

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	Chapter 11
)	
SENTINEL MANAGEMENT GROUP, INC.,)	Case No. 07-14987
)	
Debtor.)	Honorable John H. Squires
)	
)	
)	

SECONDTHIRD AMENDED CHAPTER 11 PLAN OF LIQUIDATION

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INTRODUCTION

The Official Committee of Unsecured Creditors of Sentinel Management Group, Inc. and Frederick J. Grede, solely in his capacity as Chapter 11 trustee for Sentinel Management Group, Inc., in connection with the above-captioned Chapter 11 case, hereby propose this plan of liquidation for Sentinel Management Group, Inc. (as it may be amended from time to time, together with all addenda, exhibits, schedules, supplements, or attachments, if any, the “Plan”).

Reference is made to the Disclosure Statement accompanying the Plan for a discussion of the Debtor’s history, a description of key events in the Chapter 11 Case, and a summary and analysis of the Plan. All Claim Holders entitled to vote on the Plan are encouraged to consult the Disclosure Statement and to read the Plan carefully before voting to accept or reject the Plan.

NO SOLICITATION MATERIALS, OTHER THAN THE DISCLOSURE STATEMENT AND RELATED MATERIALS TRANSMITTED THEREWITH AND APPROVED BY THE COURT HAVE BEEN AUTHORIZED BY THE COURT FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THE PLAN.

ARTICLE I

DEFINITIONS AND CONSTRUCTION OF TERMS

1.1 Definitions.

Unless otherwise defined herein, or the context otherwise requires, the following terms shall have the respective meanings set forth below:

- | | |
|---|--|
| “ 20% Share Distributions ” | shall have the meaning set forth in Section 10.10 of the Plan. |
| “ 80/20 Transfer ” | shall have the meaning set forth in Section 10.10 of the Plan. |
| “ Account Statement ” | shall mean the daily individual account statements prepared by Sentinel and delivered to Sentinel’s Customers. |
| “ Adjusted Percentage Recovery ” | shall mean the recovery on account of a Claim expressed as a percentage calculated by dividing (x) (i) distributions received under the Plan not including any distributions received on account of Tranche-P interests plus (ii) other amounts distributed by the Debtor on account of a Class 3 Customer Claim including the Citadel Sale Distributions plus Interest commencing on the date |

of such distributions plus (iii) the SEG 1 Special Distributions plus Interest commencing on the date of such distributions, by (y) (i) the Claim amount as calculated pursuant to Section 4.4 of the Plan plus (ii) with respect to any Citadel-Beneficiary Customers, the amount of SEG 1 Special Distributions received by such Citadel-Beneficiary Customer.

“Administrative Claim”

shall mean any right to payment constituting a cost or expense of administration of the Chapter 11 Case of a kind specified under Section 503(b) of the Bankruptcy Code that is entitled to priority under Section 507(a)(1) or 507(b) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of operating the Debtor’s business or preserving the Estate, and any and all fees and expenses to the extent awarded by the Court under Sections 330, 331, or 503 of the Bankruptcy Code, in each case incurred from and after the Petition Date through and including the Effective Date.

“Administrative Claims Bar Date”

shall have the meaning set forth in Section 3.4 of the Plan.

“Administrative Compensation Order”

shall mean the Order Pursuant to Sections 105(a), 328, 330, and 331 of the Bankruptcy Code Establishing Procedures For Interim Compensation and Reimbursement of Professionals, the Trustee and Committee Members, entered on the docket in the Chapter 11 Case on November 8, 2007, [Docket No. 295].

“Allowed Claim” or “Allowed Equity Interest”

shall mean:

(i) a Claim or Equity Interest that has been listed on the Schedules as liquidated in amount and not disputed or contingent and for which no proof of claim has been Filed by the applicable Bar Date, unless it is a Disputed Claim or a Disallowed Claim; or

(ii) a Claim for which a proof of claim has been timely Filed by the Bar Date, or otherwise has been deemed timely Filed under applicable law, for which no objection or request for estimation

has been Filed by the Claims Objection Deadline or for which any such objection to its allowance or request for estimation has been settled or withdrawn, or has been denied by a Final Order; or

(iii) a Claim or Equity Interest that is Allowed (a) by a Final Order; (b) by a settlement stipulation; or (c) pursuant to the terms of the Plan; or

(iv) with respect to an Administrative Claim, an Administrative Claim that has not been paid in the ordinary course of business for which a Holder thereof timely Filed and served a request for payment of such Administrative Claim by the Administrative Claims Bar Date, for which no objection has been Filed by the Claims Objection Deadline or that has been allowed, or adjudicated in favor of the Holder by estimation or liquidation, by a Final Order.

The terms “Allowed Claim” or “Allowed Equity Interest” shall not, for purpose of computing distributions under the Plan, include interest on such Claim or Equity Interest from and after the Petition Date, unless otherwise expressly set forth in the Plan.

“Ballot”

shall mean the form or forms approved by the Court for voting purposes and for making the election described in Section 10.10 of the Plan, distributed along with the Disclosure Statement to each Holder of an Impaired Claim entitled to vote on the Plan.

“Bankruptcy Code”

shall mean title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., as in effect on the Petition Date or as otherwise applicable to the Chapter 11 Case.

“Bankruptcy Court”

shall mean the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, or such other court as may hereafter have jurisdiction over the Chapter 11 Case.

“Bankruptcy Rules”

shall mean the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under Section 2075 of title 28 of

the United States Code, and local rules of the Court, as the context may require, as in effect on the Petition Date or as otherwise applicable to the Chapter 11 Case.

- “Bar Date”** shall mean the General Bar Date or the Administrative Claims Bar Date, as the context requires.
- “BONY”** shall mean, collectively, The Bank of New York and all of its subsidiaries and affiliates.
- “BONY Replacement Lien”** shall have the meaning set forth in Section 7.12 of the Plan.
- “BONY Reserve”** shall have the meaning set forth in Section 7.12 of the Plan.
- “BONY Secured Claim”** shall mean the Secured Claim of BONY, if any.
- “BONY Trial Court Judgment”** shall have the meaning set forth in Section 4.3 of the Plan.
- “Business Day”** shall mean any day not designated as a legal holiday by Bankruptcy Rule 9006(a) and any day on which commercial banks are open for business, and not authorized, by law or executive order, to close, in the City of Chicago, Illinois.
- “Cantor”** shall mean Cantor Fitzgerald & Co.
- “Cantor Escrow Account”** shall mean the separate segregated interest bearing account established by the Trustee in accordance with the Cantor Turnover Stipulation.
- “Cantor Escrowed Funds”** shall mean the funds transferred to the Chapter 11 Trustee and deposited in the Cantor Escrow Account (together with interest thereon) in accordance with the Cantor Turnover Stipulation.
- “Cantor Turnover Stipulation”** shall mean that certain Stipulation and Consent Order for Turnover of Net Proceeds of Repurchase Agreement Closeouts Between the Debtor and Cantor Fitzgerald, approved by the Bankruptcy Court on April 8, 2008, pursuant to which the parties agreed that Cantor would turnover proceeds to the Chapter 11 Trustee to be held in a

segregated account pending an order or plan providing for their distribution.

“Cash”

shall mean cash and cash equivalents denominated in legal tender of the United States of America.

“Causes of Action”

shall mean all claims, choses in action, causes of action (including those assertable derivatively by the Debtor or by the Chapter 11 Trustee as trustee of the Estate), liabilities, obligations, suits, debts, sums of money, damages, demands, judgments, whether known or unknown, now owned or hereafter acquired by the Estate, whether arising under the Bankruptcy Code or other Federal, state or foreign law, equity or otherwise, including, without limitation, Sections 510, 544, 545, 547, 548, 549, 550, 551 or any other Section of the Bankruptcy Code that were available to the Estate prior to the Effective Date.

“Chapter 11 Case”

shall have the meaning set forth in the Introduction to the Plan.

“Chapter 11 Trustee”

shall mean Frederick J. Grede, solely in his capacity as Chapter 11 trustee for Sentinel, duly appointed under Section 1104 of the Bankruptcy Code by Orders of the Court dated August 23 and 29, 2007, as well as any successor trustee(s) that may be duly appointed.

“Citadel-Beneficiary Customers”

shall mean Customers in receipt of Citadel Sale Distributions.

“Citadel Sale Distributions”

shall mean the post-Petition Date distributions to certain Customers from the proceeds of the Citadel Sale made on or about August 21, 2007.

“Citadel Sale”

shall mean the pre-Petition Date sale of securities from Sentinel to Citadel Equity Fund, Ltd. and Citadel Limited Partnership on or about August 16, 2007.

“Claim”

shall mean a claim, whether or not asserted, as defined in Section 101(5) of the Bankruptcy Code, or any portion thereof.

“Claims Objection Deadline”	shall mean, except with respect to Professional Fee Claims, the last day for filing objections to, or otherwise commencing proceedings challenging the allowance of Claims, which day shall be one hundred-eighty (180) days after the Effective Date, or thirty (30) days after the Trigger Date with respect to Citadel-Beneficiary Customers that are Electing Holders, or such later date as the Court may order as set forth in Section 7.7 of the Plan.
“Class”	shall mean a category of Holders of Claims or Equity Interests, as classified or designated in Article IV of the Plan.
“Class Action Claims”	shall mean claims currently being asserted in the class actions styled <i>Shatkin v. Bloom</i> , Case No. 07CV5076 pending in the District Court for the Northern District of Illinois and <i>Shatkin v. The Bank of New York</i> , Case No. 07CV7928 pending in the District Court for the Southern District of New York, and in any other class action filed by or on behalf of Customers of Sentinel.
“Collateral”	shall mean any Property subject to a Lien to secure the payment or performance of a Claim, which Lien has not been avoided, is not subject to avoidance under the Bankruptcy Code, and is otherwise valid under the Bankruptcy Code or applicable non-bankruptcy law.
“Confirmation”	shall mean “confirmation” as used in Section 1129 of the Bankruptcy Code.
“Confirmation Date”	shall mean the date on which the Confirmation Order is entered on the docket in the Chapter 11 Case.
“Confirmation Hearing”	shall mean the hearing to consider Confirmation of the Plan pursuant to Section 1128 of the Bankruptcy Code, as it may be adjourned or continued from time to time.
“Confirmation Order”	shall mean the order entered by the Bankruptcy Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.

“Contribution Bar”	shall have the meaning set forth in Section 10.12 of the Plan.
“Creditor”	shall mean “creditor” as defined in Section 101(10) of the Bankruptcy Code, including but not limited to any Person or Entity having a Claim against the Debtor, including without limitation a Claim that arose on or prior to the Petition Date or a Claim against the Estate of any kind specified in Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code.
“Creditors Committee”	shall mean the statutory committee of unsecured creditors appointed in the Chapter 11 Case pursuant to Section 1102 of the Bankruptcy Code composed of Discus Master Ltd., Jump Trading, LLC, JEM Commodity Relative Value Fund LP, Rotchford Barker, BC Capital Fund, Kottke Associates LLC, Penson GHCO, and Vision Financial Markets LLC.
“Customer”	shall mean any Entity that had invested at Sentinel in SEG 1, SEG 2, SEG 3, or SEG 4, and shall include any Creditor in respect of a Customer Claim.
“Customer Claims”	shall have the meaning set forth in Section 4.4 of the Plan.
“Customer Property”	shall mean from and after the Petition Date, Cash, security, or other property, and proceeds of such Cash, security, or property, received, acquired, or held by or for, or which should have been held by or for, a Customer, including any such property even if distributed to a Customer outside of the Plan and subsequently recovered by the Estate, including all funds and securities on deposit at the Bank of New York and in segregated accounts at JPMorgan Chase & Co. in the name of Sentinel or the Chapter 11 Trustee.
“Debtor”	shall have the meaning set forth in the Introduction to the Plan.
“Disallowed Claim” or “Disallowed Equity Interest”	shall mean any Claim or Equity Interest that has been disallowed by Final Order.

“Disclosure Statement”

shall mean the Disclosure Statement accompanying the Plan and all schedules and exhibits attached thereto, as approved by the Bankruptcy Court, pursuant to Section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017, as such Disclosure Statement may have been amended, modified or supplemented from time to time.

“Disputed”

shall mean, with reference to any Claim against or Equity Interest in the Debtor, a Claim or Equity Interest, or any portion thereof, that is not an Allowed Claim, an Allowed Equity Interest, a Disallowed Claim, or a Disallowed Equity Interest, including, but not limited to, Claims or Equity Interests (I) (a) that have not been scheduled by the Debtor or the Chapter 11 Trustee, or have been scheduled by the Debtor or the Chapter 11 Trustee at zero (\$0) or as contingent, unliquidated, or disputed, (b) that are the subject of a proof of claim or interest that differs in nature, amount or priority from the Schedules, or (c) as to which an objection has been interposed as of the Claims Objection Deadline, and (II) the allowance or disallowance of which is not the subject of a Final Order. A Claim or Equity Interest may be considered “Disputed” by the Liquidation Trustee, in his sole discretion if the time to object to, or seek subordination of, such Claim or Equity Interest under the Plan has not yet expired, unless otherwise ordered by the Court.

“Disputed Claims Reserve”

shall have the meaning set forth in Section 7.11 of the Plan.

“Distribution Date”

shall have the meaning set forth in Section 7.6 of the Plan.

“Distribution Record Date”

shall mean, for distributions made on or prior to the Transfer Date, the date that is thirty (30) days prior to the applicable Distribution Date and, for distributions made after the Transfer Date, the Transfer Date.

“Effective Date”

shall mean the first Business Day on which all of the conditions specified in Section 8.3 of the Plan have been satisfied or waived in accordance with

Section 8.4 of the Plan; provided, however, that if a stay of the Confirmation Order is in effect on such date, the Effective Date will be the first Business Day after such stay is no longer in effect.

“Electing Holder”

shall mean any Customer that casts a Ballot to (i) assign its Non-Estate Claims to the Liquidation Trust, and (ii) agree to the settlement provided for in Section 10.10 of the Plan.

“Entity”

shall have the meaning set forth in Section 101(15) of the Bankruptcy Code.

“Equity Interests”

shall mean any share of common or preferred stock or other instrument evidencing ownership interest in the Debtor, whether or not transferable, and any option, warrant, or right, contractual or otherwise, to acquire, sell or subscribe for any such interest.

“ERISA”

shall mean the Employee Retirement Income Security Act of 1974, *as amended*, 29 U.S.C. §§ 1301-1461.

“Estate”

shall mean the estate of Sentinel created pursuant to Section 541 of the Bankruptcy Code.

“Estate Released Insider Claims”

shall mean all manners of action, causes of action, suits, debts, accounts, promises, warranties, damages and consequential damages, demands, agreements, costs, expenses, claims or demands whatsoever, of any kind or nature whether known or unknown, liquidated or unliquidated, disputed or undisputed, contingent, inchoate or matured, in law or in equity which the Chapter 11 Trustee, Debtor or Estate now have or ever had against the Insider Releasees upon or by reason of any manner, cause or thing whatsoever on or at any time prior to May 14, 2008, including, but not limited to claims concerning, arising out of, or relating to the facts, circumstances, events, transactions or transfers alleged or which could have been alleged in the Insider Adversary Proceeding.

**“Ex Officio SEG 1 Member” and
“Ex Officio SEG 3 Members”**

shall have the meanings set forth in Section 6.16 of the Plan.

“Excess Cash”	shall mean the Debtor’s Cash balances, if any, as of the Effective Date, in excess of the Reserves set forth in Article VII of the Plan.
“Federal Funds Rate”	shall mean the rate of interest at which depository institutions lend balances at the Federal Reserve to other depository institutions overnight.
“Federal Judgment Rate”	shall mean the rate of interest provided for in 28 U.S.C. § 1961, as such rate was in effect on the Petition Date.
“File,” “Filed,” or “Filing”	shall mean file, filed, or filing with the Bankruptcy Court, as the context requires.
“Final Order”	shall mean an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket of such court, the operation or effect of which has not been stayed, reversed, vacated, modified or amended, and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal, petition for certiorari, or seek review or rehearing has expired and as to which no appeal, petition for certiorari, or petition for review or rehearing was filed or, if filed, remains pending; <u>provided, however,</u> that the possibility that a motion may be Filed pursuant to Bankruptcy Rules 9023 or 9024 or Rules 59 or 60(b) of the Federal Rules of Civil Procedure shall not mean that an order or judgment is not a Final Order.
“General Bar Date”	shall mean March 14, 2008.
“General Unsecured Claim”	shall have the meaning set forth in Section 4.5 of the Plan.
“Holder”	shall mean an Entity holding a Claim or Equity Interest.
“Impaired”	shall have the meaning, when used with reference to a Claim or Equity Interest, contained in Section 1124 of the Bankruptcy Code.
“Initial Distribution”	shall have the meaning set forth in Section 7.6 of the Plan.
“Initial Distribution Date”	shall mean the Effective Date or as soon thereafter

as is practicable, provided that, the occurrence of the Initial Distribution Date is in no way dependent upon the Confirmation Order becoming a Final Order, and, for the avoidance of doubt, in no way connected in any manner with the Transfer Date.

“Insider Adversary Proceeding” shall mean the adversary proceeding *Grede v. Bloom, et al.*, Adv. No. 07-~~981~~00981 (Bankr. N.D. Ill).

“Insider Complaint” shall mean the Complaint Filed by the Chapter 11 Trustee in the adversary proceeding Filed in the Chapter 11 Case against, inter alia, Philip M. Bloom, Eric A. Bloom, and Charles K. Mosley, pending in the U.S. Bankruptcy Court for the Northern District of Illinois before the Hon. John H. Squires, Case No. 07 B 14987, Adv. No. 07-00981.

“Insider Releasees” shall mean Philip M. Bloom, the Philip M. Bloom Revocable Trust, the Sybil Bloom Revocable Trust, the Philip Bloom Remainder Trust, the Philip M. Bloom Grantor Annuity Trust, Eric A. Bloom, Fountainhead Investments, Inc., EB Trust 2005, Sentinel Financial Services, Inc., Eric A. Bloom Living Trust and Sybil Bloom.

“Insider Settlement Agreements” shall mean the settlement agreements memorializing the Insider Settlement, copies of which were attached to the motion seeking approval of the Insider Settlement [Docket No. 503].

“Insider Settlement” means the settlement by and between the Chapter 11 Trustee, on the one hand, and Philip M. Bloom, the Philip M. Bloom Revocable Trust, the Sybil Bloom Revocable Trust, the Philip Bloom Remainder Trust and the Philip M. Bloom Grantor Annuity Trust, Eric A. Bloom, Sentinel Investment Group, Inc., Sentinel Financial Services, Inc., Sentinel Management International, Ltd., Fountainhead Investments, Inc., EB Trust 2005 and Eric A. Bloom Living Trust, on the other hand, approved by Bankruptcy Court order entered June 9, 2008 [Docket No. 577].

“Interest”	shall mean interest to be calculated (x) at the thirteen-week United States treasury bill rate for accrual during the period commencing on the Petition Date until the Effective Date and (y) at the Federal Funds Rate for accrual during the period subsequent to the Effective Date, compounded monthly in both instances. The three-month United States treasury bill rate and the Federal Funds Rate to be used shall both be as published in the Wall Street Journal on the first day of each applicable month and Interest will accrue at that rate until the last applicable day of that month. Start dates that fall on a weekend or holiday will be adjusted using Treasury market standards.
“Lien”	shall have the meaning set forth in Section 101(37) of the Bankruptcy Code.
“Liquidation Trust”	shall mean the trust created under Article VI of the Plan.
“Liquidation Trust Committee”	shall mean the committee established pursuant to Article VI of the Plan.
“Liquidation Trust Expense Fund”	shall have the meaning ascribed to that term in Section 6.14 of the Plan.
“Liquidation Trustee”	shall mean an individual appointed on the Effective Date by the Liquidation Trust Committee, notwithstanding that the Liquidation Trust shall not be formed until the Transfer Date, which individual shall be Frederick J. Grede or any successor trustee selected by the Liquidation Trust Committee pursuant to Section 6.3 of the Plan. The Liquidation Trustee shall serve as the representative of the Estate for purposes of administering the Plan and overseeing the winding up of the Debtor’s affairs following the Effective Date, and as assignee of Non-Estate Claims of Tranche-P Electors.
“NonCitadel-Beneficiary Customers”	shall mean Customers not in receipt of Citadel Sale Distributions.
“Non-Estate Claims”	shall mean non-Estate causes of action arising from any matter involving Sentinel, including Class Action Claims and proceeds thereof,

together with the right to opt out of any class, whether or not certified, but excluding contract claims against third parties that are specific to an individual Customer and not shared by other Customers generally. Non-Estate Claims include, without limitation, Causes of Action against: (i) all current and former officers, directors, or employees of Sentinel; (ii) all Entities that entered into transactions with Sentinel; and (iii) all Entities that provided services to Sentinel, including BONY, including, without limitation, Sentinel's attorneys, accountants, auditors, and financial advisors.

“Other Priority Claim”

shall mean a Claim entitled to priority pursuant to Section 507(a) of the Bankruptcy Code (other than Administrative Claims and Priority Tax Claims).

“PBGC”

shall mean the Pension Benefit Guaranty Corporation, a wholly-owned United States government corporation and an agency of the United States that administers the defined benefit pension plan termination insurance program under Title IV of ERISA.

“Pension Plan”

shall mean the Sentinel Management Group, Inc. Defined Benefit Pension Plan, a tax-qualified defined benefit pension plan covered by Title IV of ERISA.

“Percentage Recovery”

shall mean the recovery on account of a Claim expressed as a percentage calculated by dividing (x) (i) distributions received under the Plan not including any distributions received on account of Tranche-P interests plus (ii) any other amounts distributed by the Debtor on account of a Class 3 Customer Claim including the Citadel Sale Distributions plus Interest commencing on the date of such distributions, by (y) the Claim amount as calculated pursuant to Section 4.4 of the Plan.

“Person”

shall mean a person as defined in Section 101(41) of the Bankruptcy Code.

“Petition Date”

shall mean August 17, 2007, the date upon which the Debtor Filed its voluntary petition for relief

commencing the Chapter 11 Case.

- “Plan”** shall have the meaning set forth in the Introduction of the Plan.
- “Plan Expenses”** shall mean all actual and necessary costs and expenses incurred after the Effective Date in connection with the administration of the Plan, including, but not limited to, the Liquidation Trustee’s and the Liquidation Trust Committee’s reasonable costs, expenses and legal fees incurred related to (i) Filing, prosecuting and resolving objections to Claims, and (ii) the wind up of the Debtor at the direction of the Liquidation Trustee, and (iii) all fees payable pursuant to Section 1930 of Title 28 of the United States Code.
- “Plan Proponents”** shall mean the Creditors Committee and the Chapter 11 Trustee.
- “Post-Trigger Date Distributions”** shall have the meaning set forth in Section 10.10 of the Plan.
- “Priority Tax Claim”** shall mean any unsecured Claim held by a governmental unit entitled to a priority in right of payment under Sections 502(i) or 507(a)(8) of the Bankruptcy Code.
- “Procedures Order”** shall mean the order of the Bankruptcy Court approving, among other things, voting and solicitation procedures, the Ballots, the solicitation period, and the vote tabulation procedures for the Plan.
- “Professional”** shall mean (i) any professional employed in the Chapter 11 Case pursuant to Sections 327, 328, or 1103 of the Bankruptcy Code or otherwise and (ii) any professional or other Entity seeking compensation or reimbursement of expenses in connection with the Chapter 11 Case pursuant to Section 503(b)(4) of the Bankruptcy Code.
- “Professional Fee Claim”** shall mean a Claim under Sections 328, 330(a), 331, 503, and/or 1103 of the Bankruptcy Code for the compensation of a Professional for services rendered or expenses incurred in the Chapter 11 Case.

“Professional Fee Claims Bar Date”	shall have the meaning set forth in Section 3.5 of the Plan.
“Professional Fee Reserve”	shall have the meaning set forth in Section 7.13 of the Plan.
“Property”	shall mean all property and interests in property of the Estate of any nature whatsoever, real or personal, tangible or intangible, previously or now owned by the Debtor, or acquired by the Estate, as defined in Section 541 of the Bankruptcy Code.
“Property Of The Estate Reserves”	shall have the meaning set forth in Section 7.20 of the Plan.
“Pro Rata”	shall mean, with respect to any Allowed Claim in any Class, at any time, the proportion that such Allowed Claim bears to the aggregate amount of all Claims in such Class, including Disputed Claims, but excluding Disallowed Claims, unless in each case, the Plan provides otherwise.
“Release”	shall have the meaning set forth in Section 10.10 of the Plan.
“Release Distribution Threshold”	shall have the meaning set forth in Section 10.10 of the Plan.
“Remaining Assets”	shall mean all Property <u>excluding</u> the claims released pursuant to the Plan and/or the Confirmation Order, if any.
“Reserves”	shall mean the Disputed Claims Reserve, the BONY Reserve, and the Professional Fee Reserve.
“Resigning SEG 1 Member” and “Resigning SEG 3 Member”	shall have the meanings set forth in Section 6.17 of the Plan.
“Schedules”	shall mean the schedules of assets and liabilities, statements of financial affairs, and lists of Holders of Claims and Equity Interests that were Filed by the Debtor or the Chapter 11 Trustee, including any amendments, modifications or supplements thereto.
“Secured Claim”	shall mean a Claim that is secured by a Lien on Property, to the extent of the value (as of the Effective Date or such other date as may be

established by the Bankruptcy Court) of such interest or Lien determined by a Final Order of the Bankruptcy Court pursuant to Section 506 of the Bankruptcy Code or as otherwise agreed upon in writing by the Chapter 11 Trustee or the Liquidation Trustee, as the case may be, with the consent of the Creditors Committee or Liquidation Trust Committee, also as the case may be, and the Holder of such Claim.

- “Security”** shall have the meaning set forth in Section 101(49) of the Bankruptcy Code.
- “SEG 1”, “SEG 2”, “SEG 3”, and “SEG 4”** shall mean the accounts maintained by Sentinel and, with the exception of SEG 4, referred to in the Insider Complaint as “SEG 1,” “SEG 2”, “SEG 3”, and “SEG 4”, respectively.
- “SEG 3 Members”** shall have the meanings set forth in Section 6.16 of the Plan.
- “SEG 1 Special Distributions”** shall mean the Cash distributions made by the Debtor in the aggregate amount of \$22,524,942 to the Citadel-Beneficiary Customers on August 17, 2007.
- “Sentinel”** shall have the meaning set forth in the Introduction of the Plan.
- “Subordinated Claims”** shall have the meaning set forth in Section 4.6 of the Plan.
- “Tranche-P”** shall have the meaning set forth in Section 6.12 of the Plan.
- “Tranche-P Electors”** shall have the meaning set forth in Section 6.12 of the Plan and shall include Electing Holders.
- “Transfer Date”** shall have the meaning set forth in Section 6.4 of the Plan.
- “Trigger Date”** shall have the meaning set forth in Section 10.10 of the Plan.
- “True-up Amount”** shall have the meaning set forth in Section 10.10 of the Plan.
- “Trust Agreement”** shall mean the trust agreement Filed by the Plan

Proponents prior to the Confirmation Hearing and entered into pursuant to Article VI of the Plan.

“Trust Assets” shall having the meaning set forth in Section 6.4 of the Plan.

“Unimpaired” shall mean with respect to any Claim or Equity Interest, a Claim or Equity Interest that is not Impaired.

“Voting Deadline” shall mean the deadline established in the Procedures Order for receipt of Ballots cast to accept or reject the Plan.

“Voting Record Date” shall mean the date fixed by the Procedures Order as the record date for determining the Holders of Claims entitled to vote to accept or reject the Plan.

1.2 **Interpretation, Application of Definitions and Rules of Construction.**

Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. Terms used but not defined in the Plan shall have the meanings ascribed to such terms by the Bankruptcy Code or Bankruptcy Rules, as the case may be. The words “herein,” “hereof,” and “hereunder” and other words of similar import refer to the Plan as a whole and not to any particular Article, Section, or subsection in the Plan unless expressly provided otherwise. The words “includes” and “including” are not limiting and mean that the things specifically identified are set forth for purposes of illustration, clarity or specificity and do not in any respect qualify, characterize or limit the generality of the class within which such things are included. Captions and headings to articles, Sections and exhibits are inserted for convenience of reference only, are not a part of the Plan, and shall not be used to interpret the Plan. The rules of construction set forth in Section 102 of the Bankruptcy Code shall apply to the Plan. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

ARTICLE II

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

2.1 **Introduction.**

All Claims and Equity Interests, except for Administrative Claims, Priority Tax Claims and Professional Fee Claims, are placed in the Classes set forth below. In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified.

A Claim or Equity Interest is placed in a particular Class only to the extent that the Claim or Equity Interest falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Equity Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled prior to the Effective Date.

2.2 Unclassified Claims (not entitled to vote on the Plan).

- (a.) Administrative Claims.
- (b.) Priority Tax Claims.

2.3 Unimpaired Classes of Claims (deemed to have accepted the Plan and, thus, not entitled to vote).

- (a.) Class 1: Other Priority Claims.
- (b.) Class 2: Secured Claims (subject to a Bankruptcy Court finding that a Holder of a Claim in Class 2 has had its legal rights altered sufficiently to impair its Claim).

2.4 Impaired Classes of Claims (Classes 3 and 4 are entitled to vote on the Plan; Classes 5 and 6 are deemed to have rejected the Plan and, thus, not entitled to vote).

- (a.) Class 3: Customer Claims.
- (b.) Class 4: General Unsecured Claims.
- (c.) Class 5: Subordinated Claims.
- (d.) Class 6: Equity Interests.

ARTICLE III

TREATMENT OF ADMINISTRATIVE AND PRIORITY TAX CLAIMS

3.1 Classification of Administrative and Priority Tax Claims.

Administrative Claims and Priority Tax Claims are not classified in the Plan. The treatment of and consideration to be received by Holders of Allowed Administrative Claims or Allowed Priority Tax Claims pursuant to this Article III of the Plan, shall be in full and complete satisfaction, settlement, release and discharge of such Claims. The Debtor's obligations in respect of such Allowed Administrative and Priority Tax Claims shall be satisfied in accordance with the terms of the Plan.

3.2 **Treatment of Administrative Claims.**

Except to the extent the Holder of an Allowed Administrative Claim agrees otherwise, each Holder of an Allowed Administrative Claim shall be paid in respect of such Allowed Claim (a) the full amount thereof in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Claim, or upon other agreed terms, or (b) such lesser amount as the Holder of an Allowed Administrative Claim and the Chapter 11 Trustee or the Liquidation Trustee, as applicable (each with the prior consent of the Plan Proponents or the Liquidation Trustee and Liquidation Trust Committee, as applicable), might otherwise agree.

3.3 **Treatment of Priority Tax Claims.**

Each Holder of an Allowed Priority Tax Claim shall be paid in respect of such Allowed Claim either (a) the full amount thereof, without post-petition interest or penalty, in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Claim or upon other agreed terms, or (b) such lesser amount as the Holder of an Allowed Priority Tax Claim and the Chapter 11 Trustee or the Liquidation Trustee, as applicable, with the consent of the Plan Proponents or the Liquidation Trustee and the Liquidation Trust Committee, as applicable, might otherwise agree.

3.4 **Bar Date for Administrative Claims.**

Unless otherwise ordered by the Bankruptcy Court, requests for payment of Administrative Claims (except for Professional Fee Claims), must be Filed and served on the Chapter 11 Trustee or the Liquidation Trustee, as applicable, and its counsel, the Creditors Committee or the Liquidation Trust Committee, as applicable, and its counsel and the other notice parties set forth in the Administrative Compensation Order, no later than (i) ten (10) days prior to the Voting Deadline for Administrative Claims accrued through the date of the Procedures Order and (ii) thirty (30) days after the Effective Date for all other Administrative Claims (the “Administrative Claims Bar Date”). **Any Person that is required to File and serve a request for payment of an Administrative Claim and fails to timely File and serve such request, shall be forever barred, estopped, and enjoined from asserting such Claim or participating in distributions under the Plan on account thereof.** Objections to requests for payment of Administrative Claims (except for Professional Fee Claims) must be Filed and served on the Chapter 11 Trustee or the Liquidation Trustee, as applicable, and its counsel, the Creditors Committee or the Liquidation Trust Committee, as applicable, and its counsel, and the other notice parties set forth in the Administrative Compensation Order and the requesting party within thirty (30) days after the Administrative Claims Bar Date.

3.5 **Professional Fee Claims.**

All requests for compensation or reimbursement of Professional Fee Claims for services rendered on or after the Petition Date and prior to the Effective Date shall be Filed and served on the Chapter 11 Trustee or the Liquidation Trustee, as

applicable, and its counsel, the Creditors Committee or the Liquidation Trust Committee, as applicable, and its counsel, and such other entities who are designated by the Bankruptcy Rules, the Confirmation Order or any other order(s) of the Bankruptcy Court, no later than forty-five (45) days after the Effective Date (“Professional Fee Claims Bar Date”).

Holders of Professional Fee Claims that are required to File and serve applications for final allowance of their Professional Fee Claims and that do not File and serve such applications by the required deadline shall be forever barred from asserting such Professional Fee Claims against the Debtor, and such Professional Fee Claims shall be deemed discharged as of the Effective Date. Objections to any Professional Fee Claims must be Filed and served on the requesting Professional, the Chapter 11 Trustee or the Liquidation Trustee, as applicable, and its counsel, the Creditors Committee or the Liquidation Trust Committee, as applicable, and its counsel, and the other notice parties set forth in the Administrative Compensation Order no later than thirty (30) days after the Professional Fee Claims Bar Date.

Except to the extent that a Holder of a Professional Fee Claim fails to File and serve appropriate fee applications in a timely manner and the Bankruptcy Court withholds payment of the Professional Fee Claims, Holders of Professional Fee Claims shall receive Cash in an amount equal to the Allowed amount of their respective Bankruptcy Court approved Professional Fee Claims.

ARTICLE IV

TREATMENT OF CLAIMS AND EQUITY INTERESTS

4.1 **No Discharge of Claims; Injunction.**

Pursuant to Section 1141(d)(3) of the Bankruptcy Code, confirmation 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 Estate or the Liquidation Trust, or Property, except for distributions under the Plan. **Accordingly, except as otherwise provided in the Plan, all Persons, other than governmental entities and agencies exercising their police or regulatory powers, who have held, hold, or may hold Claims against or Equity Interests in the Debtor are permanently enjoined from taking any of the following actions against the Estate or the Liquidation Trust or any Property on account of any such Claims or Equity Interests: (A) commencing or continuing, in any matter or in any place, any action or other proceeding; (B) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (C) creating, perfecting, or enforcing any Lien or encumbrance; and (D) commencing or continuing in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan;** provided, however, that (x) nothing contained herein shall preclude such Persons from exercising their rights pursuant to and consistent with the terms of the Plan; (y) any rights of setoff or recoupment, to the extent valid, are preserved, and the injunctions referenced

in this Section shall not enjoin the valid exercise of such right of setoff or recoupment; and (z) no Holder of any Claim or Equity Interest shall be deemed to have released the Debtor in any way for accepting the terms of the Plan, retaining Citadel Sale Distributions or SEG 1 Special Distributions, or accepting distributions pursuant to the Plan; and further provided, however, that nothing contained herein shall preclude non-Electing Holders from commencing or continuing any adversary proceeding to determine ownership of funds, or recovery of funds, held in the Property Of The Estate Reserves.

4.2 **Class 1—Other Priority Claims.**

(a.) Distributions. Except to the extent that the Chapter 11 Trustee or the Liquidation Trustee, as applicable (following consultation with the Creditors Committee or the Liquidation Trust Committee, as applicable), and a Holder of an Allowed Other Priority Claim agree to a different treatment, each Holder of an Allowed Other Priority Claim shall receive, in full and final satisfaction of such Claim, payment in full in Cash in an amount equal to such Allowed Other Priority Claim on the later of the Initial Distribution Date and the date when such Other Priority Claim becomes an Allowed Other Priority Claim, or as soon thereafter as is practicable. All Allowed Other Priority Claims which are not due and payable on or before the Effective Date shall be paid by the Liquidation Trustee in the ordinary course of business in accordance with the terms thereof.

(b.) Impairment and Voting. Class 1 is Unimpaired under the Plan. Holders of Allowed Other Priority Claims are presumed to accept the Plan and are not entitled to vote to accept or reject the Plan.

4.3 **Class 2—Secured Claims.**

Class 2 shall consist of Secured Claims, if any.

(a.) Distributions. Except to the extent that the Chapter 11 Trustee or the Liquidation Trustee, as applicable (following consultation with the Creditors Committee or the Liquidation Trust Committee, as applicable), and a Holder of an Allowed Secured Claim agree to a different treatment, in full and final satisfaction of such Claim, in the Liquidation Trustee's sole discretion, (i) each Holder of an Allowed Secured Claim shall receive Cash in an amount equal to such Allowed Secured Claim in full and complete satisfaction of such Allowed Secured Claim on the later of the Initial Distribution Date and the date such Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable, or (ii) each Holder of an Allowed Secured Claim shall receive the Collateral securing its Allowed Secured Claim or the proceeds of such Collateral in full and complete satisfaction of such Allowed Secured Claim on the later of the Initial Distribution Date and the date such Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable.

With respect to any asserted Secured Claim, if and to the extent that the Holder of such asserted Secured Claim is determined, by a Final Order, to hold an Allowed Secured Claim not subject to subordination, then such Allowed Secured Claim

shall receive distributions as an Allowed Secured Claim in accordance with this subsection (a) of Section 4.3 of the Plan. In addition, with respect to the Disputed BONY Secured Claim, if and to the extent that the Holder of the Disputed BONY Secured Claim is determined, by a final, appealable trial court judgment (a “BONY Trial Court Judgment”), to hold an Allowed Secured Claim not subject to subordination, then such Allowed Secured Claim shall receive distributions as an Allowed Secured Claim in accordance with this subsection (a) of Section 4.3 of the Plan; provided, however, that such distributions plus accrued interest shall remain subject to disgorgement if and to the extent that such BONY Trial Court Judgment is thereafter reversed or modified on appeal and/or subsequent remand. If and to the extent that the Disputed BONY Secured Claim is ultimately determined to be an Allowed Secured Claim, not subject to subordination, then simple interest on the Allowed amount of the Disputed BONY Secured Claim shall accrue (a) at the daily effective federal funds rate (as published by the Board of Governors of the Federal Reserve System) plus seventy-five (75) basis points for the period from the Petition Date through the Effective Date and (b) at the daily effective federal funds rate (as published by the Board of Governors of the Federal Reserve System) plus 150 basis points for the period after the Effective Date and until such time as the Disputed BONY Secured Claim is paid in full. To the extent that it is determined that all or any portion of any asserted Secured Claim is unsecured and/or is to be subordinated, then the portion that is unsecured and/or subordinated shall receive the treatment accorded to Claims in Class 4 (General Unsecured Claims) or Class 5 (Subordinated Claims), as applicable.

(b.) Impairment and Voting. Holders of Class 2 Secured Claims, if any, shall be Unimpaired and shall be deemed to have accepted the Plan. Out of an abundance of caution, provisional Ballots shall be distributed to Holders of Class 2 Secured Claims. In the event that the Bankruptcy Court finds that a Holder of a Class 2 Secured Claim has had its legal rights altered sufficiently to impair its Claim, then such Holder shall be entitled to vote to accept or reject the Plan.

4.4 Class 3—Customer Claims.

Class 3 consists of all Claims arising from Customer deposits with Sentinel (the “Customer Claims”). For purposes of calculating Adjusted Percentage Recoveries and Percentage Recoveries, and for purposes of making Initial Distributions and establishing reserves, each Class 3 Customer Claim shall equal the amount listed as “Net Equity” on such Holder’s Customer Account Statements dated August 13, 2007 (or if no such Account Statements were issued, the amount that would have been listed), plus any additional amounts such Holder deposited with Sentinel during the period subsequent to August 13, 2007, through and including the Petition Date, minus any additional amounts such Holder received from Sentinel during the period subsequent to August 13, 2007 through and including the Petition Date.

(a.) Distributions. Holders of Allowed Class 3 Customer Claims shall be entitled to distributions as set forth in Section 4.5(a) of this Plan.

(b.) Impairment and Voting. Holders of Class 3 Customer Claims shall be Impaired and shall be entitled to vote to accept or reject the Plan; provided, however, that any distributions made by the Debtor on or after the Petition Date on account of a Class 3 Customer Claim shall reduce the amount of such Claim for voting purposes.

4.5 Class 4—General Unsecured Claims.

Class 4 consists of all unsecured Claims against Sentinel that do not constitute Administrative Claims, Priority Tax Claims, Other Priority Claims, Customer Claims, or Subordinated Claims (“General Unsecured Claims”).

(a.) Distributions. Holders of Allowed Class 3 Customer Claims and Allowed Class 4 General Unsecured Claims shall be entitled to a Pro Rata distribution of Cash and Cash proceeds of all Property, including Customer Property, not allocated for payment of Allowed Claims in other Classes, without regard to whether such Claim is a Class 3 or Class 4 Claim; provided, however, subject to Sections 7.20 and 10.10 of the Plan, no further distributions shall be made to any Citadel-Beneficiary Customer, unless and until, all Holders of Allowed Class 3 Customer Claims that are NonCitadel-Beneficiary Customers shall have received a Percentage Recovery on account of such Claims equivalent to the Percentage Recovery of such Citadel-Beneficiary Customer taking into account all of such Citadel-Beneficiary Customer’s Class 3 Customer Claims.

(b.) An initial calculation of an estimated total Claims pool for potentially allowable Class 3 Customer Claims as of the Petition Date shall be made by the Chapter 11 Trustee or the Liquidation Trustee, as applicable. This calculation shall be updated periodically based on a reconciliation of Allowed Customer Claims and Disallowed Customer Claims, and utilized for purposes of calculating Adjusted Percentage Recoveries and Percentage Recoveries for purposes of making distributions to Holders of Customer Claims and General Unsecured Claims.

(c.) Subject to Section 7.20 of the Plan, any payments or distributions made on account of a Class 3 Customer Claim following the Petition Date, including the Citadel Sale Distributions, shall be treated and applied as distributions on account of such Class 3 Customer Claim.

(d.) Impairment and Voting. Holders of Class 4 General Unsecured Claims shall be Impaired and shall be entitled to vote to accept or reject the Plan.

4.6 Class 5—Subordinated Claims.

Class 5 consists of all Claims, if any, which (i) are held by insiders (as defined by 11 U.S.C. § 101(31)), including Sentinel affiliates and persons who directly or indirectly hold an Equity Interest in Sentinel, (ii) are held by anyone whose Claim is subordinated to all other Claims by agreement or pursuant to Section 510 of the Bankruptcy Code, (iii) is a Claim for a fine, penalty, forfeiture, multiple, exemplary or punitive damages, or otherwise not predicated upon compensatory damages, and that would be subordinated in a Chapter 7 case pursuant to Section 726(a)(4) of the

Bankruptcy Code or otherwise, and (iv) unless all other Allowed Class 3 Customer Claims and Allowed Class 4 General Unsecured Claims have been paid in full, is a Customer Claim or General Unsecured Claim held by an insider, a beneficial owner of at least five percent of Equity Interests, an entity that, directly or indirectly, through agreement or otherwise, exercised or had the power to exercise control over the management or policies of the Debtor, or any other entity whose Claim would be subordinated in a Chapter 7 case pursuant to Section 747 of the Bankruptcy Code or otherwise (“Subordinated Claims”).

(a.) Distributions. Holders of Subordinated Claims shall receive no distributions on account of such Claims.

(b.) Impairment and Voting. The Holders of Class 5 Subordinated Claims are Impaired and shall be deemed to have rejected the Plan.

4.7 Class 6—Equity Interests.

Class 6 consists of all Equity Interests in Sentinel.

(a.) Distributions. Holders of Equity Interests shall receive no distributions on account of such Equity Interests.

(b.) Impairment and Voting. Holders of Class 6 Equity Interests are impaired and shall be deemed to have rejected the Plan.

ARTICLE V

UNEXPIRED LEASES AND EXECUTORY CONTRACTS

5.1 Any and all pre-petition leases or executory contracts not previously rejected by the Chapter 11 Trustee, unless specifically assumed pursuant to orders of the Bankruptcy Court prior to the Confirmation Date or the subject of a motion to assume or assume and assign pending on the Confirmation Date, shall be deemed rejected by the Chapter 11 Trustee on the Confirmation Date.

5.2 All proofs of claim with respect to Claims arising from the rejection of executory contracts or leases shall, unless another order of the Bankruptcy Court provides for an earlier date, be Filed within thirty (30) days after the Filing of notice of entry of the Confirmation Order. All proofs of claim with respect to Claims arising from the rejection of executory contracts shall be treated as Class 4 General Unsecured Claims for purposes of a distribution pursuant to the Plan.

ARTICLE VI

IMPLEMENTATION OF THE PLAN

6.1 Trust Agreement. Without any further action of any Entity, on the Effective Date, the Trust Agreement shall become effective, notwithstanding the fact that

the Liquidation Trust will not be established until the Transfer Date. The Liquidation Trustee and the Liquidation Trust Committee shall be bound by the Trust Agreement at all times whether prior to the establishment of the Liquidation Trust or not.

6.2 Liquidation Trust. On the Transfer Date, a grantor's trust shall be established in accordance with the Trust Agreement.

6.3 Liquidation Trustee. On the Effective Date, the Chapter 11 Trustee shall resign, and the Liquidation Trustee shall become the appointed representative of the Estate in accordance with Section 1123(b)(3) of the Bankruptcy Code, and shall serve as the sole officer and sole director of the post-Effective Date Debtor until such time as its dissolution. The Liquidation Trustee shall be responsible for receiving, liquidating, administering, and distributing (x) prior to the Transfer Date, the Remaining Assets and the Non-Estate Claims and (y) from and after the Transfer Date, the Trust Assets, all in accordance with the Plan and the Trust Agreement.

(a.) Appointment and/or retention of the Liquidation Trustee shall be pursuant to the Plan and the Confirmation Order and in accordance with the Trust Agreement. Prior to the Effective Date, the Liquidation Trustee shall have taken and completed all steps necessary to become bonded and furnished the Plan Proponents with a copy of all documents evidencing such bonding.

(b.) Subject to the terms hereof, the Liquidation Trustee shall have full authority to take all steps necessary to administer, prior to the Transfer Date, the Remaining Assets, and, from and after the Transfer Date, the Trust Assets, including without limitation, the duty and obligation to make distributions to Creditors hereunder, to review and maintain objections to or compromise Claims, and to pursue Causes of Action. The Liquidation Trustee shall have and perform all of the duties, responsibilities, rights and obligations set forth in the Plan and the Trust Agreement.

(c.) To the extent not already done, on or before August 11, 2008, the Liquidation Trustee shall File a motion pursuant to Federal Rule of Civil Procedure 60(b), and other appropriate pleadings, seeking to vacate or modify the order of the Bankruptcy Court, entered on August 20, 2007, in response to the Debtor's emergency motion in connection with the Citadel Sale Distributions, subject to his obligations under Bankruptcy Rule 9011 and any other ethical rules governing his and his counsel's conduct.

(d.) On or before the expiration of the applicable statute of limitations, including any extensions thereof entered into after consultation with the Liquidation Trust Committee, the Liquidation Trustee shall commence Causes of Action to avoid and recover the Citadel Sale Distributions and the SEG 1 Special Distributions from Citadel-Beneficiary Customers who are not Electing Holders, subject to his reasonable judgment as to whether commencing such Causes of Action would be in the best interests of the beneficiaries of the Liquidation Trust, and subject to his obligations under Bankruptcy Rule 9011 and any other ethical rules governing his and his counsel's conduct.

(e.) The Liquidation Trustee may retain such counsel and other professional Persons (and all on such terms) as the Liquidation Trustee with the consent of the Liquidation Trust Committee deems appropriate, without further order of the Bankruptcy Court, to assist the Liquidation Trustee in performing its duties, rights and obligations, including, without limitation, review and investigation of Claims, prosecution of objections to Claims, investigation and prosecution of Causes of Action, collection of accounts receivable and implementation of the Plan.

6.4 Transfer of Property to Liquidation Trust. On ~~December 15, 2008~~the Effective Date (the “Transfer Date”), Tranche-P Electors shall be deemed to transfer to the Liquidation Trust their Non-Estate Claims, and the Liquidation Trustee shall transfer to the Liquidation Trust all of the Property, including but not limited to: (i) the Remaining Assets free of all Liens, Claims, and encumbrances (except as otherwise specifically provided herein); (ii) all of the Estate’s rights and defenses, including, without limitation, set off rights, arising out of or directly related to any executory contract or unexpired lease rejected by the Chapter 11 Trustee or by the terms of the Plan, against the other party to such contract or lease; and (iii) any defenses and counterclaims of the Estate to any Claim Filed or asserted against the Estate (collectively, with the Non-Estate Claims, the “Trust Assets”). Notwithstanding the foregoing, the Liquidation Trustee may abandon or otherwise not accept any Trust Assets that the Liquidation Trustee believes, in good faith and after consultation with the Liquidation Trust Committee, has no value to the Liquidation Trust.

The transfer and assignment of the Trust Assets to the Liquidation Trustee on the Transfer Date pursuant to this Section 6.4 of the Plan shall be automatically effective as of the Transfer Date.

The transfer of Trust Assets to the Liquidation Trust on the Transfer Date shall be deemed to be a transfer of such Trust Assets to Holders of Allowed Claims, and a deemed further transfer by such Holders to the Liquidation Trust in exchange for beneficial interests therein.

The proceeds from the liquidation of the Trust Assets shall be distributed by the Liquidation Trustee to Holders of Allowed Claims in accordance with the Plan.

6.5 Powers of the Liquidation Trustee. Without the necessity of further Bankruptcy Court approval (except as otherwise specified herein), and in every case subject to the restrictions imposed herein, the Liquidation Trustee shall have the following powers under the Plan and the Trust Agreement:

(a.) the power to deposit and invest funds in, and withdraw funds from the Reserves, provided that such funds are maintained in Cash;

(b.) the power to make distributions, pay taxes and pay other obligations owed by the Debtor, the Estate, or the Liquidation Trust;

(c.) the power to engage the Liquidation Trustee's employees and Professional Persons who are assisting the Liquidation Trustee with its responsibilities under the Plan and the Trust Agreement;

(d.) on behalf of the Estate, the power to initiate, defend, compromise or settle Claims and Causes of Action, including but not limited to Causes of Action to recover all or a portion of the Citadel Sale Distributions or SEG 1 Special Distributions, avoid the Citadel Sale, and to avoid any and all preferential or fraudulent transfers, in consultation with the Liquidation Trust Committee and subject to the Liquidation Trust Committee's rights under the Plan and Trust Agreement; provided that the Liquidation Trustee shall consider any and all potential defenses (including among others the defenses set forth in Sections 546(e) and 547(c) of the Bankruptcy Code) and the costs of initiation of such Claim or Cause of Action relative to the benefits sought to be achieved in determining whether to commence or pursue such Claim or Cause of Action; provided, further, that with respect to the Liquidation Trustee's power to initiate Causes of Action, the Liquidation Trustee shall make a good faith effort to reach agreement with the Liquidation Trust Committee as to any decision to exercise or not exercise such power; provided, further, that if the Liquidation Trust Committee objects to a settlement of any Claims or Causes of Action proposed by the Liquidation Trustee, then the Liquidation Trustee may proceed with such settlement only if the Bankruptcy Court determines, after an opportunity for the Liquidation Trust Committee to be heard, that such settlement is in the best interests of the Creditors generally.

(e.) the power and right to prosecute, settle, and release the Non-Estate Claims, and to opt out of any Class Action Claims;

(f.) the power to liquidate any and all of the Remaining Assets or the Trust Assets and provide for distribution of the proceeds, and any other funds as provided for by the Plan, subject to the Liquidation Trust Committee's rights under the Plan and Trust Agreement; and

(g.) such other powers as may be vested in or assumed by the Liquidation Trustee pursuant to the Plan, Trust Agreement or a Bankruptcy Court order or as may be necessary and proper to carry out the provisions of the Plan.

6.6 Investments. All Cash held by the Liquidation Trustee in any accounts or otherwise shall be invested in accordance with Section 345 of the Bankruptcy Code or as otherwise permitted by an order of the Bankruptcy Court.

6.7 Tax Treatment of Liquidation Trust. It is intended that the Liquidation Trust will be treated as a "liquidating trust" within the meaning of Treasury Regulation § 301.7701-4(d). The primary purpose of the Liquidation Trust is the liquidation of the Trust Assets, with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidation Trust. Accordingly, for federal income tax purposes, the transfer and assignment of the Trust Assets, subject to the assumption of liabilities, by the Estate to the Liquidation Trust shall be treated on the Transfer Date as (i) a deemed

transfer and assignment of such Trust Assets, subject to the assumption of liabilities, by the Debtor to the Holders of Allowed Claims, and (ii) the further deemed transfer and assignment of the Trust Assets, subject to the assumption of liabilities, by the Holders of Allowed Claims to the Liquidation Trust. The Liquidation Trustee, in consultation with the Liquidation Trust Committee, shall determine the fair market value of the Trust Assets transferred to the Liquidation Trust as of the Transfer Date. The Liquidation Trustee, the Debtor, and Holders of Allowed Claims shall use these values for the Transferred Assets for all federal income tax purposes. For federal income tax purposes, the Holders of Allowed Claims shall be treated as the grantors of the Liquidation Trust and as the deemed owners of the assets of the Liquidation Trust. The Liquidation Trust shall not be deemed a successor of the Debtor.

6.8 Withholding and Reporting Requirements. In connection with its duties and acts pursuant to the terms of the Plan and the Trust Agreement, and all instruments issued in connection therewith, and distributions thereunder, the Liquidation Trustee shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, to the extent required, and all distributions hereunder shall be subject to any such withholding and reporting requirements, to the extent required.

6.9 Debtor's Books and Records. Upon the occurrence of the Effective Date, the Chapter 11 Trustee shall transmit to the Liquidation Trustee all possession, custody, and control of all books and records of the Debtor, including, without limitation, all books and records necessary to the making of distributions, prosecution of objections to Claims, prosecution of Causes of Action, and the analysis, recovery and disposition of the Remaining Assets or the Trust Assets. All such books and records shall be preserved for so long as may be necessary for the prosecution or defense of any Causes of Actions, or any Claim objection Filed by the Liquidation Trustee, after which the Liquidation Trustee, upon notice to and consultation with the Securities and Exchange Commission and the Commodity Futures Trading Commission, shall be authorized and empowered to abandon and/or destroy said books and records, in the Liquidation Trustee's discretion.

6.10 Resignation, Death, or Removal. Upon application and for good cause shown and upon prior notice to the Liquidation Trust Committee, the Bankruptcy Court may remove the Liquidation Trustee from its role as Liquidation Trustee. In the event of the resignation or removal, death, or incapacity of the Liquidation Trustee, the Liquidation Trust Committee shall designate another Person to become Liquidation Trustee and such successor Liquidation Trustee, without any further act, shall become fully vested with all of the rights, powers, duties, and obligations of its predecessor under terms to be agreed by the Liquidation Trust Committee. In the event of the resignation of the Liquidation Trustee, the Liquidation Trustee shall remain as the Liquidation Trustee until such time as the Liquidation Trust Committee, or the Bankruptcy Court if the Liquidation Trust Committee fails to act within thirty (30) days of resignation, designates a successor.

6.11 Winding Up Affairs. Following the Effective Date, and prior to the Transfer Date, the Debtor and the Liquidation Trustee on behalf of the Estate, shall not

engage in any business activities or take any actions, except those necessary to effectuate the Plan, including, but not limited to, (i) selling, transferring, liquidating or abandoning the Remaining Assets for the benefit of Holders of Allowed Claims, and (ii) winding up the affairs of the Debtor. On and after the Effective Date, the Liquidation Trustee may take such actions without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than any restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, the Liquidation Trustee may, without application to or approval of the Bankruptcy Court, but with prior written approval of the Liquidation Trust Committee, pay the charges that it incurs after the Effective Date for Professional fees and expenses that, but for the occurrence of the Effective Date, would constitute Administrative Claims.

6.12 Assignment of Causes of Action. On the Transfer Date, and without further order of the Bankruptcy Court, the Causes of Action shall be transferred to the Liquidation Trust for the purpose of commencing, prosecuting, settling, releasing, and liquidating the Causes of Action for the benefit of the Holders of Allowed Claims. Subject to Section 6.5(d) of the Plan, the Liquidation Trustee may pursue, settle, or release all Causes of Action, as appropriate, in accordance with the best interest of and for the benefit of the Holders of Allowed Claims.

On the Transfer Date, a distinct tranche of the Liquidation Trust (“Tranche-P”) shall be established on the terms set forth in the Trust Agreement. Tranche-P shall hold the Non-Estate Claims owned by Customers who cast a Ballot to assign their Non-Estate Claims to the Liquidation Trust (the “Tranche-P Electors”) and which Non-Estate Claims, even after contribution, shall not become Property. Holders of Claims that are not Tranche-P Electors will not receive any distribution on account of Tranche-P. Any recoveries on account of such Non-Estate Claims shall be treated as provided for in the Trust Agreement in a manner which shall mirror the treatment of Customer Property under the Plan. Tranche-P shall be managed and operated by the Liquidation Trustee. The Liquidation Trust Committee shall have certain approval rights on key issues relating to the operation and management of Tranche-P.

Notwithstanding anything to the contrary in the Plan, it shall be a condition to any Tranche-P Elector’s effective transfer of Non-Estate Claims, and therefore a condition to benefiting from Tranche-P, that such Holder evidence its ownership of such Non-Estate Claim to the Liquidation Trustee.

6.13 Ratification. On the Transfer Date, each Holder of Claims in Classes 3 and 4 shall be deemed to have ratified and become bound by the terms of the Trust Agreement.

6.14 Funding of the Liquidation Trust. On the Effective Date, an amount to be determined by the Chapter 11 Trustee and the Creditors Committee shall be set aside and reserved (the “Liquidation Trust Expense Fund”), which shall be transferred to the Liquidation Trust on the Transfer Date, to be used by the Liquidation Trustee on and after the Confirmation Date to fund Plan Expenses and the initial administration of the

Liquidation Trust. No distributions shall be made to Creditors under the Plan until the Liquidation Trustee establishes appropriate reserves established in consultation with the Liquidation Trust Committee, provided, however, that such reserves shall be established in advance of the Effective Date so as not to delay the occurrence of the Initial Distribution Date.

6.15 Termination of Liquidation Trust. Upon final resolution and liquidation of all Trust Assets, reconciliation of all Claims, distribution of all Cash and proceeds of Trust Assets, and any other action necessary under the Plan to wind down, terminate or dissolve the Liquidation Trust, the Liquidation Trustee and the Liquidation Trust Committee shall be relieved of further responsibility. Prior to being relieved of its obligations, the Liquidation Trustee shall distribute to Holders of Allowed Class 3 Claims and Allowed Class 4 Claims in accordance with the Plan the portion of the Liquidation Trust Expense Fund not used to fund the operations of the Liquidation Trust.

6.16 Liquidation Trust Committee.

(a). Composition. The Liquidation Trust Committee shall be formed and constituted on the Effective Date. The Liquidation Trust Committee shall consist of three representatives, consisting of the following members of the Creditors Committee, Discus Master Ltd., Jump Trading, LLC (collectively, the “SEG 3 Members”), and Kottke Associates LLC.

JEM Commodity Relative Value Fund LP, Rotchford Barker, and BC Capital Fund A LLC (collectively, the “Ex Officio SEG 3 Members”) and Vision Financial Markets LLC (the “Ex Officio SEG 1 Member”) may participate on the Liquidation Trust Committee as *ex officio* members with no voting rights. The members of the Liquidation Trust Committee shall consult with the Liquidation Trustee regarding all material aspects of the Estate’s continued operations and all material activities of the Liquidation Trustee, exercising their business judgment but subject to the provisions of the Plan.

(b.) Powers of the Liquidation Trust Committee. The Liquidation Trust Committee may retain such counsel as the Liquidation Trust Committee deems appropriate, without further order of the Bankruptcy Court, to assist the Liquidation Trust Committee in performing its duties, rights, and obligations. In the event that the Liquidation Trustee declines to initiate a Cause of Action and the Liquidation Trust Committee disagrees with the Liquidation Trustee’s decision and believes such Cause of Action is in the best interests of Creditors generally, then the Liquidation Trust Committee shall have standing to initiate such Cause of Action on behalf of the Liquidation Trust. In addition, to the extent that the Liquidation Trust Committee disagrees with any decision or exercise of power by the Liquidation Trustee, including, without limitation, the manner in which securities are liquidated, then the Bankruptcy Court shall determine such issue at the request of the Liquidation Trust Committee.

6.17 Appointment of Successor Liquidation Trust Committee Member. In the event that a Liquidation Trust Committee member sells, transfers or assigns all of its

right to or interest in its Class 3 or Class 4 Claims, dies, resigns, becomes incapacitated, or otherwise fails or refuses to serve, said member shall be immediately removed from the Liquidation Trust Committee.

In the event one of the SEG 3 Members is removed from the Liquidation Trust Committee (the “Resigning SEG 3 Member”), it shall be replaced from among the Ex Officio SEG 3 Members. In the event each of the Ex Officio SEG 3 Members declines to accept the appointment to the Liquidation Trust Committee or there are no Ex Officio SEG 3 Members, the Resigning SEG 3 Member shall be replaced from among holders of Allowed Class 3 Customer Claims which had invested in SEG 3 in the sole determination of the remaining SEG 3 Member. If Discus Master Ltd. or its successor as chairperson of the Liquidation Trust Committee is removed from the Liquidation Trust Committee, the SEG 3 Member with the largest Allowed Class 3 Customer Claim shall assume the position of chairperson of the Liquidation Trust Committee.

In the event Kottke Associates LLC is removed from the Liquidation Trust Committee (the “Resigning SEG 1 Member”), it shall be replaced by the Ex Officio SEG 1 Member. In the event the Ex Officio SEG 1 Member declines to accept the appointment to the Liquidation Trust Committee, or if the Ex Officio SEG 1 Member is removed from the Liquidation Trust Committee after its appointment, the Resigning SEG 1 Member or the Ex Officio SEG 1 Member shall be replaced from among Holders of Allowed Class 3 Customer Claims, which had invested in SEG 1 and are Electing Holders, in the sole determination of the remaining members of the Liquidation Trust Committee.

The inability to appoint a replacement or successor for a Resigning SEG 3 Member or Resigning SEG 1 Member shall not affect the continued function and operation of the Liquidation Trust Committee.

6.18 Conflict of Interest of Member of Liquidation Trust Committee. A Liquidation Trust Committee member shall recuse itself from participation in decision making by the Liquidation Trust Committee on matters in which such member has a conflict of interest. Mere ownership of one or more Claims in a particular Class, provided disclosure is made to the Liquidation Trust Committee, shall not be deemed to be a conflict warranting recusal.

6.19 Duration of Liquidation Trust Committee. The Liquidation Trust Committee shall remain in existence until such time as the final distributions under the Plan have been made by the Liquidation Trustee, and until all other activities under the Plan have been discharged. Upon the Bankruptcy Court closing the Chapter 11 case by Final Order pursuant to Section 350 of the Bankruptcy Code, the Liquidation Trust Committee shall be disbanded, shall be discharged of all of its duties and responsibilities under the Plan and shall cease to exist.

6.20 Liability, Indemnification. Neither the Liquidation Trustee, the Liquidation Trust Committee, nor any of its members, designees, attorneys, accountants and other professionals, nor any duly designated agent or representative of the

Liquidation Trustee or the Liquidation Trust Committee, or their respective employees, shall be liable for the act or omission of any other member, designee, agent, or representative of the Liquidation Trustee or the Liquidation Trust Committee, nor shall the Liquidation Trustee, the Liquidation Trust Committee, nor any of its members, designees, attorneys, accountants and other professionals, nor any duly designated agent or representative of the Liquidation Trustee or the Liquidation Trust Committee, or their respective employees, be liable for any act or omission taken or omitted to be taken in its capacity as Liquidation Trustee or as a member, designee, attorney, accountant or other professional of the Liquidation Trust Committee, or as a duly designated agent or representative of the Liquidation Trustee or the Liquidation Trust Committee, or as an employee of any of the foregoing, other than acts or omissions resulting from Liquidation Trustee or such member's willful misconduct or gross negligence. The Liquidation Trustee and the Liquidation Trust Committee may, in connection with the performance of their functions, and in their sole and absolute discretion, consult with counsel, accountants and its agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such professionals, other than acts or omissions resulting from such member's willful misconduct or gross negligence. Notwithstanding such authority, neither the Liquidation Trustee nor the Liquidation Trust Committee shall be under any obligation to consult with counsel, accountants or its agents, and its determination to not do so shall not result in the imposition of liability on the Liquidation Trustee or the Liquidation Trust Committee, or its members and/or designees, unless such determination is based on willful misconduct or gross negligence.

The Liquidation Trust shall indemnify and hold harmless the Liquidation Trustee and the Liquidation Trust Committee and its members, designees, and its and its members' professionals, and any duly designated agent or representative thereof (in their capacity as such), from and against and in response to any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to attorneys' fees arising out of or due to their actions or omissions, or consequences of such actions or omissions, other than as a result of their willful misconduct or gross negligence, with respect to the implementation or administration of the Plan or the pursuit of the Causes of Action.

6.21 Compensation and Expenses of the Liquidation Trustee and the Liquidation Trust Committee.

(a.) The Liquidation Trustee and its retained professionals shall be compensated for their reasonable fees and expenses out of the Liquidation Trust Expense Fund pursuant to the Trust Agreement.

(b.) Each member of the Liquidation Trust Committee shall serve without compensation for its performance of services as a member of the Liquidation Trust Committee, except that each member shall be entitled to reimbursement by the Liquidation Trust of its reasonable expenses incurred in connection with such services, including the costs of the Liquidation Trust Committee's counsel.

6.22 **Cantor Escrowed Funds.** On the Effective Date, the Cantor Escrowed Funds shall be treated as Cash of the Estate and distributed in accordance with this Plan; provided, however, that if, on or before the Voting Deadline (i) as provided in the Cantor Turnover Stipulation, Cantor shall have Filed a motion or petition seeking payment from the Cantor Escrowed Funds of any setoff, recoupment or other rights (including, without limitation, its rights as a secured creditor with respect to the Cantor Escrowed Funds) under the Master Repurchase Agreement by and between Cantor and Debtor dated as of October 25, 2004 or applicable law, or (ii) any other person or entity asserting an interest in or claim against any of the Cantor Escrowed Funds shall File a motion or petition with the Bankruptcy Court asserting such interest or claim, and such motions or petitions, if any, have not been resolved by Final Order on or before the Effective Date (which may include the Confirmation Order), then the Cantor Escrowed Funds shall remain in the Cantor Escrow Account pending such resolution by Final Order. In accordance with the Cantor Turnover Stipulation, if Cantor or any other person or entity asserting an interest in or claim against the Cantor Escrowed Funds does not assert such claims or interests prior to the Voting Deadline, then all claims to or against the Cantor Escrowed Funds shall be extinguished and deemed waived, except as provided in this Plan. If such claims or interests are so asserted, such claims or interests shall be determined and paid in accordance with the Cantor Turnover Stipulation, as established by Final Order. The 20-day filing period referenced in paragraph 3 of the Cantor Turnover Stipulation shall be deemed to expire on the Voting Deadline.

ARTICLE VII

PROVISIONS REGARDING VOTING AND DISTRIBUTIONS UNDER THE PLAN

7.1 **Voting of Claims.** Each Holder of record as of the Voting Record Date of an Allowed Claim in Class 3 and Class 4 shall be entitled to vote separately to accept or reject the Plan as provided in the Procedures Order. If the Chapter 11 Trustee or the Liquidation Trustee or any other party-in-interest objects to a Claim, the Claim becomes a Disputed Claim. The Holder of a Disputed Claim is not entitled to vote on the Plan unless the Chapter 11 Trustee or the Liquidation Trustee or such Holder of the Disputed Claim obtains an order of the Bankruptcy Court estimating the amount of the Disputed Claim for voting purposes. If the Chapter 11 Trustee does not object to a Claim prior to the date on which the Disclosure Statement and the Ballots are transmitted to Creditors for voting, then the Holder of such Claim shall be permitted to vote on the Plan in the full amount of the Claim as Filed, unless otherwise specified herein.

7.2 **Voting of Class 3 Customer Claims.** For the avoidance of doubt, for voting purposes, the Class 3 Customer Claim of each Holder of such Claim shall be reduced by any amount received by such Customer from Sentinel on or after the Petition Date, including the Citadel Sale Distributions.

7.3 **[Reserved].**

7.4 **Elimination of Vacant Classes.** Any Class of Claims that does not have, as of the commencement of the Confirmation Hearing, an Allowed Claim or a Claim temporarily allowed under Bankruptcy Rule 3018, or as to which no vote is cast shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to Section 1129(a)(8) of the Bankruptcy Code.

7.5 **Nonconsensual Confirmation.** If any Impaired Class of Claims or Equity Interests entitled to vote shall not accept the Plan by the requisite statutory majorities provided in Section 1126(c) of the Bankruptcy Code, then the Plan Proponents reserve the right to amend the Plan in accordance with Section 10.1 of the Plan or to undertake to have the Bankruptcy Court confirm the Plan under Section 1129(b) of the Bankruptcy Code, or both.

7.6 **Distributions.** Subject to Sections 7.20 and 10.10 of the Plan, on the Initial Distribution Date, the Liquidation Trustee shall make an initial distribution to (i) Customers who are Holders of Allowed Class 3 Customer Claims, and (ii) creditors holding Allowed Class 4 General Unsecured Claims, of available Cash and Cash proceeds of Customer Property (the “Initial Distribution”). At various intervals thereafter (each a “Distribution Date”), the Liquidation Trustee may also, with the approval of the Liquidation Trust Committee, make one or more distributions to Customers and Holders of General Unsecured Claims, including from recoveries on account of Causes of Action or unused portions of the Liquidation Trust Expense Fund, prior to a final distribution in accordance with the terms of the Plan. For purposes of the Initial Distribution, as of the Effective Date, Class 3 Customer Claims, other than those which the Liquidation Trustee, after consultation with the Liquidation Trust Committee, has considered Disputed shall be deemed Allowed in the amount as calculated under Section 4.4 of the Plan. For the avoidance of doubt, (i) no distributions shall be made on account of Disputed Claims, including Claims considered Disputed by the Liquidation Trustee, in his sole discretion, prior to the expiration of the deadline to object to, or seek subordination of, such Claim under the Plan, unless otherwise ordered by the Court, and (ii) no Initial Distribution or subsequent distributions shall impair or impact the Liquidating Trustee’s ability to bring any Causes of Action against any Creditor or Customer.

7.7 **Deadline to Object to Claims.** From and after the Effective Date, the Liquidation Trustee shall have the exclusive right, subject to conferral with the Liquidation Trust Committee, to object to any Claims. Objections to Claims shall be Filed and served upon each affected Creditor no later than one hundred-eighty (180) days after the Effective Date, or thirty (30) days after the Trigger Date with respect to Citadel-Beneficiary Customers who have become Electing Holders, provided, however, that this deadline may be extended by the Bankruptcy Court upon motion of the Liquidation Trustee, with notice to the United States Trustee, the Liquidation Trust Committee and each affected Creditor and with or without notice to other Creditors.

7.8 **Litigation of Claims.** Subject to the terms of the Plan, objections to Claims may be litigated to judgment, settled, or withdrawn.

7.9 Record Date for Distributions. With respect to all Claims, the Chapter 11 Trustee or the Liquidation Trustee, as applicable, shall have no obligation to recognize the transfer of, or the sale of any participation in, any Claim that occurs after the close of business on the Distribution Record Date, and shall be entitled for all purposes herein to recognize and distribute only to those Holders of Claims who are Holders of such Claims, or participants therein, as of the close of business on the Distribution Record Date. The Liquidation Trustee shall instead be entitled to recognize and deal for all purposes under the Plan with only those record Holders stated on the official claims register as of the close of business on the Distribution Record Date.

7.10 Distribution of Disputed Claims. Distributions with respect to and on account of Disputed Claims will be made as soon as practicable after an order, judgment, decree or settlement agreement with respect to such Claim becomes a Final Order and such Claim becomes an Allowed Claim, and the applicable Creditor shall not receive interest on its Allowed Claim.

7.11 Disputed Claims Reserve. On or as soon as practicable after the Effective Date, the Liquidation Trustee shall establish and maintain a reserve (the “Disputed Claims Reserve”) from the Cash on hand on the Effective Date equal to the aggregate amount that would have been distributed to the Holders of Disputed Claims, except the Disputed BONY Secured Claim, had the full liquidated amount of their respective Claims (as reflected in any proofs of claim filed in this Chapter 11 Case as amended or otherwise updated in respect of such liquidated amounts) been deemed Allowed Claims on the Effective Date or on the Administrative Claims Bar Date, as applicable, or such other amount as may be approved by the Bankruptcy Court upon motion of the Chapter 11 Trustee or Liquidation Trustee. For effectuating the provisions of this Section, the Chapter 11 Trustee, the Liquidation Trustee, the Creditors Committee or the Liquidation Trust Committee, may at any time, request that the Bankruptcy Court estimate, set, fix, or liquidate the amount of the Disputed Secured Claims pursuant to Section 502(c) of the Bankruptcy Code, in which event the amounts so estimated, fixed, or liquidated shall be deemed the amounts of the Disputed Secured Claims for purposes of the Disputed Claims Reserve.

With respect to such Disputed Claims, if, when, and to the extent any such Disputed Claim becomes an Allowed Claim by Final Order, the relevant portion of the Cash held in the Disputed Claims Reserve therefor shall be distributed by the Liquidation Trustee to the Claim Holder in a manner consistent with distributions to similarly situated Allowed Claims. The balance of such Cash, if any remaining after all Disputed Claims have been resolved, shall become Excess Cash.

At quarterly intervals commencing ninety (90) days from the Effective Date, the Liquidation Trustee shall release any amount held in reserve on account of any Disputed Claim that has been disallowed by Final Order during the preceding ninety (90) day period. No payments or distributions shall be made with respect to a Claim which is a Disputed Claim pending the resolution of the dispute by Final Order.

7.12 Reserve for BONY Secured Claims. On the Effective Date, the Liquidation Trustee shall establish and maintain a reserve for the payment of the Disputed BONY Secured Claim (the “BONY Reserve”). For purposes of establishing the BONY Reserve, three hundred and seventy million dollars (\$370,000,000) in Cash shall be set aside from the Cash on hand on the Effective Date ~~in the amount proposed by the Plan Proponents (or such greater amount set by the Bankruptcy Court) and determined by the Bankruptcy Court as constituting an amount adequate to provide~~ and held in a segregated investment account (which Cash shall be invested 100% in the Dreyfus Treasury Cash Management Fund, unless such other investment is agreed to in writing by BONY) for the payment ~~in full (including all principal, accrued interest and any other indemnifiable amounts provided for in the operative BONY agreements or related documents and allowable under applicable law)~~ of the Disputed BONY Secured Claim if and to the extent that it becomes an Allowed Secured Claim, not subject to subordination, and is payable underpursuant to Section 4.3 hereof. BONY shall retain a perfected, first-priority lien on all funds in the BONY Reserve, subject to all defenses to the enforcement and validity of BONY’s liens and claims asserted in the BONY adversary proceeding. As further protection for the Disputed BONY Secured Claim, BONY shall receive and/or retain a perfected, first-priority lien on all assets of the Liquidation Trust (with the exceptions of the Disputed Claims Reserve created pursuant to Section 7.11 hereof, the BONY Reserve created pursuant to Section 7.12 hereof, the Professional Fee Reserve created pursuant to Section 7.13 hereof, and the Property Of The Estate Reserves created pursuant to Section 7.20 hereof) (the “BONY Replacement Lien”). The BONY Replacement Lien shall be subject to all defenses to the enforcement and validity of BONY’s existing liens and claims asserted in the BONY adversary proceeding, and pending the resolution of the BONY adversary proceeding, BONY shall have no right to control the disposition of such assets subject to the BONY Replacement Lien, including, without limitation, any right to control the prosecution of, or settlement of, any Causes of Action; provided, however, that absent further order of the Bankruptcy Court, the Liquidation Trustee shall not distribute, pledge, or grant any interest in the funds held in the BONY Reserve or distribute, pledge, or grant any interest in any assets subject to the BONY Replacement Lien without retaining at least \$10,000,000 in Cash which is encumbered solely by the BONY Replacement Lien (the “Minimum Free Cash”). ~~Notwithstanding the foregoing, and for avoidance of doubt, nothing herein shall preclude BONY or the Liquidation Trustee from seeking authority from the Bankruptcy Court to, after notice and hearing, modify the terms of the BONY Reserve or the BONY Replacement Lien based on materially changed circumstances after the Effective Date, including without limitation, authority to make provisional distributions of funds in the BONY Reserve or other funds held by the Liquidation Trust to BONY, subject to all defenses to the enforcement and validity of BONY’s asserted liens and claims. Notwithstanding the foregoing, nothing in this paragraph shall prohibit the Liquidation Trustee from making distributions as provided for in the Plan, subject to the requirement to maintain at least \$10,000,000 in Cash encumbered solely by the BONY Replacement Lien.~~

If and to the extent that the Disputed BONY Secured Claim is determined to be an Allowed Secured Claim, not subject to subordination, and payable pursuant to

Section 4.3 hereof, the Liquidation Trustee shall immediately, and without further order of the Bankruptcy Court, release or cause to be released from the BONY Reserve such immediately available funds as are necessary to satisfy in full BONY's Allowed Secured Claim (including all principal, accrued interest (as calculated in accordance with Section 4.3(a) hereof) and Allowed indemnifiable fees and expenses, if any), with the balance of such BONY Reserve, if any, to be turned over to the Liquidation Trust as Excess Cash. In the event that the Disputed BONY Secured Claim is ultimately determined to be an Allowed Secured Claim, not subject to subordination, and payable pursuant to Section 4.3 hereof, and the funds in the BONY Reserve are insufficient to satisfy BONY's Allowed Secured Claim in full, the Liquidation Trustee shall immediately, and without further order of the Bankruptcy Court, distribute or cause to be distributed to BONY such portion of the Minimum Free Cash, as is necessary to satisfy in full BONY's Allowed Secured Claim with the balance of the Minimum Free Cash, if any, to be turned over to the Liquidation Trust as Excess Cash. Furthermore, in the event that the Disputed BONY Secured Claim is ultimately determined to be an Allowed Secured Claim, not subject to subordination, and payable pursuant to Section 4.3 hereof, and the funds in the BONY Reserve and the Minimum Free Cash, are insufficient to satisfy BONY's Allowed Secured Claim in full, the Liquidation Trustee shall immediately, and without further order of the Bankruptcy Court, distribute or cause to be distributed to BONY so much of any Cash on hand which is subject to the BONY Replacement Lien (subject to any pari passu adequate protection liens granted to Customers pursuant to the Order and Stipulation Regarding Adequate Protection of Customer Interests dated January 10, 2008) as is necessary to satisfy in full BONY's Allowed Secured Claim. Finally, in the event that the Disputed BONY Secured Claim is ultimately determined to be an Allowed Secured Claim, not subject to subordination, and payable pursuant to Section 4.3 hereof, and the funds in the BONY Reserve, the Minimum Free Cash, and any Cash on hand which is subject to the BONY Replacement Lien and available for distribution to BONY are insufficient to satisfy BONY's Allowed Secured Claim in full then BONY shall be entitled to receive, and the Liquidation Trustee shall upon receipt immediately turn over to BONY, without further order of the Bankruptcy Court, any and all additional Cash (or, in BONY's sole and absolute discretion, non-cash) proceeds of assets or proceeds of Causes of Action subject to the BONY Replacement Lien (subject to any pari passu adequate protection liens granted to Customers pursuant to the Order and Stipulation Regarding Adequate Protection of Customer Interests dated January 10, 2008) until payment of BONY's Allowed Secured Claim in full.

Notwithstanding the foregoing, and for avoidance of doubt, nothing herein shall preclude BONY or the Liquidation Trustee from seeking authority from the Bankruptcy Court to, after notice and hearing, modify the terms of the BONY Reserve or the BONY Replacement Lien based on materially changed circumstances after the Effective Date, including without limitation, authority to make provisional distributions of funds in the BONY Reserve or other funds held by the Liquidation Trust to BONY, subject to all defenses to the enforcement and validity of BONY's asserted liens and claims. Notwithstanding the foregoing, nothing in this paragraph shall prohibit the Liquidation Trustee from making distributions as provided for in the Plan, subject to the

requirement to maintain at least \$10,000,000 in Cash encumbered solely by the BONY Replacement Lien.

7.13 **Reserve for Professional Fee Claims.** On the Effective Date, the Liquidation Trustee, in consultation with the Liquidation Trust Committee, shall establish and maintain reserves for payment of estimated unpaid Professional Fee Claims (“Professional Fee Reserve”). For purposes of establishing the Professional Fee Reserve, Cash will be set aside from the Cash on hand on the Effective Date in an amount equal to the amount that the Chapter 11 Trustee and Creditors Committee anticipate will be incurred for fees and expenses by Professionals retained in the Chapter 11 Case up to and including the Effective Date. If, when, and to the extent any such Professional Fee Claims become Allowed Claims by Final Order, the relevant portion of the Cash held in reserve therefor shall be distributed by the Liquidation Trustee to the Professional or as set forth in such Final Order approving the Professional Fee Claim. The balance of such Cash, if any remaining after all Professional Fee Claims have been resolved and paid, shall become Excess Cash. No payments or distributions shall be made with respect to a Professional Fee Claim until such Professional Fee Claim is Allowed by Final Order.

7.14 **Estimation of Claims.** The Liquidation Trustee may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to Section 502(c) of the Bankruptcy Code regardless of whether an objection has been Filed with respect to such Claim. If the Bankruptcy Court estimates any contingent or unliquidated Claim, the estimated amount will constitute either the Allowed Claim for such Claim or a maximum limitation on such Claim, at the option of the Liquidation Trustee, after consultation with the Liquidation Trust Committee. If the estimated amount constitutes a maximum limitation on such Claim, the Liquidation Trustee may elect to pursue any supplemental proceedings to object to the allowance and ultimate distribution on such Claim. Unless otherwise ordered by the Bankruptcy Court, resolution or compromise of estimated Claims shall be done pursuant to the Plan. All Claims objection, estimation and resolution procedures are cumulative and not exclusive of one another.

7.15 **Unclaimed Property.** If any distribution remains unclaimed for a period of ninety (90) days after it has been delivered (or attempted to be delivered) in accordance with the Plan to the Holder of an Allowed Claim entitled thereto, such unclaimed property shall be forfeited by such Holder, whereupon all right, title and interest in and to the unclaimed property shall be held by the Liquidation Trustee and shall become Excess Cash.

7.16 **Withholding Taxes.** Any federal, state, or local withholding taxes or other amounts required to be withheld under applicable law shall be deducted from distributions hereunder. All Persons holding Claims shall be required to provide any information necessary to effect the withholding of such taxes.

7.17 **Fractional Cents.** Any other provision of the Plan to the contrary notwithstanding, no payment of fractions of cents will be made. Whenever any payment

of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding down of such fraction to the nearest whole cent.

7.18 Payments of Less than Ten Dollars. If a Cash payment otherwise provided for by the Plan with respect to an Allowed Claim or Allowed Equity Interest would be less than ten (\$10.00) U.S. dollars (whether in the aggregate or on any payment date provided in the Plan), notwithstanding any contrary provision of the Plan, the Liquidation Trustee shall not be required to make such payment and such funds shall be otherwise distributed to Holders of Allowed Claims in accordance with Article IV of the Plan.

7.19 Setoffs. Except as otherwise provided for herein with respect to Causes of Action released by or on behalf of the Estate pursuant to the Plan and the Confirmation Order, the Liquidation Trustee may, but shall not be required to, set off against any Claim and the payments to be made pursuant to the Plan in respect of such Claim, Causes of Action of any nature whatsoever that the Estate may have against the Holder of such Claim, but neither the failure to do so nor the allowance of a Claim shall constitute a waiver or release by the Debtor or its Estate of any Claim it may have against the Creditor.

7.20 Property Of The Estate Litigation.

(a) Property Of The Estate Reserves. Pending a determination by the Court whether the assets held in the Seg 1 Property Of The Estate Reserve, Seg 2 Property Of The Estate Reserve and Seg 3/4 Property Of The Estate Reserve (each as defined below, and collectively the “Property Of The Estate Reserves”) are property of the Estate, the Trustee shall continue to maintain the Property Of The Estate Reserves, as applicable.

(i) *Seg 1 Property Of The Estate Reserve.* On the Effective Date, the Liquidation Trustee shall establish a reserve equal to the amount of all funds held in any bank account denominated as a SEG 1 account, multiplied by a fraction, the numerator of which is the amount of Citadel Beneficiary Class 3 Customer Claims attributable to SEG 1 accounts (the principal amount of such claims calculated consistent with Section 4.4 of this Plan) which voted against the Plan and/or lodged objections thereto, and the denominator of which is the total aggregate amount of Class 3 Customer Claims attributable to SEG 1 accounts.

(ii) *Seg 2 Property Of The Estate Reserve.* On the Effective Date, the Liquidation Trustee shall establish a reserve equal to the amount of all funds held in any bank account denominated as a SEG 2 account, multiplied by a fraction, the numerator of which is the amount of Citadel Beneficiary Class 3 Customer Claims attributable to SEG 2 accounts (the principal amount of such claims calculated consistent with Section 4.4 of this Plan) which voted against the Plan and/or

lodged objections thereto, and the denominator of which is the total aggregate amount of Class 3 Customer Claims attributable to SEG 2 accounts.

(iii) *Seg 3/4 Property Of The Estate Reserve.* With respect to each distribution that is made to Holders of Class 3 Claims, the Liquidation Trustee shall hold back and create a reserve equal to the distribution that Holders of Citadel Beneficiary Class 3 Customer Claims attributable to SEG 3 or SEG 4 accounts (the principal amount of such claims calculated consistent with Section 4.4 of this Plan) which voted against the Plan and/or lodged objections thereto, would have received had the portion of its Class 3 Customer Claims attributable to a SEG 3 or SEG 4 account been Allowed and received a distribution.

(b) Disputed Claims Reserve. Any Disputed Claims Reserve created under this Plan with respect to distributions of property other than Customer Property shall include a reserve for the amount that any Citadel-Beneficiary Customer Claim which voted against the Plan and/or lodged objections thereto, would be entitled to receive had the full amount of their Claim been Allowed without regard to and disregarding the Plan provisions which provide that until all Holders of Allowed Class 3 Customer Claims that are NonCitadel-Beneficiary Customers shall have received a Percentage Recovery on account of such Claims equivalent to the applicable Citadel-Beneficiary Customer, Citadel-Beneficiary Customers shall not be entitled to a distribution; provided, however, that for purposes of calculating the claim amount for purposes of such reserve, the claim amount may be reduced by the Holder's asserted share or interest in any of the Property Of The Estate Reserves.

(c) Resolution of Property of the Estate Issues.

(i) In the event the Court determines that the property in any of the Property Of The Estate Reserves is not property of the estate, Sections 4.4 and 4.5 of the Plan shall be deemed modified to provide that Customer Property shall be distributed to the rightful owners of such property or to the Estate, as determined by the Court.

(ii) In the event the Court determines that the Citadel Sale Distributions did not constitute distributions of property of the estate, the Claims of Citadel-Beneficiary Customers shall, to the extent such Claims become Allowed Claims, be entitled to *pro rata* distributions with all other Holders of Allowed Class 3 or Class 4 Claims with respect to all Property other than Customer Property, without regard to and disregarding the Plan provisions which provide that until all Holders of Allowed Class 3 Customer Claims that are NonCitadel-Beneficiary Customers shall have received a Percentage Recovery on account of such Claims equivalent to the applicable Citadel-Beneficiary Customer, such Citadel-Beneficiary Customer shall not be entitled to a

distribution. In the event the Court determines that the Citadel Sale Distributions were distributions of property of the estate, the Claims of Citadel-Beneficiary Customers shall be entitled to the treatment and distributions set forth in Sections 4.4 and 4.5 of the Plan, without modification.

ARTICLE VIII

EFFECTIVENESS OF THE PLAN

8.1 **Confirmation of the Plan.** The Plan can be confirmed under Section 1129(a) of the Bankruptcy Code, or in a non-consensual manner under Section 1129(b) of the Bankruptcy Code.

8.2 **Conditions Precedent to Confirmation of the Plan.**

(a.) The Confirmation Order shall be reasonably acceptable in form and substance to the Plan Proponents; and

(b.) The Confirmation Date of the Plan shall have occurred on or before ~~September 30, 2008.~~ January 31, 2009.

8.3 **Conditions Precedent to Effectiveness of the Plan.** The Plan shall not become effective unless and until each of the following conditions has been satisfied or waived:

(a.) The Bankruptcy Court shall have entered the Confirmation Order in form and substance satisfactory to the Plan Proponents and such Confirmation Order shall not be stayed;

(b.) The Trust Agreement shall have been approved and executed;

(c.) The Liquidation Trustee shall have been appointed in accordance with the Plan and the Trust Agreement;

(d.) The Liquidation Trust Committee shall have been formed in accordance with the Trust Agreement;

(e.) All statutory fees then due and payable to the United States Trustee shall have been paid in full;

(f.) All documents to be executed, delivered, or Filed pursuant to the Plan, shall have been executed, delivered, or Filed, as the case may be; and

(g.) All actions, authorizations, filings, consents and regulatory approvals required (if any) shall have been obtained, effected or executed in a manner acceptable to the Plan Proponents, and shall remain in full force and effect.

8.4 **Waiver of Conditions.** The Plan Proponents may at any time, without notice or authorization of the Bankruptcy Court, waive the conditions set forth in Sections 8.2 and 8.3 of the Plan.

8.5 **Effect of Failure of Conditions.** In the event that the conditions specified in Section 8.3 of the Plan have not occurred on or before thirty (30) days after the Confirmation Date, upon notification submitted by the Plan Proponents to the Bankruptcy Court: (i) the Confirmation Order shall be vacated; (ii) no distributions under the Plan shall be made; (iii) the Debtor and all Holders of Claims and Equity Interests shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred; (iv) the Estate's obligations with respect to the Claims and Equity Interests shall remain unchanged; and (v) nothing contained in the Plan shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtor, or any other person, to prejudice in any manner the rights of the Estate or any Entity in any further proceedings involving the Debtor.

ARTICLE IX

RETENTION OF JURISDICTION

9.1 Following the Confirmation Date and until such time as all payments and distributions required to be made and all other obligations required to be performed under the Plan have been made and performed by the Liquidation Trustee, the Chapter 11 Case will remain open pending final order of the Bankruptcy Court closing the case and the Bankruptcy Court shall retain jurisdiction as is legally permissible, including, without limitation, for the following purposes:

(a.) **Claims and Equity Interests.** To determine the allowance, classification, priority or subordination of Claims and Equity Interests against the Debtor upon objection by the Liquidation Trustee or any other party in interest;

(b.) **Causes of Action.** To determine on a non-exclusive basis, any and all Causes of Action and Non-Estate Claims that have been transferred to the Liquidation Trust on the Transfer Date;

(c.) **Injunction.** To issue injunctions or take such other actions or make such other orders as may be necessary or appropriate to restrain interference with the Plan or its execution or implementation by any Person, to construe and to take any other action to enforce and execute the Plan, the Confirmation Order, or any other order of the Bankruptcy Court, to issue such orders as may be necessary for the implementation, execution, performance and consummation of the Plan and all matters referred to herein, and to determine all matters that may be pending before the Bankruptcy Court in the Chapter 11 Case on or before the Effective Date with respect to any Entity, and, without limiting the generality of the foregoing, to enter appropriate injunctive relief in the event that the Liquidation Trust Committee removes the Liquidation Trustee in a manner contrary to the standard set forth in Section 6.10 of the Plan;

(d.) Professional Fees. To determine any and all applications for allowance of compensation and expense reimbursement of Professionals for periods prior to the Effective Date, as provided for in the Plan;

(e.) Certain Priority Claims. To determine the allowance and classification of any Priority Tax Claims, Administrative Claims or any request for payment of an Administrative Claim;

(f.) Dispute Resolution. To resolve any dispute arising under or related to the implementation, execution, consummation, or interpretation of the Plan and/or Confirmation Order, and the making of distributions hereunder and thereunder, including, without limitation, the enforcement of any obligation assumed by Electing Holders pursuant to Section 10.10 of the Plan;

(g.) Executory Contracts and Unexpired Leases. To determine any and all motions for the rejection, assumption, or assignment of executory contracts or unexpired leases, and to determine the allowance of any Claims resulting from the rejection of executory contracts and unexpired leases;

(h.) Actions. To determine all applications, motions, adversary proceedings, contested matters, actions, and any other litigated matters instituted in the Chapter 11 Case by or on behalf of the Debtor, including, but not limited to, the Causes of Action commenced by the Chapter 11 Trustee or the Liquidation Trustee, and any remands;

(i.) General Matters. To determine such other matters, and for such other purposes, as may be provided in the Confirmation Order or as may be authorized under provisions of the Bankruptcy Code;

(j.) Plan Modification. To modify the Plan under Section 1127 of the Bankruptcy Code, remedy any defect, cure any omission, or reconcile any inconsistency in the Plan or the Confirmation Order so as to carry out its intent and purposes;

(k.) Aid Consummation. To issue such orders in aid of consummation of the Plan and the Confirmation Order notwithstanding any otherwise applicable non-bankruptcy law, with respect to any Entity, to the full extent authorized by the Bankruptcy Code;

(l.) Protect Property. To protect the Property of the Debtor and Property transferred to the Liquidation Trust on the Transfer Date pursuant to the Plan from adverse Claims or interference inconsistent with the Plan, including to hear actions to quiet or otherwise clear title to such property based upon the terms and provisions of the Plan or to determine a purchaser's exclusive ownership of claims and causes of actions retained under the Plan;

(m.) Abandonment of Property. To hear and determine matters pertaining to abandonment of Property of the Estate or the Liquidation Trust;

(n.) Recovery of True-up Amount. To enter judgment for the Liquidation Trust, as applicable, pertaining to True-up Amounts incurred and owed by Citadel-Beneficiary Customers that are Electing Holders under Section 10.10 of the Plan;

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

(p.) Liquidation Trustee's Exercise of Power. To enter and implement such orders as may be appropriate to resolve any disagreement between the Liquidation Trustee and the Liquidation Trust Committee over any aspect of the Liquidation Trustee's exercise of powers under the Plan and the Trust Agreement; and

(q.) Close Chapter 11 Case. To enter a Final Order closing the Chapter 11 Case.

ARTICLE X

MISCELLANEOUS PROVISIONS

10.1 **Pre-Confirmation Modification.** On notice to and with an opportunity to be heard by the United States Trustee, the Plan may be altered, amended or modified by the Plan Proponents before the Confirmation Date as provided in Section 1127 of the Bankruptcy Code.

10.2 **Post-Confirmation Immaterial Modification.** With the approval of the Bankruptcy Court and on notice to and an opportunity to be heard by the United States Trustee and the Creditors Committee or the Liquidation Trust Committee, as applicable, and without notice to all Holders of Claims and Equity Interests, the Plan Proponents or the Liquidation Trustee, as applicable, may, insofar as it does not materially and adversely affect the interest of Holders of Claims, correct any defect, omission or inconsistency in the Plan in such manner and to such extent as may be necessary to expedite consummation of the Plan.

10.3 **Post-Confirmation Material Modification.** On notice to and with an opportunity to be heard by the United States Trustee and the Creditors Committee or the Liquidation Trust Committee, as applicable, and other parties in interest, the Plan may be altered or amended after the Confirmation Date by the Liquidation Trustee in a manner which, in the opinion of the Bankruptcy Court, materially and adversely affects Holders of Claims, provided that such alteration or modification is made after a hearing and otherwise meets the requirements of Section 1127 of the Bankruptcy Code.

10.4 **Withdrawal or Revocation of the Plan.** The Plan Proponents reserve the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Plan Proponents revoke or withdraw the Plan, or if the Plan is not Confirmed, or if the Plan is Confirmed but the Effective Date does not occur within thirty (30) days of the Confirmation Date (unless such period is extended by the Plan Proponents in their sole

discretion), then the Plan shall be deemed null and void, and shall be deemed an offer of settlement inadmissible as evidence on any issue proposed to be compromised in the Plan.

10.5 Payment of Statutory Fees. All fees payable pursuant to Section 1930 of Title 28 of the United States Code shall be paid by the Liquidation Trustee on the Effective Date (if due) or when otherwise due out of the reserve set aside on the Effective Date by the Liquidation Trustee to fund Plan Expenses.

10.6 Payment of Attorney's Fees Related to Drafting of Plan. Each of Discus Master Ltd., BC Capital Fund A, LLC, JEM Commodity Relative Value Fund LP, Jump Trading, LLC, and Rotchford Barker shall have the right to file a motion with the Bankruptcy Court, which the Creditors Committee intends to support, seeking allowance of an Administrative Claim pursuant to Section 503(b)(4) of the Bankruptcy Code for reimbursement from the Estate, on a substantial contribution basis, for each movant's respective legal fees and expenses relating to the formulation and drafting of the Plan and Disclosure Statement incurred through April 9, 2008.

10.7 Successors and Assigns. The rights, benefits and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such Entities.

10.8 Termination of Qualified Retirement Plan. The Trustee or Liquidation Trustee, as applicable, shall file and complete a standard termination of the Pension Plan under Title IV of ERISA. In the event of a standard termination of the Pension Plan, PBGC will timely review the determination of the Pension Plan's enrolled actuary as to the sufficiency of the Pension Plan, including all actuarial assumptions and calculations relating to benefit determinations. PBGC may request that a reserve amount for the pension liabilities be retained by the Liquidation Trustee pending completion of the standard termination and any related audit.

PBGC's Claims shall be withdrawn upon the completion of the standard termination of the Pension Plan under 29 U.S.C. § 1341(b) and any related audit conducted by PBGC. If the Chapter 11 Trustee or Liquidation Trustee, as applicable, do not complete a standard termination, including compliance with any audit findings of PBGC, and the Pension Plan is terminated under 29 U.S.C. § 1342, then PBGC shall be permitted to amend its claims to reflect any amounts due under 29 U.S.C. § 1362, and such amended claims shall be deemed timely filed and amended. In addition, the Chapter 11 Trustee or the Liquidation Trustee, as applicable, shall cooperate fully with PBGC regarding any audit of the standard termination, or any termination under 29 U.S.C. § 1342.

10.9 Term of Injunctions or Stays. Unless otherwise provided, all injunctions or stays arising under or entered during the Chapter 11 Case under Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

10.10 Settlement Offer; Releases. As of the Effective Date, in consideration for a Citadel-Beneficiary Customer becoming an Electing Holder and for its treatment under the Plan:

(a.) Subject to the remainder of this Section 10.10 of the Plan, with respect to Citadel-Beneficiary Customers who have become Electing Holders only, the Estate shall be deemed to release forever, waive, and discharge, ***and third-parties shall be enjoined from pursuing***, all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities (other than the rights of such parties to enforce the Plan and the contracts, instruments, releases, and other agreements or documents delivered hereunder and liabilities arising after the Effective Date) whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrences taking place on or prior to the Effective Date in any way relating to the Citadel Sale Distributions and the SEG 1 Special Distributions which shall include any Cause of Action arising therefrom pursuant to, inter alia, Federal Rule of Civil Procedure 60(b), and Sections 549 and 550 of the Bankruptcy Code (the “Release”); provided, however, that this provision shall not impact or affect the rights and powers of any governmental entity or agency exercising its police or regulatory powers;

(b.) The Release shall be contingent upon NonCitadel-Beneficiary Customers receiving distributions under the Plan equivalent to fifty percent (50%) of their Allowed Class 3 Claims, plus Interest (“Release Distribution Threshold”) calculated on the amount NonCitadel-Beneficiary Customers would have received if the Citadel Sale Distributions and the SEG 1 Special Distributions had been made Pro Rata to all Holders of Class 3 Customer Claims, less any interim distributions received under the Plan, from the respective dates of the SEG 1 Special Distributions and the Citadel Sale Distributions through the first point in time that the Release Distribution Threshold is met or exceeded or timely contribution by an Electing Holder of its True-up Amount as provided in subsection (c.) of Section 10.10 of the Plan;

(c.) In the event that the Release Distribution Threshold has not been met or exceeded as of the date when the adversary proceeding styled *Grede v. The Bank of New York*, Case No. 08-00127 has concluded by a Final Order adjudicating, or approving the settlement of, such adversary proceeding (the “Trigger Date”), after giving effect to the amount of distributions the NonCitadel-Beneficiary Customers would be entitled to receive pursuant to such Final Order and the Plan, and the distributions the NonCitadel-Beneficiary Customers have received under the Plan at the time of the Trigger Date, and the amount of distributions the NonCitadel-Beneficiary Customers would receive pursuant to the liquidation of any securities remaining in the Estate as of the Trigger Date based upon the estimation of such proceeds by the Liquidation Trustee and his retained professionals, after consulting with the Liquidation Trust Committee regarding such estimation, then each Citadel-Beneficiary Customer that is an Electing Holder shall contribute an amount (the “True-up Amount”) equal to such Electing Holder’s share, calculated as a percentage equivalent to its Class 3 Customer Claim on account of SEG 1 Customer accounts in relation to all Citadel-Beneficiary Customers’

Class 3 Customer Claims on account of SEG 1 Customer accounts as of the Petition Date, factored against the lesser of: (i) the aggregate amount the Citadel-Beneficiary Customers would hypothetically be required to contribute to cause the NonCitadel-Beneficiary Customers to meet the Release Distribution Threshold as of the Trigger Date; and (ii) the aggregate amount the Citadel-Beneficiary Customers would hypothetically be required to contribute to cause the NonCitadel-Beneficiary Customers to achieve an Adjusted Percentage Recovery equivalent to the Citadel-Beneficiary Customers' Adjusted Percentage Recovery;

(d.) The True-up Amount shall be due within twenty (20) days of the Trigger Date and shall be paid to the Liquidation Trust for Pro Rata distribution on account of the NonCitadel-Beneficiary Customers' Class 3 Claims;

(e.) Notwithstanding Section 4.5(a) of the Plan, in the event that the Liquidation Trustee makes distributions of Trust Assets subsequent to the Trigger Date (such distributions, "Post-Trigger Date Distributions"), the Post-Trigger Date Distributions shall be allocated and distributed first to those Electing Holders that timely contributed the True-up Amount in an amount necessary to reimburse such Electing Holders to the extent their contribution exceeds what the True-up Amount would have been if the Post-Trigger Date Distributions had in fact occurred prior to the Trigger Date;

(f.) In the event that the ultimate liquidation of securities for which the Trustee and his professionals had estimated the proceeds of for purposes of calculating a True-up Amount pursuant to subsection (c.) of Section 10.10 of the Plan yields actual proceeds less than estimated, each Citadel-Beneficiary Customer that is an Electing Holder shall contribute an amount necessary, within twenty (20) days of such determination, to satisfy what its respective True-up Amount would have been under subsection (c.) of Section 10.10 of the Plan if the liquidation of all of the securities in the Estate had in fact occurred prior to the Trigger Date;

(g.) Notwithstanding Section 4.5(a) of the Plan, upon the achievement of the same Adjusted Percentage Recovery for all Holders of Allowed Class 3 Customer Claims, in lieu of the Pro Rata distributions provided for in Section 4.5(a) of the Plan, any Citadel-Beneficiary Customer who is an Electing Holder shall receive its share, calculated as a percentage equivalent to its Class 3 Customer Claim on account of SEG 1 Customer accounts in relation to all Citadel-Beneficiary Customers' Class 3 Customer Claims on account of SEG 1 Customer accounts, factored against 20% of the aggregate distributions to be made on account of Allowed Customer Claims under the Plan (the "20% Share Distributions") thereafter; provided that, the difference between such 20% Share Distributions, in each instance, and the distribution that would have been payable to such Electing Holder under Section 4.5(a) shall be distributed Pro Rata to Non-Citadel-Beneficiary Customers (the "80/20 Transfer");

(h.) For the avoidance of doubt, no Release shall be deemed to have occurred under this Section 10.10 of the Plan for any Citadel-Beneficiary Customer that is an Electing Holder unless and until (x) all NonCitadel-Beneficiaries meet or exceed the

Release Distribution Threshold or (y) such Electing Holder has timely contributed its True-up Amount;

(i.) By becoming Electing Holders, Citadel-Beneficiary Customers shall be deemed to have consented to the jurisdiction of the Bankruptcy Court and deemed to have waived any objection or defense with respect to their unsatisfied obligation to remit the True-up Amount within twenty (20) days of the Trigger Date; the Bankruptcy Court shall be authorized to enter judgment on the pleadings for the True-up Amount, and any post-judgment remedies, within five (5) Business days of the Filing of a complaint and request therefor;

(j.) Notwithstanding anything to the contrary herein, Claims on account of SEG 2, SEG 3, or SEG 4 Customer accounts held by Citadel-Beneficiary Customers that are Electing Holders shall be treated under the Plan as if such Claims were held by NonCitadel-Beneficiary Customers only with respect to distributions as provided for in Section 4.5 of the Plan; and

(k.) A Citadel-Beneficiary Customer shall be ineligible to participate in the settlement described in this Section 10.10 if, as of the date that is ten (10) days prior to the Voting Deadline, such Customer is the subject of a pending adversary proceeding to recover Property for the benefit of the Estate.

10.11 Exculpation. Notwithstanding anything herein to the contrary, as of the Effective Date, none of the Chapter 11 Trustee and his advisors, attorneys, financial advisors, accountants, other professionals, the Creditors Committee, the individual members of the Creditors Committee and its and their respective advisors, attorneys, financial advisors, agents, other professionals and affiliates shall have or incur any liability for any claim, cause of action or other assertion of liability for any act taken or omitted to be taken since the Petition Date in connection with, or arising out of, the Chapter 11 Case, formulation, negotiation, preparation, solicitation of votes with respect to, the confirmation, consummation, or administration of the Plan, or property to be distributed under the Plan, except for willful misconduct or gross negligence to the maximum extent provided for under 805 ILCS 5/8.75 or federal law; provided, however, nothing herein shall be construed to exculpate the Citadel-Beneficiary Customers who do not become Electing Holders in connection with their receipt of Citadel Sale Distributions or SEG 1 Special Distributions; provided, however, that nothing herein or in the Chapter 11 Case shall in any way be construed as discharging, releasing, or relieving the Debtor, or any other party, in any capacity, from any responsibility with respect to the Pension Plan under any law or regulatory provision relating to the termination of the Pension Plan, unless the Pension Plan is terminated prior to the confirmation of the Plan.

10.12 Insider Settlement.

(a) Contribution Bar Relating to Claims Against Certain Insiders. ***All Persons are hereby permanently barred, enjoined, and restrained*** from commencing, prosecuting, or asserting any request, claim, or cause of action for or otherwise seeking

contribution or common law indemnification, however denominated, against any of the Insider Releasees based upon, relating to, or arising out of (A) any claims asserted or judgments obtained against any Person by the Chapter 11 Trustee or the Estate, or amounts actually paid by any Person to the Trustee or the Estate based on such claims or judgments, whether by settlement or otherwise, and/or (B) liability owed, or alleged or claim to be owed, or amounts paid, whether by settlement or otherwise, to the Trustee or the Estate and (C) the costs of defending against claims, causes of action, demands, or requests asserted or made by the Chapter 11 Trustee (collectively, the “Contribution Bar”). Entry of the Confirmation Order shall constitute findings that (i) the Insider Settlement was negotiated and reached in good faith and in accordance with applicable law relating to the Contribution Bar, and (ii) all legal requirements relating to the Contribution Bar have been satisfied in connection with the Insider Settlement and the parties have acted in good faith in all respects relating thereto.

(b) Injunction Against Certain Insiders. Subject to the other provisions of this Section 10.12, **the Insider Releasees are hereby permanently barred, enjoined, and restrained** from commencing, prosecuting, or asserting any request, claim, or cause of action for or otherwise seeking contribution or common law indemnification, however denominated, against any Person based upon, relating to, or arising out of (A) any claims asserted or judgments obtained against the Insider Releasees by the Chapter 11 Trustee or the Estate, or amounts actually paid by the Insider Releasees to the Chapter 11 Trustee or the Estate based on such claims or judgments, whether by settlement or otherwise, and/or (B) liability owed, or alleged or claimed to be owed, or amounts paid, whether by settlement or otherwise, to the Chapter 11 Trustee or the Estate and (C) the costs of defending against claims, causes of action, demands, or requests asserted or made by the Trustee.

(c) No Bar Against Estate Claims. Nothing in this Section 10.12 shall be construed to discharge any liability of any Person to the Chapter 11 Trustee or the Estate or to preclude any adversary proceeding, claim, cause of action, demand, request for relief, or recovery, whether or not currently pending, by the Trustee against or from any Person.

(d) Pro Tanto Judgment Reduction. Any monetary award or judgment obtained by the Chapter 11 Trustee from or against any Person for the same injuries alleged in the Insider Adversary Proceeding for which contribution or common law indemnification is available from the Insider Releasees, shall be reduced *pro tanto* by the amount set forth in the Settlement Agreements, regardless of the Insider Releasees’ and the Person’s relative fault or any other consideration.

(e) Challenge to Contribution Bar or Judgment Reduction. If the Contribution Bar is found to be invalid by any court for any reason, or if at any time the method of judgment reduction set forth above and in the order approving the Insider Settlement is found to be invalid, the Contribution Bar and other provisions of the Insider Settlement shall be null and void to the extent set forth in the Insider Settlement Agreements, and the rights and obligations of the Chapter 11 Trustee and Insider Releasees shall be as set forth in the Insider Settlement Agreements. In addition, in the

event of any challenge to the Contribution Bar in a judicial or similar proceeding, and for so long as such challenge is pending, the Insider Releasees shall have a lien and claim against any and all funds of the Estate (including funds recovered in the future) in an amount equal to the amount necessary to satisfy the Chapter 11 Trustee's obligations to return certain funds as provided in the Insider Settlement Agreements, subordinate and subject only to costs of administration. Notwithstanding the foregoing, however, nothing herein shall be deemed to require the Chapter 11 Trustee to seek to recover any distributions already made to creditors.

(f) Estate Released Claims. Entry of the Confirmation Order shall constitute findings that (i) the Estate Released Insider Claims constitute the exclusive property of the Estate and (ii) the Chapter 11 Trustee holds the sole and exclusive standing to seek recovery on account of the Estate Released Insider Claims. **All creditors of the Estate including, but not limited to contingent creditors, Persons who have filed claims against the Estate, and all Persons sued or to be sued by the Estate, are hereby permanently barred, enjoined, and restrained** from commencing, prosecuting, or asserting any action or proceeding against the Insider Releasees based on the Estate Released Insider Claims.

10.13 Extinguishment of Liens. On the Effective Date, all Liens against any property of the Debtor, except to the extent provided in the Plan, including pursuant to Section 4.1(y) hereof, or the Confirmation Order, shall be deemed forever extinguished and discharged.

10.14 Governing Law. Except to the extent that the Bankruptcy Code is applicable, the rights and obligations arising under the Plan shall be governed by and construed and enforced in accordance with the laws of the State of Illinois.

10.15 Notices. Any notice required or permitted to be provided under the Plan shall be in writing and served by either (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery or (c) reputable overnight courier service, freight prepaid, to be addressed as follows:

If to the Chapter 11 Trustee or the Estate:

Frederick J. Grede, Chapter 11 Trustee of Sentinel
Management Group, Inc.
c/o Jenner & Block LLP
330 N. Wabash Avenue
Chicago, Illinois 60611

with a copy to:

Jenner & Block LLP
330 N. Wabash Avenue
Chicago, Illinois 60611
Attention: Catherine L. Steege
Vincent E. Lazar

If to the Creditors Committee:

Philippe Jordan, Chair of the Creditors Committee.
CFM INTERNATIONAL INC.
Discus Master Ltd.
405 Lexington Avenue, 41st Floor
New York, New York 10174

with a copy to:

Quinn Emanuel Urquhart Oliver & Hedges, LLP
51 Madison Avenue, 22nd Floor
New York, New York 10010
Attention: Susheel Kirpalani
Benjamin I. Finestone

If to the Liquidation Trustee:

Frederick J. Grede,
c/o Jenner & Block LLP
330 N. Wabash Avenue
Chicago, Illinois 60611

10.16 Saturday, Sunday or Legal Holiday. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

10.17 Section 1146 Exemption. Pursuant to Section 1146(c) of the Bankruptcy Code, the transfer of any Property under the Plan or the making or delivery of any instrument of transfer pursuant to, in implementation of, or as contemplated by, the Plan or the revesting, transfer or sale of any real or personal property of the Debtor pursuant to, in implementation of, or as contemplated by, the Plan shall not be taxed under any state or local law imposing a stamp tax, transfer tax or similar tax or fee.

10.18 Severability. If any term or provision of the Plan is held by the Bankruptcy Court prior to or at the time of Confirmation to be invalid, void or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as so altered or interpreted. In the event of any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan may, at the Plan Proponents' option remain in full force and effect and not be deemed affected. However, the Plan Proponents reserve the right not to proceed to Confirmation or consummation of the Plan if any such ruling occurs. The Confirmation Order shall constitute a judicial determination and shall

provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

10.19 **Headings**. The headings used in the Plan are inserted for convenience only and neither constitutes a portion of the Plan nor in any manner affect the provisions of the Plan.

Dated ~~August 25,~~ November 20, 2008

Respectfully submitted,

CFM INTERNATIONAL INC., Chair of the
Official Committee of Unsecured Creditors of
Sentinel Management Group, Inc.

By: _____
Philippe Jordan

The Official Committee of Unsecured
Creditors of Sentinel Management Group, Inc.

By: _____
One of its Attorneys

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New York, New York 10010
(212) 849-7000

Dated: November 20, 2008

Frederick J. Grede, Chapter 11 Trustee for Sentinel Management Group, Inc.

Frederick J. Grede

Frederick J. Grede, Chapter 11 Trustee for Sentinel Management Group, Inc.

By: _____
One of his Attorneys

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