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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	**Chapter 11**
UNO RESTAURANT HOLDINGS CORPORATION, *et al.*,	:	**Case No. 10-10209 (MG)**
Debtors.	:	**(Jointly Administered)**

ORDER CONFIRMING SECOND AMENDED JOINT CONSOLIDATED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE FOR UNO RESTAURANT HOLDINGS CORPORATION AND ITS AFFILIATED DEBTORS AND DEBTORS IN POSSESSION

Uno Restaurant Holdings Corporation and its debtor affiliates, as debtors and debtors in possession in the above-referenced chapter 11 cases (collectively, **"Uno"** or the **"Debtors"**) and the informal group of the Debtors' prepetition senior secured noteholders (the **"Majority Noteholder Group"** and together with the Debtors, the **"Plan Proponents"**) having proposed and filed the *Second Amended Joint Consolidated Plan of Reorganization under Chapter 11 of the Bankruptcy Code for Uno Restaurant Holdings Corporation and Its Affiliated Debtors and Debtors in Possession* [Docket No. 516], dated June 29, 2010 (as it has been or may be subsequently amended or modified in accordance with its respective terms and the Bankruptcy Code, the **"Plan"**)[1] and the *Amended Plan Supplement* [Docket No. 511], dated June 25, 2010 (as it has been or may be subsequently amended or modified in accordance with its respective terms and the Bankruptcy Code, the **"Plan Supplement"** and together with the Plan, the **"Plan Documents"**); and the Disclosure Statement, having been approved by the Court by order, dated May 11, 2010 (the **"Disclosure Statement Order"**) [Docket No. 456]; and due

[1] Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan.

notice of (i) entry of the Disclosure Statement Order, (ii) the hearing on confirmation of the Plan (the **"Confirmation Hearing"**), and (iii) the deadline for voting on, and/or objecting to, the Plan having been provided to holders of Claims against and Interests in the Debtors and other parties in interest, as established by the certificate of service and mailing filed with the Court, in accordance with the Disclosure Statement Order, the Bankruptcy Code, and the Bankruptcy Rules; and such notice being sufficient, and no further notice being required; and a hearing having been held before the Court on July 6, 2010 to consider confirmation of the Plan; and based upon and after full consideration of the entire record of the Confirmation Hearing, including (A) the Plan Documents, the Disclosure Statement, and the Disclosure Statement Order, (B) the Debtors' memorandum of law, dated June 17, 2010, in support of confirmation of the Plan (as amended, the **"Confirmation Brief"**), (C) the Declaration of Richard Klein in Support of Confirmation of the Second Amended Joint Consolidated Plan of Reorganization under Chapter 11 of the Bankruptcy Code for Uno Restaurant Holdings Corporation and Its Affiliated Debtors and Debtors in Possession, dated June 30, 2010 [Docket No. 534] (the **"Klein Declaration"**), (D) the Affidavit of Louie Psallidas in Support of Confirmation of the Second Amended Joint Consolidated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code For Uno Restaurant Holdings Corporation and its Affiliated Debtors and Debtors in Possession, dated June 30, 2010 [Docket No. 533] (the **"Psallidas Affidavit"**), and (E) the Certification of Alison M. Tearnen with Respect to the Tabulation of Votes on the Debtors' Second Amended Joint Consolidated Plan of Reorganization under Chapter 11 of the Bankruptcy Code of Uno Restaurant Holdings Corporation and Its Affiliated Debtors and Debtors in Possession certifying ballots accepting or rejecting the Plan, dated June 30, 2010 [Docket No. 530] (the **"Vote Certification"**); and the Court having reviewed and considered the Plan Documents, the

Disclosure Statement, the Disclosure Statement Order, the Confirmation Brief, the Klein Declaration, the Psallidas Affidavit, and the Vote Certification; and the Court having considered all objections to confirmation of the Plan (the **"Objections"**); and all Objections having been withdrawn, overruled, mooted, or resolved by stipulation or otherwise denied as set forth in the record of the Confirmation Hearing, which record is incorporated herein; and the Court being fully familiar with, and having taken judicial notice of, the entire record of the Debtors' Chapter 11 Cases; and upon the appearance of all interested parties having been duly noted on the record of the Confirmation Hearing; and upon all of the proceedings had before the Court and upon the entire record of the Confirmation Hearing, including the evidence proffered and adduced at the Confirmation Hearing, the Court having determined that the Plan should be confirmed as reflected by the Court's rulings made herein and on the record of the Confirmation Hearing; and after due deliberation and sufficient cause appearing therefor, it is hereby DETERMINED AND FOUND:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

A. Findings of Fact and Conclusions of Law. The findings set forth herein and on the record of the Confirmation Hearing constitute the Court's findings of fact pursuant to Rule 52 of the Federal Rules of Civil Procedure, as made applicable herein by Bankruptcy Rules 7052 and 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. Judicial Notice. The Court takes judicial notice of the docket of the Chapter 11 Cases maintained by the Clerk of the Court, including, without limitation, all pleadings and other documents filed, all orders entered, and all evidence and arguments made,

proffered, adduced and/or presented at the hearings held before the Court during the pendency of the Chapter 11 Cases.

C. Exclusive Jurisdiction; Core Proceeding; Venue. This Court has jurisdiction over the Chapter 11 Cases and to confirm the Plan pursuant to 28 U.S.C. § 1334. Confirmation of the Plan is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court and in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

D. Commencement and Administration of the Chapter 11 Cases. On January 20, 2010 (the **"Petition Date"**), the Debtors commenced voluntary cases under chapter 11 of the Bankruptcy Code. By order of the Court, the Chapter 11 Cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Bankruptcy Rule 2015. The Debtors have operated their businesses and managed their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these Chapter 11 Cases.

E. Official Committee of Unsecured Creditors. On January 27, 2010, the Office of the United States Trustee for the Southern District of New York (the **"U.S. Trustee"**) appointed an official committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the **"Creditors' Committee"**).

F. Solicitation and Notice. On May 11, 2010, the Court entered the Disclosure Statement Order, which, among other things, approved the Disclosure Statement, finding that it contained "adequate information" within the meaning of section 1125 of the Bankruptcy Code, and established procedures for the Debtors' solicitation of votes with respect to the Plan. As described in the Vote Certification, packages containing (a) notice of the Confirmation Hearing, (b) the Disclosure Statement Order, (c) the Disclosure Statement (with a

copy of the Plan attached thereto), (d) a letter from the Creditors' Committee in support of the Plan, and (e) the appropriate ballots for voting on the Plan (the **"Ballots"**) (collectively, the **"Solicitation Packages"**) were served in compliance with the Bankruptcy Rules and the Disclosure Statement Order. The service of the Solicitation Packages, as set forth in the Vote Certification, was adequate and sufficient under the circumstances of these Chapter 11 Cases, provided adequate and sufficient notice of the Confirmation Hearing, the Voting Deadline, and the deadline for objecting to the Plan, was in compliance with the Bankruptcy Code, the Bankruptcy Rules, the Disclosure Statement Order, and any other applicable orders and rulings of the Court, and provided due process to all parties in interest in these Chapter 11 Cases. The filing of the Plan and this Confirmation Hearing constitutes adequate notice in accordance with Bankruptcy Rule 3019.

G. Voting. Votes to accept or reject the Plan were solicited contemporaneously with a disclosure statement that contained "adequate information" as defined in section 1125 of the Bankruptcy Code. As evidenced by the Vote Certification, votes to accept or reject the Plan have been solicited and tabulated fairly, in good faith, and in a manner consistent with the Disclosure Statement Order, the Bankruptcy Code, and the Bankruptcy Rules.

H. Plan Supplement. On June 4, 2010, the Plan Proponents filed the Plan Supplement, which included the following documents: the Claims Purchase Schedule; the Claims Purchasing Agreement; a schedule listing the executory contracts and unexpired leases to be rejected by the Debtors (the **"Rejection Schedule"**); a schedule listing the executory contracts and unexpired leases to be assumed by the Debtors (the **"Assumption Schedule"**) and the proposed corresponding cure amounts (the **"Cure Amounts"**); the agreement detailing the Restructuring Transactions (the **"Master Restructuring Agreement"**); a statement regarding

the current status of the Debtors' efforts to obtain Exit Financing (as defined below); the Stockholders' Agreement; the New Uno Certificate of Incorporation; the New Uno Bylaws; the Consulting Agreement; the Management Incentive Plan; the advisory services agreement with Twin Haven Capital Partners; the advisory services agreement with Coliseum Capital Management, LLC; and a list of members of the initial board of directors of New Uno. The Plan Supplement was amended on June 25, 2010 to, among other things, reflect certain amendments to the above-listed documents and to include the following Exit Financing operative documents: the commitment letter for the $30 million New First Lien Facility; the New Second Lien Notes Indenture; the New Intercreditor Agreement; and the Backstop Commitment Agreement relating to the New Second Lien Notes. All such materials comply with, and are necessary to the implementation of, the terms of the Plan, and the filing and notice of such documents is good and proper in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Disclosure Statement Order, and no other or further notice is or shall be required.

Compliance with Section 1129 of the Bankruptcy Code

I. Burden of Proof. The Plan Proponents have met their burden of providing the elements of sections 1129(a) and (b) of the Bankruptcy Code by a preponderance of the evidence, which is the applicable standard.

J. Bankruptcy Rule 3016(a). The Plan is dated and identifies the Debtors and the Majority Noteholder Group as the Plan Proponents, thereby satisfying the requirements of Bankruptcy Rule 3016(a).

K. Plan Compliance with Applicable Provisions of the Bankruptcy Code (11 U.S.C. § 1129(a)(1)). As set forth below, the Plan complies fully with the requirements of

sections 1122 and 1123 as well as with all other applicable provisions of the Bankruptcy Code, thereby satisfying section 1129(a)(1) of the Bankruptcy Code.

1. Proper Classification (11 U.S.C. §§ 1122, 1123(a)(1)). As required by section 1123(a)(1) of the Bankruptcy Code, in addition to Administrative Expense Claims, DIP Financing Claims, Professional Compensation and Reimbursements Claims, and Priority Tax Claims, which need not be classified, Article III of the Plan designates seven (7) Classes of Claims and two (2) Classes of Interests: Class 1 (Priority Non-Tax Claims), Class 2 (Secured Tax Claims), Class 3 (Other Secured Claims), Class 4 (Senior Secured Notes Claims), Class 5 (General Unsecured Claims), Class 6 (Subordinated Claims), Class 7 (Intercompany Claims), Class 8 (Intercompany Interests), and Class 9 (Interests). As required by section 1122(a) of the Bankruptcy Code, each of the Claims or Interests, as the case may be, in each particular Class is substantially similar to the other Claims or Interests in such Class. Valid business, factual, and legal reasons exist for separately classifying the various Claims and Interests created under the Plan, and such Classes do not unfairly discriminate between holders of Claims and Interests or prejudice the rights of holders of such Claims and Interests. The classification of Claims and Interests in the Plan is reasonable and necessary to implement the Plan. The Plan adequately and properly classifies all Claims and Interests and therefore satisfies the requirements of sections 1122 and 1123(a)(1) of the Bankruptcy Code.

2. Specified Unimpaired Classes (11 U.S.C. § 1123(a)(2)). Articles III and IV of the Plan specify that Class 1 (Priority Non-Tax Claims), Class 2 (Secured Tax Claims), Class 3 (Other Secured Claims), Class 7 (Intercompany Claims), and Class 8 (Intercompany Interests) are Unimpaired by the Plan, thereby satisfying the requirements of section 1123(a)(2) of the Bankruptcy Code.

3. Specified Treatment of Impaired Classes (11 U.S.C. § 1123(a)(3)). Articles III and IV of the Plan designate Class 4 (Senior Secured Notes Claims), Class 5 (General Unsecured Claims), Class 6 (Subordinated Claims), and Class 9 as Impaired, and Sections 4.4, 4.5, 4.6, and 4.9 of the Plan specify the treatment of Claims and Interests in such Classes, thereby satisfying the requirements of section 1123(a)(3) of the Bankruptcy Code.

4. No Discrimination (11 U.S.C. § 1123(a)(4)). The Plan provides for the same treatment for each Claim against or Interest in each Debtor in each respective Class unless the holder of a particular Claim or Interest has agreed to a less favorable treatment on account of such Claim or Interest, thereby satisfying the requirements of section 1123(a)(4) of the Bankruptcy Code. Members of Class 5 are all entitled to the benefits of the Committee Settlement and, therefore, treatment of Class 5 Claims is not discriminatory.

5. Implementation of the Plan (11 U.S.C. § 1123(a)(5)). The Plan and the documents and agreements included in the Plan Supplement provide adequate and proper means for implementation of the Plan, thereby satisfying the requirements of section 1123(a)(5) of the Bankruptcy Code.

6. Non-Voting Equity Securities (11 U.S.C. § 1123(a)(6)). The Amended and Restated Certificate of Incorporation of New Uno and the Amended and Restated Bylaws of New Uno, included in the Plan Supplement, conform to section 1123(a)(6) of the Bankruptcy Code's prohibition on the issuance of nonvoting equity securities and do not permit New Uno to issue nonvoting equity securities to the extent disallowed by section 1123(a)(6). In addition, the charter of each Reorganized Debtor that is a corporation will be revised to prohibit the issuance of non-voting securities. Consequently, the applicable postconfirmation

organizational documents comply with the requirements of section 1123(a)(6) of the Bankruptcy Code.

7. Officers, Directors, or Trustee (11 U.S.C. § 1123(a)(7)). Article V of the Plan sets forth provisions regarding the manner of selection of the New Board that are consistent with the interests of creditors, equity security holders, and public policy in accordance with section 1123(a)(7) of the Bankruptcy Code. As set forth in Section 5.3(c) of the Plan, the New Board will be comprised of seven (7) directors, including Frank Guidara (so long as he remains the chief executive officer of New Uno), four (4) directors selected by Twin Haven, one (1) director selected by Coliseum, and one (1) director selected by Newport. The Plan Proponents filed with the Court, as part of the Plan Supplement, a preliminary list of directors of New Uno, and then filed a supplemental list disclosing all members of the New Board as of the Effective Date, thereby satisfying the standards of section 1123(a)(7) of the Bankruptcy Code. The boards of directors of each Reorganized Debtor other than New Uno shall remain as they were as of the Petition Date. With respect to officers of the Reorganized Debtors, Section 5.3(d) of the Plan provides that the officers of each Reorganized Debtor, on the Effective Date, shall remain as they were as of the Petition Date. All existing executive officers of URHC are expected to serve in their existing capacities as officers of New Uno.

L. Additional Plan Provisions (11 U.S.C. § 1123(b)). The Plan's additional provisions are appropriate and consistent with the applicable provisions of the Bankruptcy Code, thereby satisfying section 1123(b) of the Bankruptcy Code. The failure to specifically address a provision of the Bankruptcy Code in this Order shall not diminish or impair the effectiveness of this Order.

1. Impairment/Unimpairment of Classes of Claims and Interests (11 U.S.C. § 1123(b)(1)). Articles III and IV of the Plan list Classes 1, 2, 3, 7, and 8 as Unimpaired and Classes 4, 5, 6, and 9 as Impaired and are therefore consistent with section 1123(b)(1) of the Bankruptcy Code.

2. Assumption and Rejection of Executory Contracts and Unexpired Leases (11 U.S.C. § 1123(b)(2)). In accordance with section 1123(b)(2) of the Plan, Section 8.1 of the Plan provides for the assumption of all of the executory contracts and unexpired leases of the Debtors as of the Effective Date, except for any executory contract or unexpired lease (a) that has been rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date and for which the motion was filed prior to the Confirmation Date; (b) that previously expired or terminated pursuant to its own terms; (c) as to which a motion for approval of the rejection of such executory contract or unexpired lease has been filed and served prior to the Confirmation Date; or (d) that is specifically designated as a contract or lease to be rejected on the Rejection Schedule, as contemplated by sections 365(a) and 1123(b)(2) of the Bankruptcy Code. Schedule 3 of the Plan Supplement (the Rejection Schedule) identifies executory contracts and unexpired leases to be rejected by the Debtors pursuant to the Plan, and Schedule 4 of the Plan Supplement (the Assumption Schedule) identifies executory contracts and unexpired leases to be specifically assumed by the Debtors pursuant to the Plan. Accordingly, the Plan satisfies the requirements of section 1123(b)(2) of the Bankruptcy Code. Moreover, the Debtors have satisfied the provisions of section 365 of the Bankruptcy Code with respect to the assumption and rejection of executory contracts and unexpired leases pursuant to the Plan.

3. Settlement or Retention of Claims or Interests (11 U.S.C. § 1123(b)(3)). Section 10.7 of the Plan provides that, except with respect to Released Actions,

nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver, release, or the relinquishment of any rights or Causes of Action that the Debtors or the Reorganized Debtors may have or which the Reorganized Debtors may choose to assert on behalf of their respective Estates under any provision of the Bankruptcy Code or any applicable nonbankruptcy law. Except with respect to Released Actions, the Plan also provides, in Section 10.7, that nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver, release, or relinquishment of any Cause of Action, right of setoff, or other legal or equitable defense which the Debtors had immediately prior to the Petition Date, against or with respect to any Claim left Unimpaired by the Plan. The Plan also provides for the Claims Purchase, a settlement of potential claims that the Creditors' Committee may be able to assert on behalf of the Debtors' Estates against the Senior Secured Noteholders. Such a settlement is contemplated by section 1123(b)(3) of the Bankruptcy Code.

4. Cure of Defaults (11 U.S.C. § 1123(d)). Section 8.2 of the Plan provides for the satisfaction of default claims associated with each executory contract and unexpired lease to be assumed pursuant to the Plan in accordance with section 365(b)(1) of the Bankruptcy Code. The Cure Amounts identified in the Assumption Schedule represent the amount, if any, that the Debtors propose to pay in full and complete satisfaction of such default claims. The Cure Amounts reflect a reasonable and good faith exercise of the Debtors' business judgment. Any disputed Cure Amounts will be determined in accordance with the underlying agreements and applicable bankruptcy and nonbankruptcy law. Thus, the Plan complies with section 1123(d) of the Bankruptcy Code. There have been 6 formal objections to proposed Cure Amounts filed as well as various informal objections. The Debtors have resolved all known

formal and informal objections to the proposed Cure Amounts or such objections will be addressed before the Court at a subsequent date.

M. Plan Proponents' Compliance with the Bankruptcy Code (11 U.S.C. § 1129(a)(2)). The Plan Proponents have complied with the applicable provisions of the Bankruptcy Code, thereby satisfying the requirements of section 1129(a)(2) of the Bankruptcy Code. Specifically:

1. The Debtors are proper debtors under section 109 of the Bankruptcy Code.

2. The Plan Proponents have complied with all applicable provisions of the Bankruptcy Code, including, but not limited to, the provisions of sections 1125 and 1126 regarding disclosure and plan solicitation, except as otherwise provided or permitted by orders of the Court.

3. The Plan Proponents have complied with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Disclosure Statement Order in transmitting the Plan, the Disclosure Statement, the Ballots, and related documents and notices and in soliciting and tabulating votes to accept or reject the Plan.

N. Plan Proposed in Good Faith and Not By Any Means Forbidden by Law (11 U.S.C. § 1129(a)(3)). The Debtors and the Majority Noteholder Group, together, constitute the Plan Proponents. The Plan Proponents have proposed and negotiated the Plan (including, without limitation, the Plan Supplement and any other documents necessary to effectuate the Plan) in good faith and not by any means forbidden by law, thereby complying with section 1129(a)(3) of the Bankruptcy Code. The Plan Proponents' good faith is evident from the Klein Declaration, the Psallidas Affidavit, and the record of these Chapter 11 Cases, including the

record of the hearing to approve the Disclosure Statement and the record of the Confirmation Hearing. Based on the evidence proffered at the Confirmation Hearing, the Court finds and concludes that the Plan has been proposed with the legitimate and honest purpose of maximizing the return available to creditors. Consistent with the overriding purpose of chapter 11 of the Bankruptcy Code, the Plan is designed to allow the Debtors to satisfy their obligations to the greatest extent possible. Moreover, the sufficiency of disclosure and the arm's-length negotiations among the Plan Proponents, the Creditors' Committee, the Senior Secured Notes Indenture Trustee, Centre Partners, the Prepetition Lenders, the Prepetition Administrative Agent, the DIP Lenders, and the DIP Agent leading to the Plan's formulation all provide independent evidence of the Plan Proponents' good faith in proposing the Plan in compliance with section 1129(a)(3) of the Bankruptcy Code and in reaching the Committee Settlement. The Creditors' Committee and the Majority Noteholder Group support confirmation of the Plan. The Plan provides for a distribution of the value of the Debtors' Estates to their creditors in accordance with the priorities and provisions of the Bankruptcy Code. Further, the Plan's classification of Claims and Interests, indemnification, exculpation, release, and injunction provisions have been negotiated in good faith and at arms' length and are consistent with sections 105, 1122, 1123(b)(3)(A), 1123(b)(6), 1129, and 1142 of the Bankruptcy Code, and are each necessary to the Debtors' successful emergence from chapter 11. Accordingly, the Plan and the related documents have been filed in good faith and the Plan Proponents have satisfied their obligations under section 1129(a)(3) of the Bankruptcy Code.

O. Payments Made by the Debtors for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4)). Section 2.3 of the Plan requires that all Entities seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred

through and including the Effective Date pursuant to sections 327, 328, 330, 331, and 503 or 1103 of the Bankruptcy Code must file their applications for allowance of such compensation or reimbursement no later than forty-five (45) days after the Effective Date or such other date as may be fixed by the Court. Pursuant to the interim application procedures established in these Chapter 11 Cases and section 331 of the Bankruptcy Code, any and all payments made or to be made by the Debtors for services or costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, have been approved by, or are subject to the approval of, the Court as reasonable under section 330 of the Bankruptcy Code. Therefore, the requirements of section 1129(a)(4) of the Bankruptcy Code are satisfied.

P. Directors, Officers, and Insiders (11 U.S.C. § 1129(a)(5)). The Plan Proponents have complied with section 1129(a)(5) of the Bankruptcy Code. As set forth in Section 5.3(c) of the Plan, the New Board will be comprised of seven (7) directors, including Frank Guidara (so long as he remains the chief executive officer of New Uno), four (4) directors selected by Twin Haven, one (1) director selected by Coliseum, and one (1) director selected by Newport. The Plan Proponents filed with the Court, as part of the Plan Supplement, a preliminary list of directors of New Uno, and then filed a supplemental list disclosing all proposed members of the New Board as of the Effective Date. The boards of directors of each Reorganized Debtor other than New Uno shall remain as they were as of the Petition Date. With respect to officers of the Reorganized Debtors, Section 5.3(d) of the Plan provides that the officers of each Reorganized Debtor, as of the Effective Date, shall remain as they were as of the Petition Date. All existing executive officers of URHC are expected to serve in their existing capacities as officers of New Uno. Such disclosure complies with section 1129(a)(5)(A)(i) of the Bankruptcy Code, and the appointment to, or continuance in, such office of each such individual

is consistent with the interests of the holders of Claims and Interests, the Reorganized Debtors, and public policy. Pursuant to Section 5.11 of the Plan, as of the Effective Date, New Uno shall establish the Management Incentive Plan, which shall provide for up to 10% of the New Common Stock (on a fully diluted basis) to be available for issuance to the officers and key employees of the Reorganized Debtors and its affiliates. The Management Incentive Plan, included as Schedule 11 in the Plan Supplement, describes the nature of compensation that will be made available to officers and other employees of the Reorganized Debtors, including insiders, if any, thereby satisfying the requirements of section 1129(a)(5) of the Bankruptcy Code.

Q. Plan Does Not Contain Rate Changes (11 U.S.C. § 1129(a)(6)). Section 1129(a)(6) of the Bankruptcy Code is inapplicable to the Debtors, whose rates are not subject to the jurisdiction of any governmental regulatory agency.

R. Best Interests of Creditors and Interest Holders (11 U.S.C. § 1129(a)(7)). Under the Plan, Classes 1, 2, 3, 7, and 8 are Unimpaired and deemed to accept the Plan; the best interests test, therefore, is inapplicable to such Classes. The best interests test is applicable, however, to (a) holders of claims that voted to reject the Plan in Classes 4 and 5 and (b) Classes 6 and 9, which will not receive or retain any property under the Plan and therefore are deemed to have rejected the Plan. There have been no objections interposed that argue that the Plan Proponents have failed to meet the best interests test. The Debtors' liquidation analysis contained in Exhibit C to the Disclosure Statement (the **"Liquidation Analysis"**) (a) is accurate as of the time it was prepared and subsequent developments have not rendered them inaccurate in any material respect; (b) is based upon reasonable and sound assumptions; and (c) provides a reasonable estimate of the liquidation values upon conversion to a case under chapter 7 of the

Bankruptcy Code. As demonstrated by the Klein Declaration and the Liquidation Analysis, each holder of an Impaired Claim against or Interest in the Debtors either 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, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Based on the testimony and documentary evidence presented at the Confirmation Hearing, the Court finds that the holders of Claims against and Interests in all Classes will receive at least as much under the Plan as they would under a chapter 7 liquidation. No election has been made under 11 U.S.C § 1111(b), and therefore 11 U.S.C. § 1129(a)(7)(B) is inapplicable in the Chapter 11 Cases. As set forth in the Klein Declaration, the best interests analysis is unaffected by the substantive consolidation of the Debtors' Estates. Accordingly, the Plan satisfies the requirements of section 1129(a)(7) of the Bankruptcy Code.

S. Acceptance by Certain Classes (11 U.S.C. § 1129(a)(8)).

1. Classes 1, 2, 3, 7, and 8 are Unimpaired by the Plan and, accordingly, holders of Claims in these Classes, if any, are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. As to these Classes, section 1129(a)(8) of the Bankruptcy Code has been satisfied.

2. Classes 4 and 5 are impaired by the Plan. At least two-thirds in amount and more than one-half in number of the Claims held by creditors in Classes 4 and 5 have voted to accept the Plan, as established by the Vote Certification, in accordance with section 1126(c) of the Bankruptcy Code. As to these Classes, section 1129(a)(8) of the Bankruptcy Code has been satisfied.

3. Classes 6 and 9 are Impaired by the Plan. The holders of the Claims or Interests in these Classes are not entitled to receive or retain any property under the Plan on account of their Claims or Interests and thus are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Although the requirements of section 1129(a)(8) have not been satisfied with respect to Classes 6 and 9, the Plan is confirmable because the Plan satisfies section 1129(b) of the Bankruptcy Code with respect to such Classes.

T. Treatment of Administrative Expense Claims, DIP Financing Claims, Professional Compensation and Reimbursement Claims, Priority Tax Claims, Priority Non-Tax Claims, Secured Tax Claims, and Other Secured Claims (11 U.S.C. § 1129(a)(9)). The treatment of Administrative Expense Claims, DIP Financing Claims, Professional Compensation and Reimbursement Claims, Priority Tax Claims, Priority Non-Tax Claims, Secured Tax Claims, and Other Secured Claims set forth in Sections 2.1, 2.2, 2.3, 2.4, 4.1, 4.2, and 4.3, respectively, of the Plan satisfies the requirements of sections 1129(a)(9)(A), (B), (C), and (D) of the Bankruptcy Code.

U. Acceptance By At Least One Impaired Class (11 U.S.C. § 1129(a)(10)). Class 4 (Senior Secured Notes Claims) and Class 5 (General Unsecured Claims), each of which is Impaired pursuant to the Plan and entitled to vote, voted overwhelmingly to accept the Plan by the requisite majorities, determined without including any acceptance of the Plan by any insider, in accordance with section 1126 of the Bankruptcy Code. Specifically, as set forth in the Vote Certification, Class 4 voted 100% in number and 100% in total dollar amount to accept the Plan, and Class 5 voted 92.89% in number and 99.95% in total dollar amount to accept the Plan. Classes 4 and 5 thereby qualify as Impaired accepting Classes, thereby satisfying the requirements of section 1129(a)(10) of the Bankruptcy Code.

V. Feasibility (11 U.S.C. § 1129(a)(11)). As demonstrated by the Klein Declaration, together with any additional evidence proffered or adduced at the Confirmation Hearing, the information provided in the Disclosure Statement (a) is persuasive and credible, (b) has not been controverted by other evidence or validly challenged in any of the Objections or at the Confirmation Hearing, and (c) establishes that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Reorganized Debtors because there is a reasonable likelihood that the Reorganized Debtors will meet their financial obligations under the Plan in the ordinary course of business and be able to satisfy ongoing working capital requirements. Therefore, the feasibility standard of section 1129(a)(11) of the Bankruptcy Code is satisfied.

W. Payment of Fees (11 U.S.C. § 1129(a)(12)). Section 13.4 of the Plan provides that all fees payable under section 1930 of title 28 of the United States Code shall be paid as and when due or otherwise pursuant to an agreement between the Reorganized Debtors and the United States Department of Justice, Office of the United States Trustee, until such time as a Chapter 11 Case for a Debtor is closed in accordance with the provisions of Section 13.17 of the Plan. Therefore, the requirements of section 1129(a)(12) of the Bankruptcy Code are satisfied.

X. Continuation of Retiree Benefits (11 U.S.C. § 1129(a)(13)). The Debtors do not believe that there are any existing retiree benefits that require funding by the Reorganized Debtors and are therefore not seeking to use either section 1114(e)(1)(B) or section 1114(g) to modify any retiree benefits protected by section 1114 of the Bankruptcy Code. Therefore, section 1129(a)(13) of the Bankruptcy Code is inapplicable in these Chapter 11 Cases.

Y. No Domestic Support Obligations (11 U.S.C. § 1129(a)(14)). The Debtors are not required by a judicial or administrative order, or by statute, to pay any domestic support obligations. Accordingly, section 1129(a)(14) of the Bankruptcy Code is inapplicable in these Chapter 11 Cases.

Z. Debtors Are Not Individuals (11 U.S.C. § 1129(a)(15)). The Debtors are not individuals and, accordingly, section 1129(a)(15) of the Bankruptcy Code is inapplicable in these Chapter 11 Cases.

AA. No Applicable Nonbankruptcy Law Regarding Transfers (11 U.S.C. § 1129(a)(16)). The Debtors are moneyed, business, or commercial corporations or trusts, as the case may be, and, accordingly, section 1129(a)(16) of the Bankruptcy Code is inapplicable in these Chapter 11 Cases.

BB. No Unfair Discrimination; Fair and Equitable (11 U.S.C. § 1129(b)). The Plan Proponents have requested that the Court confirm the Plan notwithstanding that the Subordinated Claims, if any, in Class 6 and the Interests in Class 9 (collectively, the **"Rejecting Classes"**) were deemed to reject the Plan. The Plan Proponents have satisfied the requirements of sections 1129(b)(1) and (b)(2) of the Bankruptcy Code with respect to the Rejecting Classes. Based on the evidence proffered, adduced, and/or presented at the Confirmation Hearing and in the Klein Declaration, the Plan does not discriminate unfairly and is fair and equitable with respect to the Rejecting Classes, as required by sections 1129(b)(1) and (b)(2) of the Bankruptcy Code, because there is no holder of any Claim or Interest in the Debtors junior to the Rejecting Classes that is receiving or retaining any property under the Plan on account of such junior Claim or Interest. Pursuant to the valuation analyses set forth in the Disclosure Statement, as supported by the Klein Declaration, the enterprise value of the Debtors is insufficient to support a

distribution to holders of General Unsecured Claims and Interests under absolute priority principles. Thus, the Plan may be confirmed notwithstanding the deemed rejection by the Rejecting Classes. Upon confirmation and the occurrence of the Effective Date, the Plan shall be binding upon the members of the Rejecting Classes. Under the Plan, General Unsecured Claims against the Debtors, which are classified in Class 5, will not be paid in full. Holders of Interests in Class 9 are afforded the lowest priority in distribution and will receive no distribution under the Plan. There are no creditors in Classes junior to Class 9 and, as a result, there is no junior Class that will receive or retain any property under the Plan. Accordingly, the Plan satisfies the absolute priority rule of section 1129(b)(2)(C) of the Bankruptcy Code with respect to Class 9 and is "fair and equitable" in all respects.

CC. Only One Plan (11 U.S.C. § 1129(c)). The Plan is the only plan filed in these Chapter 11 Cases and, accordingly, section 1129(c) of the Bankruptcy Code is satisfied.

DD. Principal Purpose of the Plan (11 U.S.C. § 1129(d)). The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of Section 5 of the Securities Act of 1933, thereby satisfying the requirements of section 1129(d) of the Bankruptcy Code.

EE. Not Small Business Cases (11 U.S.C. § 1129(e)). None of the Chapter 11 Cases are small business cases, as that term is defined in the Bankruptcy Code, and, accordingly, section 1129(e) of the Bankruptcy Code is inapplicable.

FF. Good Faith Solicitation (11 U.S.C. § 1125(e)). Based on the record before the Court in these Chapter 11 Cases and the Vote Certification, it appears that the Plan Proponents have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including, without limitation, sections 1125(a)