causes of action against officers, directors and other agents, employees and professionals arising in either tort or contract.

1.1.10 “**Claim**” shall mean any right to payment, whether or not the right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, as defined by section 101(5) of the Bankruptcy Code.

1.1.11 “**Class**” shall mean a class of holders of Claims or Interests as described in the Plan.

1.1.12 “**Committee**” shall mean the Official Committee of Unsecured Creditors appointed in this Case on September 28, 2010, pursuant to section 1102 of the Bankruptcy Code.

1.1.13 “**Confirmation Date**” shall mean the date of entry of the Confirmation Order.

1.1.14 “**Confirmation Order**” shall mean the order confirming this Plan.

1.1.15 “**Creditors**” shall mean all creditors of the Debtor holding Claims for debts, liabilities, demands or other Claims of any character whatsoever.

1.1.16 “**Creditor Trust**” shall mean a common law trust to be established pursuant to the Plan, the Creditor Trust Agreement and the Confirmation Order for the sole and

exclusive benefit of the holders of Allowed Class 3 and 4 Claims. The Creditor Trust shall liquidate and distribute the Creditor Trust Assets, in accordance with the Creditor Trust Agreement.

1.1.17 “**Creditor Trust Agreement**” shall mean the agreement to be executed as soon as reasonably practicable after the Confirmation Date, in a form substantially similar to the Creditor Trust Agreement attached hereto as **Exhibit A**, among the Debtor, the Committee and the Creditor Trustee, which shall govern the obligations of the Creditor Trustee with respect to oversight of the distribution of the Net Proceeds of the Creditor Trust Assets, as further set forth in the Creditor Trust Agreement and the Plan.

1.1.18 “**Creditor Trust Assets**” shall mean those assets to be transferred to and vested in the Creditor Trust pursuant to this Plan and the Confirmation Order, plus all proceeds, earnings and replacements arising from or relating to these assets and all assets acquired by the Creditor Trust at any time. Except to the extent specifically excluded, the Creditor Trust Assets shall include, without limitation: (i) all Cash held by the Debtor (less any Cash paid or to be paid on account of unpaid Administrative Claims); (ii) the North Roselle Property; (iii) 40,000 shares of common stock in Western Illinois Bancshares, Inc.; (iv) the Debtor’s interest in Stieven Financial Investors, L.P.; (v) the RAC Tax Refund; (vi) the Debtor’s remaining property, including furniture, fixtures, investments, refunds, accounts, any other tangible or intangible personal property and any and all proceeds thereof; (vii) the Debtor’s outstanding accounts receivable; and (viii) all Avoidance Actions or Miscellaneous Causes of Action engaged in by the Creditor Trust; provided, however, that the Creditor Trust Assets do not include: (x) the M&I Collateral; (y) any interest in any of the foregoing assets determined to be property of the FDIC; or (z) any interest in the MetLife Investors Insurance Company contract R 250021-7 or Jackson National Life Insurance Company contract 0040348970 determined to be property of Brad Luecke.

1.1.19 “**Creditor Trustee**” shall mean such Person or entity, including any replacements thereof or successors thereto, as may be designated by the Plan Proponents to serve as custodian for the Creditor Trust and to oversee the liquidation and distribution of the Creditor Trust Assets held therein for the benefit of the holders of Allowed Class 3 and 4 Claims pursuant to the Plan, the Confirmation Order and the Creditor Trust Agreement.

1.1.20 “**Cure Amount Claim**” shall mean a Claim in an amount necessary to cure the Debtor’s defaults under an executory contract or unexpired lease at the time such contract or lease is assumed by the Debtor under section 365 of the Bankruptcy Code to the extent required by section 365 of the Bankruptcy Code.

1.1.21 “**Debtor**” shall mean Midwest Banc Holdings, Inc.

1.1.22 “**Deficiency Claim**” shall mean any General Unsecured Claim of a Creditor against the Debtor equal to the excess of the Allowed amount of the Creditor’s asserted Claim over the value of such Creditor’s interest in the Debtor’s interest in the property securing such Claim, as determined pursuant to section 506(a) of the Bankruptcy Code.

1.1.23 “**Disclosure Statement**” shall mean the Disclosure Statement filed by the Plan Proponents and approved by the Bankruptcy Court.

1.1.24 “**Disputed Claim**” shall mean any Claim (other than an Allowed Claim) that is either a Claim that has been scheduled by the Debtor or a Claim which is the subject of a proof of claim which has been filed with the Bankruptcy Court, as to which the Debtor, the Committee or the Creditor Trustee has indicated a dispute, or as to which scheduled or filed Claim a timely objection to the allowance thereof has been filed by a party entitled to make such an objection, but as to which the Bankruptcy Court has not yet entered a Final Order.

1.1.25 “**Distributing Party**” shall mean the party obligated to make any distribution permitted or required under the Plan, whether the Debtor or the Creditor Trustee.

1.1.26 “**Effective Date**” shall mean a date not greater than forty-five (45) days after the Confirmation Date, unless extended by the Creditor Trustee in his or her sole discretion; provided, however, that if a stay of the Confirmation Order is in effect on such day, then the Effective Date shall be the first day thereafter on which, if the Confirmation Order has not been vacated, no stay of the Confirmation Order is in effect.

1.1.27 “**Equity Security**” shall have the meaning provided by section 101(16) of the Bankruptcy Code.

1.1.28 “**Equity Security Holder**” shall have the meaning provided by section 101(17) of the Bankruptcy Code.

1.1.29 “**Estate**” shall mean the estate of the Debtor created in this Case pursuant to section 541 of the Bankruptcy Code.

1.1.30 “**FDIC**” shall mean the Federal Deposit Insurance Corporation, in its capacity as receiver for MBTC.

1.1.31 “**Final Order**” shall mean an order or judgment as to which the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing is pending.

1.1.32 “**General Unsecured Claim**” shall mean any Unsecured Claim, arising prior to the Petition Date, that is not a Professional Fee Claim, Other Administrative Expense Claim, Unsecured Priority Tax Claim, Class 1 Claim, Class 2 Claim, Class 4 Claim or Class 5 Interest.

1.1.33 “**Impaired**” shall mean any Class, or any Claim or Interest in a Class, that is impaired within the meaning of section 1124 of the Bankruptcy Code, and shall include, without limitation, Classes 2, 3, 4 and 5.

1.1.34 “**Indentures**” shall mean, collectively, the MBHI III Indenture, the MBHI IV Indenture, the MBHI V Indenture, the NST Indenture and the RAC Indenture.

1.1.35 “**Interest**” shall mean the legal, equitable, contractual and other rights of the holders of any Equity Security in the Debtor, including the rights of any entity to purchase or demand the issuance of any Equity Securities, including: (i) conversion, exchange, voting, participation and dividend rights; (ii) liquidation preferences; (iii) stock options, warrants and put rights; and (iv) share-appreciation rights.

1.1.36 “**Joint Hearing**” shall mean the date on which the Bankruptcy Court holds a hearing to consider approval of the Disclosure Statement and confirmation of this Plan.

1.1.37 “**Lien**” shall have the meaning provided by section 101(37) of the Bankruptcy Code.

1.1.38 “**M&I**” shall mean M&I Marshall & Ilsley Bank and all of its affiliates and subsidiaries.

1.1.39 “**M&I Collateral**” shall mean any and all property of the Estate that is subject to any valid and enforceable Lien securing payment of any amounts owing to M&I, except to the extent that such Lien is subject to avoidance through an Avoidance Action.

1.1.40 “**M&I Senior Notes**” shall mean the M&I Revolving Note and the M&I Term Note, collectively.

1.1.41 “**M&I Revolving Note**” shall mean that certain Promissory Note dated March 24, 2006, in the original amount of \$50,000,000, as amended from time to time.

1.1.42 “**M&I Subordinated Note**” shall mean that certain Subordinated Term Note dated March 31, 2008, in the original amount of \$15,000,000.00.

1.1.43 “**M&I Term Note**” shall mean that certain Promissory Note dated September 28, 2007, in the original principal amount of \$75,000,000, as amended from time to time.

1.1.44 “**MBHI III**” shall mean MBHI Capital Trust III, a Delaware statutory trust sponsored by the Debtor pursuant to that certain Trust Agreement dated December 17, 2003.

1.1.45 “**MBHI III Indenture**” shall mean that certain Junior Subordinated Indenture dated December 19, 2003, pursuant to which the Debtor issued the MBHI III Notes.

1.1.46 “**MBHI III Indenture Trustee**” shall mean Deutsche Bank Trust Company Americas as indenture trustee for the MBHI III Notes.

1.1.47 “**MBHI III Notes**” shall mean those certain Floating Rate Junior Subordinated Notes in the face amount of \$9,279,000.00 issued pursuant to the MBHI III Indenture.

1.1.48 “**MBHI III Trustee**” shall mean Deutsch Bank Trust Company Americas as a trustee with respect to MBHI III.

1.1.49 “**MBHI IV**” shall mean MBHI Capital Trust IV, a Delaware statutory trust sponsored by the Debtor pursuant to that certain Declaration of Trust dated December 12, 2003.

1.1.50 “**MBHI IV Indenture**” shall mean that certain Indenture dated December 19, 2003, pursuant to which the Debtor issued the MBHI IV Securities.

1.1.51 “**MBHI IV Indenture Trustee**” shall mean Wilmington Trust Company as indenture trustee for the MBHI IV Securities.

1.1.52 “**MBHI IV Securities**” shall mean those certain Floating Rate Junior Subordinated Debt Securities in the face amount of \$10,310,000.00 issued pursuant to the MBHI IV Indenture.

1.1.53 “**MBHI IV Trustee**” shall mean Wilmington Trust Company as a trustee with respect to MBHI IV.

1.1.54 “**MBHI V**” shall mean MBHI Capital Trust V, a Delaware statutory trust sponsored by the Debtor pursuant to that certain Declaration of Trust dated May 24, 2005.

1.1.55 “**MBHI V Indenture**” shall mean that certain Indenture dated June 7, 2005, pursuant to which the Debtor issued the MBHI V Debentures.

1.1.56 “**MBHI V Indenture Trustee**” shall mean Wilmington Trust Company as indenture trustee for the MBHI V Debentures.

1.1.57 “**MBHI V Debentures**” shall mean those certain Floating Rate Junior Subordinated Deferrable Interest Debentures in the face amount of \$20,620,000.00 issued pursuant to the MBHI V Indenture.

1.1.58 “**MBHI V Trustee**” shall mean Wilmington Trust Company as a trustee with respect to MBHI V.

1.1.59 “**MBTC**” shall mean the Debtor’s wholly-owned subsidiary, Midwest Bank and Trust Company.

1.1.60 “**Miscellaneous Causes of Action**” shall mean all Causes of Action other than Avoidance Actions.

1.1.61 “**Net Proceeds**” shall mean the Cash proceeds received by the Creditor Trustee from time to time from the sale or other disposition of the Creditor Trust Assets, net of the reasonable or necessary costs of such sale or other disposition, including reasonable fees and expenses of the Creditor Trustee’s legal counsel and other Professionals incurred in connection therewith.

1.1.62 “**North Roselle Property**” shall mean the Debtor’s real property located at 505 North Roselle Road, Roselle, Illinois.

1.1.63 “**NSB**” shall mean Northwest Suburban Bancorp, Inc., a Delaware corporation that merged with the Debtor through the NSB Merger.

1.1.64 “**NSB Merger**” shall mean the merger effected under the March 22, 2007 Agreement and Plan of Merger between the Debtor and NSB.

1.1.65 “**NST**” shall mean Northwest Suburban Capital Trust I, a Delaware statutory trust sponsored by NSB pursuant to that certain Declaration of Trust dated May 14, 2004.

1.1.66 “**NST Debt Securities**” shall mean those certain Junior Subordinated Debt Securities in the face amount of \$10,310,000.00 issued pursuant to the NST Indenture.

1.1.67 “**NST Indenture**” shall mean that certain Indenture dated May 18, 2004, pursuant to which NST issued the NST Debt Securities. In connection with the NSB Merger, the Debtor and the NST Trustee entered into a Supplemental Indenture dated October 1, 2007, pursuant to which the Debtor assumed substantially all of NST’s obligations to the NST Trustee.

1.1.68 “**NST Indenture Trustee**” shall mean Bank of New York Mellon, N.A., as successor in interest to JP Morgan Chase Bank, as indenture trustee for the NST Debt Securities.

1.1.69 “**NST Trustee**” shall mean The Bank of New York Mellon Trust Company, N.A. as a trustee with respect to NST.

1.1.70 “**Other Administrative Expense Claim**” shall mean an Administrative Claim that is not a Professional Fee Claim.

1.1.71 “**Person**” shall mean an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization or other entity.

1.1.72 “**Petition Date**” shall mean the date of the filing of the Debtor’s Case, or August 20, 2010.

1.1.73 “**Plan**” shall mean this Third Amended Joint Plan of Liquidation as set forth herein or as it may be modified or amended.

1.1.74 “**Plan Proponents**” shall mean the Debtor and the Committee.

1.1.75 “**Priority Claim**” shall mean a Claim, other than an Administrative Claim or Priority Tax Claim, to the extent entitled to priority in payment under section 507(a) of the Bankruptcy Code.

1.1.76 “**Priority Tax Claims**” shall mean a Claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

1.1.77 “**Professional Fee Claims**” shall mean Claims of Professional Persons for compensation for services rendered in this Case prior to the Confirmation Date pursuant to sections 327, 328, 330, 331, 363, 503 or 1103 of the Bankruptcy Code.

1.1.78 “**Professional**” or “**Professional Persons**” shall mean Persons, including attorneys, accountants and financial advisors retained by the Debtor, the Committee or the Creditor Trustee, or to be compensated pursuant to sections 327, 328, 330, 331, 363, 503 or 1103 of the Bankruptcy Code.

1.1.79 “**Pro Rata**” shall mean proportionately so that the ratio of the amount of the distribution made on account of a particular Allowed Claim to the distribution made on account of all Allowed Claims of the Class in which the particular Allowed Claim is included is the same as the ratio of the amount of the particular Allowed Claim to the total amount of the Allowed Claims of the Class of which the particular Allowed Claim is included.

1.1.80 “**RAC**” shall mean Royal American Corporation, a Delaware corporation that merged with the Debtor through the RAC Merger.

1.1.81 “**RAC Merger**” shall mean the merger effected under the February 8, 2006 Agreement and Plan of Merger between the Debtor and RAC.

1.1.82 “**RAC Tax Refund**” shall mean the federal income tax refund owing on account of the amended 2004 federal income tax return filed with respect to the Debtor’s predecessor RAC.

1.1.83 “**RCT**” shall mean Royal Capital Trust I, a Delaware statutory trust sponsored by RAC pursuant to that certain Declaration of Trust dated April 20, 2004.

1.1.84 “**RCT Debt Securities**” shall mean those certain Junior Subordinated Debt Securities in the face amount of \$10,310,000.00 issued pursuant to the RAC Indenture.

1.1.85 “**RCT Indenture**” shall mean that certain Indenture dated April 30, 2004, pursuant to which RAC issued the RCT Debt Securities. In connection with the RAC Merger, the Debtor and RCT entered into a Supplemental Indenture dated June 30, 2006, pursuant to which the Debtor assumed substantially all of RAC’s obligations to the RCT Trustee.

1.1.86 “**RCT Indenture Trustee**” shall mean Bank of New York Mellon, N.A., as successor in interest to JP Morgan Chase Bank, as indenture trustee for the RCT Debt Securities under the RCT Indenture.

1.1.87 “**RCT Trustee**” shall mean The Bank of New York Mellon, N.A. as a trustee with respect to RCT.

1.1.88 “**Secured Claim**” shall mean a Claim of a Creditor secured by a lien on property of the Estate, or a Claim subject to set off under section 553 of the Bankruptcy Code, to the extent of the value of such Creditor’s interest in property of the Estate, or to the extent of the amount subject to set off, as the case may be.

1.1.89 “**Secured Creditor**” shall mean the holder of a Secured Claim.

1.1.90 “**Senior Indebtedness**” shall have the meaning assigned in the various instruments, agreements, and other documents entered into or otherwise executed with respect to the indebtedness that is included in Class 4.

1.1.91 “**TOPrS**” shall mean the trust preferred securities issued by the TOPrS Trusts.

1.1.92 “**TOPrS Debentures**” shall mean the RCT Debt Securities, NST Debt Securities, MBHI III Notes, MBHI IV Securities, and MBHI V Debentures.

1.1.93 “**TOPrS Trustee Fees and Expenses**” shall mean the fees and necessary out-of-pocket expenses incurred by the TOPrS Trustees, including the fees and expenses of counsel or other professionals in an amount not to exceed \$160,000.00 in the aggregate and as otherwise agreed to by the Plan Proponents, or, in the event that the Plan Proponents and any one or more of the TOPrS Trustees are unable to agree on the amount of any TOPrS Trustee Fees and Expenses, as Allowed by the Bankruptcy Court.

1.1.94 “**TOPrS Trustees**” shall mean the RCT Trustee, the RCT Indenture Trustee, the NST Trustee, the NST Indenture Trustee, the MBHI III Trustee, the MBHI III Indenture Trustee, the MBHI IV Trustee, the MBHI IV Indenture Trustee, the MBHI V Trustee and the MBHI V Indenture Trustee.

1.1.95 “**TOPrS Trusts**” shall mean RCT, NST, MBHI III, MBHI IV, and MBHI V.

1.1.96 “**TOPrS Unsecured Claims**” shall mean Claims on account of the TOPrS Debentures issued to the TOPrS Trusts and any guarantees related thereto.

1.1.97 “**Trust Interests**” shall mean all beneficial interests in the Creditor Trust.

1.1.98 “**Trustee’s Expenses**” shall mean the reasonable fees, costs and expenses incurred by the Creditor Trustee and any Professionals retained by it in connection with the performance of its duties and responsibilities under the Plan and Creditor Trust Agreement, as well as any other reasonable and necessary costs of administration of the Creditor Trust, including U.S. Trustee fees incurred during the post-Confirmation Date period, which may be paid from the Creditor Trust Assets.

1.1.99 “**Unsecured Claim**” shall mean a Claim of a Creditor not secured by a Lien on property of the Estate and not entitled to be classified as a Priority Claim pursuant to section 507 of the Bankruptcy Code.

1.1.100 “**U.S. Trustee**” shall mean the United States Trustee for the Northern District of Illinois.

1.2 **Rules of Interpretation and Computation of Time.** For purposes of this Plan, unless otherwise provided herein: (i) whenever from the context it is appropriate, each term,

whether stated in the singular or the plural, will include both the singular and the plural; (ii) unless otherwise provided in this Plan, any reference in this Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (iii) any reference in this Plan to an existing document or schedule filed or to be filed means such document or schedule, as it may have been or may be amended, modified or supplemented pursuant to this Plan; (iv) any reference to any entity as a holder of a Claim or Interest includes the entity's successors and assigns; (v) all references in this Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to this Plan; (vi) the words "herein," "hereunder" and "hereto" refer to this Plan in its entirety rather than to a particular portion of this Plan; (vii) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan; (viii) the rules of construction set forth in section 102 of the Bankruptcy Code will apply; and (ix) in computing any period of time prescribed or allowed by this Plan, the provisions of Bankruptcy Rule 9006(a) will apply.

ARTICLE II

Designation of Unclassified Claims

Pursuant to section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified under the Plan.

ARTICLE III

Designation of Classified Claims and Interests

Pursuant to section 1123(a)(1) of the Bankruptcy Code, Claims and Interests are classified as follows:

3.1 **Class 1** consists of all Allowed unsecured Priority Claims (other than unsecured Priority Tax Claims).

3.2 **Class 2** consists of the Allowed Secured Claims of M&I with respect to the M&I Senior Notes that are secured to the extent of the value in the underlying collateral securing the Class 2 Claims.

3.3 **Class 3** consists of all Allowed General Unsecured Claims, including, but not limited to: (i) M&I's Allowed Deficiency Claim with respect to the M&I Senior Notes; (ii) Allowed non-priority Claims of former employees, officers, and directors, including Allowed Claims under a supplemental executive retirement plan and other employment-related contracts

and Allowed Claims for indemnification; (iii) Allowed Claims of the FDIC; and (iv) Allowed Claims arising under the TOPrS Debentures and related instruments that are not expressly subordinated to Senior Indebtedness.

3.4 **Class 4** consists of: (i) the Allowed Claims of the RCT Trustee with respect to the RCT Debt Securities; (ii) the Allowed Claims of the NST Trustee with respect to the NST Debt Securities; (iii) the Allowed Claims of the MBHI III Trustee with respect to the MBHI III Notes; (iv) the Allowed Claims of the MBHI IV Trustee with respect to the MBHI IV Securities; (v) the Allowed Claims of the MBHI V Trustee with respect to the MBHI V Debentures; and (vi) the Allowed Claims of M&I with respect to the M&I Subordinated Note.

3.5 **Class 5** consists of the Interests of Equity Security Holders.

ARTICLE IV Impairment of Classes

4.1 **Impaired Classes of Claims Entitled To Vote.** Except as otherwise provided in order(s) of the Bankruptcy Court pertaining to solicitation of votes on this Plan, Class 2, Class 3 and Class 4 are Impaired, and holders of Claims in those Classes shall be entitled to vote to accept or reject this Plan.

4.2 **Classes Deemed To Accept the Plan.** Class 1 Claims are unimpaired by this Plan and holders of such Claims are conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. The votes of Creditors holding these Claims will therefore not be solicited.

4.3 **Classes Deemed To Reject the Plan.** Holders of Interests in Class 5 will not receive or retain any distribution under the Plan on account of their Interests. Pursuant to section 1126(g) of the Bankruptcy Code, Class 5 is Impaired and is conclusively presumed to have rejected this Plan, and the votes of holders of Class 5 Interests therefore will not be solicited.

4.4 **Cram Down.** The Plan Proponents will request confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any Class that rejects the Plan.

ARTICLE V
Treatment of Claims and Interests

5.1 **Allowed Professional Fee Claims.** The Distributing Party shall pay Allowed Professional Fee Claims in full and in Cash within ten (10) days of such Claims becoming Allowed Professional Fee Claims.

5.2 **Allowed Other Administrative Expense Claims.** The Distributing Party shall pay Allowed Other Administrative Expense Claims in full and in Cash by the later of: (i) as soon as practicable following the Effective Date; (ii) thirty (30) days after such Claims become Allowed Other Administrative Expense Claims; (iii) the date upon which such Allowed Other Administrative Expense Claims become due in the ordinary course of business; and (iv) such other time as may be agreed to by the Distributing Party and the holder of the Allowed Other Administrative Expense Claim. Creditors seeking payment on Other Administrative Expense Claims shall have thirty (30) days from the Effective Date to file an application with the Bankruptcy Court with respect to Other Administrative Expense Claims, or such Claims will be forever barred.

5.3 **Priority Tax Claims.** The Distributing Party shall pay Allowed Priority Tax Claims in full and in Cash by the later of: (i) as soon as practicable following the Effective Date; (ii) thirty (30) days after such Claims become Allowed Priority Tax Claims; and (iii) such other time as may be agreed to by the Distributing Party and the holder of the Allowed Priority Tax Claim, in accordance with sections 507(a)(8) and 1129(a)(9)(C) of the Bankruptcy Code.

5.4 **Class 1 Claims.** The Distributing Party shall pay Allowed Class 1 Priority Claims in full and in Cash by the later of: (i) as soon as practicable following the Effective Date;

(ii) thirty (30) days after such Claims become Allowed Priority Claims; and (iii) such other time as may be agreed to by the Distributing Party and the holder of the Allowed Class 1 Priority Claim.

5.5 Class 2 Claims.

5.5.1 Pursuant to section 506 of the Bankruptcy Code, M&I will have an Allowed Class 2 Claim in an amount equal to the value of the M&I Collateral. To the extent that M&I's Secured Claim is Allowed in an amount that is less than the balance owing under the M&I Senior Notes as of the Petition Date, M&I will have an Allowed Deficiency Claim that will be included in Class 3.

5.5.2 On or before the Effective Date, the Debtor will surrender the M&I Collateral in full and final satisfaction of the Class 2 Claim.

5.6 Class 3 Claims.

5.6.1 Allowed Class 3 Claims shall be paid Pro Rata in accordance with the Creditor Trust Agreement and this Plan. In accordance with the Creditor Trust Agreement, on the Effective Date, each Allowed Class 3 Claim will be converted into a Trust Interest representing such holder's Pro Rata share of the total Trust Interests. The Debtor shall transfer the Creditor Trust Assets to the Creditor Trustee no later than seven (7) days after the Effective Date. The Creditor Trustee shall liquidate the Creditor Trust Assets and distribute the Net Proceeds in accordance with this Plan and the Creditor Trust Agreement.

5.6.2 Pro Rata distributions of the Net Proceeds from the Creditor Trust shall be made by the Creditor Trustee in accordance with the Creditor Trust Agreement to the holders of Trust Interests from time to time on dates determined by the Creditor Trustee, within a reasonable time after the creation of appropriate reserves as determined by the Creditor Trustee

in an amount that would be sufficient to: (i) make a Pro Rata distribution on account of Disputed Claims that will be converted into Trust Interests if Allowed; and (ii) pay the Trustee's Expenses in full.

5.7 Class 4 Claims.

5.7.1 Allowed Class 4 Claims shall be paid Pro Rata in accordance with the Creditor Trust Agreement and this Plan. In accordance with the Creditor Trust Agreement, on the Effective Date, each Allowed Class 4 Claim will be converted into a Trust Interest, representing such holder's Pro Rata share of the total Trust Interests. The Debtor shall transfer the Creditor Trust Assets to the Creditor Trustee no later than seven (7) days after the Effective Date. The Creditor Trustee shall liquidate the Creditor Trust Assets and distribute the Net Proceeds in accordance with this Plan and the Creditor Trust Agreement.

5.7.2 Pro Rata distributions of the Net Proceeds from the Creditor Trust shall be made by the Creditor Trustee in accordance with the Creditor Trust Agreement to the holders of Trust Interests from time to time on dates determined by the Creditor Trustee, within a reasonable time after the creation of appropriate reserves as determined by the Creditor Trustee in an amount that would be sufficient to: (i) make a Pro Rata distribution on account of Disputed Claims that will be converted into Trust Interests if Allowed; and (ii) pay the Trustee's Expenses in full. Except as otherwise ordered by the Bankruptcy Court, in accordance with section 510 of the Bankruptcy Code, to the extent that the governing instruments and agreements so provide, all distributions made on account of Class 4 Claims will be paid directly to the holders of Senior Indebtedness on a Pro Rata basis unless and until the holders of such Senior Indebtedness have received distributions in an aggregate amount equal to their Allowed Claims.

5.8 **Class 5 Interests.** Holders of Class 5 Interests shall not receive a distribution under the Plan. Upon the Confirmation Date of the Plan, all Equity Securities in the Debtor will be retired.

ARTICLE VI Treatment of Executory Contracts

6.1 **Assumption and Assignment of Executory Contracts and Unexpired Leases.**

6.1.1 On the Confirmation Date, each executory contract or unexpired lease entered into by the Debtor that is listed on **Exhibit B** to the Plan that has not previously expired or terminated pursuant to its own terms, will be assumed by the Debtor and assigned to the Creditor Trust pursuant to section 365 of the Bankruptcy Code. Each executory contract or unexpired lease listed on **Exhibit B** will include any modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such contract or agreement, irrespective of whether such agreement, instrument or other document is listed on **Exhibit B**. Listing a contract or agreement on **Exhibit B** shall not constitute an admission by the Debtor or the Creditor Trust that such agreement is an executory contract or unexpired lease or that the Debtor or the Creditor Trust has any liability thereunder. The Plan Proponents may amend **Exhibit B** at any time prior to the Confirmation Date.

6.1.2 To the extent that Claims constitute monetary defaults, the Cure Amount Claims associated with each executory contract or unexpired lease (which is listed in **Exhibit B**) to be assumed pursuant to the Plan will be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, at the option of the Debtor or the Creditor Trustee, as applicable: (i) by payment of the Cure Amount Claim in cash on the Confirmation Date; or (ii) on such other terms as are agreed to by the parties to such executory contract or unexpired lease. If there is a dispute

regarding: (i) the amount of any Cure Amount Claim; (ii) the ability of the Creditor Trust to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the executory contract or unexpired lease to be assumed; or (iii) any other matter pertaining to the assumption of such contract or lease, and the assumption and assignment is approved by the Bankruptcy Court, the payment of any Cure Amount Claim required by section 365(b)(1) of the Bankruptcy Code will be made within thirty (30) days following the entry of a Final Order resolving the dispute.

6.2 Contracts Deemed Rejected. All other executory contracts or unexpired leases of the Debtor that have not expired by their own terms or been assumed prior to the Confirmation Date shall be deemed rejected pursuant to section 365 of the Bankruptcy Code on the Confirmation Date.

6.3 Bar Date for Rejection Damages. All proofs of claim with respect to Claims arising from the rejection of executory contracts or unexpired leases pursuant to Section 6.2 of this Plan shall, unless another order of the Bankruptcy Court provides for a different date, be filed with the Bankruptcy Court no later than thirty (30) days after the Confirmation Date. The Claims of any Creditor arising from the rejection of executory contracts or unexpired leases pursuant to Section 6.2 of this Plan that fails to timely file a proof of claim shall be released, discharged and forever barred from assertion against the Debtor, the Creditor Trust or their property.

ARTICLE VII Means of Implementation of the Plan

7.1 Vesting of Assets. Subject to the terms of the Plan, upon entry of the Confirmation Order, the Debtor will be restored to full ownership of all property owned by the Debtor and all property of the Estate. Without limiting the generality of the foregoing, the

Debtor will retain all rights in and to all Causes of Action. Upon vesting, all such property will be free and clear of all Claims, Liens, encumbrances, charges and other interests, except as otherwise provided in the Plan. Within seven (7) days of the Effective Date, the Debtor will transfer the Creditor Trust Assets to the Creditor Trust, and upon such transfer, title to the Creditor Trust Assets will vest in the Creditor Trust and be deemed contributed thereto, subject to the terms of the Plan. All property held for distribution pursuant to the Plan shall be held by the Creditor Trust solely in trust for the holders of Allowed Class 3 and 4 Claims and shall not be deemed property of the Debtor. Nothing in the Plan, however, shall preclude payment of: (i) statutory fees under 28 U.S.C. § 1930 to the extent unpaid on the Effective Date; and (ii) the Trustee's Expenses in accordance with this Plan and the Creditor Trust Agreement from the Creditor Trust Assets. The Debtor is hereby authorized and directed to take such steps as may be necessary or appropriate to confirm such transfer and contribution of the Creditor Trust Assets to the Creditor Trust, subject to oversight from the Creditor Trustee.

7.2 Reservation of Rights. Notwithstanding anything in the Plan and the Creditor Trust Agreement to the contrary, the property of the Debtor and the property of the Estate will vest in the Debtor under Section 7.1 subject to all rights and interests in and under the following:

- (1) the Retirement Agreement dated September 28, 2004 between Mr. Brad Luecke and Midwest Banc Holdings, Inc.;
- (2) the Retirement Agreement letter dated January 13, 2005 to Mr. Brad Luecke from Mr. Daniel Kadolph;
- (3) MetLife Investors Insurance Company contract R 250021-7; and
- (4) Jackson National Life Insurance Company contract 0040348970.

Mr. Luecke also reserves all of his rights with respect to the proof of claim (Claim No. 35) dated October 10, 2010 and maintains this filing does not alter his position that he is not a Creditor of

the Estate. Mr. Luecke takes the position that the assets that are the subject matter of that claim are not in fact property of the Estate, but rather, are his property.

7.3 Cancellation of Indentures and Debt Securities. On the Effective Date, the indentures, debt securities, or other instruments or documents evidencing or creating any indebtedness or obligations of the Debtor, including the TOPrS Unsecured Claims, the Indentures, the TOPrS Debentures and the TOPrS, and any other obligations in respect thereof, shall be deemed automatically canceled and terminated, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code, and the TOPrS Trustees shall be released from all duties thereunder. Notwithstanding the foregoing, the applicable provisions of the Indentures, the TOPrS, TOPrS Trusts and all related documents shall continue in effect solely for the purposes of permitting the TOPrS Trustees to: (i) make or direct the distributions contemplated by the Plan to the holders of the TOPrS Debentures and the TOPrS; (ii) maintain any rights the TOPrS Trustees may have for any charging liens, fees, costs, expenses, and indemnification under their respective Indentures or other agreements, until all TOPrS Trustees Fees and Expenses are paid in full; and (iii) exercise any and all such rights otherwise provided in the Plan; provided, however, that such rights and liens are limited to the distributions, if any, to the holders or as otherwise provided in the Plan. The holders of or parties to such cancelled instruments, securities and other documentation will have no rights arising from or relating to such instruments, securities and other documentation or the cancellation thereof, except the rights provided pursuant to the Plan. Except as provided pursuant to the Plan, the TOPrS Trustees and their agents, successors and assigns shall be discharged of all of their obligations arising under or associated with the Indentures, the TOPrS Debentures, the TOPrS and the TOPrS Trusts, and shall be released from all claims related to such obligations. As of the Effective Date, the transfer registers or ledgers

maintained by the TOPrS Trustees for the TOPrS Debentures and the TOPrS shall be closed, and there shall be no further changes in the record holders of any TOPrS Debentures or the TOPrS.

7.4 **Creditor Trust Asset Administration.** The Creditor Trustee shall administer the Creditor Trust Assets pursuant to the Plan and the Creditor Trust Agreement from and after the Effective Date. The Creditor Trustee shall be responsible for liquidating the Creditor Trust Assets, analyzing and reconciling Claims (including filing and pursuing objections to the extent required), pursuing Avoidance Actions and Miscellaneous Causes of Action, making distributions of the Net Proceeds to the beneficiaries of the Creditor Trust and all other activities typically related to trust administration.

7.5 **Dissolution of the Debtor.** Promptly following the Effective Date, the Creditor Trustee will allow the Delaware Secretary of State to involuntarily dissolve the Debtor.

7.6 **Conditions to Confirmation.** It is a condition precedent to confirmation of the Plan that the Confirmation Order shall be reasonably acceptable in form and substance to the Plan Proponents.

7.7 **Conditions to Effective Date.** The following are conditions precedent to the occurrence of the Effective Date: (i) the Confirmation Order confirming the Plan, as such Plan may have been modified, shall have been entered by the Bankruptcy Court and be in full force and effect and shall not have been vacated, amended, modified or stayed, and if it is the subject of any appeal, reconsideration or other review, no stay of the Confirmation Order shall be in effect; (ii) the Creditor Trust Agreement, in form and substance satisfactory to the Committee and the Debtor, shall be executed and delivered, and all conditions precedent to the effectiveness thereof shall have been satisfied; and (iii) all other documents or agreements necessary to consummate the Plan shall have been delivered or effectuated. The Plan Proponents or the

Creditor Trustee, as the case may be, may waive any of the foregoing conditions precedent at any time.

7.8 **Administrative Claims Bar Date.** Except as otherwise provided in the Plan, all Persons requesting payment of Administrative Claims (Professional Fee Claims or Other Administrative Expense Claims) shall file applications for payment no later than thirty (30) days after the Effective Date. Objections to such applications for payment, if any, must be written, filed with the Bankruptcy Court and served within forty-five (45) days after such application is filed.

7.9 **Termination of Committee.** The Committee shall terminate automatically upon the Effective Date. Upon termination of the Committee, the Committee shall be dissolved and its members shall be deemed released of their duties and responsibilities in connection with the Case or the Plan and its implementation, and the retention or employment of the Committee's counsel shall terminate, except for ministerial duties or any duties imposed pursuant to the Plan (including, without limitation, filing applications for allowance and payment of Professional Fee Claims).

7.10 **Case Administration.** From and after the Effective Date and continuing through the date that a final decree closing the Case is entered pursuant to section 350 of the Bankruptcy Code and Bankruptcy Rule 3022, the Creditor Trustee shall possess the rights of the Debtor for all matters pertaining to the Case. Without limiting the generality of the foregoing, the Creditor Trustee shall: (i) have the right to appear and be heard on matters brought before the Bankruptcy Court or other courts of competent jurisdiction; (ii) have the right to obtain records of, or related to, the Debtor (including, without limitation, bank statements and cancelled checks); (iii) be entitled to notice and opportunity for hearing; (iv) be entitled to participate in all matters brought

before the Bankruptcy Court, including, but not limited to, adversary proceedings; (v) have exclusive standing to commence Avoidance Actions and Miscellaneous Causes of Action; (vi) be entitled to request entry of a final decree closing the Case; and (vii) be entitled to receive notice of all applications, motions and other papers and pleadings set before the Bankruptcy Court in this Case.

7.11 Filing of Additional Documents. On or before the Effective Date, the Plan Proponents shall 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, including, without limitation, the final Creditor Trust Agreement.

7.12 Creditor Trustee's Professionals. Upon the Effective Date, the Creditor Trustee may retain such law firms, accounting firms, experts, advisors, consultants, investigators or other Professionals as it may deem necessary, in accordance with the Creditor Trust Agreement, to aid in the performance of its responsibilities, including, without limitation, the liquidation and distribution of assets of the Creditor Trust. The Professionals retained by the Creditor Trustee are not required to be "disinterested" as that term is defined in the Bankruptcy Code and may include, without limitation, counsel and financial advisors of any party in this Case, and the Creditor Trustee shall be permitted to retain any such Professional in light of the efficiencies implicit in continuity. The Creditor Trustee's retention of any such Professionals is deemed not to pose any conflict of interest, and no conflict shall exist by virtue of the filing of applications by Professional Persons for allowance of Administrative Claims in accordance with Section 7.8 of this Plan.

7.13 **Notices.** Any notice required or permitted to be provided under the Plan shall be in writing and served by: (i) certified mail, return receipt requested, postage prepaid; (ii) hand delivery; or (iii) reputable overnight delivery service, freight prepaid, addressed to the following:

The Debtor:

Thomas G. Wallrich, Esq.
Hinshaw & Culbertson LLP
333 South Seventh Street, Suite 2000
Minneapolis, Minnesota 55402
Telephone: 612-334-2594
Facsimile: 612-334-8888
E-Mail: twallrich@hinshawlaw.com

Counsel for the Debtor

The Committee:

Richard S. Lauter, Esq.
Freeborn & Peters LLP
311 South Wacker Drive, Suite 3000
Chicago, Illinois 60606
Telephone: 312-360-6000
Facsimile: 312-360-6520
E-Mail: rlauter@freebornpeters.com

Counsel for the Committee

The Creditor Trustee:

Barry A. Chatz
Arnstein & Lehr LLP
120 South Riverside Plaza, Suite 1200
Chicago, Illinois 60606
Telephone: 312-876-6670
Facsimile: 312-876-6241
E-Mail: bachatz@arnstein.com

7.14 **INJUNCTION.** EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, ON AND AFTER THE CONFIRMATION DATE, ALL PERSONS AND ENTITIES WHO HAVE HELD, HOLD OR MAY HOLD LIENS, CLAIMS OR INTERESTS IN OR AGAINST THE DEBTOR ARE, WITH RESPECT TO ANY SUCH

LIENS, CLAIMS OR INTERESTS, PERMANENTLY ENJOINED FROM: (I) COMMENCING, CONDUCTING OR CONTINUING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY SUIT, ACTION OR OTHER PROCEEDING OF ANY KIND (INCLUDING, WITHOUT LIMITATION, ANY PROCEEDING IN A JUDICIAL, ARBITRAL, ADMINISTRATIVE OR OTHER FORUM) AGAINST OR AFFECTING THE CREDITOR TRUST OR ANY OF ITS PROPERTY, OR ANY DIRECT OR INDIRECT TRANSFEREE OF ANY PROPERTY OF, OR DIRECT OR INDIRECT SUCCESSOR IN INTEREST TO, THE DEBTOR OR THE FOREGOING CREDITOR TRUST, OR ANY PROPERTY OF ANY TRANSFEREE OR SUCCESSOR OF EITHER; (II) ENFORCING AGAINST, LEVYING UPON OR ATTACHING (INCLUDING, WITHOUT LIMITATION, ANY PRE-JUDGMENT ATTACHMENT) THE DEBTOR OR THE CREDITOR TRUST, OR ANY PROPERTY OF ANY SUCH TRANSFEREE OR SUCCESSOR; (III) ENFORCING, LEVYING, ATTACHING (INCLUDING, WITHOUT LIMITATION, ANY PRE-JUDGMENT ATTACHMENT), COLLECTING OR OTHERWISE RECOVERING BY ANY MANNER OR MEANS WHETHER DIRECTLY OR INDIRECTLY, OF ANY JUDGMENT, AWARD, DECREE, CLAIM OR ORDER AGAINST THE DEBTOR OR THE CREDITOR TRUST, ANY OF THEIR PROPERTY, OR ANY DIRECT OR INDIRECT TRANSFEREE OF ANY PROPERTY OF, OR DIRECT OR INDIRECT SUCCESSOR IN INTEREST TO THE DEBTOR OR THE CREDITOR TRUST; (IV) CREATING, PERFECTING OR OTHERWISE ENFORCING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY LIENS, CLAIMS OR INTERESTS OF ANY KIND AGAINST OR IN THE DEBTOR OR THE CREDITOR TRUST, ANY OF THEIR PROPERTY, OR ANY DIRECT OR INDIRECT TRANSFEREE OF ANY PROPERTY OF, OR DIRECT OR INDIRECT SUCCESSOR IN INTEREST TO, THE

DEBTOR OR THE CREDITOR TRUST; (V) OTHER THAN AS OTHERWISE EXPRESSLY PROVIDED FOR IN THIS PLAN, ASSERTING ANY RIGHT OF SETOFF, SUBORDINATION OR RECOUPMENT OF ANY KIND, DIRECTLY OR INDIRECTLY, AGAINST ANY OBLIGATION DUE THE DEBTOR, THE CREDITOR TRUST, ANY OF THEIR PROPERTY, OR ANY DIRECT OR INDIRECT TRANSFEREE OF ANY PROPERTY OF, OR SUCCESSOR IN INTEREST TO, THE DEBTOR OR THE CREDITOR TRUST; AND (VI) TAKING ANY ACTIONS IN ANY PLACE AND IN ANY MANNER WHATSOEVER THAT DO NOT CONFORM TO OR COMPLY WITH THE PROVISIONS OF THIS PLAN. BY WAY OF LIMITATION, NOTHING HEREIN SHALL CONSTITUTE OR HAVE THE EFFECT OF A DISCHARGE OF INDEBTEDNESS OF THE DEBTOR.

7.15 **Distributions to the Holders of Debt Securities.** Except to the extent that any Indenture requires that such distributions be delivered to the holders of Senior Indebtedness, the Creditor Trustee shall make all distributions required under the Plan on account of Class 4 Claims to or at the direction of the appropriate TOPrS Trustee. Notwithstanding the provisions of Section 7.3 of the Plan regarding the cancellation of the Indentures, the TOPrS Debentures and the TOPrS, and any other obligations in respect thereof, the terms of such instruments shall continue in effect to the extent necessary to allow the Creditor Trustee to effectuate distributions pursuant to the Plan to the holders of the TOPrS Debentures and the TOPrS by delivering such distributions to the TOPrS Trustees, who shall then be responsible for distribution to the holders. The TOPrS Trustees providing services related to such distributions shall receive from the Creditor Trustee reasonable compensation for such services and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services, not including fees and expenses of their counsel. These payments shall be made on terms agreed upon with the

Creditor Trustee, and shall not be deducted from distributions to be made pursuant to this Plan to holders of Class 4 Claims.

7.16 Term of Bankruptcy Injunction or Stays. All injunctions or stays provided for in the Case under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect through the imposition of the injunction set forth in Section 7.14 of this Plan.

7.17 Exculpation and Limitation of Liability. Neither the Committee, the Creditor Trustee, the TOPrS Trustees, the Debtor nor any of their respective members, officers, directors, shareholders, employees, advisors, attorneys or agents acting in such capacity, shall have or incur any liability to, or be subject to any right of action by, any person or entity, for any act or omission in connection with, relating to or arising out of, the Case or matters related to formulation and confirmation of the Plan, except to the extent arising out of fraud, willful misconduct or gross negligence, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan.

7.18 Reservations of Rights Applicable to FDIC. Nothing in the Plan shall impair or otherwise affect any rights the FDIC has under applicable law.

7.19 Quarterly Reports. The Creditor Trustee shall prepare and file with the Bankruptcy Court a report within thirty (30) days after the conclusion of every calendar quarter setting forth: (i) all distributions to Creditors during the calendar quarter; (ii) a summary of the Creditor Trust deposits and disbursements during the calendar quarter; and (iii) a summary of the Creditor Trust Assets. As used in this section, “calendar quarter” shall correspond to the calendar quarters as defined by the U.S. Trustee.

ARTICLE VIII
Modification of the Plan

The Plan and related documents may be altered, amended or modified, jointly, by the Plan Proponents, before or after the Confirmation Date, as provided in section 1127 of the Bankruptcy Code and the Bankruptcy Rules.

ARTICLE IX
General Provisions

9.1 **Headings for Convenience Only.** The headings in the Plan are for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan.

9.2 **U.S. Trustee Fees.** The Debtor shall continue to pay quarterly fees to the U.S. Trustee that become payable prior to the Effective Date. Following the Effective Date, the Creditor Trustee shall pay quarterly fees to the U.S. Trustee that become payable after the Effective Date.

9.3 **Objections to Claims.**

9.3.1 Prior to the Effective Date, the Debtor shall have authority to file, settle, compromise, withdraw or litigate to judgment objections to Claims.

9.3.2 From and after the Effective Date, the Creditor Trustee shall have authority to file, settle, compromise, withdraw or litigate to judgment objections to Claims. The Creditor Trustee shall have standing to file objections to Claims even if such Claims were scheduled by the Debtor as undisputed, liquidated and non-contingent. The Creditor Trustee shall file objections to Claims no later than 180 days after the Effective Date (unless extended by an order of the Bankruptcy Court); provided, however, that the Creditor Trustee may file objections to claims within ninety (90) days of the filing of an amended Claim.

9.3.3 Nothing in the Plan shall limit or otherwise affect the right of any party-in-interest under section 502(a) of the Bankruptcy Code to object to any Claim.

9.3.4 If any party has objected to a Claim, payment will be withheld only with respect to the amount actually in dispute, and such objection shall not affect payments or distributions under the Plan on the undisputed portion of the Claim.

9.4 **Lapsed Distributions.** Any distribution that has not been cleared within ninety (90) days of the date of the distribution will lapse. With respect to any lapsed distributions, the lapsed distribution will revert to the Creditor Trust and be distributed Pro Rata to the remaining beneficiaries of the Creditor Trust in accordance with the Plan and the Creditor Trust Agreement.

9.5 **Undeliverable and Unclaimed Distributions.** If any distribution is returned as undeliverable, no further distributions to such Creditor will be made unless the Creditor Trustee is notified in writing of the Creditor's current address. Upon receipt of the notification, the Creditor Trustee will remit all missed distributions to the Creditor without interest. All claims for undeliverable distributions must be made on or before the first anniversary of the Confirmation Date of the Plan. If a claim is not made within that time, all unclaimed distributions will revert to the Creditor Trust and be distributed Pro Rata to the remaining beneficiaries of the Creditor Trust. Nothing in this Plan will require the Creditor Trustee to attempt to locate any holder of an Allowed Claim.

ARTICLE X Retention of Jurisdiction

Subject to Section 7.18, the Bankruptcy Court shall retain jurisdiction over this Case and matters otherwise related to administration of the Creditor Trust for the following purposes:

10.1 Resolution of any and all objections to Claims.

10.2 Determination of all questions and disputes regarding all Causes of Action, controversies, disputes or conflicts, whether or not subject to pending actions as of the Confirmation Date, between: (i) the Debtor and any other party; (ii) the Creditor Trustee and

any other party; or (iii) otherwise under this Plan, the Confirmation Order or any other order issued by the Bankruptcy Court in connection with this Case.

10.3 The correction of any defect and the curing of any omission or inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan.

10.4 Modification of the Plan after confirmation pursuant to the Bankruptcy Code and the Bankruptcy Rules.

10.5 Allowance of all Claims and applications for payment of Administrative Claims and professional fees and expenses which may be paid by the Debtor or its Estate pursuant to the provisions of the Bankruptcy Code, and resolution of all disputes pertaining thereto.

10.6 Resolution of any disputes regarding the Creditor Trust or any claim or controversy related thereto.


10.7 To the full extent provided under section 505 of the Bankruptcy Code, determination of the amount or legality of any tax, any fine or penalty relating to a tax, or any addition to tax.

10.8 Entry of a final order confirming substantial consummation of the Plan and closing the Case.

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Dated this 27th day of May, 2011.

MIDWEST BANC HOLDINGS, INC.

By: 
Roberto R. Herencia
Its President and CEO

OFFICIAL COMMITTEE OF
UNSECURED CREDITORS

By: _____
Its Chair

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Richard S. Lauter (ARDC No. 6182859)
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- and -

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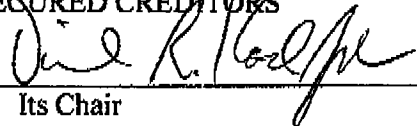
Counsel to Debtor and Debtor-in-Possession

Dated this 27th day of May, 2011.

MIDWEST BANC HOLDINGS, INC.

By: _____
Roberto R. Herencia
Its President and CEO

OFFICIAL COMMITTEE OF
UNSECURED CREDITORS

By:  _____
Its Chair

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