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AND DEBTOR IN POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re:)	Chapter 11 Case
)	
ALLIANCE PROCESSORS, INC.,)	Case No. 16-40261-mxm-11
)	
)	
Debtor.)	

**DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE
UNITED STATES BANKRUPTCY CODE WITH RESPECT TO THE RESTATED FIRST
AMENDED PLAN OF REORGANIZATION FOR ALLIANCE PROCESSORS, INC.**

Dated: October 19, 2017

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Alliance Processors, Inc. (the “Debtor”), the debtor in the above-captioned chapter 11 case, hereby submits this Disclosure Statement Pursuant to Section 1125 of the United States Bankruptcy Code with Respect to the Restated First Amended Plan of Reorganization of Alliance Processors, Inc. (the “Disclosure Statement”). This Disclosure Statement is to be used in connection with the solicitation of votes on the Restated First Amended Plan of Reorganization for Alliance Processors, Inc., dated October 19, 2017 (the “Plan”). A copy of the Plan is attached hereto as **Exhibit “A”**. Unless otherwise defined herein, terms used herein have the meanings ascribed thereto in the Plan (see Article I of the Plan). Consequently, parties-in-interest are urged to carefully review the Plan in conjunction with this Disclosure Statement.

For a general summary of the proposed treatment of Claims or Interests under the Plan, please see the chart below.

I. NOTICE TO HOLDERS OF CLAIMS

A. Generally

The purpose of this Disclosure Statement is to enable Creditors whose Claims are impaired to make an informed decision in exercising their right to vote to accept or reject the Plan.

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN. PLEASE READ THIS DOCUMENT WITH CARE.

On _____, 2017, the Bankruptcy Court entered an order pursuant to section 105(d) of the Bankruptcy Code and Rule 3017 of the Federal Rules of Bankruptcy Procedure (i) approving this Disclosure Statement, (ii) approving materials for solicitation of the Plan, (iii) setting voting and objection deadlines with respect to the Plan, and (iv) setting a hearing to consider confirmation of the Plan (the “Disclosure Statement Order”) [Docket No. ____]. In accordance with the Disclosure Statement Order, the Court set a hearing to consider confirmation of the Plan on _____, 2017, at _____.m. (the “Confirmation Hearing”).

The statements contained in the Disclosure Statement are made as of the date hereof unless another time is specified, and neither delivery of the Disclosure Statement nor any exchange of rights made in connection with the Plan shall, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date the Disclosure Statement and the materials relied on in preparation of the Disclosure Statement were compiled.

For the convenience of Creditors and parties-in-interest, this Disclosure Statement summarizes the terms of the Plan, but the Plan itself qualifies all summaries. This Disclosure Statement is qualified in its entirety by the terms of the Plan. If any inconsistency exists between the Plan and the Disclosure Statement, the terms of the Plan are controlling. In the event of conflict between the Plan and Confirmation Order, the Confirmation Order will control.

Each Claimant should consult the Claimant’s individual attorney, accountant and/or financial advisor as to the effect of the Plan on such Claimant.

Each holder of a Claim or Interest entitled to vote to accept or reject the Plan should read this Disclosure Statement and the Plan in their entirety before voting. No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section

1125 of the Bankruptcy Code. Except for the Debtor's estate and its professionals, no person has been authorized to use or promulgate any information concerning the Debtor, the Debtor's business, or the Plan, other than the information contained herein, in connection with the solicitation of votes to accept or reject the Plan. No holder of a Claim entitled to vote on the Plan should rely upon any information relating to the Debtor, the Debtor's business, or the Plan other than that contained in this Disclosure Statement and the exhibits hereto. Unless otherwise indicated, the source of all information set forth herein was the Debtor.

The Disclosure Statement may not be relied on for any purpose other than to determine whether to vote in favor of or against the Plan and related options and elections, and nothing contained herein shall constitute an offer to sell or purchase a security as defined by state or Federal securities law or an admission of any fact or liability by any party, or be admissible in any proceeding involving the Debtor or any other party, or be deemed conclusive evidence of the tax or other legal effects of the reorganization of the Debtor on holders of Claims or Interests. Certain of the information contained in the Disclosure Statement, by its nature, is forward looking, contains estimates and assumptions which may prove to be wrong, and contains forecasts which may prove to be wrong or which may be materially different from actual results.

After carefully reviewing this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot and returning the same to the address set forth on the Ballot, in the enclosed return envelope so that it will be received by no later than 5:00 P.M., CENTRAL TIME, ON _____, 2017.

If you do not vote to accept the Plan, or if you are the holder of an unimpaired Claim or Interest, you may be bound by the Plan if it is accepted by the requisite holders of Claims or Interests. See "Confirmation of the Plan – Solicitation of Votes; Vote Required for Class Acceptance" beginning on page __ and "Cramdown" beginning on page __ of this Disclosure Statement.

TO BE SURE YOUR BALLOT IS COUNTED, YOUR BALLOT MUST BE RECEIVED NO LATER THAN 5:00 P.M., CENTRAL TIME, ON _____, 2017. For detailed voting instructions and the name, address, and phone number of the person you may contact if you have questions regarding the voting procedures, see "Confirmation of the Plan – Solicitation of Votes; Voting Procedures – Parties-In-Interest Entitled to Vote" beginning on page __ of this Disclosure Statement.

Pursuant to section 105(d) of the Bankruptcy Code and Rule 3017 of the Bankruptcy Rules, the Bankruptcy Court has scheduled the Confirmation Hearing to consider confirmation of the Plan on _____, 2017 at __:__.m., Central Time, in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed and served on or before _____, 2017, in the manner described under the caption, "Confirmation of the Plan – Confirmation Hearing" beginning on page __ of this Disclosure Statement.

THE DEBTOR SUPPORTS CONFIRMATION OF THE PLAN AND URGES ALL HOLDERS OF IMPAIRED CLAIMS AND INTERESTS TO VOTE TO ACCEPT THE PLAN.

B. Summary of Treatment under the Plan

The following is an estimate of the numbers and amounts of classified Claims and Interests

to receive treatment under the Plan, and a summary of the proposed treatment of such Claims and Interests under the Plan. Reference should be made to the entire Disclosure Statement and to the Plan for a complete description of the classification and treatment of Claims and Interests.

The Bar Date for filing proofs of Claim was June 9, 2016. The table below is drawn from the Debtor's Schedules and filed proofs of Claim. The final universe of Claims, as actually Allowed, may differ from this table.

Class	Treatment
<p><u>Class 1</u> – First Financial Bank</p> <p>Estimated Amount: \$1,202,658</p> <p>Estimated Number of Holders: 1</p>	<p>Impaired</p> <p>The Holder of the Allowed Class 1 Claim shall be treated as follows:</p> <p>(a) On or as soon as reasonably practicable following the later of the Effective Date and the sale of the San Antonio Property as contemplated in the San Antonio Sale Order, First Financial Bank shall receive (i) \$295,500 in Cash from the sale of the San Antonio Property to be applied to the FFB Accounts and Inventory Note, and (ii) \$25,000 in Cash from the sale of the FFB Truck (as defined in the San Antonio Sale Order) to be applied to the FFB Truck and Trailer Debt.</p> <p>In the event that the proposed buyer for the San Antonio Transaction is unable to obtain third-party financing, the Debtor reserves the option to owner-finance such transaction. In such an event, FFB shall be granted a participation interest in the note, the deed of trust, any security agreements and any other loan documents (the "<u>Owner-Financed Loan Documents</u>") commensurate with the distributions proposed in the San Antonio Sale Order. The Owner-Financed Loan Documents shall be held by an independent party for the benefit of and acceptable to all participation interest holders, which may include the Reorganized Debtor and certain Estate Professionals.</p> <p>In the event that the proposed buyer is unable or unwilling to close the San Antonio Transaction, the Debtor shall continue to market the San Antonio Property for sale. Any resulting Cash sale shall provide for a Cash payment to FFB in the amount of \$295,500, and any resulting owner-financed sale shall provide to FFB a comparable participation interest in the Owner-Financed Loan Documents.</p>

Class	Treatment
	<p>Upon the closing of a sale of the San Antonio Property as provided above, whether as contemplated by the San Antonio Sale Order or otherwise, FFB shall release its liens in the Debtor's accounts and inventory. If the sale includes a sale of the FFB Truck, FFB shall additionally release its liens in the FFB Truck. Any principal and interest due under the FFB Accounts and Inventory Note over and above \$295,500 shall be added to the balance of the FFB Truck and Trailer Debt.</p> <p>(b) First Financial Bank shall retain its liens in the FFB Tarrant County Property and the FFB Harris County Property. FFB attorney fees, to the extent Allowed as of the Effective Date, shall be added to the balance of the FFB Real Property Note and paid as provided hereunder. From and after the Effective Date, the FFB Real Property Note shall accrue interest at the Wall Street Journal Prime rate + 1.00%, adjusted once every three (3) years, and shall be payable in substantially equal monthly payments such that the balance of the FFB Real Property Note shall be paid in full on the 15th anniversary of the Effective Date.</p> <p>Upon a sale of the FFB Harris County Property, the Reorganized Debtor shall pay net sale proceeds (after payment of ad valorem property taxes, sales commissions, other marketing costs, closing costs and any other transaction costs) to FFB to be applied to the FFB Real Property Note. FFB shall release its lien in the FFB Harris County Property provided that the sales price for such property is at least \$300,000.00. Upon closing of the sale of the FFB Harris County Property and payment to FFB as provided herein, the payments due under the FFB Real Property Note shall be re-amortized to reflect the reduction in principal of the FFB Real Property Note.</p>

Class	Treatment
	<p>(c) Except as otherwise provided herein, FFB shall retain its liens in the trucks and trailers that secure the FFB Truck and Trailer Debt. From and after the Effective Date, the Truck and Trailer Debt shall accrue interest at 4.25% and shall be amortized and payable in substantially equal monthly payments such that the balance of the FFB Truck and Trailer Debt shall be paid in full on the 4th anniversary of the Effective Date.</p> <p>Estimated Recovery: 100%</p>
<p><u>Class 2</u> – Ciera Bank</p> <p>Estimated Amount: \$1,240,181</p> <p>Estimated Number of Holders: 1</p>	<p>Impaired</p> <p>The Holder of the Allowed Class 2 Claims shall be treated as follows:</p> <p>(a) Ciera Bank shall retain its liens in any of the Assets constituting Ciera Bank collateral.</p> <p>(b) Following the Effective Date, Ciera Bank shall continue to receive rental proceeds from the Hangar for so long as the Hangar is leased, and such rental proceeds shall be applied to the Ciera Bank Notes.</p> <p>(c) From and after the Effective Date, the balance of the Allowed Ciera Bank Claim shall accrue interest at the rate of 5% per annum. Beginning on the Initial Distribution Date, Ciera Bank shall be paid monthly payments of interest on the remaining balance of its indebtedness under the Ciera Bank Flower Mound Note.</p> <p>(d) If and when the Hangar is sold, the net proceeds from the sale of the Hangar shall be applied to the Ciera Notes to the extent of any remaining indebtedness.</p> <p>(e) If and when the Flower Mound Property is sold, the net proceeds from the sale of the Flower Mound Property shall be applied to the Ciera Bank Notes to the extent of any remaining indebtedness.</p> <p>Estimated Recovery: 100%</p>
<p><u>Class 3A</u> – Secured Vehicle Claim of Santander</p>	<p>Impaired</p> <p>The Holder of the Allowed Class 3A Claim shall</p>

Class	Treatment
<p>Estimated Amount: \$23,853</p> <p>Estimated Number of Holders: 1</p>	<p>be treated as follows:</p> <p>(a) On or as soon as reasonably practicable following the later of the Effective Date and the sale of the San Antonio Property and Santander Truck (as defined in the San Antonio Sale Order), Santander shall receive payment as provided in the San Antonio Sale Order in full satisfaction of the note secured by the Santander Truck.</p> <p>(b) Santander shall retain its liens on its collateral until the Allowed Santander Claim for each respective Santander note has been paid in full.</p> <p>(c) The balance of the Allowed Santander Claim shall accrue interest from and after the Effective Date at the rate of 3.49% per annum and shall be paid in monthly installments of Cash, each in the amount of \$2,099, beginning on the Initial Distribution Date and continuing thereafter until paid in full.</p> <p>Estimated Recovery: 100%</p>
<p><u>Class 3B</u> – Secured Vehicle Claim of Pioneer Bank</p> <p>Estimated Amount: \$213,640</p> <p>Estimated Number of Holders: 1</p>	<p>Impaired</p> <p>The Holder of the Allowed Class 3B Claim shall be treated as follows:</p> <p>(a) Pioneer Bank shall retain its liens on its collateral until the Allowed Pioneer Bank Claim has been paid in full.</p> <p>(b) The balance of the Allowed Pioneer Bank Claim shall accrue interest from and after the Effective Date at the rate of 5.25% per annum and shall be paid in monthly installments of Cash, such that the balance of the Allowed Pioneer Bank Claim is fully amortized and paid in full on May 15, 2020, as provided in the Pioneer Bank Adequate Protection Order.</p> <p>Estimated Recovery: 100%</p>
<p><u>Class 4</u> – Property Tax Claims</p> <p>Estimated Amount: \$126,748</p> <p>Estimated Number of Holders: 3</p>	<p>Impaired</p> <p>The Holders of the Allowed Class 4 Claims shall be treated as follows:</p>

Class	Treatment
	<p>(a) Each holder of an Allowed Secured Tax Claim shall retain all Liens securing the payment of such Allowed Secured Tax Claim until such Allowed Secured Tax Claim is paid in full.</p> <p>(b) Each holder of an Allowed Secured Tax Claim shall be paid, on account of such Allowed Secured Tax Claim, at the Debtor's option, the amount of such holder's Allowed Claim, plus interest as provided in section 5.01(c) hereof (a) one Cash payment on the Distribution Date; (b) substantially equal annual Cash payments, beginning on the first day of the first month after the initial Distribution Date and continuing annually thereafter until the last anniversary thereof that precedes January 18, 2021; or (c) pursuant to such other treatment as may be agreed to in writing by the holder of the Allowed Secured Tax Claim and the Debtor.</p> <p>(c) Interest on each Allowed Secured Tax Claim shall accrue as follows: (i) for the period beginning on the date any portion of the tax underlying the Allowed Secured Tax Claim became or becomes delinquent under State Law, and to the extent of such delinquency, and continuing through the Effective Date, interest shall accrue at the state statutory rate of 1% per month in compliance with sections 506(b) and 511 of the Bankruptcy Code; and (ii) for the period beginning on the day after the Effective Date and continuing through the day on which such Allowed Secured Tax Claim is paid in full, interest shall accrue on the unpaid tax at the state statutory rate of 12% per annum in compliance with sections 511 and 1129 of the Bankruptcy Code.</p> <p>Estimated Recovery: 100%</p>
<p><u>Class 5 – General Unsecured Claims</u></p> <p>Estimated Amount: \$2,244,932</p> <p>Estimated Number of Holders: 3,003</p>	<p>Impaired</p> <p>The Holders of the Allowed Class 5 Claims shall be treated as follows:</p> <p>Commencing on the 1st day of the month immediately following sixty (60) days after the Effective Date, and continuing quarterly thereafter for nineteen (19) consecutive quarters, each Holder of an Allowed General Unsecured Claim shall receive a Pro Rata Share of \$10,000.00.</p>

Class	Treatment
	<p><u>Explanation for Class 5 treatment:</u></p> <p>The Debtor is unable to pay all unsecured claims in full, but has determined that it will be able to make some payments over time to unsecured creditors if it is able to confirm the Plan and stay in business. If the Plan is not confirmed, the most likely consequence will be that the Debtor's business will close, the available assets will be used to satisfy administrative and secured claims, and unsecured creditors will receive nothing. The Plan provides a way for unsecured creditors to receive some dividend on their claims.</p> <p>In some bankruptcy cases, a Chapter 11 debtor has the option of offering equity in the company in lieu of cash payments to unsecured creditors. Here, the Debtor has decided to offer cash to its creditors rather than company stock. The Debtor does not believe that equity interests in the Debtor would provide creditors with any meaningful value. First, on a balance sheet basis, the company's equity has a negative value. Second, the Debtor is a closely-held company that depends on its sole shareholder to run the company. Without the sole-shareholder's efforts, the company would close. Third, because the stock interests likely have no current value, a creditor receiving stock would likely find it difficult to resell the stock interests. Based on these reasons, the Debtor has determined that unsecured creditors would be better served by receiving cash rather than stock in the company.</p> <p>Estimated Recovery: 8.9%</p>
<p><u>Class 6 – Interests</u></p> <p>Estimated Number of Holders: 1</p>	<p>Unimpaired</p> <p>The Holder of Allowed Interests shall be treated as follows:</p> <p> Holders of Interests in the Debtor shall retain such Interests following the Effective Date.</p> <p>Estimated Recovery: 100%</p>

The total universe of Claims, as ultimately Allowed, may be greater or smaller than as reflected in the above analysis.

II. EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to chapter 11, the debtor-in-possession attempts to reorganize its business for the benefit of the debtor, its creditors, and other parties-in-interest. The Debtor's Chapter 11 case commenced with the filing of a voluntary chapter 11 petition on January 18, 2016.

The commencement of a chapter 11 case creates an estate comprising all the legal and equitable interests of the debtor in property as of the date the petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a "debtor in possession" unless the bankruptcy court orders the appointment of a trustee. In the present chapter 11 case, the Debtor remained in possession of its property and continued to operate its business as a debtor-in-possession.

The filing of a chapter 11 petition also triggers the automatic stay provisions of the Bankruptcy Code. Section 362 of the Bankruptcy Code provides, *inter alia*, for an automatic stay of all attempts to collect pre-petition claims from the debtor or otherwise interfere with its property or business. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the effective date of a confirmed plan of reorganization.

The formulation of a plan of reorganization is the principal purpose of a chapter 11 case. The plan sets forth the means for satisfying the claims against and interests in the debtor. Generally, unless a trustee is appointed, only the debtor may file a plan during the first 120 days of a chapter 11 case (the "Exclusive Period"). However, section 1121(d) of the Bankruptcy Code permits the court to extend or reduce the Exclusive Period upon a showing of "cause." After the Exclusive Period has expired, a creditor or any other party in interest may file a plan, unless the debtor has filed a plan within the Exclusive Period, in which case, the debtor is generally given 60 additional days (the "Solicitation Period") during which it may solicit acceptances of its plan. The Solicitation Period may also be extended or reduced by the court upon a showing of "cause."

B. Plan of Reorganization

Although referred to as a plan of reorganization, a plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of the debtor's assets. In the Debtor's chapter 11 case, the Plan provides for the liquidation of certain assets and the reorganization of the Debtor's obligations.

After a plan of reorganization has been filed, the holders of impaired claims against or interests in a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires the debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. This Disclosure Statement is presented to holders of Claims against and Interests in the Debtor to satisfy the requirements of section 1125 of the Bankruptcy Code.

If all classes of claims and interests accept a plan of reorganization, the bankruptcy court may nonetheless still not confirm the plan unless the court independently determines that the requirements of section 1129 of the Bankruptcy Code have been satisfied. Section 1129 sets forth the requirements for confirmation of a plan and, among other things, requires that a plan meet the “best interests of creditors” test and be “feasible.” The “best interests of creditors” test generally requires that the value of the consideration to be distributed to the holders of claims and interests under a plan may not be less than those parties would receive if the debtor were liquidated pursuant to a hypothetical liquidation occurring under chapter 7 of the Bankruptcy Code. Under the “feasibility” requirement, the court generally must find that there is a reasonable probability that the debtor will be able to meet its obligations under its plan without the need for further financial reorganization.

The Debtor believes that the Plan satisfies all the applicable requirements of section 1129(a) of the Bankruptcy Code, including, in particular, the “best interests of creditors” test and the “feasibility” requirement. The Debtor supports confirmation of the Plan and urges all holders of impaired Claims to accept the Plan.

Chapter 11 does not require that each holder of a claim against or interest in a debtor vote in favor of a plan of reorganization in order for the bankruptcy court to confirm the plan. At a minimum, however, the plan must be accepted by a majority in number and two-thirds in amount of those claims actually voting in at least one class of impaired claims under the plan. The Bankruptcy Code also defines acceptance of the plan by a class of interests (equity securities) as acceptance by holders of two-thirds of the number of shares actually voting. In the present case, only the holders of Claims who actually vote will be counted as either accepting or rejecting the Plan.

In addition, classes of claims or interests that are not “impaired” under a plan of reorganization are conclusively presumed to have accepted the plan and thus are not entitled to vote. Accordingly, acceptances of a plan will generally be solicited only from those persons who hold claims or interests in an impaired class. A class is “impaired” if the legal, equitable, or contractual rights attaching to the claims or interests of that class are modified in any way under the plan. However, if holders of the claims or interests in a class do not receive or retain any property on account of such claims or interests, then each such holder is deemed to have voted to reject the plan and does not actually cast a vote to accept or reject the plan.

Classes 1 through 5 are impaired under the Plan and, therefore, the holders of claims in Classes 1 through 5 are entitled to vote on the Plan. Class 6 Interests are not impaired under the Plan and the Holder of such Interests is deemed to have accepted the Plan and will not vote on the Plan.

The bankruptcy court may also confirm a plan of reorganization even though fewer than all the classes of impaired claims and interests accept it. For a plan of reorganization to be confirmed despite its rejection by a class of impaired claims or interests, the proponents of the plan must show, among other things, that the plan does not “discriminate unfairly” and that the plan is “fair and equitable” with respect to each impaired class of claims or interests that has not accepted the plan.

Under section 1129(b) of the Bankruptcy Code, a plan is “fair and equitable” as to a class of rejecting claims if, among other things, the plan provides: (a) with respect to secured claims, that each such holder will receive or retain on account of its claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; and (b) with respect to

unsecured claims and interests, that the holder of any claim or interest that is junior to the claims or interests of such class will not receive or retain on account of such junior claim or interest any property at all unless the senior class is paid in full.

A plan does not “discriminate unfairly” against a rejecting class of claims if (a) the relative value of the recovery of such class under the plan does not differ materially from that of any class (or classes) of similarly situated claims, and (b) no senior class of claims is to receive more than 100% of the amount of the claims in such class.

The Debtor believes that the Plan has been structured so that it will satisfy these requirements as to any rejecting Class of Claims, and can therefore be confirmed, if necessary, over the objection of any Classes of Claims. The Debtor, however, requests, to the extent needed, confirmation of the Plan under the “cramdown” provisions of section 1129 of the Bankruptcy Code.

III. THE DEBTOR AND ITS BUSINESS

A. The Debtor

The Debtor was founded in 1964 in the State of Oklahoma under the name of “Oklahoma Vegetable Oil Company”. In 1996, the Debtor reincorporated and relocated in the State of Texas. The Debtor is in the business of recycling used cooking oil for the biofuel industry. The Debtor’s operations consist of collecting used cooking oil from approximately 2,000 different restaurants and other facilities, recycling the collected oil at one of the Debtor’s two processing plants, and reselling the purified oil (“yellow grease”) to biofuel customers, who can then refine the yellow grease into biofuel products. Although the Debtor has also historically sold recycled oil as feedstock material for the animal feed industry, the Debtor currently concentrates its business on the biofuel market.

The Debtor utilizes company trucks to collect used cooking oil from various restaurants, restaurant chains, food manufacturers, franchises, small businesses, government and military installations, theme parks, sports complexes and arenas in and around the Dallas-Fort Worth, Houston and San Antonio metropolitan areas. The collection of used cooking oil provides a service to the restaurants and other facilities, as the state requires that used oil be disposed of in a proper manner.

In exchange for collected oil, the Debtor generally pays a fee and also provides its restaurant and other customers with quality recycling services. In servicing so many different types of facilities, the Debtor has developed numerous containment systems to meet specific customer needs. For instance, in many cases, city governments require a double containment system to insure against any leakages. The Debtor has developed containers that meet these strict requirements, thus enabling each customer to dispose of used cooking oil in a manner consistent with applicable regulations and ordinances.

The Debtor’s recycling process produces a high quality product that is in great demand in the biofuel industry. This service is highly sought after as the country seeks to find alternative fuel sources to replace its dependence on foreign oil. The biofuel industry favors recycled cooking oil over other raw materials as it is easier to convert into biofuel that meets federal and state requirements.

B. The Debtor’s Management

Harvey L. Earles serves as the President and sole director for the Debtor. Mr. Earles is expected to continue to serve as the President and sole director for the Debtor post-confirmation.

C. Pre-Petition Financing Structure

As of the Petition Date, the Debtor was obligated to First Financial Bank in the approximate amount of \$1,286,116 pursuant to the following Notes (as renewed, amended or modified): (a) Promissory Note dated May 25, 2014 and Loan Agreement for Line of Credit, as modified and extended pursuant to that certain Change in Terms Agreement dated on or about February 25, 2015, in the current principal amount of \$400,000.00; (b) Promissory Note dated on or about March 13, 2013 in the original principal amount of \$81,000.00; (c) Promissory Note dated on or about March 27, 2013 in the original principal amount of \$71,818.36; (d) Promissory Note dated on or about March 27, 2013 in the original principal amount of \$212,625.00; (e) Promissory Note dated on or about April 11, 2013 in the original principal amount of \$14,658.27; (f) Promissory Note dated on or about May 17, 2013, in the original principal amount of \$231,361.82; (g) Promissory Note dated on or about June 7, 2013 in the original principal amount of \$784,000.00; and (h) Promissory Note dated on or about November 29, 2013 in the original principal amount of \$123,782.27.

First Financial Bank holds security interests pursuant to various Security Agreements and Deeds of Trust in the Debtor's accounts, inventory, various vehicles, certain real property located in Tarrant County and Harris County and in cash collateral. The First Financial Bank collateral is cross-collateralized to secure all of the Debtor's indebtedness to First Financial Bank.

As of the Petition Date, the Debtor was additionally indebted to Ciera Bank f/k/a First Security Bank, N.A. ("Ciera") in the approximate amount of \$1,322,006.42 pursuant to (a) a Promissory Note dated October 2, 2013 in the original principal amount of \$847,500 and (b) a Promissory Note dated November 22, 2013 in the original principal amount of \$600,000. As of the Petition Date, the Ciera Notes were secured by certain real property in Denton County pursuant to a Deed of Trust dated November 22, 2013 and recorded on November 25, 2013 as Document Number 2013-140036 in the deed records of Denton County, Texas.

D. Continued Use of Bank's Cash Collateral

Following the Petition Date, the Debtor reached interim and final agreements with First Financial Bank to allow the Debtor to continue to use FFB's cash collateral for business operations in exchange for the Bank's receiving, among other things, a replacement lien in all new cash collateral generated by the Debtor. These cash collateral agreements were approved by the Bankruptcy Court and memorialized by orders entered by the Bankruptcy Court on January 21, 2016 (Docket No. 21), February 12, 2016 (Docket No. 45); March 10, 2016 (Docket No. 79), and May 8, 2017, and have been extended by Stipulations filed on September 26, 2016 (Docket No. 149) and on January 19, 2017 (Docket No. 178).

E. Debtor-in-Possession Financing

The Debtor has not required, sought, or received any debtor-in-possession financing apart from the continued use of FFB's cash collateral.

IV. THE CHAPTER 11 CASE

A. Factors Leading To Chapter 11 Filing

Although there is a reliable demand for recycled cooking oil, the price at which such oil may be sold is influenced by the price of fossil fuels. Market prices for recycled cooking oil reached an all-time high in 2011. Since then, markets have generally been declining. However, in 2015, the market price of recycled cooking oil dropped 40% in response to the drop in crude oil prices. This dramatic decrease caused the Debtor's profit margins and net cash flow to drop just as dramatically, which precipitated the need for this Chapter 11. The Debtor believes that the market has substantially bottomed-out and that the Debtor's profitability will return as it meets the demands of these new lower market prices.

In response to the downturn in the biofuel industry, the Debtor has begun to implement a new business strategy designed to reduce costs, streamline operations and increase profit margins. Prior to the Petition Date, the Debtor closed two of its four processing plants, including the San Antonio plant, due to insufficient volumes and margins. Additionally, the Debtor discontinued oil collection activities outside of the State of Texas due to disproportionately high transportation costs. Concurrent with these downsizing decisions, the Debtor reduced its workforce by 60%, which has allowed the Debtor to return to profitability.

B. Commencement of the Chapter 11 Case

The Debtor filed for bankruptcy protection on January 18, 2016. The bankruptcy case is pending before the United States Bankruptcy Court for the Northern District of Texas. The case number for the bankruptcy case is 16-40261. The bankruptcy case is currently assigned to United States Bankruptcy Judge Mark X. Mullin.

C. The Debtor's Professionals

The Debtor's bankruptcy counsel in the case is Forshey & Prostok, LLP, 777 Main Street, Suite 1290, Fort Worth, Texas 76102. The Debtor's special corporate and litigation counsel is Brackett & Ellis, P.C., 100 Main Street, Fort Worth, Texas 76102. The Debtor additionally retained Hilliard Realtors to serve as real estate broker for the sale of real property in Denton County, Texas, and retained TruckCenter.com-Auctioneers to serve as a liquidating agent for certain vehicles. No other professionals of the Debtor have been retained in this case.

D. Post-Petition Operations and Events

Since the Petition Date, the Debtor has continued to operate its businesses and manage its affairs as a debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. During this period, the Debtor has sought Bankruptcy Court approval for all transactions that were outside the ordinary course of its businesses, including the following:

No.	Date Filed	Title	Docket No.
1	01/18/2016	Debtor's Motion for Entry of an Order Authorizing the Debtor to Pay Prepetition Employee and Independent Contractor Compensation, Benefits and Employment-Related Expenses and Insurance Premiums	4
	01/21/2016	Order authorizing Payment of Prepetition Employee and Independent Contractor Compensation, Benefits, and Employment-Related Expenses and Insurance Premiums and Granting Related Relief	20
2	01/18/2016	Debtor's Motion for Entry of Interim and Final Orders	5

No.	Date Filed	Title	Docket No.
		Authorizing the Use of Cash Collateral and Granting Adequate Protection	
	01/21/2016	Interim Order Granting Debtor's Motion for Entry of Interim and Final Orders Authorizing the Use of Cash Collateral and Granting Adequate Protection	21
	02/12/2016	Agreed Second Interim Order Granting Debtor's Motion for Entry of Interim and Final Orders Authorizing the Use of Cash Collateral and Granting Adequate Protection	45
	03/10/2016	Agreed Final Order Granting Debtor's Motion for Entry of Interim and Final Orders Authorizing the Use of Cash Collateral and Granting Adequate Protection	79
	09/26/2016	Stipulation Regarding Extension of Agreed Final Order Granting Debtor's Motion for Entry of Interim and Final Orders Authorizing the Use of Cash Collateral and Granting Adequate Protection	149
	01/19/2017	Stipulation Regarding Extension of Agreed Final Order Granting Debtor's Motion for Entry of Interim and Final Orders Authorizing the Use of Cash Collateral and Granting Adequate Protection	178
3	02/09/2016	Debtor's Motion for an Order Pursuant to 11 U.S.C. §§ 361 and 363 Authorizing the Use of Cash Collateral to Purchase Fuel Storage and Pump System	34
	02/18/2016	Order Granting Debtor's Motion for an Order Authorizing the Use of Cash Collateral to Purchase Fuel Storage and Pump System	58
4	02/09/2016	Debtor's Motion for Entry of an Order Authorizing (1) the Sale of Certain Vehicles and Equipment Free and Clear of Claims, Encumbrances, Liens, and Interests Pursuant to Section 363(f) of the Bankruptcy Code and (2) Distribution of a Portion of the Sale Proceeds to Secured Creditor	36
	02/18/2016	Order Granting Debtor's Motion for Entry of an Order Authorizing (1) the Sale of Certain Vehicles and Equipment Free and Clear of Claims, Encumbrances, Liens, and Interests Pursuant to Section 363(f) of the Bankruptcy Code and (2) Distribution of a Portion of the Sale Proceeds to Secured Creditor	57
5	03/01/2016	Debtor's Motion for Entry of Order (a) Approving Sale of Real Estate Located at 11695 Airway Blvd., Roanoke, Texas 76262 Free and Clear of All Liens, Encumbrances, Claims and Interests Pursuant to Section 363(f) of the Bankruptcy Code, and (b) Granting Related Relief	64
	03/08/2016	Order Granting Debtor's Motion for Entry of Order (a) Approving Sale of Real Estate Located at 11695 Airway Blvd., Roanoke, Texas 76262 Free and Clear of All	74

No.	Date Filed	Title	Docket No.
		Liens, Encumbrances, Claims and Interests Pursuant to Section 363(f) of the Bankruptcy Code, and (b) Granting Related Relief	
6	06/23/2016	Debtor's Motion for Entry of Order Authorizing Debtor to Enter into Commercial Lease Agreement and Truck Lease Agreement Regarding San Antonio Facility and to Approve Transfer of Related Customer Route List	127
	07/06/2016	Order Granting Debtor's Motion for Entry of Order Authorizing Debtor to Enter into Commercial Lease Agreement and Truck Lease Agreement Regarding San Antonio Facility and to Approve Transfer of Related Customer Route List	136
7	11/16/2016	Debtor's Motion for Entry of Order Authorizing Debtor to Sell Vehicles Free and Clear of Liens Through Liquidation Agent	162
	11/21/2016	Order Granting Debtor's Motion for Entry of Order Authorizing Debtor to Sell Vehicles Free and Clear of Liens Through Liquidation Agent	171
8	12/22/2016	Debtor's Motion for Entry of Order Authorizing Debtor to Enter Into Commercial Lease Agreement	174
	01/23/2017	Order Granting Debtor's Motion for Entry of Order Authorizing Debtor to Enter Into Commercial Lease Agreement	180
9	03/31/2017	Debtor's Motion Pursuant to Fed. R. Bankr. P. 4001(d) for Entry of Order Authorizing Adequate Protection Payments to Ciera Bank	184
	04/19/2017	Order Pursuant to Federal Rule of Bankruptcy Procedure 4001(d) Authorizing Adequate Protection Payments to Ciera Bank	190
10	05/01/2017	Debtor's Motion for Entry of Order Authorizing Sale of San Antonio Facility and Related Equipment and Vehicles Free and Clear of Liens, Claims and Encumbrances	194
	05/08/2017	Order Granting Debtor's Motion for Entry of Order Authorizing Sale of San Antonio Facility and Related Equipment and Vehicles Free and Clear of Liens, Claims and Encumbrances	207
11	05/01/2017	Debtor's Motion to Extend Term of Cash Collateral Order	196
	05/08/2017	Order Granting Debtor's Motion to Extend Term of Cash Collateral Order	208
12	05/01/2017	Debtor's Motion to Reject Service Agreements with Waste Management of Fort Worth, Texas	198

No.	Date Filed	Title	Docket No.
	06/02/2017	Order Granting Debtor's Motion to Reject Service Agreements with Waste Management of Fort Worth, Texas	214

V. LITIGATION INVOLVING THE DEBTOR

As of the Petition Date, the Debtor was a party to the following litigation:

1. *Quest Resource Management Group v. Alliance Processors, Inc.*, Cause No. 017-279708-15 in the 17th Judicial District of Tarrant County, Texas; Collection matter.
2. *Liquid Environmental Solutions of Texas v. Alliance Processors, Inc.*, Cause No. 342-282795-15 in the 342nd Judicial District of Tarrant County, Texas; Collection matter.
3. *Mark Garcia v. Alliance Processors, Inc. and James Rodriguez*, Cause No. 2016CI10318 in the 45th Judicial District Court of Bexar County, Texas; Personal injury matter.
4. *In the Matter of Michael Smith, Complainant v. Alliance Processors, Inc.*, Respondent; Case No. 2016-STA-25; employment dispute.

Other than the personal injury action described above which is payable solely from insurance proceeds, no further litigation is contemplated. The plaintiffs' claims, to the extent Allowed in this Bankruptcy Case, will be paid through the claims allowance process in the Bankruptcy Case.

VI. THE PLAN

THE FOLLOWING IS A SUMMARY OF THE MATTERS CONTEMPLATED TO OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH THE CONSUMMATION OF THE PLAN. THIS SUMMARY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE PLAN AND IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE DESCRIPTION OR A SUBSTITUTE FOR A FULL AND COMPLETE REVIEW OF THE PLAN. THE FOLLOWING SUMMARY IS COMPLETELY QUALIFIED BY THE TERMS OF THE PLAN. IN THE EVENT OF ANY CONFLICT BETWEEN THE FOLLOWING SUMMARY AND THE PLAN, THE PLAN WILL CONTROL.

A. Classification and Treatment Summary

The Plan classifies the various Claims against and Interests in the Debtor. These Classes take into account the different nature and priority of Claims against and Interests in the Debtor. In addition, in accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified for purposes of voting under the Plan. Rather, all such Claims are treated separately as unclassified Claims.

All Classes of Claims and Interests are impaired under the Plan. If a controversy arises as to the classification of any Claim or Interest, or as to whether any Class of Claims or Interests

is impaired under the Plan, the Bankruptcy Court shall determine such controversy as a part of the confirmation process.

1. Unclassified Claims Against the Debtor

Unclassified Claims against the Debtor consist of Administrative Expense Claims and Priority Tax Claims. An Administrative Expense Claim is a Claim based on any cost or expense of administration of this Bankruptcy Case allowed under subsections 503(b) and 507(a)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the Estate of the Debtor, any actual and necessary expenses of operating the businesses of the Debtor, any indebtedness or obligations incurred or assumed by the Debtor, as a debtor in possession, during this Bankruptcy Case including, without limitation, for the acquisition or lease of property or an interest in property or the rendition of services, all compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under section 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the Estate of the Debtor under section 1930 of title 28 of the United States Code.

Administrative Expense Claims include both ordinary post-petition expenses and Claims attributable to Estate Professionals. Claims incurred in the ordinary course of the Debtor's affairs or business will be paid in the ordinary course of business. Fees and expenses owed to Estate Professionals are payable upon the Allowance of an appropriate fee application.

a. Treatment of Administrative Expense Claims

The Reorganized Debtor shall pay, in accordance with the ordinary business terms applicable to each such expense or cost, the reasonable and ordinary expenses incurred in operating the Debtor's business or administering the Estate before the Effective Date ("Ordinary Course Claims"). The remaining provisions of this section shall not apply to the Ordinary Course Claims, except that if there is a dispute relating to any such Ordinary Course Claim, the Reorganized Debtor may move the Bankruptcy Court to apply the provisions of Article IX of the Plan relating to Contested Claims and require the holder of the Contested Ordinary Course Claim to assert such Claim through this Bankruptcy Case.

Each holder of an Allowed Administrative Expense (other than Ordinary Course Claims and Administrative Expense Claims by Estate Professionals), shall receive (i) the amount of such holder's Allowed Administrative Expense in one Cash payment on the later of the Effective Date or the tenth (10th) Business Day after such Administrative Expense becomes an Allowed Administrative Expense, or (ii) such other treatment as may be agreed to in writing by such Administrative Expense Creditor and the Reorganized Debtor, or as otherwise ordered by the Bankruptcy Court.

Unless the Bankruptcy Court orders to the contrary or the Reorganized Debtor agrees to the contrary in writing, the holder of a Claim for an Administrative Expense, other than such a Claim by an Estate Professional, an Ordinary Course Claim, or an Administrative Expense which is already Allowed, shall file with the Bankruptcy Court and serve upon the Reorganized Debtor and its counsel a written notice of such Claim for an Administrative Expense within thirty (30) days after the Effective Date. This deadline is the Administrative Bar Date. Such notice shall include at a minimum: (i) the name, address, telephone number and fax number (if applicable) or email address of the holder of such Claim, (ii) the amount of such Claim, and (iii) the basis of such Claim. Failure to timely and properly file and serve such notice by or on the Administrative Bar Date shall result in such Claim for an Administrative Expense being forever barred from receiving

any Distribution.

A Claim for an Administrative Expense, for which a proper notice was filed and served under subsection 3.1(c) of the Plan, shall become an Allowed Administrative Expense if no Objection is filed within thirty (30) days of the filing and service of such notice. If a timely Objection is filed, the Claim shall become an Allowed Administrative Expense only to the extent allowed by a Final Order.

The procedures contained in subsections above shall not apply to Administrative Expense Claims asserted by Estate Professionals, who shall each file and submit an appropriate final fee application to the Bankruptcy Court no later than sixty (60) days after the Effective Date. A Claim for an Administrative Expense by an Estate Professional in respect of which a final fee application has been properly filed and served shall become an Allowed Administrative Expense only to the extent allowed by Final Order and, if so Allowed, shall be paid in accordance with subsection 3.1(b) of the Plan. Professional fees and expenses to any Estate Professional incurred on or after the Effective Date may be paid by the Reorganized Debtor without necessity of application to or order by the Bankruptcy Court.

If the Reorganized Debtor asserts any Estate Claims as counterclaims or defenses to a Claim for an Administrative Expense, the Administrative Expense Claim shall be determined through an adversary proceeding before the Bankruptcy Court. The Bankruptcy Court shall have exclusive jurisdiction to adjudicate and Allow all Claims for any Administrative Expense.

THE FAILURE TO TIMELY FILE THE REQUIRED NOTICE OF ADMINISTRATIVE EXPENSE CLAIM AND THE FAILURE TO SERVE SUCH NOTICE TIMELY AND PROPERLY SHALL RESULT IN THE ADMINISTRATIVE EXPENSE CLAIM BEING FOREVER BARRED, DISALLOWED AND DISCHARGED WITHOUT FURTHER ORDER OF THE BANKRUPTCY COURT.

b. Treatment of Priority Claims

Each holder of an Allowed Priority Tax Claim shall receive, at the Debtor's option, (a) the amount of such holder's Allowed Claim in one Cash payment on the Distribution Date; (b) the amount of such holder's Allowed Claim, in substantially equal annual Cash payments on each anniversary of the Distribution Date with interest thereon at the non-default statutory rate applicable to the tax in question, without penalties, until the last anniversary of the Distribution Date that precedes January 18, 2021; or (c) such other treatment as may be agreed to in writing by the holder of the Priority Tax Claim and the Debtor.

2. Classified Claims and Interests

Classified Claims and Interests shall receive the treatment as described in Article IV of the Plan, which treatment is summarized in the table set forth in section I.B of this Disclosure Statement above.

B. Acceptance or Rejection of the Plan

Each impaired Class of Claims entitled to vote shall separately vote to accept or reject the Plan. Any unimpaired Class shall not be entitled to vote to accept or reject the Plan. Any unimpaired Class is deemed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3)

in amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have voted on the Plan. Any Class of Claims that is not occupied as of the date of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code. Section 5.4 of the Plan shall constitute the request by the Plan proponent, pursuant to section 1129(b) of the Bankruptcy Code, for the Bankruptcy Court to confirm the Plan notwithstanding the fact that the requirements of section 1129(a)(8) of the Bankruptcy Code have not been met.

C. Means of Implementation of the Plan

1. Transfer of Assets.

As of the Effective Date, all Assets shall be vested in the Reorganized Debtor. The Assets shall be vested in the Reorganized Debtor free and clear of all Liens, Claims, rights, Interests and charges, except as expressly provided in the Plan.

2. Assumption of Obligation to Make Distributions.

The Reorganized Debtor shall be deemed to have assumed the obligation to make all Distributions pursuant to the Plan, including the obligation to make all Distributions on account of Allowed Claims.

3. Actions by the Debtor and the Reorganized Debtor to Implement Plan.

The entry of the Confirmation Order shall constitute all necessary authorization for the Debtor and the Reorganized Debtor to take or cause to be taken all actions necessary or appropriate to consummate, implement or perform all provisions of the Plan on and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation.

4. Continued Existence of the Debtor.

The Debtor shall continue to exist, as a Reorganized Debtor, after the Effective Date, with all powers available to such legal entity, in accordance with applicable law and pursuant to its constituent documents. Upon the Effective Date, the Reorganized Debtor may, within its sole and exclusive discretion, take such action as permitted by applicable law and its constituent documents as it determines is reasonable and appropriate.

5. Management of the Reorganized Debtor.

From and after the Effective Date, the Reorganized Debtor shall be managed in accordance with applicable law. The Reorganized Debtor shall initially be managed by Harvey Earles, who currently serves as the Debtor's President and CEO.

6. Source of Funding for Operations and Plan Obligations.

The obligations under the Plan shall be funded by operation of the Reorganized Debtor's business and the sale of certain Assets as provided therein.

7. Injunction.

Upon confirmation of the Plan, the holders of any and all Claims against the Debtor for which the Debtor's principal, Harvey Earles, may be jointly liable, whether pursuant to a guaranty agreement or otherwise, shall be restrained and enjoined from pursuing any action to collect any such Claim from Mr. Earles or his assets, including, without limitation, on account of any such Claim: (a) the commencement of any judicial, administrative, or other action or proceeding against Mr. Earles; (b) any act to obtain possession of Mr. Earles' property; and (c) any act to create, perfect, or enforce any lien against Mr. Earles' property; provided, however, that if an Event of Default occurs with respect to a particular Creditor's Claim as provided herein (and is not cured as provided herein), such Creditor (and only such Creditor) may petition the Bankruptcy Court for appropriate relief, including the modification or dissolution of this injunction as to such Creditor.

The Debtor has proposed this temporary injunction so that the Debtor's principal may focus his efforts on rehabilitating the Debtor and paying claims under the Plan. The injunction is meant to be temporary while payments are made to affected creditors as provided in the Plan.

8. Post-Effective Date Service List.

Pleadings filed by any party-in-interest with the Bankruptcy Court after the Effective Date shall be served on the following Persons (collectively the "Service List"): (i) any Person directly affected by the relief sought in the pleading, (ii) the U.S. Trustee, (iii) parties which have filed a Notice of Appearance in this Bankruptcy Case, and (iv) the Reorganized Debtor through legal counsel.

9. Section 505 Powers.

All rights and powers pursuant to section 505 of the Bankruptcy Code are hereby reserved to the Estate and shall be transferred to, and vested in, the Reorganized Debtor as of the Effective Date.

10. Section 510(c) Powers.

All rights and powers to seek or exercise any right or remedy of equitable subordination or are hereby reserved to the Estate and shall be transferred to, and vested in, the Reorganized Debtor as of the Effective Date as an Estate Defense.

11. Section 506(c) Powers.

The Estate hereby reserves all rights and powers pursuant to section 506(c) of the Bankruptcy Code, and all such rights shall be specifically transferred to, and vested in, the Reorganized Debtor.

12. Plan Injunction.

The Reorganized Debtor shall have full power, standing an authority to enforce the Plan Injunction against any Person, either through an action before the Bankruptcy Court or any other tribunal having appropriate jurisdiction.

D. Provisions Governing Distribution

1. Distributions.

All Distributions to be made under the Plan shall be made by the Reorganized Debtor in the manner provided in the Plan and the Confirmation Order.

2. Timing and Amount of Distributions.

No Distribution shall be made on account of any Claim until such Claim is Allowed, except as otherwise set forth in the Plan or otherwise ordered by the Bankruptcy Court. No Distribution shall be made on account of any Contested Claim until such Claim is Allowed. Except as expressly set forth in the Plan or in the Confirmation Order, the Reorganized Debtor shall, in the exercise of its good faith business judgment, determine the timing and amount of all Distributions which are required to be made under the Plan, consistent with the goal of making such Distributions as expeditiously as reasonably possible. The Reorganized Debtor may, but shall not be required to, seek approval of, or any other appropriate relief from, the Bankruptcy Court with respect to any of such Distributions. Any Unclaimed Property may be paid into the registry of the Bankruptcy Court or otherwise distributed in accordance with the orders of the Bankruptcy Court.

3. Means of Cash Payment.

Cash payments pursuant to the Plan shall be made by check drawn on, or by wire transfer from, a domestic bank, or by other means agreed to by the payor and payee.

4. Record Date for Distributions.

As of the close of business on the Effective Date (the "Distribution Record Date"), the register for Claims and Interests will be closed, and there shall be no further changes in the holder of record of any Claim or Interest. Although there is no prohibition against the transfer of any Claim by any Creditor, the Reorganized Debtor shall have no obligation to recognize any transfer of any Claims or Interests occurring after the Distribution Record Date, and the Reorganized Debtor shall instead be authorized and entitled to recognize and deal for all purposes under the Plan, including for the purpose of making all Distributions, with only those holders of Claims so reflected as of the Distribution Record Date. However, the Reorganized Debtor may, in the exercise of its good faith business judgment, agree to recognize transfers of Claims after the Distribution Record Date, but shall have no obligation to do so.

5. Delivery of Distributions.

All Distributions, deliveries and payments to the holders of any Allowed Claims shall be made to the addresses set forth on the respective proofs of Claim filed in this Bankruptcy Case by such Claimants or, if the Distribution is to be made based on a Claim reflected as Allowed in the Schedules, at the address reflected in the Schedules. Any such Distribution, delivery or payment shall be deemed as made for all purposes relating to the Plan when deposited in the United States Mail, postage prepaid, addressed as required in the preceding sentence. If any Distribution is returned as undeliverable, no further Distribution shall be made on account of such Allowed Claim unless and until the Reorganized Debtor is notified of such holder's then current address, at which time all missed Distributions shall be made to the holder of such Allowed Claim. However, all notices to the Reorganized Debtor reflecting new or updated addresses for undeliverable Distributions shall be made on or before one hundred twenty (120) days after the date of the attempted Distribution or such longer period as the Reorganized Debtor may fix in the

exercise of its sole discretion. After such date, all Unclaimed Property shall revert to the Reorganized Debtor and the Claim of any holder with respect to such property shall be discharged and forever barred.

6. W-9 Forms.

W-9 forms must be provided to the Reorganized Debtor within thirty (30) days of a request made by the Reorganized Debtor. If no W-9 form is provided within thirty (30) days of such request, the Claim of such person or entity shall be discharged and forever barred.

7. Time Bar to Cash Payments.

Checks issued in respect of Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Reorganized Debtor by the holder of the Allowed Claim with respect to which such check originally was issued. Any Claim in respect of such a voided check shall be made on or before one hundred twenty (120) days after the date of issuance of such check or such longer period as the Reorganized Debtor may fix. After such date, all Claims in respect of void checks shall be discharged and forever barred.

8. Cure Period.

Except as otherwise set forth herein, the failure by the Reorganized Debtor to timely perform any term, provision or covenant contained in the Plan, or to make any payment or Distribution required by the Plan to any Creditor, or the failure to make any payment or perform any covenant on any note, instrument or document issued pursuant to the Plan, shall not constitute an event of default unless and until the Reorganized Debtor has been given thirty (30) days written notice of such alleged default in the manner provided in the Plan, and provided an opportunity to cure such alleged default. Until the expiration of such thirty (30) day cure period, the Reorganized Debtor shall not be in default, and performance during such thirty (30) day cure period shall be deemed as timely for all purposes. Such written notice and passage of the thirty (30) day cure period shall constitute conditions precedent to declaring or claiming any default under the Plan or bringing any action or legal proceeding by any Person to enforce any right granted under the Plan.

9. Distributions after Substantial Consummation.

All Distributions of any kind made to any Creditor after Substantial Consummation and any and all other actions taken under the Plan after Substantial Consummation shall not be subject to relief, reversal or modification by any court unless the implementation of the Confirmation Order is stayed by an order granted under Bankruptcy Rule 8005.

E. Retention of Estate Claims and Estate Defenses

1. Retention of Estate Claims.

Except as otherwise specifically provided in the Plan, pursuant to section 1123(b)(3) of the Bankruptcy Code, all Estate Claims shall be transferred to, and vested in, the Reorganized Debtor, both for purposes of seeking an affirmative recovery against any Person and as an offset or defense against any Claim asserted against the Estate or Reorganized Debtor. Without limiting the generality of the foregoing, all applicable legal privileges of the Debtor or Estate, including

both the attorney-client privilege and the work product privilege, shall be vested in the Reorganized Debtor which shall be clothed with the sole and exclusive standing and authority to assert any such privilege on behalf of the Debtor, Estate or Reorganized Debtor. All Estate Claims shall be deemed to have been transferred to, and vested in, the Reorganized Debtor as of the Effective Date based on the entry of the Confirmation Order.

Without limiting the effectiveness or generality of the foregoing reservation, out of an abundance of caution, the Debtor and the Estate hereby specifically reserve and retain the Retained Causes of Action, to be filed as a Plan Supplement. Reference is here made to the Plan Supplement, which constitutes an integral part of the Plan. The provisions of this Article of the Plan, as well as the descriptions and disclosures relating to the Estate Claims in the Disclosure Statement, are provided in the interest of providing maximum disclosure of the Estate Claims of which Debtor is presently aware, and shall not act as a limitation on the potential Estate Claims that may exist. It is the specific intention of the Plan that all Avoidance Actions and all associated remedies, and any other causes of action, whether arising before or after the Petition Date, and whether arising under the Bankruptcy Code or applicable state or federal non-bankruptcy laws shall all be retained and preserved under the Plan to be transitioned to, and vested in the Reorganized Debtor. All Estate Claims are retained both as causes of action for an affirmative recovery and as counterclaims and offset to any Claims asserted against the Estate.

2. Retention of Estate Defenses.

Except as otherwise specifically provided in the Plan, pursuant to section 1123(b)(3) of the Bankruptcy Code, all Estate Defenses shall be transferred to, and vested in, the Reorganized Debtor. For this purpose, all Estate Defenses are hereby reserved and retained by the Debtor and the Estate, including without limitation all such Estate Defenses available to the Estate pursuant to section 558 of the Bankruptcy Code. All Estate Claims shall be deemed as transferred to, and vested in, the Reorganized Debtor as of the Effective Date based on the entry of the Confirmation Order.

3. Assertion of Estate Claims and Estate Defenses.

The Reorganized Debtor shall have, and be vested with, the exclusive right, authority and standing to assert all Estate Claims and Estate Defenses for the benefit of the Reorganized Debtor.

F. Procedures for Resolving and Treating Contested Claims

1. Claims Listed in Schedules as Disputed.

Any Claim which is listed in the Schedules as unliquidated, contingent or disputed, and for which no proof of Claim has been timely filed, shall be considered as Disallowed as of the Effective Date without the necessity of any further action by the Reorganized Debtor or further order of the Bankruptcy Court other than the entry of the Confirmation Order.

2. Responsibility for Objecting to Claims and Settlement of Claims.

The Reorganized Debtor shall have the exclusive standing and authority to either object to or settle and compromise any Objection to any Claim, including as follows:

- (d) From and after the Effective Date, the Reorganized Debtor shall have the sole and

exclusive right to (i) file, settle, or litigate to Final Order any Objections to any Claims; and (ii) seek to subordinate any Claim. Any Contested Claim may be litigated to Final Order by the Reorganized Debtor; and

(e) From and after the Effective Date, the Reorganized Debtor shall have the sole and exclusive right to settle, compromise or otherwise resolve any Contested Claim without the necessity of any further notice or approval of the Bankruptcy Court. Bankruptcy Rule 9019 shall not apply to any settlement or compromise of a Contested Claim after the Effective Date.

3. Objection Deadline.

All Objections to Claims shall be served and filed by the Objection Deadline; provided, however, the Objection Deadline shall not apply to Claims which are not reflected in the claims register, including any alleged informal proofs of Claim. The Reorganized Debtor may seek to extend the Objection Deadline pursuant to a motion filed on or before the then applicable Objection Deadline with respect to any Claim. Any such motion may be granted without notice or a hearing. In the event that the Reorganized Debtor files such a motion and the Bankruptcy Court denies such motion, the Objection Deadline shall nevertheless be automatically extended to that date which is ten (10) Business Days after the date of entry of the Bankruptcy Court's order denying such motion. Any proof of Claim other than one based upon a Rejection Claim and which is filed more than thirty (30) days after the Effective Date shall be of no force and effect and need not be objected to by the Reorganized Debtor. Nothing contained herein shall limit the right of the Reorganized Debtor to object to Claims, if any, filed or amended after the Objection Deadline.

4. Response to Claim Objection.

If the Reorganized Debtor files an Objection to any Claim, then the holder of such Claim shall file a written response to such Objection within twenty-four (24) days after the filing and service of the Objection upon the holder of the Contested Claim. Each such Objection shall contain appropriate negative notice advising the Creditor whose Claim is subject to the Objection of the requirement and time period to file a response to such Objection and that, if no response is timely filed to the Objection, the Bankruptcy Court may enter an order that such Claim is Disallowed without further notice or hearing.

5. Distributions on Account of Contested Claims.

If a Claim is Contested, then the dates for any Distributions as to such Contested Claim shall be determined based upon its date of Allowance, and thereafter Distribution shall be made on account of such Allowed Claim pursuant to the provisions of the Plan. No Distribution shall be made on account of a Contested Claim until Allowed. Until such time as a contingent Claim becomes fixed and absolute by a Final Order Allowing such Claim, such Claim shall be treated as a Contested Claim for purposes of estimates, allocations, and Distributions under the Plan. Any contingent right to contribution or reimbursement shall continue to be subject to section 502(e) of the Bankruptcy Code.

6. No Waiver of Right to Object.

Except as expressly provided in the Plan, nothing contained in the Disclosure Statement, the Plan or the Confirmation Order shall waive, relinquish, release or impair the Reorganized Debtor's right to object to any Claim.

7. Offsets and Defenses.

The Reorganized Debtor shall be vested with and retain all Estate Claims and Estate Defenses, including without limitation all rights of offset or recoupment and all counterclaims against any Claimant holding a Claim. Assertion of counterclaims by the Reorganized Debtor against any Claim asserted against the Estate or Reorganized Debtor shall constitute “core” proceedings.

8. Claims Paid or Reduced Prior to Effective Date.

Notwithstanding the contents of the Schedules, Claims listed therein as undisputed, liquidated and not contingent shall be reduced by the amount, if any, that was paid by the Debtor prior to the Effective Date, including pursuant to orders of the Bankruptcy Court. To the extent such payments are not reflected in the Schedules, such Schedules will be deemed amended and reduced to reflect that such payments were made. Nothing in the Plan shall preclude the Reorganized Debtor from paying Claims that the Debtor was authorized to pay pursuant to any Final Order entered by the Bankruptcy Court prior to the Confirmation Date.

G. Executory Contracts and Unexpired Leases

1. Assumption and Rejection of Executory Contracts.

The Plan shall constitute a motion to reject all Executory Contracts except as expressly set forth in this section. All Executory Contracts shall be deemed as rejected by the Debtor upon the Effective Date, unless an Executory Contract (a) is identified on the Schedule of Assumed Executory Contracts to be included in a Plan Supplement, (b) has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (c) is identified in the Plan or the Confirmation Order to be assumed, or (d) is the subject of a motion to assume filed on or before the Confirmation Date. The Debtor may file a motion for the assumption or rejection of any Executory Contract at any time through the Effective Date and such motion shall be determined by the Bankruptcy Court thereafter.

2. Cure Claim Payments.

To the best of the Debtor’s knowledge, there are no Cure Claims. However, to the extent any Cure Claims exist, they shall be treated as provided in this section. Unless the holder of a Cure Claim and the Debtor or Reorganized Debtor agree in writing to other treatment of such holder’s Cure Claim, or other treatment of such holder’s Cure Claim is otherwise provided for under the Plan, any cure payment which may be required by section 365(b)(1) of the Bankruptcy Code under an Executory Contract that is assumed under the Plan shall be made by the Reorganized Debtor on the Initial Distribution Date. Notwithstanding the foregoing, in the event of a dispute regarding the amount of any Cure Claim, the cure of any other defaults, the provision of adequate assurance of future performance, or any other matter pertaining to assumption, the Reorganized Debtor shall make such cure payments and cure such other defaults and provide adequate assurance of future performance, all as may be required by section 365(b)(1) of the Bankruptcy Code, following the entry of a Final Order by the Bankruptcy Court resolving such dispute.

3. Bar to Rejection Claims.

Except as otherwise ordered by the Bankruptcy Court, any Rejection Claim based on the rejection of an Executory Contract shall be forever barred and shall not be enforceable against the Reorganized Debtor or the Assets unless a proof of Claim is filed with the Bankruptcy Court and served upon the Debtor and its bankruptcy counsel, or the Reorganized Debtor and its counsel, as the case may be, by the earlier of thirty (30) days after the Effective Date or thirty (30) days after entry of the Final Order approving rejection of such Executory Contract.

4. Rejection Claims.

Any Rejection Claim not barred by section 10.3 above shall be classified as a Class 5 Claim subject to the provisions of sections 502(b)(6) and 502(g) of the Bankruptcy Code; provided, however, that any Rejection Claim based upon the rejection of an unexpired lease of real property, either prior to the Confirmation Date, upon the entry of the Confirmation Order, or upon the Effective Date, shall be limited in accordance with section 502(b)(6) of the Bankruptcy Code and state law mitigation requirements. All Rejection Claims shall be deemed as Contested Claims until Allowed. Nothing contained herein shall be deemed as an admission by the Debtor or the Reorganized Debtor that the rejection of any Executory Contract gives rise to or results in a Rejection Claim or shall be deemed as a waiver by the Reorganized Debtor of any objections or defenses to any such Rejection Claim if asserted.

5. Reservation of Rights.

Nothing contained in the Plan shall constitute an admission by the Debtor that any contract or lease is in fact an Executory Contract or that the Debtor or Estate 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 Reorganized Debtor shall have thirty (30) days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease.

H. Conditions Precedent to Confirmation and Effectiveness of Plan

1. Conditions to Confirmation and Effectiveness of Plan.

The Plan shall not become effective until the following conditions shall have been satisfied and which may occur concurrently with the Effective Date: (a) the Confirmation Order shall have been entered, in form and substance acceptable to the Debtor; (b) the necessary Plan Documents have been executed and delivered, and (c) all other conditions specified by the Debtor have been satisfied.

2. Notice of the Effective Date.

On the Effective Date, the Reorganized Debtor shall cause to be filed with the Court, and served on all Creditors and parties-in-interests, a notice of the Effective Date.

I. Effect of the Confirmation of the Plan

1. Compromise and Settlement.

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the classification, potential Distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests and controversies subject to, or dealt with, under the Plan, including, without

limitation, all Claims against the Debtor or Estate arising prior to the Effective Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, fixed or contingent, arising out of, relating to or in connection with the business or affairs of, or transactions with, the Debtor or the Estate. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements embodied in the Plan, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interest of the Debtor, the Debtor's bankruptcy Estate, Creditors and other parties-in-interest, and are fair, equitable and within the range of reasonableness. The rights afforded in the Plan and the treatment of all Claims and Interests herein shall be in exchange for, and in complete satisfaction and release of, all Claims and Interests of any nature whatsoever against and in the Debtor, the Estate, and the Assets. Except as otherwise provided herein, all Persons shall be precluded and forever barred by the Plan Injunction from asserting against the Debtor and its affiliates, successors, assigns, the Estate or the Assets or Reorganized Debtor any event, occurrence, condition, thing, or other or further Claims or causes of action based upon any act, omission, transaction, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date, whether or not the facts of or legal bases therefore were known or existed prior to the Effective Date.

2. Discharge.

The terms, covenants and consideration under the Plan shall be in exchange for, and in complete satisfaction, discharge, and release of, all Claims of any nature whatsoever against the Debtor, the Reorganized Debtor and the Assets. Except as otherwise expressly provided herein, upon the Effective Date, the Debtor and the Reorganized Debtor, and their successors in interest and assigns, shall be deemed discharged and released pursuant to section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not (a) a proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; (b) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code; (c) the holder of a Claim based upon such debt has accepted the Plan; or (d) the Claim has been Allowed, Disallowed, or estimated pursuant to section 502(c) of the Bankruptcy Code. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtor and the Reorganized Debtor, and their successors in interest and assigns, other than those obligations specifically set forth pursuant to the Plan.

3. PLAN INJUNCTION.

THIS SECTION IS REFERRED TO HEREIN AS THE "PLAN INJUNCTION." EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, AS OF THE EFFECTIVE DATE ALL HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTOR, THE ESTATE OR ANY OF THE ASSETS THAT AROSE PRIOR TO THE EFFECTIVE DATE ARE HEREBY PERMANENTLY ENJOINED AND PROHIBITED FROM THE FOLLOWING: (i) THE COMMENCING OR CONTINUATION IN ANY MANNER, DIRECTLY OR INDIRECTLY, OF ANY ACTION, CASE, LAWSUIT OR OTHER PROCEEDING OF ANY TYPE OR NATURE AGAINST THE DEBTOR, REORGANIZED DEBTOR OR THE ESTATE, WITH RESPECT TO ANY SUCH CLAIM OR INTEREST ARISING OR ACCRUING BEFORE THE EFFECTIVE DATE, INCLUDING WITHOUT LIMITATION THE ENTRY OR ENFORCEMENT OF ANY JUDGMENT, OR ANY OTHER ACT FOR THE COLLECTION, EITHER DIRECTLY OR INDIRECTLY, OF ANY CLAIM OR INTEREST AGAINST THE ESTATE, THE DEBTOR OR THE REORGANIZED DEBTOR; (ii) THE CREATION, PERFECTION OR ENFORCEMENT OF ANY LIEN, SECURITY

INTEREST, ENCUMBRANCE, RIGHT OR BURDEN, EITHER DIRECTLY OR INDIRECTLY, AGAINST THE DEBTOR, OR REORGANIZED DEBTOR, OR (iii) TAKING ANY ACTION IN RELATION TO THE DEBTOR, ESTATE, OR REORGANIZED DEBTOR, EITHER DIRECTLY OR INDIRECTLY, WHICH VIOLATES OR DOES NOT CONFORM OR COMPLY WITH THE PROVISIONS OF THE PLAN APPLICABLE TO SUCH CLAIM OR INTEREST. THE PLAN INJUNCTION SHALL ALSO BE INCORPORATED INTO THE CONFIRMATION ORDER.

4. Setoffs.

Except as otherwise expressly provided for in the Plan, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable nonbankruptcy law, or as may be agreed to by the holder of a Claim, the Reorganized Debtor may setoff against any Allowed Claim and the Distributions to be made pursuant to the Plan on account of such Allowed Claim (before such Distribution is made), any Claims, rights, Estate Claims and Estate Defenses of any nature that the Debtor may hold against the holder of such Allowed Claim, to the extent such Claims, rights, Estate Claims and Estate Defenses against such holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim or Interest pursuant to the Plan shall constitute a waiver or release of any such Claims, rights, Estate Claims and Estate Defenses that the Estate may possess against such Claimant. In no event shall any Claimant or Interest holder be entitled to setoff any Claim or Interest against any Claim, right, or Estate Claim of the Debtor without the consent of the Debtor or the Reorganized Debtor unless such holder files a motion with the Bankruptcy Court requesting the authority to perform such setoff notwithstanding any indication in any proof of Claim or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise.

5. Recoupment.

Except as otherwise expressly provided for in the Plan, in no event shall any holder of Claims or Interests be entitled to recoup any Claim or Interest against any Claim, right, account receivable, or Estate Claim of the Debtor or the Reorganized Debtor unless (a) such holder actually provides notice thereof in writing to the Debtor or the Reorganized Debtor of its intent to perform a recoupment; (b) such notice includes the amount to be recouped by the holder of the Claim or Interest and a specific description of the basis for the recoupment, and (c) the Debtor or the Reorganized Debtor has provided a written response to such Claim or Interest holder, stating unequivocally that the Debtor or the Reorganized Debtor consents to the requested recoupment. The Debtor and the Reorganized Debtor shall have the right, but not the obligation, to seek an order of the Bankruptcy Court allowing any or all of the proposed recoupment. In the absence of a written response from the Debtor or the Reorganized Debtor consenting to a recoupment or an order of the Bankruptcy Court authorizing a recoupment, no recoupment by the holder of a Claim or Interest shall be allowed.

6. Turnover.

On the Effective Date, any rights of the Estate to compel turnover of Assets under applicable nonbankruptcy law and pursuant to section 542 or 543 of the Bankruptcy Code shall be deemed transferred to and vested in the Reorganized Debtor.

7. Automatic Stay.

The automatic stay pursuant to section 362 of the Bankruptcy Code, except as previously modified by the Bankruptcy Court, shall remain in effect until the Effective Date of the Plan as to the Debtor, the Estate and all Assets. As of the Effective Date, the automatic stay shall be replaced by the Plan Injunction.

J. Jurisdiction of Courts and Modifications to the Plan

1. Retention of Jurisdiction.

Pursuant to sections 1334 and 157 of title 28 of the United States Code, the Bankruptcy Court shall retain exclusive jurisdiction of all matters arising in, arising under, and related to this Bankruptcy Case and the Plan, to the full extent allowed or permitted by applicable law, including without limitation for the purposes of invoking sections 105(a) and 1142 of the Bankruptcy Code, and for, among other things, the following purposes:

(a) To hear and determine any and all objections to, or applications or motions concerning, the allowance of Claims or the allowance, classification, priority, compromise, estimation, or payment of any Administrative Expense;

(b) To hear and determine any and all applications for payment of fees and expenses pursuant to the Plan to any Estate Professional pursuant to sections 330 or 503 of the Bankruptcy Code, or for payment of any other fees or expenses authorized to be paid or reimbursed under the Plan, and any and all objections thereto;

(c) To hear and determine pending applications for the rejection, assumption, or assumption and assignment of Executory Contracts and the allowance of Claims resulting therefrom, and to determine the rights of any party in respect to the assumption or rejection of any Executory Contract;

(d) To hear and determine any and all adversary proceedings, applications, or contested matters, including relating to the allowance of any Claim;

(e) To hear and determine all controversies, disputes, and suits which may arise in connection with the execution, interpretation, implementation, consummation, or enforcement of the Plan in connection with the enforcement of any remedies made available under the Plan, including without limitation, (i) adjudication of all rights, interests or disputes relating to any of the Assets, (ii) the valuation of all Collateral, (iii) the determination of the validity of any Lien or claimed right of offset; and (iv) determinations of Objections to Contested Claims;

(f) To liquidate and administer any disputed, contingent, or unliquidated Claims, including the Allowance of all Contested Claims;

(g) To administer Distributions to holders of Allowed Claims as provided herein or in the Confirmation Order;

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

(i) To consider any modification of the Plan pursuant to section 1127 of the Bankruptcy Code, to cure any defect or omission, or reconcile any inconsistency in any

order of the Bankruptcy Court, including, without limitation the Confirmation Order;

(j) To enforce the Plan Injunction against any Person;

(k) To enter and implement all such orders as may be necessary or appropriate to execute, interpret, construe, implement, consummate, or enforce the terms and conditions of the Plan or the Confirmation Order and the transactions required or contemplated pursuant thereto;

(l) To hear and determine any motion or application which the Reorganized Debtor is required or allowed to commence before the Bankruptcy Court pursuant to the Plan or the Confirmation Order;

(m) To hear and determine any other matter not inconsistent with the Bankruptcy Code and title 28 of the United States Code that may arise in connection with or related to the Plan;

(n) To determine proceedings pursuant to section 505 of the Bankruptcy Code;

(o) To enter a Final Decree closing this Bankruptcy Case; and

(p) To determine any other matter or dispute relating to the Estate or the Assets and the Distribution thereof.

2. Abstention and Other Courts.

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of or relating to this Bankruptcy Case, this Article of the Plan shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

3. Non-Material Modifications.

The Reorganized Debtor may, with the approval of the Bankruptcy Court and without notice to all holders of Claims and Interests, correct any defect, omission, or inconsistency in the Plan in such manner and to such extent as may be necessary or desirable. The Reorganized Debtor may undertake such nonmaterial modification pursuant to this section insofar as it does not adversely change the treatment of the Claim of any Creditor or the Interest of any Interest holder who has not accepted in writing the modification.

4. Material Modifications.

Modifications of the Plan may be proposed in writing by the Debtor at any time before confirmation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with section 1125 of the Bankruptcy Code. The Plan may be modified at any time after confirmation and before its Substantial Consummation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modification. A holder of a Claim or Interest that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, such Plan

as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection.

K. Miscellaneous Provisions

1. Severability.

Should the Bankruptcy Court determine any provision of the Plan is unenforceable either on its face or as applied to any Claim or Interest or transaction, the Reorganized Debtor may modify the Plan so that any such provision shall not be applicable to the holder of any Claim or Interest. Such a determination of unenforceability shall not (a) limit or affect the enforceability and operative effect of any other provision of the Plan or (b) require the resolicitation of any acceptance or rejection of the Plan.

2. Oral Agreements; Modification of Plan; Oral Representations or Inducements.

The terms of the Plan, Disclosure Statement and Confirmation Order may only be amended in writing and may not be changed, contradicted or varied by any oral statement, agreement, warranty or representation. Neither the Debtor nor its attorneys have made any representation, warranty, promise or inducement relating to the Plan or its confirmation except as expressly set forth in the Plan, the Disclosure Statement, or the Confirmation Order or other order of the Bankruptcy Court.

3. Waiver.

The Reorganized Debtor shall not be deemed to have waived any right, power or privilege unless the waiver is in writing and signed by the Reorganized Debtor. There shall be no waiver by implication, course of conduct or dealing, or through any delay or inaction by the Reorganized Debtor, of any right pursuant to the Plan, including the provisions of this anti-waiver section. The waiver of any right under the Plan shall not act as a waiver of any other or subsequent right, power or privilege.

4. Notice.

Any notice or communication required or permitted by the Plan shall be given, made or sent as follows:

(a) If to a Creditor, notice may be given as follows: (i) if the Creditor has filed no proof of Claim, then to the address reflected in the Schedules, or (ii) if the Creditor has filed a proof of Claim, then to the address reflected in the proof of Claim.

(b) If to the Reorganized Debtor, notice shall be sent to the Reorganized Debtor and counsel of record for the Reorganized Debtor.

(c) Any Creditor desiring to change its address for the purpose of notice may do so by giving notice to the Reorganized Debtor of its new address in accordance with the terms of this section.

(d) Any notice given, made or sent as set forth above shall be effective upon being (i) deposited in the United States Mail, postage prepaid, addressed to the addressee

at the address as set forth above; (ii) delivered by hand or messenger to the addressee at the address set forth above; (iii) telecopied to the addressee as set forth above, with a hard confirmation copy being immediately sent through the United States Mail; or (iv) delivered for transmission to an expedited or overnight delivery service such as FedEx.

5. Compliance with All Applicable Laws.

If notified by any governmental authority that it is in violation of any applicable law, rule, regulation, or order of such governmental authority relating to its business, the Reorganized Debtor shall comply with such law, rule, regulation, or order; provided, however, that nothing contained herein shall require such compliance if the legality or applicability of any such requirement is being contested in good faith in appropriate proceedings.

6. Duties to Creditors.

No agent, representative, accountant, financial advisor, attorney, shareholder, officer, affiliate, member or employee of the Debtor shall ever owe any duty to any Person (including any Creditor) other than the duties owed to the Debtor's bankruptcy Estate, for any act, omission, or event in connection with, or arising out of, or relating to, any of the following: (a) the Debtor's Bankruptcy Case, including all matters or actions in connection with or relating to the administration of the Estate, (b) the Plan, including the proposal, negotiation, confirmation and consummation of the Plan, or (c) any act or omission relating to the administration of the Plan after the Effective Date.

7. Binding Effect.

The Plan shall be binding upon, and shall inure to the benefit of the Reorganized Debtor, the holders of the Claims or Liens, the holders of Interests, and their respective successors-in-interest and assigns.

8. Governing Law, Interpretation.

Unless a rule of law or procedure supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) is applicable, the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any Plan Documents without regard to conflicts of law. The Plan shall control any inconsistent term or provision of any other Plan Documents.

9. Payment of Statutory Fees.

All accrued U.S. Trustee Fees shall be paid by the Reorganized Debtor as soon as practicable after the Effective Date, and thereafter shall be paid by the Reorganized Debtor as such statutory fees become due and payable.

10. Filing of Additional Documents.

On or before Substantial Consummation of the Plan, the Reorganized Debtor 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.

11. Computation of Time.

Bankruptcy Rule 9006 shall apply to the calculation of all time periods pursuant to the Plan. If the final day for any Distribution, performance, act or event under the Plan is not a Business Day, then the time for making or performing such Distribution, performance, act or event shall be extended to the next Business Day. Any payment or Distribution required to be made under the Plan on a day other than a Business Day shall be due and payable on the next succeeding Business Day.

12. Elections by the Reorganized Debtor.

Any right of election or choice granted to the Reorganized Debtor under the Plan may be exercised, at the Reorganized Debtor's election, separately as to each Claim, Creditor or Person.

13. Release of Liens.

Except as otherwise expressly provided in the Plan or the Confirmation Order, all Liens against any of the Assets transferred to the Reorganized Debtor shall be deemed to be released, terminated and nullified without the necessity of any order by the Bankruptcy Court other than the Confirmation Order.

14. Rates.

The Plan does not provide for the change of any rate that is within the jurisdiction of any governmental regulatory commission after the occurrence of the Effective Date.

15. Compliance with Tax Requirements.

In connection with the Plan, the Reorganized Debtor shall comply with all withholding and reporting requirements imposed by federal, state and local Taxing Authorities and all Distributions under the Plan shall be subject to such withholding and reporting requirements. Notwithstanding the above, each holder of an Allowed Claim or Interest that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such Distribution under the Plan.

VII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

THE PLAN AND ITS RELATED TAX CONSEQUENCES ARE COMPLEX. MOREOVER, MANY OF THE INTERNAL REVENUE CODE PROVISIONS DEALING WITH THE FEDERAL INCOME TAX ISSUES ARISING FROM THE PLAN HAVE BEEN THE SUBJECT OF RECENT LEGISLATION AND, AS A RESULT, MAY BE SUBJECT TO AS YET UNKNOWN ADMINISTRATIVE OR JUDICIAL INTERPRETATIONS. THE DEBTOR HAS NOT REQUESTED A RULING FROM THE INTERNAL REVENUE SERVICE (THE "IRS") OR AN OPINION OF COUNSEL WITH RESPECT TO THESE MATTERS. ACCORDINGLY, NO ASSURANCE CAN BE GIVEN AS TO THE INTERPRETATION THAT THE IRS WILL ADOPT. THERE ALSO MAY BE STATE, LOCAL OR OTHER TAX CONSIDERATIONS APPLICABLE TO EACH CREDITOR. CREDITORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE CONSEQUENCES OF THE PLAN TO THEM UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND OTHER TAX LAWS.

VIII. CONFIRMATION OF THE PLAN

A. Solicitation of Votes; Voting Procedures

1. Ballots and Voting Deadlines

A Ballot to be used for voting to accept or reject the Plan, together with a postage-paid return envelope, is enclosed with all copies of this Disclosure Statement mailed to all holders of Claims and Interests entitled to vote. **BEFORE COMPLETING YOUR BALLOT, PLEASE READ CAREFULLY THE INSTRUCTION SHEET THAT ACCOMPANIES THE BALLOT.**

The Bankruptcy Court has directed that, in order to be counted for voting purposes, Ballots for the acceptance or rejection of the Plan must be received no later than 5:00 p.m., Central Time, on _____, 2017 at the following address:

Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
Attn: Linda Breedlove

YOUR BALLOT MAY NOT BE COUNTED IF IT IS RECEIVED AT THE ABOVE ADDRESS AFTER 5:00 P.M., CENTRAL TIME, ON _____, 2017.

2. Parties-in-Interest Entitled to Vote

The holder of a Claim or Interest may vote to accept or reject the Plan only if the Plan impairs the Class in which such Claim or Interest is classified. Under the Plan, Holders of Claims in Classes 1 through 5 are impaired and are entitled to vote under the Plan. The Holder of Class 6 Interests is not impaired and therefore is deemed to have accepted the Plan.

Any Claim or Interest as to which an Objection has been filed is not entitled to vote unless the Bankruptcy Court, upon application of the holder to whose Claim or Interest an Objection has been made, temporarily allows such Claim or Interest in an amount that it deems proper for the purpose of accepting or rejecting the Plan. Any such application must be heard and determined by the Bankruptcy Court on or before commencement of the Confirmation Hearing. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such vote was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

IF YOU HAVE ANY QUESTIONS REGARDING THE PROCEDURES FOR VOTING ON THE PLAN, PLEASE CONTACT COUNSEL FOR THE DEBTOR AT THE FOLLOWING ADDRESS:

J. Robert Forshey
Lynda L. Lankford
Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
(817) 877-8855 Telephone
(817) 877-4151 Fax
Email: bforshey@forsheyprostok.com

Email: llankford@forsheyprostok.com

3. Vote Required for Class Acceptance

The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots for acceptance or rejection of the plan. Thus, class acceptance takes place only if at least two-thirds in amount and a majority in number of the holders of claims voting cast their ballots in favor of acceptance.

The Bankruptcy Code defines acceptance of a plan by a class of interests as acceptance by holders of at least two-thirds in amount of the interests of that class that actually cast ballots for acceptance or rejection of the plan. Thus, class acceptance takes place only if at least two-thirds in amount of the holders of interests voting cast their ballots in favor of acceptance.

B. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of a plan. By order of the Bankruptcy Court, the Confirmation Hearing has been scheduled for _____, 2017, at _____.m. Central Time, in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing or any adjournment thereof.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to confirmation of the Plan must be made in writing and filed with the Bankruptcy Court on or before _____, 2017, at the following address:

Office of the Clerk
U.S. Bankruptcy Court
Eldon B. Mahon U.S. Courthouse
501 W. Tenth Street
Fort Worth, Texas 76102-3643

In addition, any such objection must be served, together with proof of service, (a) on any parties who have filed notices of appearance and requests for notice in the Bankruptcy Case and (b) upon the following parties on or before _____, 2017:

J. Robert Forshey
Lynda L. Lankford
Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
(817) 877-4151 fax
Email: bforshey@forsheyprostok.com
Email: llankford@forsheyprostok.com

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

C. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court must determine whether the Bankruptcy Code's requirements for confirmation of the Plan have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. As set forth in section 1129 of the Bankruptcy Code, these requirements are as follows:

1. The plan complies with the applicable provisions of the Bankruptcy Code.
2. The proponents of the plan complied with the applicable provisions of the Bankruptcy Code.
3. The plan has been proposed in good faith and not by any means forbidden by law.
4. Any payment made or promised by the debtor, by the plan proponent, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in, or in connection with, the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of the Bankruptcy Court as reasonable.
5. (a) (i) The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor, or a successor to the debtor under the plan; and
(ii) the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy; and
(b) the proponent of the plan has disclosed the identity of any insider that will be employed or retained by the Liquidating Trustee, and the nature of any compensation for such insider.
6. Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.
7. With respect to each impaired class of claims or interests:
 - (a) each holder of a claim or interest of such class has accepted the plan or will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date; or
 - (b) if section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, the holder of a claim of such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.
8. With respect to each class of claims or interests:
 - (a) such class has accepted the plan; or

(b) such class is not impaired under the plan.

9. Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that:

(a) with respect to a claim of a kind specified in section 507(a)(2) or 507(a)(3) of the Bankruptcy Code, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;

(b) with respect to a class of claims of a kind specified in section 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6) or 507(a)(7) of the Bankruptcy Code, each holder of a claim of such class will receive:

(i) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim; and

(c) with respect to a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, the holder of such claim will receive on account of such claim regular installment payments in cash:

(i) of a total value, as of the effective date of the plan, equal to the allowed amount of such claim;

(ii) over a period ending not later than 5 years after the date of the order for relief under section 301, 302, or 303; and

(iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122(b) of the Bankruptcy Code); and

(d) with respect to a secured claim which would otherwise meet the description of an unsecured claim of a governmental unit under section 507(a)(8) of the Bankruptcy Code, but for the secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed in 9(c) above.

10. If a class of claims is impaired under the plan, at least one class of claims that is impaired has accepted the plan, determined without including any acceptance of the plan by any insider holding a claim of such class.

11. Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

12. All fees payable under 28 U.S.C. section 1930, as determined by the Bankruptcy Court at the hearing on confirmation of the plan, have been paid or the plan provides for the payments of all such fees on the effective date of the plan.

13. The plan provides for the continuation after its effective date of payment of all

retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114, at any time prior to confirmation of the plan, for the duration of the period the Debtor has obligated itself to provide such benefits.

14. If the debtor is required by a judicial or administrative order, or by statute, to pay a domestic support obligation, the debtor has paid all amounts payable under such order or such statute for such obligation that first become payable after the date of the filing of the petition.

15. In a case in which the debtor is an individual and in which the holder of an allowed unsecured claim objects to the confirmation of the plan:

(a) the value, as of the effective date of the plan, of the property to be distributed under the plan on account of such claim is not less than the amount of such claim; or

(b) the value of the property to be distributed under the plan is not less than the projected disposable income of the debtor (as defined in section 1325(b)(2) of the Bankruptcy Code) to be received during the five year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payments, whichever is longer.

16. All transfers of property of the plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

The Debtor believes that the Plan satisfies all the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtor has complied or will have complied with all the requirements of chapter 11, and that the Plan is proposed in good faith.

The Debtor believes that holders of all Allowed Claims and Interests impaired under the Plan will receive payments under the Plan having a present value, as of the Effective Date, not less than the amounts likely to be received if the Debtor were liquidated in a case under chapter 7 of the Bankruptcy Code. At the Confirmation Hearing, the Bankruptcy Court will determine whether holders of Allowed Claims or Allowed Interests would receive greater Distributions under the Plan than they would receive in a liquidation under chapter 7.

The Debtor also believes that the feasibility requirement for confirmation of the Plan is satisfied by the fact that the sale of the San Antonio Property and the Debtor's future operating revenues will be sufficient to satisfy the Debtor's obligations under the Plan in addition to supporting sustainable growth of the enterprise. These facts and others demonstrating the confirmability of the Plan will be shown at the Confirmation Hearing.

These facts and others demonstrating the confirmability of the Plan will be shown at the Confirmation Hearing.

D. Cramdown

In the event that any impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, as to each impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to that Class. A plan of reorganization

“does not discriminate unfairly” within the meaning of the Bankruptcy Code if no class receives more than it is legally entitled to receive for its claims or interests.

“Fair and equitable” has different meanings with respect to the treatment of secured and unsecured claims. As set forth in section 1129(b)(2) of the Bankruptcy Code, those meanings are as follows:

1. With respect to a class of secured claims, the plan provides:

(a) (i) that the holders of such claims retain the liens securing such claims, whether the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims; and

(ii) that each holder of a claim of such class receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder’s interest in the estate’s interest in such property;

(b) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (a) and (b) of this subparagraph; or

(c) the realization by such holders of the “indubitable equivalent” of such claims.

2. With respect to a class of unsecured claims, the plan provides:

(a) that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property, except that in a case in which the debtor is an individual, the debtor may retain property included in the estate under section 1115 of the Bankruptcy Code, subject to the requirements of section 1129(a)(14) of the Bankruptcy Code.

3. With respect to a class of interests, the plan provides:

(a) that each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest; or

(b) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.

In the event that one or more Classes of impaired Claims or Interests reject the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable with respect to, and does not discriminate unfairly against, any rejecting impaired Class of Claims

or Interests. For the reasons set forth above, the Debtor believes the Plan does not discriminate unfairly against, and is fair and equitable with respect to, each impaired Class of Claims or Interests.

IX. RISK FACTORS

The following is intended as a summary of certain risks associated with the Plan, but it is not exhaustive and must be supplemented by the analysis and evaluation made by each holder of a Claim or Interest of the Plan and this Disclosure Statement as a whole with such holder's own advisors.

A. Insufficient Acceptances

For the Plan to be confirmed, each impaired Class of Claims is given the opportunity to vote to accept or reject the Plan. With regard to such impaired voting Classes, the Plan will be deemed accepted by a Class of impaired Claims if the Plan is accepted by Claimants of such Class actually voting on the Plan who hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the total Allowed Claims of the Class voted. Only those members of a Class who vote to accept or reject the Plan will be counted for voting purposes. The Debtor reserves the right to request confirmation pursuant to the cramdown provisions in section 1129(b) of the Bankruptcy Code, which will allow confirmation of the Plan regardless of the fact that a particular Class of Claims has not accepted the Plan. However, there can be no assurance that any impaired Class of Claims under the Plan will accept the Plan or that the Debtor would be able to use the cramdown provisions of the Bankruptcy Code for confirmation of the Plan.

B. Confirmation Risks

The following specific risks exist with respect to confirmation of the Plan:

(a) Any objection to confirmation of the Plan can either prevent confirmation of the Plan, or delay such confirmation for a significant period of time.

(b) Since the Debtor may be seeking to obtain approval of the Plan over the rejection of one or more impaired Classes of Claims, the cramdown process could delay confirmation.

C. Conditions Precedent

Confirmation of the Plan and occurrence of the Effective Date are subject to certain conditions precedent that may not occur.

X. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtor believes the only practical alternative to the Plan, which provides for a liquidation of the Debtor's remaining Assets, is conversion of the Bankruptcy Case to chapter 7 and liquidation under chapter 7. The Debtor believes that the Plan will provide a greater return to Holders of Allowed Claims than liquidation in a chapter 7 case.

The Debtor believes that liquidation in a chapter 7 case would diminish the value to be realized by holders of Allowed Claims because of additional administrative expenses involved in

the appointment of a chapter 7 trustee or trustees, attorneys, accountants, and other professionals to assist such trustee(s) in the case of chapter 7 proceedings. The Debtor believes that liquidation in a chapter 7 case could result in delay of distributions to holders of Allowed Claims as compared to liquidation under the Plan.

XI. CONCLUSION

The Debtor urges holders of Claims in impaired Classes to vote to **ACCEPT** the Plan and to evidence such acceptance by returning their Ballots so that they will be received on or before 5:00 p.m., Central Time, on _____, 2017.

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Dated: October 19, 2017.

Respectfully submitted,

ALLIANCE PROCESSORS, INC.

By: Harvey Earles
Harvey L. Earles, President

APPROVED:

/s/ Lynda L. Lankford
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ATTORNEYS FOR DEBTOR
AND DEBTOR IN POSSESSION

L:\BFORSHEY\Alliance Processors, Inc. (C11) #5780\Plan and DS\Disclosure Statement in support of Restated First Amended Plan 10.18.17.docx

Exhibit “A”

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ATTORNEYS FOR THE DEBTOR
AND DEBTOR IN POSSESSION

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re:)	Chapter 11 Case
)	
ALLIANCE PROCESSORS, INC.,)	Case No. 16-40261-mxm-11
)	
)	
Debtor.)	

**RESTATED FIRST AMENDED PLAN OF REORGANIZATION
FOR ALLIANCE PROCESSORS, INC.**

Dated: October 19, 2017.

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

A. Defined Terms.

In addition to such other terms as are defined in other sections of this Plan, the following terms shall have the meanings set forth below (such meanings to be equally applicable to both the singular and plural, masculine and feminine forms of the terms defined).

1.1. "Administrative Bar Date" shall refer to the deadline to file Claims for Allowance as an Administrative Expense set forth in section 3.1(c) of the Plan.

1.2. "Administrative Expense" includes any cost or expense of administration of the Debtor's chapter 11 case allowed under subsections 503(b) and 507(a)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the Estate of the Debtor, any actual and necessary expenses of operating the business of the Debtor, all compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under section 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the Estate of the Debtor under section 1930, chapter 123 of title 28 of the United States Code.

1.3. "Allow" or "Allowance," when used with respect to a Claim, shall mean the process of determining whether a Claim is to be Allowed pursuant to this Plan.

1.4. "Allowed," when used with respect to a Claim (other than an Administrative Expense), means a Claim (a) to the extent it is not Contested; or (b) a Contested Claim, proof of which was filed timely with the Bankruptcy Court, and (i) as to which no Objection was filed by the Objection Deadline, or (ii) as to which an Objection was filed by the Objection Deadline, to the extent, if any, such Claim is ultimately allowed by a Final Order; provided, however, if a Claim is to be determined in a forum other than the Bankruptcy Court, such Claim shall not become Allowed until determined by Final Order of such other forum and allowed by Final Order of the Bankruptcy Court. With respect to an Administrative Expense (other than Ordinary Course Claims), such Claims will be Allowed when a Final Order has been entered by the Bankruptcy Court allowing such Administrative Expense Claim.

1.5. "Assets" includes all right, title, and interest in and to all property of every type or nature owned or claimed by the Debtor or the Estate as of the Effective Date, whether real or personal, tangible or intangible, and wherever located, and including, but not limited to, all property of the Estate as defined in section 541 of the Bankruptcy Code. Without limiting the generality of the foregoing, this shall include all of the following: Estate Claims, Avoidance Actions, Estate Defenses, Estate Cash, Estate Accounts Receivable, Estate Insurance and Estate Contracts.

1.6. "Avoidance Action" means a cause of action and rights assertable by the Debtor against any Person, including but not limited to any Creditor, pursuant to Chapter 5 of the Bankruptcy Code, including without limitation, actions brought, or which may be brought, under sections 542, 543, 544, 545, 547, 548, 549, 550, or 553 of the Bankruptcy Code, and including all causes of action, rights and remedies assertable by the Estate pursuant to section 544 of the Bankruptcy Code.

1.7. "Ballot" means the form of ballot provided to holders of Claims or Interests entitled to vote pursuant to Bankruptcy Rule 3017(d), by which each such holder may accept or

reject the Plan.

1.8. "Bankruptcy Case" shall mean Case No. 16-40261-mxm-11 before the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division.

1.9. "Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended and codified at title 11 of the United States Code.

1.10. "Bankruptcy Court" means the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division.

1.11. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as amended from time to time, including all applicable local rules of the Bankruptcy Court, and any reference to a specific rule is a "Bankruptcy Rule."

1.12. "Bar Date" is the date established by the Bankruptcy Court, including through any standing order, for filing proofs of Claim or proofs of Interest which, in this Bankruptcy Case, was June 9, 2016; provided, however, that if the Bankruptcy Court has ordered an extension of the time by which a particular Creditor may file a proof of Claim or proof of Interest, the date set with respect to such Creditor shall be the Bar Date with respect to such Creditor, but only as to such Creditor.

1.13. "Beneficiary" shall mean any Person that is the holder of an Allowed Claim entitled to receive Distributions from the Reorganized Debtor pursuant to this Plan.

1.14. "Business Day" means any day other than Saturday, Sunday, a legal holiday, or a day on which national banking institutions in Texas are authorized or obligated by law or executive order to close.

1.15. "Cash" shall mean cash and cash equivalents, including funds held in a checking or money market account.

1.16. "Cash Collateral" shall have the same meaning as in section 363(a) of the Bankruptcy Code.

1.17. "Ciera Bank Flower Mound Note" means the obligation referenced in Proof of Claim 3-1 filed by Ciera Bank.

1.18. "Ciera Bank Notes" means the collective obligations referenced in Proofs of Claim 3-1 and 4-1 filed by Ciera Bank.

1.19. "Claim" means (a) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured (including potential and unmatured tort and contract claims), disputed, undisputed, legal, equitable, secured or unsecured, or (b) a right to an equitable remedy for breach of performance if such breach gives rise to a right of payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured (including potential and unmatured tort and contract claims), disputed, undisputed, secured or unsecured.

1.20. "Claimant" means the holder of a Claim.

1.21. "Class" means a category or group of holders of Claims or Interests as designated in Article II of the Plan.

1.22. "Collateral" means any Asset subject to a valid and enforceable Lien to secure payment of a Claim, including any right of offset asserted against any Asset.

1.23. "Confirmation Date" means the date of entry of the Confirmation Order.

1.24. "Confirmation Hearing" means the hearing, as it may be continued from time-to-time, conducted by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3020(b) to consider confirmation of the Plan, as the same may be amended, modified, or supplemented.

1.25. "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan in accordance with the provisions of chapter 11 of the Bankruptcy Code.

1.26. "Contested," when used with respect to a Claim, means a Claim: (a) that is listed in the Schedules of the Debtor as disputed, contingent, and/or unliquidated, or in the amount of "\$0.00" or "Unknown"; (b) that is listed in the Schedules of the Debtor as undisputed, liquidated, and not contingent and as to which a proof of Claim has been filed with the Bankruptcy Court, to the extent the proof of Claim amount exceeds the scheduled amount; (c) that is not listed in the Schedules of the Debtor, regardless of whether or not a proof of Claim has been filed with the Bankruptcy Court; (d) as to which an Objection has been or may be timely filed and which Claim has not been Allowed by a Final Order; or (e) for which the proof of Claim is filed after the applicable Bar Date; provided, however, that all Claims shall be deemed as Contested until the applicable Objection Deadline has passed. In addition, any Claim which is subject to an Objection or other pleading seeking either subordination (whether equitable or otherwise) or recharacterization of such Claim, including pursuant to section 510(c) of the Bankruptcy Code, shall likewise be deemed to constitute a Contested Claim until such Objection has been resolved by a Final Order.

1.27. "Creditor" shall have the same meaning as in section 101(10) of the Bankruptcy Code.

1.28. "Cure Claim" shall refer to a Claim under section 365(b) of the Bankruptcy Code (a) for the payment or other performance required to cure any existing default under an Executory Contract or (b) for any actual pecuniary loss resulting from any such default under an Executory Contract.

1.29. "Debtor" shall mean Alliance Processors, Inc., the debtor in this Bankruptcy Case.

1.30. "Disallowed," when used with respect to all or any part of a Claim or Interest, means that portion of a Claim or Interest to which an Objection or motion to disallow has been sustained by a Final Order or, as to any Contested Claim, any portion thereof which is not Allowed by a Final Order of the Bankruptcy Court.

1.31. "Disclosure Statement" means the written statement, as amended, supplemented, or modified from time-to-time, describing the Plan that is prepared and distributed in accordance with sections 1125, 1126(b), and 1145 of the Bankruptcy Code and Bankruptcy Rule 3017.

1.32. "Distribution" shall refer to and include any distribution of any property pursuant to this Plan.

1.33. "Effective Date" means the first Business Day which is fourteen (14) days after the Confirmation Date if the Confirmation Order is not stayed or, if the Confirmation Order is stayed, the first Business Day following the lifting, dissolution, or removal of such stay which is at least fourteen (14) Business Days after the Confirmation Date, and upon which all conditions to the effectiveness of the Plan set forth in Article XI below are satisfied.

1.34. "Equitable Subordination" shall be broadly construed and shall encompass any right or remedy to equitably subordinate or recharacterize as equity any Claim, including without limitation any such right or remedy pursuant to section 510(c) of the Bankruptcy Code.

1.35. "Estate" shall mean the bankruptcy estate of the Debtor in this Bankruptcy Case.

1.36. "Estate Cash" shall mean all Cash held by the Estate.

1.37. "Estate Claims" shall include any and all Claims or causes of action or rights of action held by the Estate against any Person, whether based on a contract, applicable tort or common law, or any law, statute or regulation of any governmental body or entity, including without limitation all Avoidance Actions, causes of action, rights of action or any right to recover money or property from any Person, as well as all legal and equitable rights and remedies incident to any of the forgoing. Estate Claims shall also include all applicable privileges in relation thereto, including the attorney-client privilege and the work product privilege.

1.38. "Estate Defenses" shall refer to all defenses, affirmative defenses, counterclaims, or rights of offset or recoupment by the Estate against any Person, including without limitation all affirmative defenses referenced in Fed. R. Civ. Pr. 8(c). Estate Defenses shall also include all rights and remedies for Equitable Subordination. Estate Defenses shall also include all applicable privileges with respect thereto, including the attorney-client privilege and work product privilege.

1.39. "Estate Insurance" shall include any insurance policy or interest in an insurance policy in which the Estate has an interest or rights.

1.40. "Executory Contract" shall refer to any executory contract or unexpired lease which is subject to section 365 of the Bankruptcy Code.

1.41. "Estate Professional" means those Persons employed pursuant to an order of the Bankruptcy Court in accordance with sections 327, 328 and 1103 of the Bankruptcy Code or who are entitled to compensation or reimbursement pursuant to sections 503(b)(3)(D) or 506(b) of the Bankruptcy Code.

1.42. "FFB Accounts and Inventory Note" means the obligation referenced in Proof of Claim 81-1 filed by First Financial Bank.

1.43. "FFB Harris County Property" means the real property identified as "Harris County Property" in Proof of Claim 75-1 filed by First Financial Bank.

1.44. "FFB Real Property Note" means the obligation referenced in Proof of Claim 75-1 filed by First Financial Bank.

1.45. "FFB Tarrant County Property" means the real property identified as "Tarrant County Property" in Proof of Claim 75-1 filed by First Financial Bank.

1.46. "FFB Truck and Trailer Debt" means, collectively, the outstanding obligations remaining under the various notes referenced in Proofs of Claim 76, 77, 78, 79 and 80.

1.47. "Final Decree" shall mean the decree contemplated under Bankruptcy Rule 3022 closing this Bankruptcy Case.

1.48. "Final Order" means an order or judgment of the Bankruptcy Court or any other court or adjudicative body, as to which the time to appeal or seek rehearing or petition for certiorari shall have expired, and which such order or judgment shall no longer be subject to appeal, rehearing, or certiorari proceeding.

1.49. "Flower Mound Property" means the 3.422 acre tract in Denton County, Texas referenced in Proof of Claim 3-1 filed by Ciera Bank.

1.50. "General Unsecured Claim" shall mean a Claim which is not a Secured Claim, is not an Administrative Expense and is not entitled to priority of distribution pursuant to section 507 of the Bankruptcy Code, and includes any Rejection Claims pursuant to section 502(g) of the Bankruptcy Code.

1.51. "Governmental Bar Date" shall mean July 18, 2016, the date by which governmental units must file proofs of claim pursuant to section 502(b)(9) and Bankruptcy Rule 3002(c)(1).

1.52. "Governmental Unit" shall have the same meaning as in section 101(27) of the Bankruptcy Code.

1.53. "Hangar" shall mean the airplane hangar currently owned by the Debtor and referenced in Proof of Claim 4-1 filed by Ciera Bank.

1.54. "Initial Distribution Date", when used with respect to any Contested Claim or Rejection Claim, shall mean the later of (i) the first Business Day at least thirty (30) days after the date on which any such Contested Claim or Rejection Claim becomes an Allowed Claim, or (ii) if the payment terms of Article IV of this Plan applicable to each such Claim specify a different date, then the date as calculated pursuant to the terms of Article IV of this Plan applicable to each such Claim. The Initial Distribution Date shall be separately determined with respect to each Contested Claim or Rejection Claim based upon the date each such Claim became an Allowed Claim.

1.55. "Interest" shall mean any equity interest in the Debtor.

1.56. "Lien" means any mortgage, lien, charge, security interest, encumbrance, or other security device of any kind affecting any Asset, including any right of offset asserted against any Asset.

1.57. "Objection" includes (a) an objection to the allowance of a Claim interposed by any party entitled to do so within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, and (b) as to any Taxing Authority, shall include a proceeding commenced under section 505 of the Bankruptcy Code to

determine the legality or amount of any tax. Any pleading seeking to subordinate or recharacterize a Claim shall also constitute an Objection.

1.58. "Objection Deadline" shall mean the later of (a) ninety (90) days following the Effective Date, unless otherwise extended by order of the Bankruptcy Court, or (b) as to any Rejection Claim filed after the Effective Date, ninety (90) days after the date on which the proof of Claim reflecting the Rejection Claim is filed.

1.59. "Person" includes any individual, any type of incorporated or registered business or nonprofit entity, including any corporation, general partnership, limited partnership, limited liability company, limited liability partnership, association, joint stock company, joint venture, estate, trust, unincorporated organization, governmental entity or unit, or any political subdivision thereof, or any other entity of every type or nature.

1.60. "Petition Date" means January 18, 2016.

1.61. "Pioneer Bank Adequate Protection Order" means the *Agreed Order Conditioning Automatic Stay on Motion to Terminate Stay of Pioneer Bank*, entered June 13, 2016 [Docket No. 125].

1.62. "Plan" means this Plan of Reorganization, either in its present form or as it may be altered, amended, modified, or supplemented from time-to-time.

1.63. "Plan Documents" shall refer to the documents that aid in effectuating the Plan as specifically identified as such herein and filed with the Bankruptcy Court as specified in Article I.B. hereof.

1.64. "Priority Claim" means a Claim that is entitled to priority of payment under sections 507(a)(4) through (7) of the Bankruptcy Code.

1.65. "Priority Tax Claim" means a Claim entitled to priority of payment pursuant to section 507(a)(8) of the Bankruptcy Code, other than any Property Tax Claims.

1.66. "Property Tax Claim" means a Claim for Property Taxes.

1.67. "Property Taxes" shall mean such taxes assessed by any Taxing Authority against any property of the Debtor based on the value thereof, as allowed by applicable state and local law.

1.68. "Pro Rata Share" shall mean, as to the holder of a specific Claim, the ratio that the amount of such holder's Claim bears to the aggregate amount of all Claims included in the particular Class or category in which such holder's Claim is included.

1.69. "Reorganized Debtor" means Alliance Processors, Inc. from and after the Effective Date of this Plan.

1.70. "Retained Causes of Action" means those causes of action, claims, counterclaims, defenses and rights of offset or recoupment retained by the Reorganized Debtor as described in section 8.1 of the Plan or the Plan Supplement.

1.71. "Rejection Claim" means a Claim arising under section 502(g) of the Bankruptcy

Code as a consequence of the rejection of any Executory Contract.

1.72. "San Antonio Property" means the Debtor's real property and improvements located at 4318 Director Drive in San Antonio, Texas.

1.73. "San Antonio Sale Order" means the *Order Granting Debtor's Motion for Entry of Order Authorizing Sale of San Antonio Facility and Related Equipment and Vehicles Free and Clear of All Liens, Claims and Encumbrances*, entered May 8, 2017 [Docket No. 207].

1.74. "San Antonio Transaction" means the sale of the San Antonio Property, the Santander Leased Vehicle and certain other trucks as contemplated in *Debtor's Motion for Entry of Order Authorizing Debtor to Enter Into Commercial Lease Agreement and Truck Lease Agreement Regarding San Antonio Facility and to Approve Transfer of Related Custer Route List* [Docket No. 127].

1.75. "Santander" means Santander Consumer USA Inc. d/b/a Chrysler Capital.

1.76. "Santander Leased Vehicle" means the Debtor's 2014 Dodge Ram 1500, VIN #X4833 which is the collateral of Santander and is currently leased and expected to be sold pursuant to the San Antonio Transaction.

1.77. "Schedules" means the schedules of assets and liabilities and the statement of financial affairs filed by the Debtor as required by section 521 of the Bankruptcy Code.

1.78. "Schedule of Rejected Executory Contracts" means the Schedule of Rejected Executory Contracts to be provided in the Plan Supplement.

1.79. "Secured Claim" shall mean (a) a Claim secured by a Lien against an Asset, to the extent such Lien is valid, perfected and enforceable under applicable non-bankruptcy law and is not subject to avoidance under the Bankruptcy Code or other applicable non-bankruptcy law, and which is duly Allowed, but only to the extent that such Claim does not exceed the value of the Assets which the Bankruptcy Court finds are valid security for such Claim (except, if the holder of such Claim makes the election provided for in section 1111(b)(2) of the Bankruptcy Code, the entire amount of the Claim shall be a Secured Claim), and (b) any valid and enforceable right of offset asserted against the Debtor or any Asset.

1.80. "Secured Creditor" shall mean the holder of a Secured Claim.

1.81. "Secured Vehicle Claims" means the Secured Claims held by Santander and Pioneer Bank.

1.82. "Substantial Consummation" means the day on which the Estate's Assets are transferred into the Reorganized Debtor.

1.83. "Taxing Authority" shall include the State of Texas or any subdivision thereof, including without limitation any political subdivision of the State of Texas assessing ad valorem taxes against any of the Assets.

1.84. "Unclaimed Property" means any Cash, Distribution, payment or any other property unclaimed for a period of one hundred twenty (120) days after the date of the applicable Distribution, or such longer period which the Reorganized Debtor may fix in the

exercise of its good faith business judgment.

1.85. "U.S. Trustee" shall mean the office of the U.S. Trustee for Region 6.

1.86. "U.S. Trustee Fees" shall mean the quarterly fees paid to the U.S. Trustee pursuant to 28 U.S.C., section 1930(a)(6).

B. Rules of Interpretation and Construction of Terms

1.87. Unless otherwise specified, all section, Article and exhibit references in this Plan are to the respective section in, Article of, or exhibit to, the Plan as the same may be amended, supplemented, or otherwise modified from time to time. The headings in the Plan are for convenience and reference only and shall not limit or otherwise affect the provisions or the interpretation hereof.

1.88. The words "herein," "hereof," and "hereunder" or other words of similar import shall refer to the Plan as a whole and not to any particular article, section, subsection or clause contained in the Plan, unless the context requires otherwise.

1.89. Whenever from the context it appears appropriate, each term stated in either the singular or plural includes both singular and plural, and pronouns stated in masculine, feminine or neuter form shall include all of the masculine, feminine or neuter form.

1.90. The rules of construction set forth in section 102 of the Bankruptcy Code shall apply to the Disclosure Statement, this Plan, the Confirmation Order and all Plan Documents.

1.91. References herein to "after notice and hearing" or other similar language shall have the same meaning as in section 102(1) of the Bankruptcy Code. Otherwise, terms used herein that are not specifically defined herein shall have the meaning ascribed to those terms, if any, in the Bankruptcy Code.

1.92. All Exhibits to the Plan and all Plan Documents are incorporated into the Plan by this reference and are a part of the Plan as if set forth in full herein. Certain Plan Documents may be filed with the Clerk of the Bankruptcy Court prior to the commencement of the Confirmation Hearing. Holders of Claims and Interests may obtain a copy of the Plan Documents, once filed, by a written request sent to the following address: Forshey & Prostok, LLP, 777 Main Street, Suite 1290, Fort Worth, Texas 76102, Attention: Linda Breedlove; Fax Number (817) 877-4151; email: lbreedlove@forsheyprostok.com.

1.93. Reference herein to any agreement, contract, instrument or other document in this Plan shall refer to such agreement, contract, instrument or document as amended, supplemented or modified.

ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS

2.1. The following is a designation of the Classes of Claims and Interests pursuant to this Plan. Administrative Expenses and Priority Claims, other than Property Tax Claims, have not been classified, and are excluded from the following Classes in accordance with section 1123(a)(1) of the Bankruptcy Code. A Claim shall be deemed classified in a particular Class

only to the extent that the Claim qualifies within the description of that Class. A Claim is included in a particular Class only to the extent that the Claim is an Allowed Claim within that Class.

2.2. Claims and Interests. Allowed Claims and Interests against or in the Debtor are classified under this Plan as follows:

- (a) Class 1 – First Financial Bank
- (b) Class 2 – Ciera Bank
- (c) Class 3 – Secured Vehicle Claims

Class 3A: Santander Consumer USA, Inc.

Class 3B: Pioneer Bank

- (d) Class 4 – Property Tax Claims
- (e) Class 5 – General Unsecured Claims
- (f) Class 6 – Interests

2.3. Impaired Classes of Claims and Interests. Classes 1 – 5 are impaired. Class 6 is unimpaired.

2.4. Impairment or Classification Controversies. If a controversy arises as to the classification of any Claim or Interest, or as to whether any Class of Claims or Interests is impaired under the Plan, the Bankruptcy Court shall determine such controversy as a part of the confirmation process.

ARTICLE III

TREATMENT OF ADMINISTRATIVE EXPENSES AND CERTAIN PRIORITY CLAIMS

3.1. Administrative Expenses.

(a) The Reorganized Debtor shall pay, in accordance with the ordinary business terms applicable to each such expense or cost, the reasonable and ordinary expenses incurred in operating the Debtor's business or administering the Estate before the Effective Date ("Ordinary Course Claims"). The remaining provisions of this section 3.1 shall not apply to the Ordinary Course Claims, except that if there is a dispute relating to any such Ordinary Course Claim, the Reorganized Debtor may move the Bankruptcy Court to apply the provisions of Article IX below relating to Contested Claims and require the holder of the Contested Ordinary Course Claim to assert such Claim through this Bankruptcy Case.

(b) Each holder of an Allowed Administrative Expense (other than Ordinary Course Claims and Administrative Expense Claims by Estate Professionals), shall receive (i) the amount of such holder's Allowed Administrative Expense in one Cash payment on the later of the Effective Date or the tenth (10th) Business Day after such Administrative Expense becomes an Allowed Administrative Expense, or (ii) such other treatment as may be agreed to in writing by such Administrative Expense Creditor and

the Reorganized Debtor, or as otherwise ordered by the Bankruptcy Court.

(c) Unless the Bankruptcy Court orders to the contrary or the Reorganized Debtor agrees to the contrary in writing, the holder of a Claim for an Administrative Expense, other than such a Claim by an Estate Professional, an Ordinary Course Claim, or an Administrative Expense which is already Allowed, shall file with the Bankruptcy Court and serve upon the Reorganized Debtor and its counsel a written notice of such Claim for an Administrative Expense within thirty (30) days after the Effective Date. This deadline is the Administrative Bar Date. Such notice shall include at a minimum: (i) the name, address, telephone number and fax number (if applicable) or email address of the holder of such Claim, (ii) the amount of such Claim, and (iii) the basis of such Claim. Failure to timely and properly file and serve such notice by or on the Administrative Bar Date shall result in such Claim for an Administrative Expense being forever barred from receiving any Distribution.

(d) A Claim for an Administrative Expense, for which a proper notice was filed and served under subsection 3.1(c) above, shall become an Allowed Administrative Expense if no Objection is filed within thirty (30) days of the filing and service of such notice. If a timely Objection is filed, the Claim shall become an Allowed Administrative Expense only to the extent allowed by a Final Order.

(e) The procedures contained in subsections 3.1(a), (c) and (d) above shall not apply to Administrative Expense Claims asserted by Estate Professionals, who shall each file and submit an appropriate final fee application to the Bankruptcy Court no later than sixty (60) days after the Effective Date. A Claim for an Administrative Expense by an Estate Professional in respect of which a final fee application has been properly filed and served shall become an Allowed Administrative Expense only to the extent allowed by Final Order and, if so Allowed, shall be paid in accordance with subsection 3.1(b) above. Professional fees and expenses to any Estate Professional incurred on or after the Effective Date may be paid by the Reorganized Debtor without necessity of application to or order by the Bankruptcy Court.

(f) If the Reorganized Debtor asserts any Estate Claims as counterclaims or defenses to a Claim for an Administrative Expense, the Administrative Expense Claim shall be determined through an adversary proceeding before the Bankruptcy Court. The Bankruptcy Court shall have exclusive jurisdiction to adjudicate and Allow all Claims for any Administrative Expense.

3.2. Priority Tax Claims. Each holder of an Allowed Priority Tax Claim shall receive, at the Debtor's option, (a) the amount of such holder's Allowed Claim in one Cash payment on the Distribution Date; (b) the amount of such holder's Allowed Claim, in substantially equal annual Cash payments on each anniversary of the Distribution Date with interest thereon at the non-default statutory rate applicable to the tax in question, without penalties, until the last anniversary of the Distribution Date that precedes January 18, 2021; or (c) such other treatment as may be agreed to in writing by the holder of the Priority Tax Claim and the Debtor.

3.3. U.S. Trustee Fees. The Reorganized Debtor shall pay to the U.S. Trustee all unpaid U.S. Trustee Fees due and payable as of the Effective Date as well as all such fees which become due and payable after the Effective Date. Any U.S. Trustee Fees due as of the Effective Date shall be paid in full on the Effective Date or as soon thereafter as is practicable. After the Effective Date, the Reorganized Debtor shall continue to pay the U.S. Trustee Fees as

they accrue and become due and payable until the Final Decree is entered and this Bankruptcy Case is closed.

3.4. Governmental Bar Date. The Governmental Bar Date shall apply to all Claims by a Governmental Unit which are not Administrative Claims.

ARTICLE IV TREATMENT OF CLAIMS AND INTERESTS

4.1. Class 1 – First Financial Bank. The Claims held by First Financial Bank shall be treated as follows:

(a) On or as soon as reasonably practicable following the later of the Effective Date and the sale of the San Antonio Property as contemplated in the San Antonio Sale Order, First Financial Bank shall receive (i) \$295,500 in Cash from the sale of the San Antonio Property to be applied to the FFB Accounts and Inventory Note, and (ii) \$25,000 in Cash from the sale of the FFB Truck (as defined in the San Antonio Sale Order) to be applied to the FFB Truck and Trailer Debt.

In the event that the proposed buyer for the San Antonio Transaction is unable to obtain third-party financing, the Debtor reserves the option to owner-finance such transaction. In such an event, FFB shall be granted a participation interest in the note, the deed of trust, any security agreements and any other loan documents (the "Owner-Financed Loan Documents") commensurate with the distributions proposed in the San Antonio Sale Order. The Owner-Financed Loan Documents shall be held by an independent party for the benefit of and acceptable to all participation interest holders, which may include the Reorganized Debtor and certain Estate Professionals.

In the event that the proposed buyer is unable or unwilling to close the San Antonio Transaction, the Debtor shall continue to market the San Antonio Property for sale. Any resulting Cash sale shall provide for a Cash payment to FFB in the amount of \$295,500, and any resulting owner-financed sale shall provide to FFB a comparable participation interest in the Owner-Financed Loan Documents.

Upon the closing of a sale of the San Antonio Property as provided above, whether as contemplated by the San Antonio Sale Order or otherwise, FFB shall release its liens in the Debtor's accounts and inventory. If the sale includes a sale of the FFB Truck, FFB shall additionally release its liens in the FFB Truck. Any principal and interest due under the FFB Accounts and Inventory Note over and above \$295,500 shall be added to the balance of the FFB Truck and Trailer Debt.

(b) First Financial Bank shall retain its liens in the FFB Tarrant County Property and the FFB Harris County Property. FFB attorney fees, to the extent Allowed as of the Effective Date, shall be added to the balance of the FFB Real Property Note and paid as provided hereunder. From and after the Effective Date, the FFB Real Property Note shall accrue interest at the Wall Street Journal Prime rate + 1.00%, adjusted once every three (3) years, and shall be payable in substantially equal monthly payments such that the balance of the FFB Real Property Note shall be paid in full on the 15th anniversary of the Effective Date.

Upon a sale of the FFB Harris County Property, the Reorganized Debtor

shall pay net sale proceeds (after payment of ad valorem property taxes, sales commissions, other marketing costs, closing costs and any other transaction costs) to FFB to be applied to the FFB Real Property Note. FFB shall release its lien in the FFB Harris County Property provided that the sales price for such property is at least \$300,000.00. Upon closing of the sale of the FFB Harris County Property and payment to FFB as provided herein, the payments due under the FFB Real Property Note shall be re-amortized to reflect the reduction in principal of the FFB Real Property Note.

(c) Except as otherwise provided herein, FFB shall retain its liens in the trucks and trailers that secure the FFB Truck and Trailer Debt. From and after the Effective Date, the Truck and Trailer Debt shall accrue interest at 4.25% and shall be amortized and payable in substantially equal monthly payments such that the balance of the FFB Truck and Trailer Debt shall be paid in full on the 4th anniversary of the Effective Date.

4.2. Class 2 – Ciera Bank. The Claims held by Ciera Bank shall be treated as follows:

(a) Ciera Bank shall retain its liens in any of the Assets constituting Ciera Bank collateral.

(b) Following the Effective Date, Ciera Bank shall continue to receive rental proceeds from the Hangar for so long as the Hangar is leased, and such rental proceeds shall be applied to the Ciera Bank Notes.

(c) From and after the Effective Date, the balance of the Allowed Ciera Bank Claim shall accrue interest at the rate of 5% per annum. Beginning on the Initial Distribution Date, Ciera Bank shall be paid monthly payments of interest on the remaining balance of its indebtedness under the Ciera Bank Flower Mound Note.

(d) If and when the Hangar is sold, the net proceeds from the sale of the Hangar shall be applied to the Ciera Notes to the extent of any remaining indebtedness.

(e) If and when the Flower Mound Property is sold, the net proceeds from the sale of the Flower Mound Property shall be applied to the Ciera Bank Notes to the extent of any remaining indebtedness.

4.3. Class 3 – Secured Vehicle Claims.

Class 3A – The Claims of Santander shall be treated as follows:

(a) On or as soon as reasonably practicable following the later of the Effective Date and the sale of the San Antonio Property and Santander Truck (as defined in the San Antonio Sale Order), Santander shall receive payment as provided in the San Antonio Sale Order in full satisfaction of the note secured by the Santander Truck.

(b) Santander shall retain its liens on its collateral until the Allowed Santander Claim for each respective Santander note has been paid in full.

(c) The balance of the Allowed Santander Claim shall accrue interest from and after the Effective Date at the rate of 3.49% per annum and shall be paid in monthly installments of Cash, each in the amount of \$2,099, beginning on the Initial Distribution Date and continuing thereafter until paid in full.

Class 3B – The Claims of Pioneer Bank shall be treated as follows:

(a) Pioneer Bank shall retain its liens on its collateral until the Allowed Pioneer Bank Claim has been paid in full.

(b) The balance of the Allowed Pioneer Bank Claim shall accrue interest from and after the Effective Date at the rate of 5.25% per annum and shall be paid in monthly installments of Cash, such that the balance of the Allowed Pioneer Bank Claim is fully amortized and paid in full on May 15, 2020, as provided in the Pioneer Bank Adequate Protection Order.

4.4. Class 4 - Property Tax Claims. Holders of Property Tax Claims shall be treated as follows:

(a) Each holder of an Allowed Secured Tax Claim shall retain all Liens securing the payment of such Allowed Secured Tax Claim until such Allowed Secured Tax Claim is paid in full.

(b) Each holder of an Allowed Secured Tax Claim shall be paid, on account of such Allowed Secured Tax Claim, at the Debtor's option, the amount of such holder's Allowed Claim, plus interest as provided in section 5.01(c) hereof (a) one Cash payment on the Distribution Date; (b) substantially equal annual Cash payments, beginning on the first day of the first month after the initial Distribution Date and continuing annually thereafter until the last anniversary thereof that precedes January 18, 2021; or (c) pursuant to such other treatment as may be agreed to in writing by the holder of the Allowed Secured Tax Claim and the Debtor.

(c) Interest on each Allowed Secured Tax Claim shall accrue as follows: (i) for the period beginning on the date any portion of the tax underlying the Allowed Secured Tax Claim became or becomes delinquent under State Law, and to the extent of such delinquency, and continuing through the Effective Date, interest shall accrue at the state statutory rate of 1% per month in compliance with sections 506(b) and 511 of the Bankruptcy Code; and (ii) for the period beginning on the day after the Effective Date and continuing through the day on which such Allowed Secured Tax Claim is paid in full, interest shall accrue on the unpaid tax at the state statutory rate of 12% per annum in compliance with sections 511 and 1129 of the Bankruptcy Code.

4.5. Class 5 – General Unsecured Claims. Holders of General Unsecured Claims shall be treated as follows:

Commencing on the 1st day of the month immediately following sixty (60) days after the Effective Date, and continuing quarterly thereafter for nineteen (19) consecutive quarters, each Holder of an Allowed General Unsecured Claim shall receive a Pro Rata Share of \$10,000.00.

4.6. Class 6 – Interests in the Debtor. Holders of Interests in the Debtor shall retain

such Interests following the Effective Date.

ARTICLE V

ACCEPTANCE OR REJECTION OF PLAN

5.1. Classes Entitled to Vote. Each impaired Class of Claims entitled to vote shall separately vote to accept or reject the Plan. Any unimpaired Class shall not be entitled to vote to accept or reject the Plan. Any unimpaired Class is deemed to have accepted the Plan under section 1126(f) of the Bankruptcy Code.

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

5.3. Elimination of Vacant Classes. Any Class of Claims that is not occupied as of the date of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

5.4. Cramdown. This section shall constitute the request by the Plan proponent, pursuant to section 1129(b) of the Bankruptcy Code, for the Bankruptcy Court to confirm this Plan notwithstanding the fact that the requirements of section 1129(a)(8) of the Bankruptcy Code have not been met.

ARTICLE VI

MEANS OF IMPLEMENTATION OF THE PLAN

6.1. Transfer of Assets. As of the Effective Date, all Assets shall be vested in the Reorganized Debtor. The Assets shall be vested in the Reorganized Debtor free and clear of all Liens, Claims, rights, Interests and charges, except as expressly provided in this Plan.

6.2. Assumption of Obligation to Make Distributions. The Reorganized Debtor shall be deemed to have assumed the obligation to make all Distributions pursuant to this Plan, including the obligation to make all Distributions on account of Allowed Claims.

6.3. Actions by the Debtor and the Reorganized Debtor to Implement Plan. The entry of the Confirmation Order shall constitute all necessary authorization for the Debtor and the Reorganized Debtor to take or cause to be taken all actions necessary or appropriate to consummate, implement or perform all provisions of this Plan on and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation.

6.4. Continued Existence of the Debtor. The Debtor shall continue to exist, as a Reorganized Debtor, after the Effective Date, with all powers available to such legal entity, in accordance with applicable law and pursuant to its constituent documents. Upon the Effective Date, the Reorganized Debtor may, within its sole and exclusive discretion, take such action as permitted by applicable law and its constituent documents as it determines is reasonable and appropriate.

6.5. Management of the Reorganized Debtor. From and after the Effective Date, the Reorganized Debtor shall be managed in accordance with applicable law. The Reorganized Debtor shall initially be managed by Harvey Earles, who currently serves as the Debtor's President and CEO.

6.6. Source of Funding for Operations and Plan Obligations. The obligations under the Plan shall be funded by operation of the Reorganized Debtor's business and the sale of certain Assets as provided herein.

6.7. **Injunction. Upon confirmation of the Plan, the holders of any and all Claims against the Debtor for which the Debtor's principal, Harvey Earles, may be jointly liable, whether pursuant to a guaranty agreement or otherwise, shall be restrained and enjoined from pursuing any action to collect any such Claim from Mr. Earles or his assets, including, without limitation, on account of any such Claim: (a) the commencement of any judicial, administrative, or other action or proceeding against Mr. Earles; (b) any act to obtain possession of Mr. Earles' property; and (c) any act to create, perfect, or enforce any lien against Mr. Earles' property; provided, however, that if an Event of Default occurs with respect to a particular Creditor's Claim as provided herein (and is not cured as provided herein), such Creditor (and only such Creditor) may petition the Bankruptcy Court for appropriate relief, including the modification or dissolution of this injunction as to such Creditor.**

6.8. Post-Effective Date Service List. Pleadings filed by any party-in-interest with the Bankruptcy Court after the Effective Date shall be served on the following Persons (collectively the "Service List"): (i) any Person directly affected by the relief sought in the pleading, (ii) the U.S. Trustee, (iii) parties which have filed a Notice of Appearance in this Bankruptcy Case, and (iv) the Reorganized Debtor through legal counsel.

6.9. Section 505 Powers. All rights and powers pursuant to section 505 of the Bankruptcy Code are hereby reserved to the Estate and shall be transferred to, and vested in, the Reorganized Debtor as of the Effective Date.

6.10. Section 510(c) Powers. All rights and powers to seek or exercise any right or remedy of equitable subordination or are hereby reserved to the Estate and shall be transferred to, and vested in, the Reorganized Debtor as of the Effective Date as an Estate Defense.

6.11. Section 506(c) Powers. The Estate hereby reserves all rights and powers pursuant to section 506(c) of the Bankruptcy Code, and all such rights shall be specifically transferred to, and vested in, the Reorganized Debtor.

6.12. Plan Injunction. The Reorganized Debtor shall have full power, standing an authority to enforce the Plan Injunction against any Person, either through an action before the Bankruptcy Court or any other tribunal having appropriate jurisdiction.

ARTICLE VII **PROVISIONS GOVERNING DISTRIBUTION**

7.1. Distributions. All Distributions to be made under this Plan shall be made by the Reorganized Debtor in the manner provided in this Plan and the Confirmation Order.

7.2. Timing and Amount of Distributions. No Distribution shall be made on account of

any Claim until such Claim is Allowed, except as otherwise set forth in this Plan or otherwise ordered by the Bankruptcy Court. No Distribution shall be made on account of any Contested Claim until such Claim is Allowed. Except as expressly set forth in the Plan or in the Confirmation Order, the Reorganized Debtor shall, in the exercise of its good faith business judgment, determine the timing and amount of all Distributions which are required to be made under the Plan, consistent with the goal of making such Distributions as expeditiously as reasonably possible. The Reorganized Debtor may, but shall not be required to, seek approval of, or any other appropriate relief from, the Bankruptcy Court with respect to any of such Distributions. Any Unclaimed Property may be paid into the registry of the Bankruptcy Court or otherwise distributed in accordance with the orders of the Bankruptcy Court.

7.3. Means of Cash Payment. Cash payments pursuant to this Plan shall be made by check drawn on, or by wire transfer from, a domestic bank, or by other means agreed to by the payor and payee.

7.4. Record Date for Distributions. As of the close of business on the Effective Date (the "Distribution Record Date"), the register for Claims and Interests will be closed, and there shall be no further changes in the holder of record of any Claim or Interest. Although there is no prohibition against the transfer of any Claim by any Creditor, the Reorganized Debtor shall have no obligation to recognize any transfer of any Claims or Interests occurring after the Distribution Record Date, and the Reorganized Debtor shall instead be authorized and entitled to recognize and deal for all purposes under this Plan, including for the purpose of making all Distributions, with only those holders of Claims so reflected as of the Distribution Record Date. However, the Reorganized Debtor may, in the exercise of its good faith business judgment, agree to recognize transfers of Claims after the Distribution Record Date, but shall have no obligation to do so.

7.5. Delivery of Distributions. All Distributions, deliveries and payments to the holders of any Allowed Claims shall be made to the addresses set forth on the respective proofs of Claim filed in this Bankruptcy Case by such Claimants or, if the Distribution is to be made based on a Claim reflected as Allowed in the Schedules, at the address reflected in the Schedules. Any such Distribution, delivery or payment shall be deemed as made for all purposes relating to this Plan when deposited in the United States Mail, postage prepaid, addressed as required in the preceding sentence. If any Distribution is returned as undeliverable, no further Distribution shall be made on account of such Allowed Claim unless and until the Reorganized Debtor is notified of such holder's then current address, at which time all missed Distributions shall be made to the holder of such Allowed Claim. However, all notices to the Reorganized Debtor reflecting new or updated addresses for undeliverable Distributions shall be made on or before one hundred twenty (120) days after the date of the attempted Distribution or such longer period as the Reorganized Debtor may fix in the exercise of its sole discretion. After such date, all Unclaimed Property shall revert to the Reorganized Debtor and the Claim of any holder with respect to such property shall be discharged and forever barred.

7.6. W-9 Forms. W-9 forms must be provided to the Reorganized Debtor within thirty (30) days of a request made by the Reorganized Debtor. If no W-9 form is provided within thirty (30) days of such request, the Claim of such person or entity shall be discharged and forever barred.

7.7. Time Bar to Cash Payments. Checks issued in respect of Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Reorganized Debtor by the holder of

the Allowed Claim with respect to which such check originally was issued. Any Claim in respect of such a voided check shall be made on or before one hundred twenty (120) days after the date of issuance of such check or such longer period as the Reorganized Debtor may fix. After such date, all Claims in respect of void checks shall be discharged and forever barred.

7.8. Cure Period. Except as otherwise set forth herein, the failure by the Reorganized Debtor to timely perform any term, provision or covenant contained in this Plan, or to make any payment or Distribution required by this Plan to any Creditor, or the failure to make any payment or perform any covenant on any note, instrument or document issued pursuant to this Plan, shall not constitute an event of default unless and until the Reorganized Debtor has been given thirty (30) days written notice of such alleged default in the manner provided in this Plan, and provided an opportunity to cure such alleged default. Until the expiration of such thirty (30) day cure period, the Reorganized Debtor shall not be in default, and performance during such thirty (30) day cure period shall be deemed as timely for all purposes. Such written notice and passage of the thirty (30) day cure period shall constitute conditions precedent to declaring or claiming any default under this Plan or bringing any action or legal proceeding by any Person to enforce any right granted under this Plan.

7.9. Distributions after Substantial Consummation. All Distributions of any kind made to any Creditor after Substantial Consummation and any and all other actions taken under this Plan after Substantial Consummation shall not be subject to relief, reversal or modification by any court unless the implementation of the Confirmation Order is stayed by an order granted under Bankruptcy Rule 8005.

ARTICLE VIII

RETENTION OF ESTATE CLAIMS AND ESTATE DEFENSES

8.1. Retention of Estate Claims. Except as otherwise specifically provided in this Plan, pursuant to section 1123(b)(3) of the Bankruptcy Code, all Estate Claims shall be transferred to, and vested in, the Reorganized Debtor, both for purposes of seeking an affirmative recovery against any Person and as an offset or defense against any Claim asserted against the Estate or Reorganized Debtor. Without limiting the generality of the foregoing, all applicable legal privileges of the Debtor or Estate, including both the attorney-client privilege and the work product privilege, shall be vested in the Reorganized Debtor which shall be clothed with the sole and exclusive standing and authority to assert any such privilege on behalf of the Debtor, Estate or Reorganized Debtor. All Estate Claims shall be deemed to have been transferred to, and vested in, the Reorganized Debtor as of the Effective Date based on the entry of the Confirmation Order.

Without limiting the effectiveness or generality of the foregoing reservation, out of an abundance of caution, the Debtor and the Estate hereby specifically reserve and retain the Retained Causes of Action, to be filed as a Plan Supplement. Reference is here made to the Plan Supplement, which constitutes an integral part of this Plan. The provisions of this Article of the Plan, as well as the descriptions and disclosures relating to the Estate Claims in the Disclosure Statement, are provided in the interest of providing maximum disclosure of the Estate Claims of which Debtor is presently aware, and shall not act as a limitation on the potential Estate Claims that may exist. It is the specific intention of this Plan that all Avoidance Actions and all associated remedies, and any other causes of action, whether arising before or after the Petition Date, and whether arising under the Bankruptcy Code or applicable state or federal non-bankruptcy laws shall all be retained and preserved under this Plan to be transitioned to, and vested in the Reorganized Debtor. All Estate Claims are retained both as

causes of action for an affirmative recovery and as counterclaims and offset to any Claims asserted against the Estate.

8.2. Retention of Estate Defenses. Except as otherwise specifically provided in this Plan, pursuant to section 1123(b)(3) of the Bankruptcy Code, all Estate Defenses shall be transferred to, and vested in, the Reorganized Debtor. For this purpose, all Estate Defenses are hereby reserved and retained by the Debtor and the Estate, including without limitation all such Estate Defenses available to the Estate pursuant to section 558 of the Bankruptcy Code. All Estate Claims shall be deemed as transferred to, and vested in, the Reorganized Debtor as of the Effective Date based on the entry of the Confirmation Order.

8.3. Assertion of Estate Claims and Estate Defenses. The Reorganized Debtor shall have, and be vested with, the exclusive right, authority and standing to assert all Estate Claims and Estate Defenses for the benefit of the Reorganized Debtor.

ARTICLE IX

PROCEDURES FOR RESOLVING AND TREATING CONTESTED CLAIMS

9.1. Claims Listed in Schedules as Disputed. Any Claim which is listed in the Schedules as unliquidated, contingent or disputed, and for which no proof of Claim has been timely filed, shall be considered as Disallowed as of the Effective Date without the necessity of any further action by the Reorganized Debtor or further order of the Bankruptcy Court other than the entry of the Confirmation Order.

9.2. Responsibility for Objecting to Claims and Settlement of Claims. The Reorganized Debtor shall have the exclusive standing and authority to either object to or settle and compromise any Objection to any Claim, including as follows:

(a) From and after the Effective Date, the Reorganized Debtor shall have the sole and exclusive right to (i) file, settle, or litigate to Final Order any Objections to any Claims; and (ii) seek to subordinate any Claim. Any Contested Claim may be litigated to Final Order by the Reorganized Debtor; and

(b) From and after the Effective Date, the Reorganized Debtor shall have the sole and exclusive right to settle, compromise or otherwise resolve any Contested Claim without the necessity of any further notice or approval of the Bankruptcy Court. Bankruptcy Rule 9019 shall not apply to any settlement or compromise of a Contested Claim after the Effective Date.

9.3. Objection Deadline. All Objections to Claims shall be served and filed by the Objection Deadline; provided, however, the Objection Deadline shall not apply to Claims which are not reflected in the claims register, including any alleged informal proofs of Claim. The Reorganized Debtor may seek to extend the Objection Deadline pursuant to a motion filed on or before the then applicable Objection Deadline with respect to any Claim. Any such motion may be granted without notice or a hearing. In the event that the Reorganized Debtor files such a motion and the Bankruptcy Court denies such motion, the Objection Deadline shall nevertheless be automatically extended to that date which is ten (10) Business Days after the date of entry of the Bankruptcy Court's order denying such motion. Any proof of Claim other than one based upon a Rejection Claim and which is filed more than thirty (30) days after the Effective Date shall be of no force and effect and need not be objected to by the Reorganized Debtor. Nothing contained herein shall limit the right of the Reorganized Debtor to object to Claims, if any, filed

or amended after the Objection Deadline.

9.4. Response to Claim Objection. If the Reorganized Debtor files an Objection to any Claim, then the holder of such Claim shall file a written response to such Objection within twenty-four (24) days after the filing and service of the Objection upon the holder of the Contested Claim. Each such Objection shall contain appropriate negative notice advising the Creditor whose Claim is subject to the Objection of the requirement and time period to file a response to such Objection and that, if no response is timely filed to the Objection, the Bankruptcy Court may enter an order that such Claim is Disallowed without further notice or hearing.

9.5. Distributions on Account of Contested Claims. If a Claim is Contested, then the dates for any Distributions as to such Contested Claim shall be determined based upon its date of Allowance, and thereafter Distribution shall be made on account of such Allowed Claim pursuant to the provisions of the Plan. No Distribution shall be made on account of a Contested Claim until Allowed. Until such time as a contingent Claim becomes fixed and absolute by a Final Order Allowing such Claim, such Claim shall be treated as a Contested Claim for purposes of estimates, allocations, and Distributions under the Plan. Any contingent right to contribution or reimbursement shall continue to be subject to section 502(e) of the Bankruptcy Code.

9.6. No Waiver of Right to Object. Except as expressly provided in this Plan, nothing contained in the Disclosure Statement, this Plan or the Confirmation Order shall waive, relinquish, release or impair the Reorganized Debtor's right to object to any Claim.

9.7. Offsets and Defenses. The Reorganized Debtor shall be vested with and retain all Estate Claims and Estate Defenses, including without limitation all rights of offset or recoupment and all counterclaims against any Claimant holding a Claim. Assertion of counterclaims by the Reorganized Debtor against any Claim asserted against the Estate or Reorganized Debtor shall constitute "core" proceedings.

9.8. Claims Paid or Reduced Prior to Effective Date. Notwithstanding the contents of the Schedules, Claims listed therein as undisputed, liquidated and not contingent shall be reduced by the amount, if any, that was paid by the Debtor prior to the Effective Date, including pursuant to orders of the Bankruptcy Court. To the extent such payments are not reflected in the Schedules, such Schedules will be deemed amended and reduced to reflect that such payments were made. Nothing in the Plan shall preclude the Reorganized Debtor from paying Claims that the Debtor was authorized to pay pursuant to any Final Order entered by the Bankruptcy Court prior to the Confirmation Date.

ARTICLE X

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

10.1. Assumption and Rejection of Executory Contracts. This Plan shall constitute a motion to reject all Executory Contracts except as expressly set forth in this section. All Executory Contracts shall be deemed as rejected by the Debtor upon the Effective Date, unless an Executory Contract (a) is identified on the Schedule of Assumed Executory Contracts to be included in a Plan Supplement, (b) has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (c) is identified in this Plan or the Confirmation Order to be assumed, or (d) is the subject of a motion to assume filed on or before the Confirmation Date. The Debtor may file a motion for the assumption or rejection of any Executory Contract at any time through the Effective Date and such motion shall be determined by the Bankruptcy Court

thereafter.

10.2. Cure Claim Payments. To the best of the Debtor's knowledge, there are no Cure Claims. However, to the extent any Cure Claims exist, they shall be treated as provided in this section. Unless the holder of a Cure Claim and the Debtor or Reorganized Debtor agree in writing to other treatment of such holder's Cure Claim, or other treatment of such holder's Cure Claim is otherwise provided for under the Plan, any cure payment which may be required by section 365(b)(1) of the Bankruptcy Code under an Executory Contract that is assumed under this Plan shall be made by the Reorganized Debtor on the Initial Distribution Date. Notwithstanding the foregoing, in the event of a dispute regarding the amount of any Cure Claim, the cure of any other defaults, the provision of adequate assurance of future performance, or any other matter pertaining to assumption, the Reorganized Debtor shall make such cure payments and cure such other defaults and provide adequate assurance of future performance, all as may be required by section 365(b)(1) of the Bankruptcy Code, following the entry of a Final Order by the Bankruptcy Court resolving such dispute.

10.3. Bar to Rejection Claims. Except as otherwise ordered by the Bankruptcy Court, any Rejection Claim based on the rejection of an Executory Contract shall be forever barred and shall not be enforceable against the Reorganized Debtor or the Assets unless a proof of Claim is filed with the Bankruptcy Court and served upon the Debtor and its bankruptcy counsel, or the Reorganized Debtor and its counsel, as the case may be, by the earlier of thirty (30) days after the Effective Date or thirty (30) days after entry of the Final Order approving rejection of such Executory Contract.

10.4. Rejection Claims. Any Rejection Claim not barred by section 10.3 above shall be classified as a Class 5 Claim subject to the provisions of sections 502(b)(6) and 502(g) of the Bankruptcy Code; provided, however, that any Rejection Claim based upon the rejection of an unexpired lease of real property, either prior to the Confirmation Date, upon the entry of the Confirmation Order, or upon the Effective Date, shall be limited in accordance with section 502(b)(6) of the Bankruptcy Code and state law mitigation requirements. All Rejection Claims shall be deemed as Contested Claims until Allowed. Nothing contained herein shall be deemed as an admission by the Debtor or the Reorganized Debtor that the rejection of any Executory Contract gives rise to or results in a Rejection Claim or shall be deemed as a waiver by the Reorganized Debtor of any objections or defenses to any such Rejection Claim if asserted.

10.5. Reservation of Rights. Nothing contained in the Plan shall constitute an admission by the Debtor that any contract or lease is in fact an Executory Contract or that the Debtor or Estate 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 Reorganized Debtor shall have thirty (30) days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease.

ARTICLE XI

CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVENESS OF PLAN

11.1. Conditions to Confirmation and Effectiveness of Plan. The Plan shall not become effective until the following conditions shall have been satisfied and which may occur concurrently with the Effective Date: (a) the Confirmation Order shall have been entered, in form and substance acceptable to the Debtor; (b) the necessary Plan Documents have been executed and delivered, and (c) all other conditions specified by the Debtor have been satisfied.

11.2. Notice of the Effective Date. On the Effective Date, the Reorganized Debtor shall cause to be filed with the Court, and served on all Creditors and parties-in-interests, a notice of the Effective Date.

ARTICLE XII

EFFECT OF THE CONFIRMATION OF THE PLAN

12.1. Compromise and Settlement. Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the classification, potential Distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests and controversies subject to, or dealt with, under this Plan, including, without limitation, all Claims against the Debtor or Estate arising prior to the Effective Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, fixed or contingent, arising out of, relating to or in connection with the business or affairs of, or transactions with, the Debtor or the Estate. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements embodied in this Plan, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interest of the Debtor, the Debtor's bankruptcy Estate, Creditors and other parties-in-interest, and are fair, equitable and within the range of reasonableness. The rights afforded in the Plan and the treatment of all Claims and Interests herein shall be in exchange for, and in complete satisfaction and release of, all Claims and Interests of any nature whatsoever against and in the Debtor, the Estate, and the Assets. Except as otherwise provided herein, all Persons shall be precluded and forever barred by the Plan Injunction from asserting against the Debtor and its affiliates, successors, assigns, the Estate or the Assets or Reorganized Debtor any event, occurrence, condition, thing, or other or further Claims or causes of action based upon any act, omission, transaction, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date, whether or not the facts of or legal bases therefore were known or existed prior to the Effective Date.

12.2. Discharge. The terms, covenants and consideration under the Plan shall be in exchange for, and in complete satisfaction, discharge, and release of, all Claims of any nature whatsoever against the Debtor, the Reorganized Debtor and the Assets. Except as otherwise expressly provided herein, upon the Effective Date, the Debtor and the Reorganized Debtor, and their successors in interest and assigns, shall be deemed discharged and released pursuant to section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not (a) a proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; (b) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code; (c) the holder of a Claim based upon such debt has accepted the Plan; or (d) the Claim has been Allowed, Disallowed, or estimated pursuant to section 502(c) of the Bankruptcy Code. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtor and the Reorganized Debtor, and their successors in interest and assigns, other than those obligations specifically set forth pursuant to the Plan.

12.3. PLAN INJUNCTION. THIS SECTION IS REFERRED TO HEREIN AS THE "PLAN INJUNCTION." EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, AS OF THE EFFECTIVE DATE ALL HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTOR, THE ESTATE OR ANY OF THE ASSETS THAT AROSE PRIOR TO THE EFFECTIVE DATE ARE HEREBY PERMANENTLY ENJOINED AND PROHIBITED FROM

THE FOLLOWING: (i) THE COMMENCING OR CONTINUATION IN ANY MANNER, DIRECTLY OR INDIRECTLY, OF ANY ACTION, CASE, LAWSUIT OR OTHER PROCEEDING OF ANY TYPE OR NATURE AGAINST THE DEBTOR, REORGANIZED DEBTOR OR THE ESTATE, WITH RESPECT TO ANY SUCH CLAIM OR INTEREST ARISING OR ACCRUING BEFORE THE EFFECTIVE DATE, INCLUDING WITHOUT LIMITATION THE ENTRY OR ENFORCEMENT OF ANY JUDGMENT, OR ANY OTHER ACT FOR THE COLLECTION, EITHER DIRECTLY OR INDIRECTLY, OF ANY CLAIM OR INTEREST AGAINST THE ESTATE, THE DEBTOR OR THE REORGANIZED DEBTOR; (ii) THE CREATION, PERFECTION OR ENFORCEMENT OF ANY LIEN, SECURITY INTEREST, ENCUMBRANCE, RIGHT OR BURDEN, EITHER DIRECTLY OR INDIRECTLY, AGAINST THE DEBTOR, OR REORGANIZED DEBTOR, OR (iii) TAKING ANY ACTION IN RELATION TO THE DEBTOR, ESTATE, OR REORGANIZED DEBTOR, EITHER DIRECTLY OR INDIRECTLY, WHICH VIOLATES OR DOES NOT CONFORM OR COMPLY WITH THE PROVISIONS OF THIS PLAN APPLICABLE TO SUCH CLAIM OR INTEREST. THE PLAN INJUNCTION SHALL ALSO BE INCORPORATED INTO THE CONFIRMATION ORDER.

12.4. Setoffs. Except as otherwise expressly provided for in the Plan, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable nonbankruptcy law, or as may be agreed to by the holder of a Claim, the Reorganized Debtor may setoff against any Allowed Claim and the Distributions to be made pursuant to the Plan on account of such Allowed Claim (before such Distribution is made), any Claims, rights, Estate Claims and Estate Defenses of any nature that the Debtor may hold against the holder of such Allowed Claim, to the extent such Claims, rights, Estate Claims and Estate Defenses against such holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim or Interest pursuant to the Plan shall constitute a waiver or release of any such Claims, rights, Estate Claims and Estate Defenses that the Estate may possess against such Claimant. In no event shall any Claimant or Interest holder be entitled to setoff any Claim or Interest against any Claim, right, or Estate Claim of the Debtor without the consent of the Debtor or the Reorganized Debtor unless such holder files a motion with the Bankruptcy Court requesting the authority to perform such setoff notwithstanding any indication in any proof of Claim or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise.

12.5. Recoupment. Except as otherwise expressly provided for in the Plan, in no event shall any holder of Claims or Interests be entitled to recoup any Claim or Interest against any Claim, right, account receivable, or Estate Claim of the Debtor or the Reorganized Debtor unless (a) such holder actually provides notice thereof in writing to the Debtor or the Reorganized Debtor of its intent to perform a recoupment; (b) such notice includes the amount to be recouped by the holder of the Claim or Interest and a specific description of the basis for the recoupment, and (c) the Debtor or the Reorganized Debtor has provided a written response to such Claim or Interest holder, stating unequivocally that the Debtor or the Reorganized Debtor consents to the requested recoupment. The Debtor and the Reorganized Debtor shall have the right, but not the obligation, to seek an order of the Bankruptcy Court allowing any or all of the proposed recoupment. In the absence of a written response from the Debtor or the Reorganized Debtor consenting to a recoupment or an order of the Bankruptcy Court authorizing a recoupment, no recoupment by the holder of a Claim or Interest shall be allowed.

12.6. Turnover. On the Effective Date, any rights of the Estate to compel turnover of Assets under applicable nonbankruptcy law and pursuant to section 542 or 543 of the Bankruptcy Code shall be deemed transferred to and vested in the Reorganized Debtor.

12.7. Automatic Stay. The automatic stay pursuant to section 362 of the Bankruptcy Code, except as previously modified by the Bankruptcy Court, shall remain in effect until the Effective Date of the Plan as to the Debtor, the Estate and all Assets. As of the Effective Date, the automatic stay shall be replaced by the Plan Injunction.

ARTICLE XIII
JURISDICTION OF COURTS AND MODIFICATIONS TO THE PLAN

13.1. Retention of Jurisdiction. Pursuant to sections 1334 and 157 of title 28 of the United States Code, the Bankruptcy Court shall retain exclusive jurisdiction of all matters arising in, arising under, and related to this Bankruptcy Case and the Plan, to the full extent allowed or permitted by applicable law, including without limitation for the purposes of invoking sections 105(a) and 1142 of the Bankruptcy Code, and for, among other things, the following purposes:

- (a) To hear and determine any and all objections to, or applications or motions concerning, the allowance of Claims or the allowance, classification, priority, compromise, estimation, or payment of any Administrative Expense;
- (b) To hear and determine any and all applications for payment of fees and expenses pursuant to this Plan to any Estate Professional pursuant to sections 330 or 503 of the Bankruptcy Code, or for payment of any other fees or expenses authorized to be paid or reimbursed under this Plan, and any and all objections thereto;
- (c) To hear and determine pending applications for the rejection, assumption, or assumption and assignment of Executory Contracts and the allowance of Claims resulting therefrom, and to determine the rights of any party in respect to the assumption or rejection of any Executory Contract;
- (d) To hear and determine any and all adversary proceedings, applications, or contested matters, including relating to the allowance of any Claim;
- (e) To hear and determine all controversies, disputes, and suits which may arise in connection with the execution, interpretation, implementation, consummation, or enforcement of the Plan in connection with the enforcement of any remedies made available under the Plan, including without limitation, (i) adjudication of all rights, interests or disputes relating to any of the Assets, (ii) the valuation of all Collateral, (iii) the determination of the validity of any Lien or claimed right of offset; and (iv) determinations of Objections to Contested Claims;
- (f) To liquidate and administer any disputed, contingent, or unliquidated Claims, including the Allowance of all Contested Claims;
- (g) To administer Distributions to holders of Allowed Claims as provided herein or in the Confirmation Order;
- (h) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;
- (i) To consider any modification of the Plan pursuant to section 1127 of the Bankruptcy Code, to cure any defect or omission, or reconcile any inconsistency in any

order of the Bankruptcy Court, including, without limitation the Confirmation Order;

(j) To enforce the Plan Injunction against any Person;

(k) To enter and implement all such orders as may be necessary or appropriate to execute, interpret, construe, implement, consummate, or enforce the terms and conditions of this Plan or the Confirmation Order and the transactions required or contemplated pursuant thereto;

(l) To hear and determine any motion or application which the Reorganized Debtor is required or allowed to commence before the Bankruptcy Court pursuant to this Plan or the Confirmation Order;

(m) To hear and determine any other matter not inconsistent with the Bankruptcy Code and title 28 of the United States Code that may arise in connection with or related to the Plan;

(n) To determine proceedings pursuant to section 505 of the Bankruptcy Code;

(o) To enter a Final Decree closing this Bankruptcy Case; and

(p) To determine any other matter or dispute relating to the Estate or the Assets and the Distribution thereof.

13.2. Abstention and Other Courts. If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of or relating to this Bankruptcy Case, this Article of the Plan shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

13.3. Non-Material Modifications. The Reorganized Debtor may, with the approval of the Bankruptcy Court and without notice to all holders of Claims and Interests, correct any defect, omission, or inconsistency in the Plan in such manner and to such extent as may be necessary or desirable. The Reorganized Debtor may undertake such nonmaterial modification pursuant to this section insofar as it does not adversely change the treatment of the Claim of any Creditor or the Interest of any Interest holder who has not accepted in writing the modification.

13.4. Material Modifications. Modifications of this Plan may be proposed in writing by the Debtor at any time before confirmation, provided that this Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with section 1125 of the Bankruptcy Code. This Plan may be modified at any time after confirmation and before its Substantial Consummation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modification. A holder of a Claim or Interest that has accepted or rejected this Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection.

ARTICLE XIV
MISCELLANEOUS PROVISIONS

14.1. Severability. Should the Bankruptcy Court determine any provision of the Plan is unenforceable either on its face or as applied to any Claim or Interest or transaction, the Reorganized Debtor may modify the Plan so that any such provision shall not be applicable to the holder of any Claim or Interest. Such a determination of unenforceability shall not (a) limit or affect the enforceability and operative effect of any other provision of the Plan or (b) require the resolicitation of any acceptance or rejection of the Plan.

14.2. Oral Agreements; Modification of Plan; Oral Representations or Inducements. The terms of the Plan, Disclosure Statement and Confirmation Order may only be amended in writing and may not be changed, contradicted or varied by any oral statement, agreement, warranty or representation. Neither the Debtor nor its attorneys have made any representation, warranty, promise or inducement relating to the Plan or its confirmation except as expressly set forth in this Plan, the Disclosure Statement, or the Confirmation Order or other order of the Bankruptcy Court.

14.3. Waiver. The Reorganized Debtor shall not be deemed to have waived any right, power or privilege unless the waiver is in writing and signed by the Reorganized Debtor. There shall be no waiver by implication, course of conduct or dealing, or through any delay or inaction by the Reorganized Debtor, of any right pursuant to the Plan, including the provisions of this anti-waiver section. The waiver of any right under the Plan shall not act as a waiver of any other or subsequent right, power or privilege.

14.4. Notice. Any notice or communication required or permitted by the Plan shall be given, made or sent as follows:

(a) If to a Creditor, notice may be given as follows: (i) if the Creditor has filed no proof of Claim, then to the address reflected in the Schedules, or (ii) if the Creditor has filed a proof of Claim, then to the address reflected in the proof of Claim.

(b) If to the Reorganized Debtor, notice shall be sent to the Reorganized Debtor and counsel of record for the Reorganized Debtor.

(c) Any Creditor desiring to change its address for the purpose of notice may do so by giving notice to the Reorganized Debtor of its new address in accordance with the terms of this section.

(d) Any notice given, made or sent as set forth above shall be effective upon being (i) deposited in the United States Mail, postage prepaid, addressed to the addressee at the address as set forth above; (ii) delivered by hand or messenger to the addressee at the address set forth above; (iii) telecopied to the addressee as set forth above, with a hard confirmation copy being immediately sent through the United States Mail; or (iv) delivered for transmission to an expedited or overnight delivery service such as FedEx.

14.5. Compliance with All Applicable Laws. If notified by any governmental authority that it is in violation of any applicable law, rule, regulation, or order of such governmental authority relating to its business, the Reorganized Debtor shall comply with such law, rule, regulation, or order; provided, however, that nothing contained herein shall require such

compliance if the legality or applicability of any such requirement is being contested in good faith in appropriate proceedings.

14.6. Duties to Creditors. No agent, representative, accountant, financial advisor, attorney, shareholder, officer, affiliate, member or employee of the Debtor shall ever owe any duty to any Person (including any Creditor) other than the duties owed to the Debtor's bankruptcy Estate, for any act, omission, or event in connection with, or arising out of, or relating to, any of the following: (a) the Debtor's Bankruptcy Case, including all matters or actions in connection with or relating to the administration of the Estate, (b) the Plan, including the proposal, negotiation, confirmation and consummation of the Plan, or (c) any act or omission relating to the administration of the Plan after the Effective Date.

14.7. Binding Effect. The Plan shall be binding upon, and shall inure to the benefit of the Reorganized Debtor, the holders of the Claims or Liens, the holders of Interests, and their respective successors-in-interest and assigns.

14.8. Governing Law, Interpretation. Unless a rule of law or procedure supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) is applicable, the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any Plan Documents without regard to conflicts of law. The Plan shall control any inconsistent term or provision of any other Plan Documents.

14.9. Payment of Statutory Fees. All accrued U.S. Trustee Fees shall be paid by the Reorganized Debtor as soon as practicable after the Effective Date, and thereafter shall be paid by the Reorganized Debtor as such statutory fees become due and payable.

14.10. Filing of Additional Documents. On or before Substantial Consummation of the Plan, the Reorganized Debtor 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.

14.11. Computation of Time. Bankruptcy Rule 9006 shall apply to the calculation of all time periods pursuant to this Plan. If the final day for any Distribution, performance, act or event under the Plan is not a Business Day, then the time for making or performing such Distribution, performance, act or event shall be extended to the next Business Day. Any payment or Distribution required to be made hereunder on a day other than a Business Day shall be due and payable on the next succeeding Business Day.

14.12. Elections by the Reorganized Debtor. Any right of election or choice granted to the Reorganized Debtor under this Plan may be exercised, at the Reorganized Debtor's election, separately as to each Claim, Creditor or Person.

14.13. Release of Liens. Except as otherwise expressly provided in this Plan or the Confirmation Order, all Liens against any of the Assets transferred to the Reorganized Debtor shall be deemed to be released, terminated and nullified without the necessity of any order by the Bankruptcy Court other than the Confirmation Order.

14.14. Rates. The Plan does not provide for the change of any rate that is within the jurisdiction of any governmental regulatory commission after the occurrence of the Effective Date.

14.15. Compliance with Tax Requirements. In connection with the Plan, the Reorganized Debtor shall comply with all withholding and reporting requirements imposed by federal, state and local Taxing Authorities and all Distributions under the Plan shall be subject to such withholding and reporting requirements. Notwithstanding the above, each holder of an Allowed Claim or Interest that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such Distribution under the Plan.

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Dated: October 19, 2017

Respectfully submitted,

ALLIANCE PROCESSORS, INC.

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