

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
GAINESVILLE DIVISION**

In re:)	Chapter 11
)	
CORNERSTONE MINISTRIES)	Case No. 08-20355-reb
INVESTMENTS, INC.,)	
)	
Debtor.)	Judge Brizendine
_____)	

**PLAN OF LIQUIDATION PROPOSED BY
CORNERSTONE MINISTRIES INVESTMENTS,
INC. AND THE OFFICIAL COMMITTEE OF
CREDITORS HOLDING UNSECURED CLAIMS**

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INTRODUCTION

Cornerstone Ministries Investments, Inc. and the Official Committee of Creditors Holding Unsecured Claims in the above-referenced Bankruptcy Case, hereby propose the following Plan of Liquidation pursuant to section 1121 of the Bankruptcy Code.

ARTICLE I: DEFINITIONS AND INTERPRETATION

A. Rules of Interpretation.

Unless otherwise specified, all Article and Exhibit references in this Plan are to the respective Article of or Exhibit to this Plan, as the same may be amended or modified from time to time. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Words denoting the singular number shall include the plural number and vice versa, unless the context requires otherwise. Pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter. The words “herein,” “hereof,” “hereto,” “hereunder,” and others of similar import refer to this Plan as a whole, and not to any particular section, subsection, or clause contained in the Plan. In construing this Plan, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply, except where otherwise indicated. In computing any period of time prescribed or allowed by this Plan, the provisions of Bankruptcy Rule 9006(a) shall apply, except where otherwise indicated.

B. Definitions.

Terms and phrases, whether capitalized or not, that are used and not defined in this Plan, but that are defined in the Bankruptcy Code, have the meanings ascribed to them in the Bankruptcy Code. Unless otherwise provided in this Plan, the following terms have the respective meanings set forth below, and such meanings shall be equally applicable to the singular and plural forms of the terms defined, unless the context otherwise requires.

“Administrative Expense Claim” means a Claim for costs and expenses of administration of the Bankruptcy Case allowed under Sections 503, 507(a)(1) or 507(b) of the Bankruptcy Code, including but not limited to any Claim for Professional Fees, and all fees and costs assessed against the Estate pursuant to 28 U.S.C. § 1930.

“Administrative Expense Claim Bar Date” means the dates specified in Articles II.A.1 of this Plan or as otherwise established by the Bankruptcy Court, except for Administrative Expense Claims arising under section 503(b)(9) of the

Bankruptcy Code, which are subject to the October 31, 2008 Bar Date previously set by the Bankruptcy Court.

“Administrative Tax Claim” means an Administrative Expense Claim held by a Governmental Unit for taxes (and for Allowed interest and/or penalties related to such taxes) for any tax year or period, all or any portion of which occurs or falls within the period from and including the Petition Date through and including the Effective Date.

“Allowed” means, as it relates to any type of Claim, a Claim (i) as to which a Proof of Claim has been properly and timely filed and (a) the Claims Objection Bar Date has passed and no objection to the Claim has been filed, (b) if an objection has been timely filed, any portion of such Claim not subject to such objection, or (c) the Claim has been Allowed (but only to the extent allowed) by a Final Order; or (ii) which has been expressly allowed under the provisions of this Plan. A Claim shall not be Allowed or deemed to be Allowed because the Debtor has scheduled such Claim as undisputed, noncontingent and liquidated in the Schedules and any Claim so scheduled may be objected to, Disputed, or Disallowed in accordance with the terms of this Plan.

“Appian Way Loan” means the loan agreement between Debtor and Appian Way Apartment L.P., dated December 28, 2005.

“Appian Way MPP Claim” means any Claim or other right against the Debtor or otherwise arising from or related to any agreement between the Debtor and an Appian Way MPP Participant arising from or related to an agreement denominated as a “Participation Agreement and Certificate” related to the Appian Way Loan.

“Appian Way MPP Participant” means any party to an agreement denominated as a “Participation Agreement and Certificate” related to the Appian Way Loan.

“Ballot” means the ballot, the form of which has been approved by the Bankruptcy Court, accompanying the Disclosure Statement provided to each holder of a Claim entitled to vote to accept or reject this Plan, on which the holder may vote to accept or reject this Plan.

“Bankruptcy Case” means the bankruptcy case initiated by the Debtor in the Bankruptcy Court on February 10, 2008, enumerated as Case No. 08-20355-reb.

“Bankruptcy Code” means title 11 of the United States Code, as is applicable to this Bankruptcy Case.

“Bankruptcy Court” means the United States Bankruptcy Court for the Northern District of Georgia or, if such court ceases to exercise jurisdiction, the court or adjunct thereof that exercises jurisdiction over the Bankruptcy Case.

“Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure, as amended and promulgated under section 2075 of title 28 of the United States Code, together with the local bankruptcy rules for the Bankruptcy Court as now in effect or as the same may from time to time hereafter be amended.

“Bar Date” means (i) October 31, 2008 for (a) all pre-Petition Date Claims against the Debtor other than Bondholder Unsecured Claims and (b) Administrative Expense Claims asserted under section 503(b)(9) of the Bankruptcy Code, and (ii) other dates as set by the Bankruptcy Court as the last day for filing Claims, including Administrative Expense Claims, in the Bankruptcy Case.

“Bondholder” means a holder of a Claim against the Debtor under an Indenture other than a Claim for Indenture Trustee Fees.

“Bondholder Claim Dispute” means a writing by a Bondholder that is either (a) indicated on the timely filed Ballot, or (b) otherwise filed with the Bankruptcy Court on or before the Voting Deadline that (y) contests the amount of the that Bondholder’s Unsecured Claim as set forth in the Schedules, and (z) asserts the alleged amount of the Bondholder Unsecured Claim.

“Bondholder Unsecured Claim” means the Claim of a Bondholder against the Debtor under an Indenture.

“Bonds” means obligations of the Debtor to Bondholders.

“Business Day” means any day which is not a Saturday, Sunday, or “legal holiday” within the meaning of Bankruptcy Rule 9006(a).

“Cash” means lawful currency of the United States and its equivalents; provided, however, that any distributions by the Plan Administrator under this Plan will be deemed to be made in Cash if made by check drawn on any United States bank or by wire transfer.

“Certificate” means an instrument evidencing an Allowed Indenture Claim.

“Claim” means a claim against the Debtor or its property, as such term is defined in Section 101(5) of the Bankruptcy Code.

“Claims Objection Bar Date” has the meaning ascribed to such term in Article VI.A.5 of this Plan.

“Class” means one of the categories of Claims or Equity Interests established under Article III of this Plan pursuant to sections 1122 and 1123(a) of the Bankruptcy Code.

“Confirmation Date” means the date on which the clerk of the Bankruptcy Court enters the Confirmation Order on the Bankruptcy Court’s docket.

“Confirmation Hearing” means the hearing or hearing before the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code to consider confirmation of this Plan, as such hearing or hearings may be continued, rescheduled or delayed.

“Confirmation Order” means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code, as such order may be amended, modified, or supplemented.

“Cross Creek Loan” means the loan agreement between Debtor and Cross Creek Apartments, LP dated November 3, 2005.

“Cross Creek MPP Claim” means any Claim or other right against the Debtor or otherwise arising from or related to any agreement between the Debtor and a Cross Creek MPP Participant arising from or related to an agreement denominated as a “Participation Agreement and Certificate” related to the Cross Creek Loan.

“Cross Creek MPP Participant” means any party to an agreement denominated as a “Participation Agreement and Certificate” related to the Cross Creek Loan.

“Debtor” means Cornerstone Ministries Investments, Inc., a Georgia corporation.

“Designated Notice” means notice and an opportunity for a hearing as defined in section 102(a) of the Bankruptcy Code, with notice limited to the Plan Administrator, the Plan Committee, the United States Trustee, or their respective counsel, and other parties in interest who, after entry of the Confirmation Order, file a request for such notice with the clerk of the Court and serve a copy of such notice on counsel to the Plan Administrator and the Plan Committee.

“Disallowed Claim” means a Claim or portion thereof that: (i) has been disallowed by a Final Order; (ii) is identified in the Schedules (a) in the amount of zero dollars, (b) in an unknown amount, or (c) as contingent, unliquidated, or Disputed, and as to which a Proof of Claim was not deemed filed or actually filed by the applicable Bar Date; (iii) is not identified in the Schedules and as to which no Proof of Claim has been filed or deemed filed by the Bar Date; or (iv) was not filed in a timely manner as provided by a relevant Order of the Bankruptcy Court.

“Disbursing Agent” shall mean the Plan Administrator acting as the disbursing agent for distributions made pursuant to this Plan or any Third Party Disbursing Agent hired or designated by the Plan Administrator for such purpose.

“Disclosure Statement” means the Disclosure Statement with respect to this Plan, approved by the Bankruptcy Court as containing adequate information for the

purpose of dissemination and solicitation of votes on and confirmation of this Plan, as it may be altered, amended or modified from time to time in accordance with the provisions of the Bankruptcy Code and the Bankruptcy Rules.

“Disputed” means any Claim or any portion thereof which is not Allowed or Disallowed and which is (i) filed for which no amount was scheduled by the Debtor in the Schedules; (ii) filed in an amount or priority different than was scheduled by the Debtor in the Schedules; (iii) scheduled or filed as contingent, unliquidated, or disputed; (iv) duplicate of another Claim; or (v) the subject of a pending application, motion, complaint, objection, or any other legal proceeding seeking to disallow, limit, subordinate, or estimate such Claim. A Claim is also a Disputed Claim if (i) the Debtor, the Committee, the Plan Committee, or the Plan Administrator has named the Holder of the Claim as a defendant or a counterclaim defendant in any legal or other proceeding, or (ii) any holder or former holder of the Claim is or was an Insider of the Debtor, provided, however, that any Insider whose Claim is disputed by operation of this Plan may file a motion with the Bankruptcy Court to Allow the Insider’s Claim.

“Disputed Claims Reserve” means the reserve account established by the Plan Administrator pursuant to Article VIII.J of this Plan.

“Distribution” means the Initial Distribution, any Subsequent Distribution, or the Final Distribution, as applicable.

“Distribution Date” means the Initial Distribution Date, any Subsequent Distribution Date, or the Final Distribution Date, as applicable.

“Effective Date” is the date that this Plan becomes effective, which will be the first Business Day on which all of the conditions to the Effective Date in Article X.B have been satisfied or waived.

“Equity Interest” means any ownership interest or share in the Debtor (including, without limitation, all options, warrants or other rights to obtain such an interest or share in the Debtor) whether preferred, common, voting, or denominated “stock” or a similar security issued prior to the Effective Date of this Plan.

“Estate” means the estate created for the Debtor pursuant to section 541 of the Bankruptcy Code upon the commencement of the Bankruptcy Case.

“Estate Assets” means the Debtor’s and its Estate’s consolidated assets or property of any nature as of the Effective Date, including any and all proceeds, rents, products, offspring, and profits arising from or generated by such assets or property after the Effective Date, including the Estate Litigation Claims.

“Estate Litigation Claims” means any of the Debtor’s or the Estate’s rights, claims or causes of action against any party, including, but not limited to claims arising under Chapter 5 of the Bankruptcy Code.

“Executory Contracts” means, collectively, the “executory contracts” and “unexpired leases” of the Debtor as of the Petition Date as such terms are used in section 365 of the Bankruptcy Code.

“Exculpated Person” means, except as limited and restricted in Article VIII.C of this Plan, the Plan Administrator, the Disbursing Agent, the Plan Committee and its individual members, any of the foregoing’s respective present or future accountants, advisors, agents, attorneys, consultants, directors, members, employees, officers, representatives, or professional persons, and the Committee and its individual members, each solely in its capacity as such.

“Face Amount” means: (i) when used with respect to a Claim, (a) if no Proof of Claim has been filed, the amount of the Claim set forth in the Schedules, or (b) if a Proof of Claim has been filed, the amount asserted in the Proof of Claim; (ii) when used with respect to an Estate Litigation Claim, the amount set forth in any complaint or other formal or informal demand; and (iii) when used with respect to an Estate Asset other than an Estate Litigation Claim, (a) the most recent recorded amount on the Debtor’s books and records, or (b) if no amount is recorded in the Debtor’s books and records, then the fair market value as determined by the Plan Administrator with the consent of the Plan Committee.

“Final Decree” means the final decree entered by the Bankruptcy Court closing the Bankruptcy Case pursuant to Bankruptcy Rule 3022.

“Final Distribution” means the distribution of Cash made pursuant to this Plan which (i) after giving effect to such distribution, results in remaining Estate Assets with a de minimis value, and (ii) the Plan Administrator determines, in accordance with the terms of the Plan Administrator Agreement, to be the final distribution to be made pursuant to this Plan.

“Final Distribution Date” means the date of the Final Distribution.

“Final Order” means a judgment, order, ruling, or other decree issued and entered by the Bankruptcy Court or by any state or other federal court or other tribunal having jurisdiction over the subject matter thereof which judgment, order, ruling, or other decree has not been reversed, stayed, modified, or amended and as to which: (i) the time to appeal or petition for review, rehearing or certiorari or move for reargument has expired or shall have been waived in writing in form and substance satisfactory to the Debtor or the Plan Administrator and as to which no appeal or petition for review, rehearing or certiorari or motion for reargument is pending; or (ii) any appeal or petition for review, rehearing, certiorari or reargument has been finally

decided and no further appeal or petition for review, rehearing, certiorari or reargument can be taken or granted.

“Indenture Claims” means all Claims on account of the Indentures, and the other Indenture Documents.

“Indenture Documents” means the Indentures and all related documents.

“Indenture Trustee” means Trinity Trust Company, in its capacity as trustee under the Indentures, property trustee, securities registrar and/or paying agent under the Indentures.

“Indenture Trustee Fees” means, individually and collectively, any claim against the Debtor for any compensation, disbursements, fees, expenses and indemnification pursuant to an Indenture, arising on and after the Petition Date, including any claim under such Indenture for the reasonable fees and expenses of the Indenture Trustee, its counsel and any other professionals of the Indenture Trustee payable thereunder.

“Indentures” means (i) the Trust Indenture between Cornerstone Ministries Investments, Inc. and Colonial Trust Company dated July 27, 1998, together with the First Amendment to the Trust Indenture dated November 17, 1998; (ii) the Trust Indenture between Cornerstone Ministries Investments, Inc. and American Securities Transfer and Trust dated December [___], 1999 (date as indicated on the Indenture filed as an exhibit to CMI’s SEC filings); (iii) the Trust Indenture between PIF/Cornerstone Ministries Investments, Inc. and Regions Bank dated October [___], 2001 (date as indicated on the Indenture filed as an exhibit to CMI’s SEC filings); (iv) the Trust Indenture between PIF/Cornerstone Ministries Investments, Inc. and Regions Bank dated January 29, 2002; (v) the Trust Indenture between PIF/Cornerstone Ministries Investments, Inc. dated June 27, 2002, (vi) the Trust Indenture between Cornerstone Ministries Investments, Inc. and Trinity Trust Company dated April 29, 2003; and (vi) the Trust Indenture between Cornerstone Ministries Investments, Inc. and Trinity Trust Company dated August 7, 2006.

“Initial Distribution” means the distribution of Cash made pursuant to Article VIII of this Plan.

“Initial Distribution Date” means the date on which the Plan Administrator makes the Initial Distribution.

“Insider” means an insider within the meaning of section 101(31) of the Bankruptcy Code or a Person identified on Exhibit 1 of this Plan.

“Lien” means a valid and enforceable lien, mortgage, security interest, pledge, charge, encumbrance, or other legally cognizable security device of any kind against any Asset of the Estate.

“Liquidation Amount” means all Cash of the Debtor’s Estate remaining after: (i) Payment in Full of all Allowed Administrative Claims, all Allowed Priority Tax Claims, and all Allowed Claims in Classes 1, 2, 3, and 4 (or, in the case of Claims in Classes 2, 3, and 4, distribution of property securing such Claim in accordance with the terms of this Plan); (ii) Payment in Full of all fees owing to the Clerk of the Bankruptcy Court, and fees owing to the United States Trustee; (iii) Payment in Full of all post-Confirmation Date fees and expenses, including, without limitation, such fees and expenses incurred or to be incurred by Professionals employed by the Plan Administrator or the Plan Committee through the closing of this Bankruptcy Case and entry of a Final Decree (to the extent not included in the Operating Reserve); and (iv) funding of the Operating Reserve, from time to time.

“MPP Claim” means any Appian Way MPP Claim, Cross Creek MPP Claim, Wellstone at Bluffton MPP Claim, Wellstone at Middle Creek MPP Claim, or Wellstone in the Smokies MPP Claim.

“Non-Estate Claims” means any right, claim, or cause of action of any Creditor classified in Class 5 under this Plan, other than such Creditor’s Claim against the Debtor, that arises from or relates to, either directly or indirectly, the Debtor, including without limitation, any right, claim or cause of action arising from or related to: (i) the purchase or sale of Bonds; (ii) claims against current or former officers, directors or employees of the Debtor; (iii) claims against all persons or entities that conducted transactions with the Debtor; and (iv) claims against all persons or entities that provided services to the Debtor, including, without limitation, all attorneys, accountants, financial advisors and parties providing services to the Debtor in connection with the public issuance of debt or equity, including, without limitation, all underwriters.

“Official Creditors’ Committee” means the Official Committee of Creditors Holding Unsecured Claims appointed by the Office of the United States Trustee for the Northern District of Georgia on February 27, 2008 in the Bankruptcy Case pursuant to section 1102 of the Bankruptcy Code, as the constituency of such Committee may be altered from time to time.

“Operating Reserve” shall have the meaning ascribed to such term in Article VIII.K of this Plan.

“Other Unsecured Claim” means an Unsecured Claim that is not a Bondholder Unsecured Claim.

“Payment in Full” means payment of the full Allowed amount of any Allowed Claim, whether by distribution under this Plan or otherwise.

“Person” means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, joint ventures, trusts, land trusts, business trusts, unincorporated organizations, or other legal entities, irrespective of whether they are governments, agencies or political subdivisions thereof.

“Petition Date” means February 10, 2008, the date on which the Debtor commenced the Bankruptcy Case by filing its voluntary petition for relief under chapter 11 of the Bankruptcy Code.

“Plan” means this plan of liquidation (including all exhibits annexed hereto and any Plan Supplement), either in its present form or as it may be altered, amended or modified from time to time in accordance with the provisions of the Bankruptcy Code and the Bankruptcy Rules.

“Plan Administrator” means the individual appointed pursuant to the Plan Administrator Agreement.

“Plan Administrator Agreement” means the agreement to be executed pursuant to the terms of this Plan setting forth the rights, powers and duties of the Plan Administrator.

“Plan Committee” means the committee established pursuant to Article V of this Plan.

“Plan Supplement” means the collection of plan related documents to be filed with the Bankruptcy Court at least ten days prior to the Voting Deadline, which may consist of one or multiple filings.

“Post-Effective Date Debtor” means the Debtor as it continues in existence after the Effective Date.

“Priority Claim” means a Claim entitled to priority in payment under section 507 of the Bankruptcy Code, excluding any Claim that is an Administrative Expense Claim or a Priority Tax Claim.

“Priority Tax Claim” means a Claim entitled to priority in payment under section 502(i) or section 507(a)(8) of the Bankruptcy Code.

“Private Actions Trust” means the trust established on the Effective Date pursuant to Article VI.G of this Plan.

“Private Actions Trust Agreement” means the agreement to be executed as of the Effective Date establishing the Private Actions Trust pursuant to the Plan, which will be filed with the Court on or before the Confirmation Date.

“Private Actions Trust Election” means the irrevocable election of a holder of a Class 5 Bondholder Unsecured Claim to contribute Non-Estate Claims to the Private Actions Trust (i) on the holder’s Ballot, or (ii) in a writing filed with the Bankruptcy Court on or before the date that is sixty days after the Effective Date.

“Private Actions Trust Committee” means the committee appointed by this Plan and the Private Actions Trust Agreement.

“Private Actions Trust Trustee” means the trustee of the Private Actions Trust as appointed by the Private Actions Trust Committee.

“Professional” means any Person employed or to be compensated pursuant to sections 327, 328, 330, 331, 503(b), or 1103 of the Bankruptcy Code.

“Professional Fees” means a Claim by a Professional for compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code in connection with an application made to the Bankruptcy Court in the Bankruptcy Case.

“Proof of Claim” means a Claim filed by a Creditor on Form B10 or any similar form requesting payment for a Claim that arose prior to the Petition Date.

“Pro Rata” means, when used with respect to the Holder of any Claim in any of Classes 5 and 6, the Holder’s Allowed Claim divided by the total amount of all Allowed Claims in that Class (and in the case of any Disputed Claim in that Class, allocations or reservations), and, when used with respect to a Class of Claims, the amount of Allowed Claims in that Class divided by the aggregate Allowed Claims in Classes 5 and 6 (and in the case of any Disputed Claim in that Class, allocations or reservations); provided, however, in respect of the calculation and setting of the Disputed Claims Reserve, the Plan Administrator shall use the Face Amount of any Disputed Claims.

“Rule 2004 Order” means the order of the Bankruptcy Court appearing at Docket Number 189 in the Bankruptcy Case.

“Schedules” means the Schedules of Assets and Liabilities and Statement of Financial Affairs filed by the Debtor with the Clerk of the Bankruptcy Court pursuant to Bankruptcy Rule 1007, as they have been or may be amended or supplemented from time to time in accordance with Bankruptcy Rule 1009.

“Secured Claim” means a Claim that is secured, in whole or in part (but only to the extent of the value of the Debtor’s interest in such collateral), (i) by a Lien that is

not subject to avoidance or subordination under the Bankruptcy Code or applicable non bankruptcy law, or (ii) as a result of rights of setoff under section 553 of the Bankruptcy Code, but in any event only to the extent of the value, determined in accordance with section 506(a) of the Bankruptcy Code, of the holder's interest in the Debtor's interest in such property or to the extent of the amount subject to such setoff, as the case may be.

“Secured Tax Claim” means a Secured Claim of a Governmental Unit for taxes arising or accrued before the Petition Date.

“Subordinated Claim” means any Claims that the Bankruptcy Court has order to be subordinated either under the provisions of the Bankruptcy Code or other applicable law.

“Subsequent Distribution” means any distribution of Cash made pursuant to this Plan other than the Initial Distribution and the Final Distribution.

“Subsequent Distribution Date” means the date on which any Subsequent Distribution is made pursuant to this Plan.

“Third Party Disbursing Agent” means an entity (including, but not limited to, an Indenture Trustee), acting as a Disbursing Agent.

“Unsecured Claim” means any Claim that is not an Administrative Expense Claim, a Priority Claim, a Priority Tax Claim, a Secured Claim, or a Secured Tax Claim. Unsecured Claims include the Indenture Claims.

“Voting Deadline” means the deadline set by the Bankruptcy Court for parties entitled to vote on this Plan to submit their Ballots to accept or reject this Plan.

“Voting Record Date” means, for purposes of establishing who can vote on this Plan, the date on which the Bankruptcy Court enters an order on the docket in the Bankruptcy Case finding that the Disclosure Statement contains adequate information within the meaning of section 1125 of the Bankruptcy Code.

“Wellstone at Bluffton Loan” means the loan agreement between Debtor and Wellstone at Bluffton LLC dated September 5, 2006.

“Wellstone at Bluffton MPP Claim” means any Claim or other right against the Debtor or otherwise arising from or related to any agreement between the Debtor and an Wellstone at Bluffton MPP Participant arising from or related to an agreement denominated as a “Participation Agreement and Certificate” related to the Wellstone at Bluffton Loan.

“Wellstone at Bluffton MPP Participant” means any party to an agreement denominated as a “Participation Agreement and Certificate” related to the Wellstone at Bluffton Loan.

“Wellstone at Middle Creek Loan” means the loan agreement between Debtor and Wellstone at Middle Creek LLC dated September 9, 2005.

“Wellstone at Middle Creek MPP Claim” means any Claim or other right against the Debtor or otherwise arising from or related to any agreement between the Debtor and an Wellstone at Middle Creek MPP Participant arising from or related to an agreement denominated as a “Participation Agreement and Certificate” related to the Wellstone at Middle Creek Loan.

“Wellstone at Middle Creek MPP Participant” means any party to an agreement denominated as a “Participation Agreement and Certificate” related to the Wellstone at Middle Creek Loan.

“Wellstone in the Smokies Loan” means the loan agreement between Debtor and Wellstone in the Smokies, LLC dated December 22, 2005.

“Wellstone in the Smokies MPP Claim” means any Claim or other right against the Debtor or otherwise arising from or related to any agreement between the Debtor and an Wellstone in the Smokies MPP Participant arising from or related to an agreement denominated as a “Participation Agreement and Certificate” related to the Wellstone in the Smokies Loan.

“Wellstone in the Smokies MPP Participant” means any party to an agreement denominated as a “Participation Agreement and Certificate” related to the Wellstone in the Smokies Loan.

**ARTICLE II:
DESIGNATION AND TREATMENT OF UNCLASSIFIED
ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS**

A. Administrative Expense Claims.

1. *Bar Date for Administrative Expense Claims other than Administrative Expense Claims under section 503(b)(9).* Except as may otherwise be provided by separate order of the Bankruptcy Court, any holder of an Administrative Expense Claim that has not been paid, released, or otherwise settled prior to the Effective Date, except for Administrative Expense Claims arising under section 503(b)(9) of the Bankruptcy Code, must file any request for payment of the Administrative Expense Claim on or before the date that is forty-five days after the Effective Date. Any request for payment of an Administrative Expense Claim that is subject to this Article II.A.1 that is not timely filed as set forth above will be forever barred and Disallowed

by operation of confirmation of this Plan and without the need for any party to file any objection or other pleading, and holders of such Administrative Expense Claims shall be prohibited from asserting such Administrative Expense Claims in any manner against the Debtor, the Post-Effective Date Debtor, the Plan Administrator or any of the foregoing parties' assets, accountants, advisors, agents, attorneys, consultants, directors, employees, members, officers, representatives, or Professionals. Administrative Expense Claims arising under section 503(b)(9) shall be subject to the October 31, 2008 Bar Date previously set by the Bankruptcy Court.

2. *Distributions on account of Allowed Administrative Expense Claims.* Except if the holder of an Allowed Administrative Expense Claim agrees to a different treatment, each holder of an Allowed Administrative Expense Claim shall receive, in full satisfaction, release and discharge of and in exchange for such Claim, Cash in accordance with Article VIII.A of this Plan.

B. Priority Tax Claims.

Each holder of an Allowed Priority Tax Claim shall receive, in full satisfaction, release and discharge of and in exchange for such Claim, Distributions as set forth in Article VIII.B of this Plan.

**ARTICLE III:
CLASSIFICATION AND TREATMENT OF
CLAIMS AND EQUITY INTERESTS**

A. Designation of Classes.

Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims and Equity Interests. Administrative Expense Claims and Priority Tax Claims have not been classified and are excluded from the following classes in accordance with section 1123(a)(1) of the Bankruptcy Code.

For purposes of voting, distribution and confirmation of this Plan, this Plan classifies the other Claims against and the Equity Interests in the Debtor as follows:

(a) *Unimpaired Classes of Claims (deemed to have accepted the Plan)*

Class 1 – Non-Tax Priority Claims

(b) *Impaired Classes of Claims (entitled to vote on the Plan)*

Class 2 – Secured Tax Claims (each Secured Tax Claim will be placed in its own subclass within Class 2)

Class 3(a) – Appian Way MPP Claims

Class 3(b) – Cross Creek MPP Claims

Class 3(c) – Wellstone at Middle Creek MPP Claims

Class 3(d) – Wellstone at Bluffton MPP Claims

Class 3(e) – Wellstone in the Smokies MPP Claims

Class 4 – Secured Claims (each Secured Claim will be placed in its own subclass within Class 4)

Class 5 – Bondholder Unsecured Claims

Class 6 – Other Unsecured Claims

(c) *Impaired Classes of Interest (deemed to have rejected the Plan and therefore not entitled to vote on the Plan).*

Class 7 – Subordinated Claims

Class 8 – Equity Interests

B. Treatment of classified Claims and Equity Interests.

1. *Class 1 - Allowed Priority Claims.* Each holder of an Allowed Priority Claim shall receive in full satisfaction, release and discharge of and in exchange for such Claim: (i) the amount of such Allowed Priority Claim, without interest, in Cash, on or as soon as practicable after the later of (a) the Effective Date, or (b) the date that is ten (10) Business Days after such Claim becomes an Allowed Priority Claim; or (ii) such other treatment as may be agreed upon in writing by the holder of such Claim and the Plan Administrator.

2. *Class 2 - Allowed Secured Tax Claims.* Each holder of an Allowed Secured Tax Claim shall receive in full satisfaction, release and discharge of and in exchange for such Claim: (i) the amount of such Allowed Secured Tax Claim (including, to the extent Allowed, any interest on such Claim accrued under applicable nonbankruptcy law), in Cash, on or as soon as practicable after the later of (a) the Effective Date, or (b) the date that is ten (10) Business Days after such Claim becomes an Allowed Secured Tax Claim; or (ii) such other treatment as may be agreed upon in writing by the holder of such Claim and the Plan Administrator.

3. *Class 3(a) – Appian Way MPP Claims.* Each holder of an Allowed Appian Way MPP Claim shall receive in full satisfaction, release and discharge of and in exchange for such Claim: (i) if the Bankruptcy Court determines that an Appian Way MPP Claim is an Unsecured Claim, its Pro Rata share of the Liquidation Amount; or (ii) if the Bankruptcy Court determines that an Appian Way MPP Claim is

a Secured Claim, in the discretion of the Plan Administrator with the approval of the Plan Committee, (a) its share of the Appian Way Collateral payable under such holder's Appian Way Loan Participation if such holder is able to establish an entitlement to receive such a share under an Appian Way Loan Participation under applicable law, or (b) a return of the collateral that secures the Allowed Appian Way MPP Claim.

4. *Class 3(b) – Cross Creek MPP Claims.* Each holder of an Allowed Cross Creek MPP Claim shall receive in full satisfaction, release and discharge of and in exchange for such Claim: (i) if the Bankruptcy Court determines that a Cross Creek MPP Claim is an Unsecured Claim, its Pro Rata share of the Liquidation Amount; or (ii) if the Bankruptcy Court determines that a Cross Creek MPP Claim is a Secured Claim, in the discretion of the Plan Administrator with the approval of the Plan Committee, (a) its share of the Cross Creek Collateral payable under such holder's Cross Creek Loan Participation if such holder is able to establish an entitlement to receive such a share under a Cross Creek Loan Participation under applicable law, or (b) a return of the collateral that secures the Allowed Cross Creek MPP Claim.

5. *Class 3(c) – Wellstone at Middle Creek MPP Claims.* Each holder of an Allowed Wellstone at Middle Creek MPP Claim shall receive in full satisfaction, release and discharge of and in exchange for such Claim: (i) if the Bankruptcy Court determines that a Wellstone at Middle Creek MPP Claim is an Unsecured Claim, its Pro Rata share of the Liquidation Amount; or (ii) if the Bankruptcy Court determines that a Wellstone at Middle Creek MPP Claim is a Secured Claim, in the discretion of the Plan Administrator with the approval of the Plan Committee, (a) its share of the Wellstone at Middle Creek Collateral payable under such holder's Wellstone at Middle Creek Loan Participation if such holder is able to establish an entitlement to receive such a share under a Wellstone at Middle Creek Loan Participation under applicable law, or (b) a return of the collateral that secures the Allowed Wellstone at Middle Creek MPP Claim.

6. *Class 3(d) – Wellstone at Bluffton MPP Claims.* Each holder of an Allowed Wellstone at Bluffton MPP Claim shall receive in full satisfaction, release and discharge of and in exchange for such Claim: (i) if the Bankruptcy Court determines that a Wellstone at Bluffton MPP Claim is an Unsecured Claim, its Pro Rata share of the Liquidation Amount; or (ii) if the Bankruptcy Court determines that a Wellstone at Bluffton MPP Claim is a Secured Claim, in the discretion of the Plan Administrator with the approval of the Plan Committee, (a) its share of the Wellstone at Bluffton Collateral payable under such holder's Wellstone at Bluffton Loan Participation if such holder is able to establish an entitlement to receive such a share under a Wellstone at Bluffton Loan Participation under applicable law, or (b) a return of the collateral that secures the Allowed Wellstone at Bluffton MPP Claim.

7. *Class 3(e) – Wellstone in the Smokies MPP Claims.* Each holder of an Allowed Wellstone in the Smokies MPP Claim shall receive in full satisfaction, release and discharge of and in exchange for such Claim: (i) if the Bankruptcy Court determines that a Wellstone in the Smokies MPP Claim is an Unsecured Claim, its Pro Rata share of the Liquidation Amount; or (ii) if the Bankruptcy Court determines that a Wellstone in the Smokies MPP Claim is a Secured Claim, in the discretion of the Plan Administrator with the approval of the Plan Committee, (a) its share of the Wellstone in the Smokies Collateral payable under such holder's Wellstone in the Smokies Loan Participation if such holder is able to establish an entitlement to receive such a share under a Wellstone in the Smokies Loan Participation under applicable law, or (b) a return of the collateral that secures the Allowed Wellstone in the Smokies MPP Claim.

8. *Class 4 – Allowed Secured Claims.* Each holder of an Allowed Secured Claim (other than Secured Tax Claims) shall receive in full satisfaction, release and discharge of and in exchange for such Claim: (i) payment in full in periodic installments over a time period to be determined at a market rate of interest, provided however, that interest will only be paid from the cash flow of any particular property securing such Claim; (ii) Cash equal to the amount of such Allowed Secured Claim, or (iii) a return of the collateral or other property that secures the Allowed Secured Claim. Any Liens asserted by the holder of such Allowed Secured Claim shall be extinguished and of no further force or effect once the holder of the Allowed Secured Claim has received payment or other consideration as set forth in (i) through (iii) above.

9. *Class 5 - Bondholder Unsecured Claims.* Each holder of an Allowed Bondholder Unsecured Claim shall receive in full satisfaction, release and discharge of and in exchange for such Allowed Bondholder Unsecured Claim a Pro Rata share of the Liquidation Amount. Holders of Bondholder Unsecured Claims, regardless of whether the Bondholder Unsecured Claim is Allowed, may make a Private Actions Trust Election, and if the holder of the Bondholder Unsecured Claim makes a Private Actions Trust Election, the holder of the Bondholder Unsecured Claim will also receive distributions from the Private Actions Trust in accordance with the terms of the Private Actions Trust Agreement.

10. *Class 6 – Other Unsecured Claims.* Each holder of an Allowed Other Unsecured Claim shall receive in full satisfaction, release and discharge of and in exchange for such Allowed Other Unsecured Claim its Pro Rata share of the Liquidation Amount.

11. *Class 7 – Subordinated Claims.* Holders of Allowed Subordinated Claims will receive no distributions on account of their Allowed Subordinated Claims.

12. *Class 8 - Equity Interests.* On the Effective Date, all Equity Interests shall be canceled, annulled and voided, and the holders thereof shall be entitled to no distribution whatsoever under this Plan or in the Bankruptcy Case on account of such Equity Interests. One new share of reorganized Cornerstone Ministries Investments, Inc.'s common stock shall be issued to the Plan Administrator on the Effective Date in accordance with Article VI.C of this Plan.

C. Claims may be in more than one Class.

A Claim is part of a particular Class or subclass only to the extent that the Claim qualifies within the definition of that Class or subclass and such Claim is part of a different Class or subclass to the extent that the remainder of the Claim qualifies within the description of a different Class or subclass. A Claim is also placed in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent the Claim is an Allowed Claim or an Allowed Equity Interest and the Claim has not been paid, released or otherwise settled prior to the Effective Date.

D. Impairment, classification, and related disputes.

If a holder of a Claim or Equity Interest disputes the classification of the Claim or Equity Interest or the treatment of a Class (including whether a Class is impaired or unimpaired), the holder of the Claim or Equity Interest may file a motion with the Bankruptcy Court to challenge the classification, characterization or treatment of the Claim or the Class or may file an objection to confirmation of this Plan. The deadline for filing any such motion is the deadline set by the Bankruptcy Court to object to confirmation of this Plan. If the Bankruptcy Court does not grant the motion or otherwise confirms this Plan without conditioning confirmation upon any grounds raised in such a motion or objection, the treatment, characterization, and classification set forth in this Plan will be binding upon all holders of Claims and Equity Interests.

**ARTICLE IV:
ACCEPTANCE OR REJECTION OF THIS PLAN; CRAMDOWN**

A. Classes and Claims entitled to vote.

Creditors in Classes 2 through 6 may vote on this Plan. Creditors in Class 1 are not impaired under this Plan and therefore are presumed to accept this Plan. Creditors in Class 7 and holders of Equity Interests in Class 8 will not receive or retain property under this Plan and are therefore presumed to reject this Plan and are not entitled to vote on this Plan.

B. Acceptance by a Class of Claims.

Except as provided in section 1126(e) of the Bankruptcy Code, a Class of Claims will accept this Plan if holders of one half in number and two-thirds in amount of Claims in that Class timely and properly vote to accept this Plan.

C. Cramdown.

Because Classes 7 and 8 are presumed to have rejected this Plan, the Plan Proponents request that the Bankruptcy Court confirm this Plan notwithstanding the rejection by Classes 7 and 8, or any other Class that votes to reject this Plan, on the basis that this Plan is fair and equitable and does not discriminate unfairly with respect to any Class that rejects this Plan.

**ARTICLE V:
EFFECTS OF CONFIRMATION**

A. Estate Assets to remain in Estates; No revesting of Estate Assets.

Notwithstanding section 1141(b) of the Bankruptcy Code, except as otherwise provided for in this Plan, property of the Estate, including Estate Litigation Claims, shall not revest in the Debtor or the Post-Effective Date Debtor, but shall remain property of the Estate subject to the jurisdiction of the Bankruptcy Court, under the exclusive control of the Plan Administrator, until distributed to holders of Allowed Claims in accordance with the provisions of this Plan and the Confirmation Order.

B. Preservation and retention of Estate Litigation Claims, defenses of the Debtor, and rights to object to Claims.

Confirmation of this Plan will have no impact upon, and will not render *res judicata* any: (i) Estate Litigation Claim, (ii) any defenses the Debtor may have (including rights of setoff) in any action brought against it; or (iii) any party's right to object to any Claim against the Debtor, subject to any limitation expressly set forth in this Plan. A partial listing of potential parties against whom the Plan Administrator, the Plan Committee, or others may bring Estate Litigation Claims is attached as Exhibit 2 to this Plan. This list is not comprehensive. **In voting on this Plan, Creditors should not rely on the fact that they are not listed on Exhibit 2 of this Plan in voting to accept this Plan. Estate Litigation Claims may be brought against parties not listed on Exhibit 2 and those Estate Litigation Claims are expressly preserved under this Plan and may still be brought.**

C. Bondholder Unsecured Claims.

From and after the date of confirmation of this Plan, the amount of Bondholder Unsecured Claims shall be capped as follows. If no Proof of Claim has been filed on

or prior to the Voting Deadline with respect to the particular Bondholder Unsecured Claim, then the amount set forth in the Schedules. If a Proof of Claim has been filed on or prior to the Voting Deadline with respect to the particular Bondholder Unsecured Claim, the amount set forth in the Proof of Claim. **If a Bondholder disputes or otherwise disagrees with the amount of its Claim in the Schedules, the Bondholder must file a Proof of Claim or otherwise assert a Bondholder Claim Dispute on or prior to the Voting Deadline for this Plan. If a Bondholder does not file a Proof of Claim or otherwise assert a Bondholder Claim Dispute prior to the Voting Deadline for this Plan, the amount of that Bondholder Unsecured Claim will be capped at the amount indicated on the Schedules.**

This cap is without prejudice to the rights of any party to object to or otherwise dispute any Bondholder Unsecured Claim as otherwise set forth in this Plan. No Bondholder Unsecured Claim will be Allowed by operation of this Article V.C or any other section of this Plan and nothing in this Article V.C or any other provision of this Plan is or will be deemed to be an admission of liability by the Debtor or any other party with respect to a Bondholder Unsecured Claim or other Claim.

D. The non-Debtor subsidiaries.

Confirmation of this Plan will have no effect on the Debtor's non-debtor subsidiaries.

E. Authority to effectuate this Plan.

Except as expressly set forth in this Plan, on the Effective Date, all matters provided for under this Plan will be authorized and approved without further approval or order of the Bankruptcy Court.

F. Continuation of authority under Rule 2004 Order.

Confirmation of this Plan will not abrogate or otherwise limit the effectiveness of the Rule 2004 Order entered by the Court prior to the Effective Date and will not limit the right of the Plan Administrator or the Plan Committee to seek leave to examine any individual or entity under Rule 2004 of the Federal Rules of Bankruptcy Procedure.

G. No waiver of legal privileges.

Confirmation of this Plan will not waive the attorney/client, work product or other legal privileges of the Debtor or the Official Creditors' Committee.

**ARTICLE VI:
MEANS OF IMPLEMENTATION OF THIS PLAN**

A. Limited corporate existence and dissolution of Debtor.

1. *Continued corporate existence.* The Debtor shall continue in existence as the Post-Effective Date Debtor pursuant to the terms of its certificate of incorporation, by-laws, and other corporate governance documents, as the same were in effect prior to the Effective Date, except to the extent that such corporate governance documents are amended by the terms of this Plan, for the limited purpose of (i) effectuating the terms of this Plan, (ii) liquidating the Estate Assets, (iii) making distributions in accordance with this Plan; and (iv) filing appropriate tax returns.

2. *Dissolution of Post-Effective Date Debtor.* As soon as practicable after the Plan Administrator liquidates or otherwise disposes of the Estate Assets and makes the Final Distribution, the Plan Administrator shall, at the expense of the Estate and with the consultation of the Plan Committee, (i) provide for the retention of books and records delivered to or created by the Plan Administrator until the time that such books and records are no longer required to be retained under applicable law, and file a certificate with the Bankruptcy Court stating the location at which such books and records are being stored, (ii) file a certificate with the Bankruptcy Court stating that the Plan Administrator has liquidated or otherwise disposed of the Estate Assets and made a Final Distribution under this Plan, (iii) file any necessary paperwork with the Office of the Secretary of State for the State of Georgia to effectuate the dissolution of the Post-Effective Date Debtor in accordance with the laws of the State of Georgia, and (iv) resign as the sole officer and director of the Post-Effective Date Debtor.

B. Directors and officers of the Debtor.

On the Effective Date, the Plan Administrator will succeed to all of the rights and powers of the directors and officers of the Debtor and confirmation of this Plan will divest the directors and officers in office prior to the Effective Date of any and all rights and powers with respect to the Debtor.

C. Corporate governance documentation.

On or as soon as practicable after the Effective Date, the articles of incorporation of the Post-Effective Date Debtor will be restated to, among other things, (i) authorize the issuance of one share of new common stock, \$0.01 par value per share to be held by the Plan Administrator in accordance with the terms of this Plan, (ii) prohibit the issuance of non-voting equity securities, and (iii) limit the activities of the Post-Effective Date Debtor to matters related to the implementation of this Plan and to matters reasonably incidental thereto. The form of the restated articles of incorporation will be filed with the Court on or before the Confirmation Date.

D. The Plan Administrator.

1. *Appointment.* Prior to the Confirmation Date, the Official Creditors' Committee, in consultation with the Debtor, will designate a person or entity to serve as the Plan Administrator. The Plan Administrator will be appointed on the Effective Date. The Plan Administrator will serve as Plan Administrator pursuant to the terms of the Plan and a Plan Administrator Agreement. The Debtor, the Official Creditors' Committee (or the Plan Committee after the Effective Date), and the Plan Administrator will be parties to the Plan Administrator Agreement. If there are any inconsistency between the terms of the Plan Administrator Agreement and the terms of the Plan, the terms of the Plan will govern.

2. *Plan Administrator Agreement.* Prior to the Effective Date, the Plan Administrator, the Official Creditors' Committee, and the Debtor will execute a Plan Administrator Agreement specifying the terms by which the Plan Administrator will be employed. The Official Creditors' Committee (or, after the Effective Date, the Plan Committee) and the Plan Administrator may agree to non-material modifications of the Plan Administrator Agreement, which non-material modifications will not be subject to approval of the Bankruptcy Court. The Official Creditors' Committee (or, after the Effective Date, the Plan Committee) and the Plan Administrator may agree to material modifications of the Plan Administrator Agreement; provided, however, that material modifications shall be subject to approval of the Bankruptcy Court.

3. *Rights, powers, and duties of the Post-Effective Date Debtor and the Plan Administrator.* The Post-Effective Date Debtor will retain and have all of the rights, powers, and duties necessary to carry out its responsibilities under this Plan. The Plan Administrator will exercise these rights, powers and duties on behalf of the Post-Effective Date Debtor and the Estate pursuant to this Plan and the Plan Administrator Agreement. Additionally, the Plan Administrator may bring claims, including Estate Litigation Claims, on behalf of the Debtor, the Post-Effective Date Debtor, and the Estate that could otherwise be brought by a trustee or an examiner appointed under the Bankruptcy Code. Without limiting the generality of the foregoing, the Plan Administrator's rights, powers, and duties include::

- (a) liquidation of the Estate Assets and any assets of the Post-Effective Date Debtor;
- (b) investment of Cash of the Estate and the Post-Effective Date Debtor in (I) direct obligations of the United States of America or obligations of any agency or instrumentality thereof that are backed by the full faith and credit of the United States of America, (II) money market deposit accounts, checking accounts, savings accounts, certificates of deposit, or other time deposit accounts that are issued by a commercial bank or savings institution organized under the laws of the United States

of America or any state thereof, or (III) any other investments that may be permissible under section 345 of the Bankruptcy Code or as otherwise ordered by the Bankruptcy Court;

- (c) calculating and paying Distributions in accordance with the terms of this Plan or as otherwise ordered by the Bankruptcy Court to holders of Allowed Claims;
- (d) employing, supervising, and compensating professionals retained to represent the interests of the Post-Effective Date Debtor or the Estate, subject to the terms of this Plan;
- (e) making and filing tax returns for the Post-Effective Date Debtor;
- (f) subject to the terms of this Plan, objecting to or seeking the subordination of Claims filed against the Debtor or the Estate or set forth in the Schedules, except for Claims that have been previously Allowed by Final Order;
- (g) seeking the estimation of contingent or unliquidated Claims filed against the Debtor, the Post-Effective Date Debtor, or the Estate pursuant to section 502(c) of the Bankruptcy Code;
- (h) seeking determination of tax liability for the Debtor or the Post-Effective Date Debtor under section 505 of the Bankruptcy Code;
- (i) investigating, pursuant to Rule 2004 of the Bankruptcy Rules or other applicable law, any Entity, including investigating any Entity authorized to be investigated pursuant to the Rule 2004 Order or any other order authorizing or permitting investigations of any Entity;
- (j) filing, prosecuting, settling or otherwise resolving Estate Litigation Claims on behalf of the Debtor or the Post-Effective Date Debtor;
- (k) closing the Bankruptcy Case of the Post-Effective Date Debtor;
- (l) dissolving and winding up the Post-Effective Date Debtor;
- (m) exercising all powers and rights, and taking all actions contemplated by or provided for in the Plan Administrator Agreement;

- (n) providing to the Plan Committee, on a monthly basis, a report setting forth relevant financial information with respect to the Post-Effective Date Debtor, the Estate, and the Plan Administrator's activities with respect to the immediately preceding month, including, but not limited to: (i) operating and other expenses; (ii) revenues; and (iii) deposits, if any, into the various accounts set forth in this Plan; and
- (o) taking any and all other actions necessary or appropriate to implement this Plan, subject to the terms of the Plan Administrator Agreement and this Plan.

4. *Compensation of the Plan Administrator.* The Plan Administrator will be compensated from the Estate Assets or the assets of the Post-Effective Date Debtor subject to the terms of the Plan Administrator Agreement. Notwithstanding anything herein to the contrary, the Bankruptcy Court must authorize and approve any compensation to be paid to the Plan Administrator under the standards set forth for compensation of Professional Persons under sections 327 and 330 of the Bankruptcy Code.

5. *Insurance.* Subject to the terms of the Plan Administrator Agreement and agreement by the Plan Committee, the Plan Administrator may obtain insurance, to be paid from the Estate Assets, for the Plan Administrator, or any employees, agents, representatives, or independent contractors employed by the Plan Administrator or the Post-Effective Date Debtor, including, without limitation, any tail coverage or other similar coverage.

6. *Limitations on liability.* The Plan Administrator will not incur liability to any Entity by reason of discharge of the Plan Administrator's duties as set forth in this Plan and in the Plan Administrator Agreement, except in the event of gross negligence or willful misconduct by the Plan Administrator.

7. *Retention of employees.* Subject to the approval of the Plan Committee, the Plan Administrator may retain any employees, or other agents or representative of the Debtor or the Post-Effective Date Debtor, either on the Plan Administrator's own behalf or on behalf of the Post-Effective Date Debtor. The Plan Administrator may compensate such employees in the ordinary course of the Plan Administrator's activities, without seeking approval of such compensation from the Bankruptcy Court.

8. *Retention of Professionals.* Subject to the approval of the Plan Committee and the other limitations set forth in this Plan, the Plan Administrator may retain attorneys, accountants, or other professionals to represent the interests of the Plan Administrator or the Post-Effective Date Debtor, including attorneys, accountants, and other professionals employed by the Debtor or the Official Creditors' Committee. Professionals retained by the Debtor prior to the Effective Date will not

be retained by the Post-Effective Date Debtor unless the Plan Administrator agrees to such retention in writing.

9. *Limitations on actions of the Plan Administrator.* Without the prior written consent of the Plan Committee or approval by the Bankruptcy Court, the Plan Administrator will not: (i) dispose of the share of common stock of the Post-Effective Date Debtor granted pursuant to Article VI.C of this Plan; or (ii) take any other action that is inconsistent with the written or oral directive of the Plan Committee.

10. *Meeting with and reports to the Plan Committee.* At the request of the Plan Committee, the Plan Administrator will meet with and provide written or oral reports to the Plan Committee.

11. *Replacement of the Plan Administrator.* The Plan Committee may remove or replace the Plan Administrator with or without cause, following Designated Notice of the proposed action and opportunity to object within ten (10) days of such Designated Notice. If no objection is timely filed, the Plan Committee may take such action with no further approval. If a timely objection is filed, the Plan Committee may only take the proposed action if approved by the Bankruptcy Court following a hearing upon notice to any objecting party. To effectuate such a change in the Plan Administrator, following Designated Notice and any necessary approval, the Plan Committee must file a notice of replacement with the Bankruptcy Court, which notice must include the name of the replacement Plan Administrator.

E. The Official Creditors' Committee and the Plan Committee.

1. *Appointment and membership of the Plan Committee.* On the Effective Date, the Plan Committee will be appointed and will succeed to any and all rights of the Official Creditors' Committee, as well as the other additional rights and obligations set forth in this Plan. The initial members of the Plan Committee will be the members of the Official Creditors' Committee immediately prior to the Effective Date.

2. *Rights, powers, and duties of the Plan Committee.* The Plan Committee will retain and have all of the rights, powers, and duties necessary to carry out its responsibilities under this Plan. Such rights, powers, and duties include, but are not limited to:

- (a) supervising and directing the Plan Administrator in accordance with the terms of this Plan and the Plan Administrator Agreement;
- (b) consenting or not consenting to the disposition of any Estate Asset or asset of the Post-Effective Date Debtor, or the Estate in accordance with Article VII of this Plan;

- (c) consenting or not consenting to the bringing, prosecution, or settlement of any Estate Litigation Claim, objection to or subordination of any scheduled or filed Claim against the Debtor in accordance with Article VII of this Plan;
- (d) bringing Estate Litigation Claims or objecting to or seeking the subordination of any scheduled or filed Claim against the Debtor in accordance with this Plan;
- (e) exercising all powers and rights, and taking all actions contemplated by or provided for in this Plan or the Plan Administrator Agreement; and
- (f) taking any and all other actions necessary or appropriate to implement this Plan.

3. *Compensation of members of the Plan Committee.* Members of the Plan Committee will be compensated by the Estate for expenses in connection with serving on the Plan Committee that would otherwise be compensable for members of a creditors' committee under section 503(b)(3)(F) of the Bankruptcy Code.

4. *Insurance.* The Plan Committee may obtain insurance, to be paid from the Estate Assets or the assets of the Post-Effective Date Debtor, for the Plan Committee, including, without limitation, any tail coverage or other similar coverage.

5. *Limitations on liability.* The Plan Committee will not incur liability to any Entity by reason of discharge of the Plan Committee's duties as set forth in this Plan, except in the event of gross negligence or willful misconduct by the Plan Committee; provided, however, that when acting as a party litigant in any proceeding the Plan Committee will be subject to all applicable rules and statutory procedures governing such proceedings, including, without limitation, those governing standards of conduct.

6. *Standing of the Plan Committee.* The Plan Committee will have independent standing to appear and be heard in any judicial or other proceeding as to any matter relating to this Plan, the Plan Administrator, the Estates, or the Post-Effective Date Debtor. Without limiting the generality of the foregoing, the Plan Committee may bring any actions, either in its own name or in the name of the Post-Effective Date Debtor, in accordance with the rights and duties delegated to the Plan Committee under this Plan.

7. *Retention of Professionals and other agents or representatives.* The Plan Committee may retain attorneys, accountants, or other professionals to represent the interests of the Plan Committee (or, where the Plan Committee acts in the name of or on behalf of the Post-Effective Date Debtor, the Post-Effective Date Debtor),

including attorneys, accountants, and other professionals employed by the Debtor or the Official Creditors' Committee. Professionals retained by the Official Creditors' Committee prior to the Effective Date will not be retained by the Plan Committee in any capacity without the prior express consent of the Plan Committee.

8. *Change in membership of the Plan Committee.* The Plan Committee may, through its by-laws, agree to provisions for removal and replacement of members of the Plan Committee or the addition of new members to the Plan Committee; provided, however, that: (i) the Plan Committee shall be comprised of no less than three members and no more than nine members; (ii) each member of the Plan Committee must hold, at all times throughout their service on the Plan Committee, an Unsecured Claim against the Debtor (or be the legal nominee or designee of a holder of an Unsecured Claim against the Debtor); (iii) any member that sells all of its Unsecured Claim against the Debtor will be immediately removed from the Plan Committee; (iv) the purchaser of an Unsecured Claim from a member of the Plan Committee will not succeed to the member's position on the Plan Committee by reason of the purchase of the Unsecured Claim; and (v) a member's rights of membership on the Plan Committee may not be transferred to or otherwise be assigned or delegated to another person or entity without the express consent of the Plan Committee.

9. *Dissolution.* The Plan Committee will be dissolved upon entry of the Final Decree and the members of the Plan Committee will be released and discharged from all further authority, duties, responsibilities and obligations related to and arising from their service as Plan Committee members.

F. Common interest agreement between and among the Plan Administrator, the Official Creditors' Committee, and the Plan Committee.

From and after the Effective Date, (i) the Plan Administrator may share its own information or information of the Debtor or the Post-Effective Date Debtor with the Plan Committee, and (ii) the Plan Committee may share its own information or information of the Official Creditors' Committee with the Plan Administrator or the Post-Effective Date Debtor, and the shared information will be considered shared pursuant to a common interest agreement and the sharing of information will not constitute a waiver of any attorney/client privilege, work product privilege, or other similar privilege recognized by applicable law.

G. Private Actions Trust.

1. *Establishment.* On the Effective Date, the Private Actions Trust will be established pursuant to the terms of the Private Actions Trust Agreement to receive, hold, liquidate, and distribute the proceeds of the Non-Estate Claims set forth in the Private Actions Trust Agreement on the terms set forth in the Private Actions Trust Agreement.

2. *Eligibility to participate in Private Actions Trust.* Notwithstanding anything to the contrary in the Private Actions Trust Agreement or in this Plan, only Creditors holding Class 5 Claims may contribute Non-Estate Claims to the Private Actions Trust and participate in any distributions from or other rights appurtenant to the Private Actions Trust.

3. *Election to contribute Non-Estate Claims to the Private Actions Trust.* A Creditor holding a Class 5 Claim may contribute Non-Estate Claims to the Private Actions Trust by making a Private Actions Trust Election.

4. *The Private Actions Trustee.* Notwithstanding anything to the contrary in the Private Actions Trust Agreement or in this Plan, (i) the Private Actions Trust Committee will appoint the Private Actions Trustee to act as trustee of the Private Actions Trust and (ii) the Private Actions Trust Committee may remove or replace the Private Actions Trustee at any time, with or without cause.

5. *The Private Actions Trust Committee.* Notwithstanding anything to the contrary in the Private Actions Trust Agreement or in this Plan, (i) the Private Actions Trust Committee shall be appointed on the Effective Date to perform the duties set forth for the Private Actions Trust Committee in the Private Actions Trust Agreement, (ii) the members of the Private Actions Trust Committee shall be the same as the members of the Plan Committee, and (iii) the Private Actions Trust Agreement may not be amended, supplemented, or otherwise altered in any way without the written consent of the Private Actions Trust Committee.

6. *Participation in Private Actions Trust by secondary purchasers of Claims against the Debtor.* Any person or entity that purchases or otherwise takes an assignment of a Class 5 Unsecured Claim may participate in the Private Actions Trust, but only if the original holder of the Claim has made a Private Actions Trust Election and the assignee has received an assignment of the original holder's interest in the Private Actions Trust.

7. *Interpretation.* If the terms of this Plan conflict with the terms of the Private Actions Trust Agreement on matters arising from or related to the Private Actions Trust, the Private Actions Trust Agreement will govern.

H. Termination of the Debtor's public reporting requirements.

From and after the Effective Date, the Plan Administrator, in consultation with the Plan Committee, will take any and all actions necessary to suspend the Debtor's further reporting obligations with the SEC and to otherwise deregister the Debtors' public securities.

**ARTICLE VII:
PROVISIONS FOR THE RESOLUTION OF CLAIMS
AGAINST THE DEBTOR, RESOLUTION OF LITIGATION
CLAIMS AND LIQUIDATION OF OTHER ASSETS**

A. Objection to and resolution of Claims against the Debtor or the Estate.

1. *Plan Administrator's authority to object to and resolve objections to Claims.* Except with respect to objections to Administrative Claims, which are separately set forth in Article II of this Plan, the Plan Administrator will prosecute, settle, or decline to pursue objections to any Claims in this Bankruptcy Case in accordance with the terms of this Plan, whether the objections to the Claims were filed prior to or after the Effective Date.

2. *Consent and approval of the Plan Committee.* Prior to filing or settling of any objection to any Claim with a Face Amount of \$50,000 or greater, the Plan Administrator will obtain the prior consent of the Plan Committee for the filing or settlement of the objection to the Claim.

3. *Authority of the Plan Committee to object to and resolve objections to Claims.* The Plan Committee may, at any time, make demand on the Plan Administrator to object to a Claim. If the Plan Administrator does not object to such a Claim within a reasonable period of time under the circumstances (as determined by the Plan Committee in its sole discretion), subject to any limitation set forth in this Plan, the Plan Committee may, on its own behalf and acting for and in the name of the Estate, the Debtor, and the Post-Effective Date Debtor, file such objection and, subject to Article VI.A.6 of this Plan, resolve the objection to the Claim in its sole authority and discretion.

4. *Limitations on filing objections to Claims.* From and after the Effective Date, no party other than the Plan Administrator or the Plan Committee may object to Claims.

5. *Deadline for objection to Claims.* The Plan Administrator, or the Plan Committee if the Plan Committee is acting under its authority granted in Article VI of this Plan, will file any objections to Claims that are not subject to a pending objection on the Effective Date not later than one hundred eighty days after the Effective Date (the "Claim Objection Bar Date"). The Plan Administrator or the Plan Committee may seek one or more extensions from the Bankruptcy Court of the time to file an objection to any Claim. The filing of a motion by the Plan Administrator or the Plan Committee to extend the time to file an objection to a timely filed Claim will automatically extend the date by which the Plan Administrator or the Plan Committee must file objections to a timely filed Claim until a Final Order is entered on the motion.

6. *Bankruptcy Court approval.* From and after the Effective Date, the Plan Administrator or the Plan Committee may settle or otherwise resolve Claims without the approval or consent of the Bankruptcy Court where the Face Amount of the Claim is \$100,000 or less; provided, however, that the Plan Administrator will, on a quarterly basis, file a notice with the Bankruptcy Court of all Claims that have been settled or otherwise resolved that includes (i) the Face Amount of the Claim, and (ii) the Allowed amount of the Claim after settlement and resolution. The Bankruptcy Court must approve the settlement of any objection to any Claim where the Face Amount of the Claim is more than \$100,000.

7. *Estimation of Claims.* The Plan Administrator may at any time request that the Bankruptcy Court estimate any Claim pursuant to section 502(c) of the Bankruptcy Code. The Bankruptcy Court may estimate Claims to: (i) establish the Allowed amount of the Claim for purposes of voting and distribution; or (ii) to establish the maximum amount of any such Claim, without prejudice to the Plan Administrator or the Plan Committee later objecting to the Claim or otherwise bringing Estate Litigation Claims against the holder of the Claim.

8. *Applicability.* In objecting to a Claim, if the Plan Administrator or the Plan Committee assert counterclaims or other grounds for affirmative relief, against the holder of the Claim, including any assertion that the Claim may be Disallowed pursuant to section 502(d) of the Bankruptcy Code, resolution of the objection to the Claim shall be governed by Article VII.B of this Plan, not this Article VII.A.

9. *Continued investigation of Claims.* **The Plan Proponents have not fully investigated the Claims in this Bankruptcy Case. This investigation is ongoing and may occur after confirmation of this Plan. Creditors and other parties in interest are advised that, notwithstanding that no specific reference is made to a particular Claim in this Plan, the Disclosure Statement, or in other documents filed in the Bankruptcy Case, objections to Claims may still be brought against any Creditor or party in interest at any time (subject to the Claims Objection Bar Date, any applicable statute of limitations and other limitations set forth in this Plan).**

B. Prosecution and resolution of Estate Litigation Claims.

1. *Plan Administrator's authority to bring, prosecute and settle Estate Litigation Claims.* The Plan Administrator will prosecute, settle, or decline to pursue any Estate Litigation Claims in this Bankruptcy Case in accordance with the terms of this Plan, whether the Estate Litigation Claim was commenced prior to or after the Effective Date.

2. *Consent and approval of the Plan Committee.* Prior to filing or settling Estate Litigation Claim in which the Face Amount of the demand is \$100,000 or greater, the Plan Administrator will obtain the prior consent of the Plan Committee for the filing or settlement of such Estate Litigation Claim.

3. *Plan Committee's authority to bring, prosecute and settle Estate Litigation Claims.* The Plan Committee may, at any time, make demand on the Plan Administrator to bring a particular Estate Litigation Claim in which the Face Amount of the demand is anticipated to exceed \$100,000. If the Plan Administrator does not bring the Estate Litigation Claim within a reasonable period of time under the circumstances (as determined by the Plan Committee in its sole discretion), the Plan Committee may, on its own behalf and acting for and in the name of the Estate, the Debtor, and the Post-Effective Date Debtor, file the Estate Litigation Claim and, subject to Article VI.A.6 of this Plan, resolve the Estate Litigation Claim in its sole authority and discretion.

4. *Deadline for bringing Estate Litigation Claims.* Nothing in this Plan limits the time by which the Plan Administrator or the Plan Committee must bring an Estate Litigation Claim. The deadline for bringing Estate Litigation Claims is any applicable statute of limitations, as such statute of limitations may be altered or amended by the terms of the Bankruptcy Code. For purposes of determining the applicable statute of limitations, section 108 of the Bankruptcy Code will be applicable to all Estate Litigation Claims, and confirmation of this Plan will not limit any time periods contained therein.

5. *Bankruptcy Court approval.* From and after the Effective Date, the Plan Administrator or the Plan Committee may settle or otherwise resolve Estate Litigation Claims without the approval or consent of the Bankruptcy Court where the Face Amount of the Estate Litigation Claim is \$200,000 or less; provided, however, that the Plan Administrator will, on a quarterly basis, file a notice with the Bankruptcy Court of all Estate Litigation Claims that have been settled or otherwise resolved that includes (i) the Face Amount asserted in the Estate Litigation Claim, and (ii) the amount for which the Estate Litigation Claim was resolved. The Bankruptcy Court must approve the settlement of any Estate Litigation Claim where the Face Amount of the Estate Litigation Claim is more than \$200,000.

6. *Continued investigation of Estate Litigation Claims.* **The Plan Proponents have not fully investigated the Estate Litigation Claims in this Bankruptcy Case. This investigation is ongoing and will continue after confirmation of this Plan. Creditors and other parties in interest are advised that, notwithstanding that no specific reference is made to a particular Estate Litigation Claim in this Plan, the Disclosure Statement, or in other documents filed in the Bankruptcy Case, the Plan Administrator or the Plan Committee may still bring Estate Litigation Claims against any party at any time (subject to any applicable statute of limitations). A partial listing of potential parties**

against whom the Plan Administrator, the Plan Committee, or others may bring Estate Litigation Claims is attached as Exhibit 2 to this Plan. This list is not comprehensive. In voting on this Plan, Creditors should not rely on the fact that they are not listed on Exhibit 2 of this Plan in voting to accept this Plan. Estate Litigation Claims may be brought against parties not listed on Exhibit 2 and those Estate Litigation Claims are expressly preserved under this Plan and may still be brought.

C. Liquidation of Estate Assets other than Estate Litigation Claims.

1. *Plan Administrator's ability to sell or dispose of Estate Assets and assets of the Post-Effective Date Debtor.* From and after the Effective Date, the Plan Administrator may, pursuant to the terms of the Plan Administrator Agreement and subject to the terms of this Plan, use, sell, assign, transfer, abandon or otherwise dispose of at a public or private sale the Estate Assets and the assets of the Post-Effective Date Debtor.

2. *Consultation, consent, and approval of Plan Committee.* The Plan Administrator will regularly consult with the Plan Committee in disposing of the Estate Assets and the assets of the Post-Effective Date Debtor pursuant to Article VI.C.1 of this Plan. If the Plan Administrator seeks to sell, assign, transfer, abandon or otherwise dispose of Estate Assets or assets of the Post-Effective Date Debtor where (i) the net proceeds to the Estate or the Post-Effective Date Debtor are greater than \$100,000, or (ii) the net proceeds to the Estate or the Post-Effective Date Debtor are less than 60% of the Face Amount of the Estate Assets or assets of the Post-Effective Date Debtor (in the case of loans held on the Debtor's books), then the Plan Administrator must obtain the consent of the Plan Committee or approval of the Bankruptcy Court prior to the proposed sale, assignment, transfer, abandonment, or other disposal of the Estate Asset or the asset of the Post-Effective Date Debtor.

3. *Bankruptcy Court approval.* From and after the Effective Date, the Plan Administrator may sell, assign, transfer, abandon or otherwise dispose of Estate Assets or assets of the Post-Effective Date Debtor in accordance with this Plan without the approval or consent of the Bankruptcy Court where the Face Amount of the Estate Asset or asset of the Post-Effective Date Debtor is \$200,000 or less; provided, however, that the Plan Administrator will, on a quarterly basis, file a notice with the Bankruptcy Court of all Estate Assets and assets of the Post-Effective Date Debtor that have been sold, assigned, transferred, abandoned or otherwise disposed of and include in the notice (i) the Face Amount of the Estate Asset or asset of the Post-Effective Date Debtor, and (ii) the amount the Estate or the Post-Effective Date Debtor received from the disposition of the Estate Asset or asset of the Post-Effective Date Debtor. The Bankruptcy Court must approve the sale, assignment, transfer, abandonment, or other disposition of any Estate Asset or asset of the Post-Effective Date Debtor where the Face Amount of the Estate Asset or asset of the Post-Effective Date Debtor is more than \$200,000.

**ARTICLE VIII:
DISTRIBUTIONS**

A. Distributions on account of Allowed Administrative Expense Claims.

Subject to rights of set-off pursuant to Article VIII.I of this Plan, the Plan Administrator will pay Allowed Administrative Expense Claim in full, without interest, in Cash, on or as soon as practicable after the later of (a) the Effective Date, or (b) the date that is ten (10) Business Days after the Claim becomes an Allowed Administrative Expense Claim; or (c) at such other time and in such other manner as may be agreed upon in writing between the holder of the Allowed Administrative Expense Claim and the Plan Administrator.

B. Distributions on account of Allowed Priority Tax Claims.

Subject to rights of set-off pursuant to Article VIII.I of this Plan, in the Plan Administrator's discretion, the Plan Administrator will pay Allowed Priority Tax Claims (a) in full, without interest, and in Cash, (b) in equal monthly installments over no more than five years from the Petition Date, at an interest rate to be set by the Bankruptcy Court; or (c) such other treatment as may be agreed upon in writing by the holder of such Claim and the Plan Administrator, in accordance with the terms of the Plan. The Plan Administrator will pay Priority Tax Claims on or as soon as practicable after the later of (a) the Effective Date, or (b) the date that is ten (10) Business Days after the Claim becomes an Allowed Priority Tax Claim; or (c) at such other time and in such other manner as may be agreed upon in writing between the holder of the Allowed Priority Tax Claim and the Plan Administrator.

C. Distributions on account of Classified Claims.

1. *Claims Allowed prior to the Initial Distribution Date.* Subject to rights of set-off pursuant to Article VIII.I of this Plan, on the Initial Distribution Date, the Plan Administrator will distribute Cash or other property to each holder of a Claim in Classes 1 through 6 that is Allowed prior to the Initial Distribution Date as provided in this Plan. The Plan Administrator will make no distributions to Claims that have received Payment in Full.

2. *Claims Allowed on or after the Initial Distribution Date.* Subject to rights of set-off pursuant to Article VIII.I of the Plan, for Claims Allowed on or after the Initial Distribution Date, the Plan Administrator will make a distribution to the holder of such an Allowed Claim no later than the first Subsequent Distribution Date after such Claim is Allowed in an amount equal to the amount that would have been paid to the holder if the Claim had been Allowed prior to the Initial Distribution Date. Except as otherwise provided in this Plan or as otherwise ordered by the Bankruptcy Court, the Plan Administrator, upon approval of the Plan Committee, may make interim or partial distributions on Allowed Claims other than on a Subsequent

Distribution Date. The Plan Administrator will make no distributions on account of Claims that have received Payment in Full.

Not less than twenty (20) days prior to any proposed Subsequent Distribution Date, the Plan Administrator will file a notice with the Bankruptcy Court of an intended Subsequent Distribution Date.

D. Property distributions.

Notwithstanding Article VII.C of this Plan, the Plan Administrator may, in lieu of distributions of Cash, surrender to each holder of an Allowed Secured Claim that is being treated in accordance with this Plan, the property securing such Allowed Secured Claim.

E. Interest on Allowed Claims.

Except as otherwise set forth in this Plan with respect to Allowed Secured Claims, no interest will be paid in respect of any Allowed Claim.

F. Distributions paid to holders of record.

Distributions to be made pursuant to this Plan with respect to Claims of any nature may be made by the Disbursing Agent to the holder of record of the Claim. For purposes of making distributions under this Plan, the following applies: (i) if no Proof of Claim has been filed, the holder of record and address will be as identified in the Schedules; (ii) if a Proof of Claim has been filed, the holder of record and address will be as identified in the Proof of Claim; (iii) if a notice of transfer of Claim has been properly filed pursuant to Rule 3001(e) of the Bankruptcy Rules not less than forty-five days prior to any Distribution Date and no objection to the transfer of Claim has been filed, then to the holder of record and address as identified on the notice of transfer of Claim as filed with the Bankruptcy Court.

G. No Distributions on account of Disputed or Disallowed Claims.

Except as may otherwise be ordered by the Bankruptcy Court or authorized under the terms of this Plan, the Plan Administrator will make no distribution to the holder of a Disputed Claim until the Disputed Claim becomes an Allowed Claim. The Plan Administrator will not make distributions to holders of Disallowed Claims.

H. Setoff.

The Plan Administrator may set-off against any Allowed Claim (and distributions to be made thereto), the claims, rights and causes of action of any nature (regardless of whether such claims, rights, or causes of action are reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured) that the Debtor, the Post-Effective

Date Debtor, or the Estate may hold under applicable non-bankruptcy law (and notwithstanding any limitations or restrictions placed on such rights under the Bankruptcy Code) against the holder of an Allowed Claim or any recipient of any distribution in respect of an Allowed Claim. The holder of a Claim may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set-off any Allowed Claim such holder possesses against any claim, rights or causes of action of any nature that the Debtor, the Post-Effective Date Debtor, or the Estate may hold against such holder. Neither the failure to effect such a set-off nor the Allowance of any Claim under this Plan will waive or release any such Claims, rights and causes of action that any Entity may possess under section 553 of the Bankruptcy Code or applicable non-bankruptcy law.

I. The Disputed Claims Reserve.

On the Effective Date, the Plan Administrator will establish and maintain a reserve (the “Disputed Claims Reserve”) to reserve for and fund the payment of Disputed Claims. The amount of the Disputed Claims Reserve will be equal to the sum of the following: (i) the Face Amount of all unpaid Disputed Priority Tax Claims, (ii) the Face Amount of all unpaid Disputed Administrative Claims, (iii) the Face Amount of all Class 1 Disputed Claims, (iv) the Face Amount of all Class 2 Disputed Claims, (v) the Face Amount of all Class 3 Disputed Claims, (vi) the Face Amount of all Class 4 Disputed Claims, (vii) the Face Amount of all Class 5 Disputed Claims multiplied by the Pro-Rata Share of the Liquidation Amount calculated to be paid to holders of Class 5 Allowed Claims, as such amount may be calculated by the Plan Administrator from time to time, and (viii) the Face Amount of all Class 6 Disputed Claims multiplied by the Pro-Rata Share of the Liquidation Amount calculated to be paid to holders of Class 6 Allowed Claims, as such amount may be calculated by the Plan Administrator from time to time.. The Plan Administrator will, from time to time, recalculate the amount of the Disputed Claims Reserve. The Plan Administrator may use any Cash withdrawn from the Disputed Claims Reserve for distributions in accordance with the terms of this Plan.

J. The Operating Reserve.

From and after the Effective Date, the Plan Administrator will establish and maintain a reserve (the “Operating Reserve”) to fund the payments required to be made under this Plan on account of distributions to be made to holders of Allowed Claims, fees to the Clerk of the Bankruptcy Court, and fees to the United States Trustee, as well as to enable the Plan Administrator to pay post-Effective Date fees and expenses, including, without limitation, those incurred or to be incurred by Professionals employed by the Plan Administrator and the Plan Committee through the closing of this Bankruptcy Case and entry of a Final Decree. The Plan Administrator, with the approval of the Plan Committee, will determine the amount of the Operating Reserve and may, from time to time, recalculate the amount of the

Operating Reserve. Neither the Plan Administrator nor the Plan Committee will be liable if the Operating Reserve is inadequate.

K. Maintenance of the Disputed Claims Reserve, the Operating Reserve, and other Cash of the Debtor and the Estate.

Except as otherwise provided in this Plan, the Plan Administrator, in consultation with the Plan Committee, may hold Cash of the Estate in one or more accounts that the Plan Administrator determines to be in the best interests of the Estate. Any reference to the establishment or maintenance of any reserves contained in this Plan, including the Disputed Claims Reserve and the Operating Reserve, will not require the Plan Administrator to establish separate deposit or similar accounts for such reserves. The establishment of reserves under this Plan may be accomplished by accounting, general ledger, paper, or other book entry, as the Plan Administrator may determine, in consultation with the Plan Committee.

L. Effectuation of distributions.

The Plan Administrator will serve as the Disbursing Agent and will make all distributions in accordance with the terms of this Plan. At the request of the Plan Administrator, the Claims Agent will assist in making distributions under this Plan and will be entitled to reasonable compensation, as approved by the Plan Committee or the Bankruptcy Court, for providing such services.

M. Finality of distributions.

Except for payments made to holders of Allowed Administrative Claims, all distributions made under this Plan are final, and no party may seek disgorgement of any distributions. Distributions made to holders of Allowed Administrative Claims may be disgorged or otherwise be subject to repayment to the Estate or the Post-Effective Date Debtor in accordance with applicable law.

N. Manner of payment; delivery of Distributions.

Except as otherwise set forth in the Plan, the Plan Administrator will make all distributions under this Plan in Cash made by check drawn on a domestic bank or by wire transfer from a domestic bank.

O. Undeliverable Distributions.

1. Holding of Undeliverable Distributions. If a distribution is returned as undeliverable, no further distributions will be made to the holder of the Claim unless and until the Plan Administrator is notified, in writing, of the holder's then-current address. The Plan Administrator will hold undeliverable distributions until the earlier of: (a) the date the distribution becomes deliverable, and (b) the Final Distribution

Date. Holders ultimately receiving previously undeliverable distributions will not receive interest or other accruals of any kind based upon the delay in receipt. The Plan Administrator is not required to locate the holder of an Allowed Claim.

2. *Failure to claim Undeliverable Distributions.* The Plan Administrator will from time to time provide the Plan Committee and the Bankruptcy Court a list setting forth the names of the holder of Claim for which distributions have been attempted and have been returned as undeliverable as of the date thereof. Any holder of a Claim identified in the list that does not assert its rights pursuant to this Plan to receive a distribution within the earlier of: (a) the date that is one hundred eighty (180) days from and after the filing of such list, and (b) 10 Business Days before the Final Distribution Date will not be entitled to any distributions on Allowed Claims under this Plan and will be forever barred from asserting the Claim against the Estate and any right to receive distributions under this Plan. In such case, any consideration held for distribution on account of the Claim will revert to the Estate for distribution to other Creditors or payment of expenses in accordance with the terms of this Plan. Notwithstanding the foregoing, the Plan Administrator may, in consultation with the Plan Committee, pay distributions to a holder of a Claim where distributions to the holder had previously been determined to be undeliverable.

3. *Uncashed checks.* The Plan Administrator is not required to locate the holder of an Allowed Claim that does not cash any check representing a Distribution. If a check representing a Distribution has not been cashed for ninety (90) days after the date of mailing of the check to the Creditor, the Plan Administrator may: (a) stop payment on the check, (b) treat the distribution as undeliverable to be treated in accordance with this Plan, or (c) refuse to re-issue the check if the Plan Administrator determines that reissuing the check may adversely affect the distribution to any other Creditor or if re-issuing such check may cause the Plan Administrator to incur expense or inconvenience that is unwarranted in light of the amount of the distribution.

P. Fractional amounts.

Payments of fractions of dollars will not be made. Whenever any payment of a fraction of a dollar under this Plan would otherwise be called for, the actual payment made will reflect a rounding of such fraction to the nearest dollar (up or down).

Q. De Minimis Distributions.

Notwithstanding anything to the contrary in this Plan, the Disbursing Agent may not make distribution of less than \$250.00 to any holder of an Allowed Claim unless the distribution is a Final Distribution. If, at any time, the Plan Administrator, in consultation with the Plan Committee, determines that the remaining Cash and other Estate Assets are not sufficient to make distributions to Holders of Allowed Claims in an amount that would warrant the Estates incurring the cost of making such

a distribution, the Plan Administrator, in consultation with the Plan Committee, may dispose of such remaining Cash and other Estate Assets in a manner the Plan Administrator deems to be appropriate.

R. Compliance with tax requirements/allocations.

The Plan Administrator will comply with tax withholding and reporting requirements imposed by any governmental unit in making distributions under this Plan, and will be responsible for filing any tax returns relating to the Estate. All distributions pursuant to this Plan will be subject to withholding and reporting requirements. The Plan Administrator may withhold distributions due to any holder of an Allowed Claim until the holder provides the Plan Administrator with the necessary information to comply with withholding requirements of any governmental unit. The Plan Administrator will pay any withheld distributions to the appropriate authority. If the holder of an Allowed Claim fails to provide to the Plan Administrator with the information necessary to comply with withholding requirements of any governmental unit within sixty days after the date of first notification by the Plan Administrator to the holder of the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then the holder's distributions will be treated as undeliverable. For tax purposes, distributions received in respect of an Allowed Claim will be allocated first to the principal amount of the Claim, with any excess allocated to unpaid accrued interest.

**ARTICLE IX:
SATISFACTION OF CLAIMS, INJUNCTIONS,
AND LIMITATIONS OF LIABILITY**

A. Satisfaction of Claims; injunction.

Pursuant to section 1141(d)(3) of the Bankruptcy Code, confirmation of this Plan will not discharge Claims against the Debtor; provided, however, that no Holder of a Claim against or Equity Interest in the Debtor may, on account of such Claim or Equity Interest, seek or receive any payment or other distribution from, or seek recourse against, the Debtor, the Post-Effective Date Debtor, or the Estate, except as expressly provided in this Plan. Accordingly, except as otherwise provided in this Plan, the Confirmation Order shall provide, among other things, that from and after confirmation of this Plan until entry of the Final Decree, all Persons who have held, hold or may hold Claims against or Equity Interests in the Debtor are enjoined from taking any of the following actions against the Debtor, the Post-Effective Date Debtor, the Estate, the Plan Administrator, the Official Creditors' Committee, or the Plan Committee: (i) commencing or continuing, in any manner or any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any

lien or encumbrance; and (iv) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of this Plan; provided, however, that nothing contained herein shall: (i) preclude any Person from exercising their rights pursuant to and consistent with the terms of this Plan; or (ii) enjoin or otherwise stay or limit any action or other undertaking not stayed under section 362 of the Bankruptcy Code. Notwithstanding anything to the contrary set forth in this Plan, Creditors' rights of setoff and recoupment are preserved, and the injunctions referenced in this Article IX.A will not enjoin the valid exercise of such rights of setoff or recoupment.

B. No liability for solicitation or participation.

Pursuant to section 1125(e) of the Bankruptcy Code, Persons that solicit acceptances or rejections of this Plan or that participate in the offer, issuance, sale, or purchase of securities offered or sold under this Plan, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, shall not be liable, on account of such solicitation or participation, for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or the offer, issuance, sale, or purchase of securities.

C. Limitation of liability of Exculpated Persons.

The Exculpated Persons shall not have or incur any liability to any Person for any act taken or omission made in good faith in connection with or in any way related to negotiating, formulating, implementing, confirming, or consummating this Plan, the Disclosure Statement, or any contract, instrument, release, or other agreement or document created in connection with or related to this Plan or the Bankruptcy Case. The Exculpated Persons shall have no liability to any Person for actions taken in good faith under or relating to this Plan, including, without limitation, failure to obtain confirmation of this Plan or to satisfy any condition or conditions, or refusal to waive any condition or conditions precedent to confirmation or to the occurrence of the Effective Date. Further, the Exculpated Persons shall not have or incur any liability to any Person for any act or omission in connection with or arising out of their administration of this Plan or the property to be distributed under this Plan or the operations or activities of the Debtor, the Post-Effective Date Debtor, the Committee, the Plan Committee, the Plan Administrator, or the Disbursing Agent except for gross negligence, willful misconduct, or breach of fiduciary duty as determined by the Bankruptcy Court, and, in all respects, the Exculpated Persons shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under this Plan or the Plan Administrator Agreement. Without limiting the foregoing, the Exculpated Persons shall not have or incur any liability to any Person entitled to a distribution under this Plan if insufficient funds are present to pay that Person's Allowed Claim in full. Notwithstanding anything to the contrary

contained herein, none of the Exculpated Persons shall be released, exculpated or otherwise freed from liability in any way on account of any Estate Litigation Claim of any type, except as may be otherwise provided by prior order of the Bankruptcy Court. Additionally, the foregoing provisions shall not be construed to limit the liability of any Exculpated Persons except to the extent authorized or permitted under section 1103 of the Bankruptcy Code and applicable case law construing section 1103 of the Bankruptcy Code.

D. Term of injunctions and stays.

Unless otherwise provided herein or in another order of the Bankruptcy Court, all injunctions or stays provided for in the Bankruptcy Case pursuant to sections 105, 362 and 524 of the Bankruptcy Code, or otherwise, and in effect on the Confirmation Date shall remain in full force and effect until the Effective Date; provided however, that the provisions of section 362 of the Bankruptcy Code will remain in effect with respect to property of the Estate until entry of the Final Decree.

E. Release of liens.

Except as otherwise provided in this Plan or the Confirmation Order, all Liens, security interests, deeds of trust, or mortgages against property of the Debtor or the Estate shall and shall be deemed to be released, terminated, and nullified on the Effective Date.

F. Cancellation of instruments.

Unless otherwise provided for herein, on the Effective Date, all promissory notes, instruments, indentures, agreements, or other documents evidencing, giving rise to, or governing any Claim against the Debtor shall represent only the right, if any, to participate in the distributions contemplated by this Plan. All shares, instruments or other evidences of any Equity Interest that constitute Equity Interests in the Debtor, shall be cancelled as of the Effective Date, to be replaced by one new share issued to the Plan Administrator. Notwithstanding the foregoing and anything contained in the Plan, the Indenture Documents will continue in effect solely for the purposes of (i) allowing Distributions to be made under the Plan pursuant to the Indenture Documents and for the Indenture Trustees to perform such other necessary functions with respect thereto and to have the benefit of all the protections and other provisions of the applicable Indenture Documents in doing so; (ii) permitting the Indenture Trustee to maintain and enforce any right to indemnification, contribution or other Claim it may have under the applicable Indenture Documents; and (iii) permitting the Indenture Trustee to exercise its rights and obligations relating to the interests of the holders of Indenture Claims and its relationship with the holders of Indenture Claims pursuant to the applicable Indenture, including its right to appear and be heard in this Bankruptcy Case.

**ARTICLE X:
OTHER PLAN MATTERS**

A. Executory Contracts and Unexpired Leases.

1. *Rejection of Executory Contracts and Unexpired Leases.* From and after the Effective Date, all Executory Contracts that exist between the Debtor and any Person that have not previously been assumed, assumed and assigned, or rejected by the Debtor, or the subject of a pending motion to assume, assume and assign or reject, will be deemed rejected pursuant to section 365 of the Bankruptcy Code. Entry of the Confirmation Order shall constitute approval, pursuant to section 365(a) of the Bankruptcy Code, of the rejection of such Executory Contracts rejected pursuant to this Plan.

2. *Claims for rejection damages.* Proofs of Claim for damages allegedly arising from the rejection of any Executory Contract pursuant to this Plan must be filed with the Bankruptcy Court and served on the Plan Administrator not later than thirty (30) days after the Effective Date. All Proofs of Claim for such damages not timely filed and properly served as prescribed herein shall be forever barred and the holder of such a Claim shall not be entitled to participate in any distribution under this Plan.

3. *Objections to Proofs of Claim based on rejection damages.* Any party in interest may file an objection to any Proof of Claim based on the rejection of an Executory Contract pursuant to the Plan. Objection to any such Proof of Claim arising from the rejection of an Executory Contract must be filed by the Claims Objection Deadline.

B. Conditions precedent to the Effective Date.

The following are conditions precedent to the Effective Date of the Plan: (i) the Bankruptcy Court has entered the Confirmation Order in a form reasonably acceptable to the Plan Proponents; (ii) no stay of the Confirmation Order is in effect; and (iii) all of the other actions needed to be taken or documents needed to be executed or approved to implement the Plan, as determined by the Plan Proponents, have been taken, executed, or approved.

C. Retention of jurisdiction.

From and after the Effective Date, and notwithstanding the entry of the Confirmation Order, the Bankruptcy Court shall retain exclusive jurisdiction of the Bankruptcy Case and all matters arising under, arising out of, or related to, the Bankruptcy Case, this Plan, and the Confirmation Order to the fullest extent permitted by law, including, among other things, jurisdiction to:

- (a) hear and determine motions, applications, adversary proceedings, and contested matters pending or commenced after the Effective Date;
- (b) hear and determine objections (whether filed before or after the Effective Date) to, or requests for estimation of any Claim, and to enter any order requiring the filing of Proof of any Claim before a particular date;
- (c) estimate any Claim at any time, including, without limitation, during litigation concerning any objection to such Claim, including any pending appeal;
- (d) ensure that Distributions to holders of Allowed Claims are accomplished as provided in this Plan;
- (e) enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (f) issue or construe such orders or take any action as may be necessary for the implementation, execution, enforcement and consummation of this Plan and the Confirmation Order, and hear and determine disputes arising in connection with the foregoing;
- (g) hear and determine any applications to modify this Plan, to cure any defect or omission or to reconcile any inconsistency in this Plan, the Disclosure Statement or in any order of the Bankruptcy Court including, without limitation, the Confirmation Order;
- (h) hear and determine all applications for Professional Fees;
- (i) hear and determine any motion brought by the U.S. Trustee to replace any member of the Plan Committee or convert the Bankruptcy Case to a case under chapter 7 of the Bankruptcy Code;
- (j) hear and determine other issues presented or arising under this Plan, including disputes among holders of Claims and arising under agreements, and the documents or instruments executed in connection with this Plan;
- (k) hear and determine any action concerning the recovery and liquidation of Estate Assets, wherever located, including without limitation, litigation to liquidate and recover Estate Assets that consist of, among other things, the Estate Litigation Claims, or other actions seeking relief of any sort with respect to issues relating to or affecting Estate Assets;

- (l) hear and determine any action concerning the determination of taxes, tax refunds, tax attributes, and tax benefits and similar or related matters with respect to the Debtor or the Estates including, without limitation, matters concerning federal, state and local taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;
- (m) hear and determine any other matters related hereto and not inconsistent with chapter 11 of the Bankruptcy Code; and
- (n) enter the Final Decree.

D. Modification of the Plan.

The Plan Proponents may alter, amend or modify this Plan under section 1127 of the Bankruptcy Code or as otherwise permitted by applicable law at any time prior to the Confirmation Date. After the Confirmation Date and prior to the substantial consummation of this Plan, any party in interest in the Bankruptcy Case may, so long as the treatment of holders of Claims or Equity Interests under this Plan are not materially adversely affected, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in this Plan, the Disclosure Statement or the Confirmation Order, and any other matters as may be necessary to carry out the purposes and intents of this Plan; provided, however, prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court.

E. Revocation or withdrawal of this Plan.

The Plan Proponents may revoke or withdraw this Plan at any time prior to the Confirmation Date. If the Plan Proponents revoke or withdraw this Plan prior to the Confirmation Date, this Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Plan Proponents or any other Person or to prejudice in any manner the rights of the Plan Proponents or any Person in any further proceedings involving the Plan Proponents.

**ARTICLE XI:
MISCELLANEOUS PROVISIONS**

A. Exemption from transfer taxes.

All transfers of Estate Assets or assets of the Post-Effective Date Debtor made pursuant to the terms of this Plan, to the fullest extent permitted by law, shall be exempt from all stamp, transfer and similar taxes within the meaning of section 1146(c) of the Bankruptcy Code.

B. Closing of the Bankruptcy Case.

When all Disputed Claims have become Allowed Claims or have been disallowed by Final Order, and all remaining Estate Assets have been liquidated and converted into Cash (other than those assets otherwise transferred or abandoned by the Plan Administrator), and such Cash has been distributed in accordance with this Plan, the Plan Administrator shall seek authority from the Bankruptcy Court to close the Bankruptcy Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

C. No admissions.

Notwithstanding anything herein to the contrary, nothing contained in this Plan shall be deemed an admission by the Debtor with respect to any matter set forth herein including, without limitation, liability on any Claim or Equity Interest or the propriety of any classification of any Claim or Equity Interest.

D. Controlling documents.

If there is an inconsistency or ambiguity between any term or provision contained in the Disclosure Statement and this Plan, the terms and provisions of this Plan shall control. To the extent there is an inconsistency or ambiguity between any term or provision contained in the Plan and the Confirmation Order, the terms and provisions of the Confirmation Order shall control.

E. Governing law.

Except to the extent the Bankruptcy Code, the Bankruptcy Rules or other federal or state laws are applicable, the laws of the State of Georgia shall govern the construction, implementation and enforcement of this Plan and all rights and obligations arising under this Plan, without giving effect to the principles of conflicts of law.

F. Successors and assigns.

The rights, benefits and obligations of any Person named or referred to in this Plan will be binding upon, and will inure to the benefit of, the heir, executor, administrator, representative, successor, or assign of such Person.

G. Severability.

Should the Bankruptcy Court determine, on or prior to the Confirmation Date, that any provision of this Plan is either illegal or unenforceable on its face or illegal or unenforceable as applied to any Claim or Equity Interest, the Bankruptcy Court, at the request of the Debtor and the Official Creditors' Committee, may alter and modify such provision to make it valid and enforceable to the maximum extent practicable consistent with the original purpose of such provision. Notwithstanding any such

determination, interpretation, or alteration, the remainder of the terms and provisions of this Plan shall remain in full force and effect.

H. Notices and Distributions.

On and after the Effective Date, all notices, requests and distributions to a holder of a Claim or Equity Interest shall be sent to the last known address of (i) the holder or its attorney of record as reflected in the holder's Proof of Claim or Administrative Expense Claim filed by or on behalf of such holder, or (ii) if there is no such evidence of a last known address, to the last known address of the holder according to the books and records of the Debtor. Any holder of a Claim or Equity Interest may designate another address for the purposes of this Article XI.H by providing the Plan Administrator written notice of such address, which notice will be effective upon receipt by the Plan Administrator of the written designation. Any notices to the Plan Administrator or the Plan Committee or in connection with this Plan shall be in writing and served either by (i) certified mail, return receipt requested, postage prepaid, (ii) via facsimile with a copy sent via First Class Mail, postage prepaid, or (iii) reputable overnight delivery service, all charges prepaid, and shall be deemed to have been given when received by the following parties:

To the Official Creditors' Committee:

Dennis J. Connolly, Esq.
William S. Sugden, Esq.
Sage M. Sigler, Esq.
Alston & Bird LLP
1201 West Peachtree Street
Atlanta, Georgia 30309

To the Debtor:

J. Robert Williamson
John T. Sanders, IV
Scroggins & Williamson
127 Peachtree Street, N.E.
Suite 1500
Atlanta, Georgia 30303

I. Binding effect.

This Plan shall be binding on and inure to the benefit of (and detriment to, as the case may be) the Debtor, the Official Creditors' Committee, all holders of Allowed Claims or Equity Interests (whether or not they have accepted this Plan) and their respective personal representatives, successors and assigns.

J. Withholding and reporting.

In connection with this Plan and all instruments issued in connection therewith and distributions thereunder, the Plan Administrator shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority and all distributions hereunder shall, to the extent applicable, be subject to any such withholding and reporting requirements. Notwithstanding anything herein to the contrary, in calculating and making the payments under this Plan, the Plan Administrator may deduct from such payments any necessary withholding amount.

K. Other documents and actions.

Subject to the provisions of the Plan Administrator Agreement, the Plan Administrator may execute, deliver, file or record such documents, contracts, instruments, releases and other agreements, and take such other action as is reasonable, necessary, or appropriate to effectuate the transactions provided for in this Plan, without any further action by or approval of the Bankruptcy Court or the Board of Directors of the Debtor.

L. Designated Notice.

Notwithstanding any other provision of this Plan, when notice and a hearing is required with regard to any action to be taken by the Plan Administrator or the Plan Committee, Designated Notice shall be adequate.

Respectfully submitted this 27th day of January 2009.

For the Debtor:

John Ottinger
Interim President

For the Creditors' Committee:

/s/ Donald Labate
Donald Labate
Co-Chairman

/s/ David Pickerill
David Pickerill
Co-Chairman