

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----	X	
In re:	:	Chapter 11
	:	
BAYOU GROUP, LLC, <u>et al.</u> ,	:	Case No.: 06-22306 (RDD)
	:	
Debtors.	:	Jointly Administered
-----	X	

**FINDINGS OF FACT, CONCLUSIONS OF LAW
AND ORDER CONFIRMING THE DEBTORS’ SECOND AMENDED
JOINT PLAN UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

WHEREAS, Bayou Group, LLC (“**Bayou Group**”); Bayou Management, LLC (“**Bayou Management**”); Bayou Advisors, LLC (“**Bayou Advisors**”); Bayou Equities, LLC (“**Bayou Equities**” and, together with Bayou Group, Bayou Management, and Bayou Advisors, the “**Bayou Non-Fund Debtors**”); Bayou Superfund, LLC (“**Bayou Superfund**”); Bayou No Leverage Fund, LLC (“**Bayou No Leverage**”); Bayou Affiliates, LLC (“**Bayou Affiliates**”); Bayou Accredited Fund, LLC (“**Bayou Accredited**”); Bayou Fund, LLC (“**Bayou Fund**” and, together with Bayou Superfund, Bayou No Leverage, Bayou Affiliates, and Bayou Accredited, the “**Bayou Hedge Funds**” and, together with the Bayou Non-Fund Debtors, the “**Debtors**”) filed the Debtors’ Revised Third Amended Disclosure Statement with Respect to Second Amended Joint Chapter 11 Plan of Bayou Group LLC, Bayou Management, LLC, Bayou Superfund, LLC, Bayou No Leverage Fund, LLC, Bayou Affiliates Fund, LLC, Bayou Accredited Fund, LLC, Bayou Fund, LLC, Bayou Advisors, LLC, and Bayou Equities, LLC (the “**Disclosure Statement**”), dated November 3, 2009 [Docket No. 1117] , and the Second Amended Joint Plan under Chapter 11 of the Bankruptcy Code, dated November 3, 2009 [Docket

No. 1118],¹ as amended by certain immaterial corrections and incorporated into a version dated December 16, 2009 [Docket No. 1137] and attached hereto as Exhibit A (the “**Plan**”); and

WHEREAS, following the hearing to approve the Disclosure Statement held on October 29, 2009 (the “**Disclosure Statement Hearing**”), the Court entered an Order Approving (i) Disclosure Statement, (ii) Form and Manner of Notices, (iii) Form of Ballots and (iv) Solicitation Materials and Solicitation Procedures (the “**Approval Order**”) [Docket No. 1119]; and

WHEREAS, the Debtors caused the Disclosure Statement and the appropriate form of Ballot (the Disclosure Statement, the Plan, and the Ballot, collectively, the “**Solicitation Materials**”) to be distributed to the Holders of the following Claims to solicit votes to accept or reject the Plan: (i) with respect to the Bayou Hedge Funds, Class 2 and Class 3, and (ii) with respect to the Bayou Non-Fund Debtors, Class 2 and Class 3 (collectively, the “**Holders of Impaired Claims**”) and distributed to Class 4 of the Bayou Hedge Funds and Class 4 of the Bayou Non-Fund Debtors Notices of Non-Voting Status; and

WHEREAS, the Court established December 21, 2009, at 10:00 a.m. (Eastern Time) as the date and time of the hearing pursuant to section 1129 of the Bankruptcy Code to consider Confirmation of the Plan (the “**Confirmation Hearing**”); and

WHEREAS, affidavits of service have been executed by and filed with the Court (the “**Affidavits of Service**”), with respect to the mailing of notices of the Confirmation Hearing and the Solicitation Materials in respect of the Plan in accordance with the Approval Order; and

¹ Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Plan. Any term used in the Plan or this Confirmation Order that is not defined in the Plan or this Confirmation Order (defined below), but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules.

WHEREAS, the Debtors filed with the Court the Notice of Filing of Schedule IC-1 to Debtors' Plan [Docket No. 1120] on November 13, 2009, and the Plan Supplement, dated December 4, 2009 [Docket No. 1127]; and

WHEREAS, Freestone Low Volatility Partners, LP filed its Motion Pursuant to Rule 3018(a) Requesting Temporary Allowance of Claim for Purposes of Objecting to and Voting On the Second Amended Joint Chapter 11 Plan [Docket No. 1131] (the "**3018 Motion**"); and

WHEREAS, objections to Confirmation of the Plan were filed and served by (i) Freestone Low Volatility Partners, L.P. [Docket No. 1132] (the "**Freestone Objection**") and (ii) Altegris Investments, Inc. [Docket No. 1134] (the "**Altegris Objection**" and, with the Freestone Objection, the "**Objections**"); and

WHEREAS, the Debtors filed with the Court the Notice of Filing of Non-Material Amendments to Debtors' Second Amended Joint Plan Under Chapter 11 of the Bankruptcy Code on December 16, 2009 [Docket No. 1137]; and

WHEREAS, the Debtors filed the Declaration of Jeffrey S. Stein of The Garden City Group, Inc. Certifying the Methodology for the Tabulation of Votes On and Results of Voting With Respect to the Plan (the "**Voting Certification**") on December 16, 2009 [Docket No. 1138]; and

WHEREAS, the Debtors filed, the Declaration of Jeff J. Marwil in Support of Confirmation of the Second Amended Joint Chapter 11 Plan (the "**Confirmation Declaration**") on December 17, 2009 [Docket No. 1141]; and

WHEREAS, the Debtors filed the Memorandum of Law in Support of Confirmation of the Debtors' Second Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the "**Memorandum**") on December 17, 2009 [Docket No. 1142], the Creditors Committee filed an objection to the Freestone Objection and the 3018 Motion, and the Debtors filed an objection to the 3018 Motion; and

WHEREAS, the Confirmation Hearing was held on December 21, 2009, commencing at 10:00 a.m. (Eastern Time); and

WHEREAS, based upon the legal authority set forth in the Memorandum and other responses and the record of the Confirmation Hearing, including the Court's bench rulings, (i) the Altegris Objection has been resolved as set forth in decretal paragraph 4 below, (ii) Freestone Low Volatility Partners, LP is denied standing to object to the Plan and (iii) the Freestone Objection is overruled on the merits pursuant to this order (the "**Confirmation Order**").

NOW, THEREFORE, the Court having reviewed the Plan, the Disclosure Statement, the Approval Order, the Voting Certifications, the Affidavits of Service, the Objections, the Memorandum and the other papers before the Court in connection with the confirmation of the Plan; the Court having heard the statements of counsel in support of Confirmation at the Confirmation Hearing, as reflected in the record at the Confirmation Hearing; and the Court having considered all testimony presented and evidence admitted at the Confirmation Hearing and the representations by the parties on the record with respect to certain settlements, clarifications and non-material modifications of the Plan; the Court having taken judicial notice of the papers and pleadings on file in these Chapter 11 Cases; and the Court

finding that (i) notice of the Confirmation Hearing and the opportunity of any party in interest to object to Confirmation were adequate and appropriate, in accordance with Bankruptcy Rule 2002(b) and the Approval Order, as to all parties affected by the Plan and the transactions contemplated thereby, and (ii) the legal and factual bases set forth at the Confirmation Hearing and as set forth in this Confirmation Order establish just cause for the relief granted herein, the Court hereby makes the following findings of fact and conclusions of law and issues this confirmation order.

FINDINGS OF FACT AND CONCLUSIONS OF LAW²

IT IS HEREBY FOUND AND DETERMINED:

A. Jurisdiction; Venue; Core Proceeding (28 U.S.C. §§ 157(b)(2) and 1334(a)). This Court has jurisdiction over the Chapter 11 Cases pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. Confirmation of the Plan is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(L), and this Court has jurisdiction to determine whether the Plan complies with the applicable provisions of the Bankruptcy Code and should be confirmed.

B. Transmittal and Mailing of Materials; Notice. The Solicitation Materials were transmitted and served upon all interested parties in compliance with the Approval Order and in compliance with the Bankruptcy Rules, and such transmittal and service was adequate and sufficient. Notice of the Confirmation Hearing and all deadlines in the Approval Order was given in compliance with the Bankruptcy Rules and the Approval Order and was good and

² This confirmation order constitutes the Court's findings of fact and conclusions of law under Fed. R. Civ. P. 52, as made applicable by Fed. R. Bankr. P. 9014 and 7052. Notwithstanding any designation to the contrary, findings of fact will constitute findings of fact even if stated as conclusions of law, and vice versa.

sufficient notice in accordance with Bankruptcy Rules 2002(b) and 3020(b)(2), and no other or further notice is required. Votes for acceptance or rejection of the Plan were solicited in good faith, after transmittal of a disclosure statement containing adequate information, and otherwise in compliance with Bankruptcy Code sections 1125 and 1126 and Bankruptcy Rules 3017 and 3018.

C. Plan Modification. On December 4, 2009, the Debtors filed the Plan Supplement, which was served on December 5, 2009, on the master service list. The Plan Supplement does not materially or adversely affect or change the treatment of any Holders of Claims or Interests. Accordingly, pursuant to Bankruptcy Rule 3019, the Plan Supplement does not require additional disclosure under section 1125 of the Bankruptcy Code or re-solicitation of acceptances or rejections under section 1126 of the Bankruptcy Code, nor does the Plan Supplement require that Holders of Claims or Interests be afforded an opportunity to change previously cast acceptances or rejections of the Plan. Disclosure of the Plan Supplement in the filing and service on December 5, 2009, and on the record at the Confirmation Hearing constitutes due and sufficient notice thereof under the circumstances of the Chapter 11 Cases.

D. Judicial Notice. The Court takes judicial notice of the docket of the Chapter 11 Cases (including the docket in each adversary proceeding in the jointly administered Chapter 11 Cases) maintained by the Clerk of the Court, including, without limitation, all pleadings and other documents filed, all orders entered, and evidence and argument made, proffered, or adduced at, the hearings held before the Court during the pendency of the Chapter 11 Cases.

E. Burden of Proof. As described herein, the Debtors have met their burden of proving the elements of sections 1129(a) and (b) of the Bankruptcy Code by a preponderance of the evidence.

F. Substantive Consolidation. The substantive consolidation of the Estates of the Bayou Hedge Funds and the Bayou Non-Fund Debtors is just and proper under the Second Circuit Augie/Restivo test. See Union Sav. Bank v. Augie/Restivo Baking Co. (In re Augie/Restivo Baking Co.), 860 F.2d 515 (2d Cir. 1988).

(i) *Substantive Consolidation of the Bayou Hedge Funds*. The Bayou Hedge Funds are interrelated entities that were jointly operated by common principals in furtherance of a fraudulent scheme that pervaded each of the Bayou Hedge Funds. While investors in the Bayou Hedge Funds may have thought the Funds were separate entities, their claims against the Funds derive from the subsequently discovered reality of the common, pervasive fraudulent scheme. The Bayou Hedge Funds operated as a single integrated economic unit to support that scheme, with their cash being commingled to conceal and further the fraud. See Bayou Accredited Fund, LLC v. Redwood Growth Partners, L.P. (In re Bayou Group, LLC), 396 B.R. 810, 828-31 (Bankr. S.D.N.Y. 2008) (hereinafter, “**Bayou SJ**”) (noting the failure “to invest investors’ funds as promised,” and that the fraud was designed to induce new investments and lull existing investors into retaining their investments and, further, that, “as a consequence of the pervasive fraud described in the guilty pleas and allocutions of the Bayou principals, all investors in the Bayou funds have or had tort claims for rescission of the entire amount actually invested in the funds, although not including fictitious profits reported in the fraudulent financial statements”). Based on the forensic accounting analysis submitted by the Debtors in connection

with the Adversary Proceedings and the testimony of the Debtors' accounting expert, William J. Lenhart, it is clear that cash invested in the Bayou Hedge Funds was commingled, transferred, and used without regard to the specific Fund in which investors had invested, including, for example, in the Postbank transaction, which resulted in the commingling and fraudulent transfer of substantially all of the assets of the Bayou Hedge Funds with the exception of litigation claims. New investments were used, moreover, to pay redemptions to old investors, regardless of the entity in which either investor invested, in furtherance of the fraud. The commingling of assets enabled the Bayou Hedge Funds to prolong the fraudulent scheme and further injure the investors. The pervasiveness of the fraudulent scheme is recognized by the United States' allocation of the investor/victim fund, derived from the partial recovery of the Postbank transaction, on a pro rata basis among investor/victims of the Bayou Hedge Funds. It is also potentially impossible and clearly cost-prohibitive to require the Debtors to untangle the financial affairs of any one of the Bayou Hedge Funds from the others. See generally Bayou SJ, 396 B.R. at 834. Because the Class 3 Claims derive from the common fraud conducted all of the Bayou Hedge Funds, the benefits of such an exercise, moreover, would be dramatically outweighed by its cost. Further, given that the postpetition investigation, discovery and litigation of preference and fraudulent transfer claims was conducted largely on a consolidated basis, it is potentially impossible and clearly cost-prohibitive (compared to any harm to any Class 3 creditor that might be ameliorated by such an approach) to allocate the Administrative Expense Claims other than on the substantive consolidation basis proposed by the Plan. Finally, the unanimous vote of Class 3 creditors, comprising investors in each of the Bayou Hedge Funds, in favor of the Plan strongly supports the fairness of the Plan's proposed substantive consolidation. See In re

Standard Brands Paint Co., 154 B.R. 563, 573 (Bankr. C.D. Cal. 1993). See generally Sampsell v. Imperial Paper & Color Corp., 313 U.S. 215 (1941); In re Bonham, 229 F.3d 750 (9th Cir. 2000) (applying Augie/Resitivo test to affirm substantive consolidation of Ponzi scheme debtors).

(ii) Substantive Consolidation of the Bayou Non-Fund Debtors. There is no harm in consolidating Bayou Advisors, Bayou Group and Bayou Equities with Bayou Management because the Debtors are not aware of any assets belonging to Bayou Advisors, Bayou Group or Bayou Equities. There has been no objection to such substantive consolidation, and the Plan was unanimously accepted by the voting holders of Class 3 Claims who would be affected by such substantive consolidation.

(iii) No Complete Substantive Consolidation. Bayou Management was wholly owned by Samuel Israel, and thus investors did not invest with Bayou Management. See Bayou SJ, 396 B.R. at 821. As the management company for the Bayou Hedge Funds, Bayou Management is subject to distinct claims that should not dilute the distributions to be made to the investors in the Bayou Hedge Funds. As evidenced by the Disclosure Statement, the claims asserted against the consolidated Bayou Management estate exceed the claims asserted against the Bayou Hedge Funds by approximately \$40 million. The consolidation of Bayou Management with the Bayou Hedge Funds would, therefore, significantly prejudice the Bayou Hedge Funds' creditors. On the other hand, no creditor of Bayou Management has objected to the Plan on the basis that the Plan does not consolidate Bayou Management and the other Bayou Non-Fund Debtors with the Bayou Hedge Funds, and the Plan has been unanimously accepted by the holders of Class 2 and Class 3 Claims against the Bayou Non-Fund Debtors who voted on the

Plan, which strongly supports the Plan's proposed form of substantive consolidation. See In re Standard Brands Paint Co., 154 B.R. at 573.

G. Impaired Classes Voting to Accept the Plan. As evidenced by the Voting Certification, which certified both the method and results of the voting, each of Class 2 of the Bayou Non-Fund Debtors, Class 3 of the Bayou Hedge Funds and Class 3 of the Bayou Non-Fund Debtors is impaired and has voted to accept the Plan pursuant to the requirements of sections 1124 and 1126 of the Bankruptcy Code. Thus, at least one impaired class of Claims has voted to accept the Plan in respect of each consolidated Debtor group.

H. Classes Deemed to Accept the Plan. Class 1 of each of the Bayou Hedge Funds and Bayou Non-Fund Debtors is not impaired under the Plan and is deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

I. Classes Voting or Deemed to Reject the Plan. Pursuant to section 1126(g) of the Bankruptcy Code, holders of Class 4 Equity Interests in each of the Bayou Hedge Funds and Bayou Non-Fund Debtors are deemed to have rejected the Plan, because such holders are not entitled to receive or retain any Distribution or property under the Plan on account of such Interests. No holder of Class 2 Claims against the Bayou Hedge Funds has voted to accept or to reject the Plan; for purposes of this Order only, and with no precedential effect, the Court treats this "empty" class as having rejected the Plan (Bayou Hedge Funds Class 2 together with Bayou Hedge Funds Class 4 and Bayou Non-Fund Debtors Class 4, the "**Rejecting Classes**").

J. Plan Compliance with Bankruptcy Code (11 U.S.C. § 1129(a)(1)). For the reasons stated below, the Plan complies with the applicable provisions of the Bankruptcy Code, thereby satisfying section 1129(a)(1) of the Bankruptcy Code.

(i) Proper Classification (11 U.S.C. §§ 1122, 1123(a)(1)). In addition to Administrative Expense Claims and Priority Tax Claims, which need not be classified, the Plan designates separate Classes of Claims and Interests for each of the two substantively consolidated Debtors. Subject to and in the light of paragraph 4 of this Order, the Claims and Interests placed in each Class are substantially similar to other Claims and Interests, as the case may be, in each such Class. As stated above, substantive consolidation of the Bayou Hedge Funds is appropriate under section 1123(a)(5)(C) of the Bankruptcy Code because the Bayou Hedge Funds were operated as a single, unified fraudulent scheme and all creditors will benefit from such substantive consolidation. Substantive consolidation of the Bayou Non-Fund Debtors is likewise appropriate for the efficient administration of the Debtors' estates. However, the substantive consolidation of the Bayou Non-Fund Debtors and the Bayou Hedge Funds together would unduly prejudice the Investor Creditors and accordingly is not justified. Valid business, factual, and legal reasons exist for separately classifying the various Classes of Claims and Interests created under the Plan, and such Classes do not unfairly discriminate between Holders of Claims and Interests. Thus, the Plan satisfies sections 1122 and 1123(a)(1) of the Bankruptcy Code.

(ii) Specification of Unimpaired Classes (11 U.S.C. § 1123(a)(2)). Articles III and IV of the Plan specify that Class 1 of each of the Bayou Hedge Funds and Bayou Non-Fund Debtors are unimpaired, thereby satisfying section 1123(a)(2) of the Bankruptcy Code.

(iii) Specification of Treatment of Impaired Classes (11 U.S.C. § 1123(a)(3)). Articles III and IV of the Plan designate the following classes as impaired under the

Plan — Classes 2, 3 and 4 of each of the Bayou Hedge Funds and Bayou Non-Fund Debtors — and specify the treatment of Claims and Interests in those Classes, thereby satisfying section 1123(a)(3) of the Bankruptcy Code.

(iv) No Discrimination (11 U.S.C. § 1123(a)(4)). The Plan provides for the same treatment by the Debtors for each Claim or Interest in each respective Class unless the holder of a particular Claim or Interest has agreed to a less favorable treatment of such Claim or Interest, thereby satisfying section 1123(a)(4) of the Bankruptcy Code.

(v) Implementation of Plan (11 U.S.C. § 1123(a)(5)). Article VI of the Plan, entitled “Means for Implementation and Execution of the Plan,” sets forth numerous provisions to facilitate implementation of the Plan, including, but not limited to, (i) the substantive consolidation of the Bayou Hedge Funds and the Bayou Non-Fund Debtors, (ii) the creation and governance of the Litigation Trusts and appointment of the Litigation Trustee, (iii) the distribution of Litigation Trust Assets to creditors, (iv) the cancellation of existing securities and agreements, (v) the post-confirmation dissolution of the Bayou Hedge Funds and Bayou Non-Fund Debtors, and (vi) the establishment of the Post-Effective Date Committee for the purpose, among others, of litigating the Committee-Controlled Causes of Action. The Plan provides adequate and proper means for its implementation, thereby satisfying section 1123(a)(5) of the Bankruptcy Code.

(vi) Non-Voting Equity Securities (11 U.S.C. § 1123(a)(6)). Section 6.4 of the Plan provides that, on the Effective Date, any and all agreements or other documents evidencing the Claims or rights of any holder of a Claim against the Debtors (including all Investor Creditors), any Equity Interest, and any options or warrants to purchase Equity Interests,

or obligating the Debtors to issue, transfer, or sell Equity Interests or any other capital stock of the Debtors, shall be canceled. The remaining assets of the Debtors will be held by the Litigation Trusts. Thus, the requirements of section 1123(a)(6) of the Bankruptcy Code are inapplicable.

(vii) Selection of Officers, Directors and the Trustee (11 U.S.C. § 1123(a)(7)). Pursuant to Section 6.2(d) of the Plan, the Sole Managing Member, Jeff J. Marwil, not individually, but solely as a fiduciary for the respective Litigation Trusts, shall be the Litigation Trustee for each of the Litigation Trusts. The selection of the Sole Managing Member as Litigation Trustee satisfies section 1123(a)(7) of the Bankruptcy Code because the District Court appointed the Sole Managing Member both as a “federal equity receiver” and “the sole and exclusive managing member” of each of the Debtors. In his capacity as Sole Managing Member, Mr. Marwil has acted in a fiduciary capacity throughout these cases, and has led efforts to maximize value to the Estates. Accordingly, he is the most appropriate party to supervise the Litigation Trusts and wind down the Debtors in accordance with the terms and conditions set forth in the Plan. Thus, the Plan is consistent with the interests of creditors and equity security holders and with public policy, thereby satisfying section 1123(a)(7) of the Bankruptcy Code.

(viii) Additional Plan Provisions (11 U.S.C. § 1123(b)). The Plan’s permissive provisions are appropriate, authorized by section 1123(b) of the Bankruptcy Code, and not inconsistent with the applicable provisions of the Bankruptcy Code.

K. Compliance with Bankruptcy Rule 3016. The Plan is dated and identifies the entities submitting it, thereby satisfying Bankruptcy Rule 3016(a). The filing of the Disclosure Statement with the Court satisfies Bankruptcy Rule 3016(b). The Plan describes in

specific and conspicuous language all acts to be enjoined under the Plan and identifies all entities that are subject to the injunctions set forth in Article X of the Plan in accordance with Bankruptcy Rule 3016(c).

L. Compliance with Bankruptcy Rule 3018. The solicitation of votes to accept or reject the Plan satisfies Bankruptcy Rule 3018. The Solicitation Materials, including the Plan, were transmitted to all creditors entitled to vote on the Plan (i.e., holders of Impaired Claims, other than those in Classes deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code, who received the Notice of Non-Voting Status), sufficient time was prescribed for such Creditors to accept or reject the Plan, and the Solicitation Materials and related solicitation procedures comply with section 1126 of the Bankruptcy Code, thereby satisfying the requirements of Bankruptcy Rule 3018.

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

(i) Each of the Debtors is a proper debtor under section 109 of the Bankruptcy Code.

(ii) The Debtors have complied with applicable provisions of the Bankruptcy Code, except as otherwise provided or permitted by orders of the Court.

(iii) The Debtors have complied with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Approval Order in transmitting the Plan, the Disclosure Statement, the Ballots and related documents and notices and in soliciting and tabulating votes on the Plan.

N. Plan Proposed in Good Faith (11 U.S.C. § 1129(a)(3)). The Debtors have proposed the Plan in good faith and not by any means forbidden by law, thereby satisfying section 1129(a)(3) of the Bankruptcy Code. In determining that the Plan has been proposed in good faith, this Court has examined the totality of the circumstances surrounding the formulation of the Plan. The Plan provides for the liquidation and distribution of the Debtors' assets and the wind-down of the Debtors' affairs and has been unanimously accepted by creditors voting on the Plan and is supported by the Creditors Committee.

O. Payments for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4)). Any payment made or to be made by the Debtors or by a person issuing securities or acquiring property under the Plan, for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Court as reasonable, thereby satisfying section 1129(a)(4) of the Bankruptcy Code.

P. Directors, Officers and Insiders (11 U.S.C. § 1129(a)(5)). The manner of selection of the Litigation Trustee, who will be the sole officer and director or manager of the Litigation Trusts, is appropriate. This manner of selection satisfies section 1129(a)(5) of the Bankruptcy Code because Jeff J. Marwil, the Litigation Trustee, was appointed by order of the District Court as Sole Managing Member of the Debtors and has managed the Debtors' affairs throughout these cases. The Post-Effective Date Committee, which will have, inter alia, all rights and powers of a committee appointed under section 1103 of the Bankruptcy Code and the power and authority to prosecute and resolve the Committee-Controlled Causes of Action, comprises those current members of the Creditors Committee so willing to serve. The Post-

Effective Date Committee shall execute the Litigation Trust Agreements on or prior to the Effective Date and will oversee the Litigation Trustees' management of the Litigation Trusts. The appointment to, or continuance in, such offices of all such persons is consistent with the interests of holders of Claims against the Debtors and with public policy.

Q. No Rate Changes (11 U.S.C. § 1129(a)(6)). There are no rate changes provided for or contemplated in the Plan, and there is no governmental regulatory commission with jurisdiction, after confirmation of the Plan, over any rates of the Debtors. Thus, section 1129(a)(6) of the Bankruptcy Code is not applicable in these Chapter 11 Cases.

R. Best Interests Test (11 U.S.C. § 1129(a)(7)). The Plan is a liquidating plan, providing for distribution in accordance with the priority scheme established in the Bankruptcy Code. Therefore, each holder of an impaired claim or interest either has accepted the Plan or will receive on account of its claim or interest value that is not less than would have been received if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code.

S. Acceptance or Rejection by Certain Classes (11 U.S.C. § 1129(a)(8)). Class 1 of each of the Bayou Hedge Funds and Bayou Non-Fund Debtors is Unimpaired by the Plan and, thus, is conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. Class 3 of each of the Bayou Hedge Funds and Bayou Non-Fund Debtors has voted to accept the Plan in accordance with sections 1126(c) and (d) of the Bankruptcy Code. As set forth above, Class 4 of each of the Bayou Hedge Funds and Bayou Non-Fund Debtors was deemed to reject the Plan and, therefore, the Debtors were not required to solicit votes to accept or reject the Plan from holders of Claims or Interests in such Classes. Class 2 is an Impaired Class but has not voted either to accept or to reject the Plan. Although section 1129(a)(8) has not

been satisfied with respect to the Rejecting Classes, the Plan is confirmable because the Plan satisfies section 1129(b) of the Bankruptcy Code with respect to such Classes. The Voting Certification sets forth the percentages of Holders of Claims in Classes entitled to vote that voted to accept the Plan.

T. Treatment of Administrative, Priority and Tax Claims (11 U.S.C. § 1129(a)(9)). The treatment of Administrative Expense Claims, Priority Tax Claims and Non-Tax Priority Claims pursuant to Sections 2.1, 2.2, and 2.3 of the Plan satisfies the requirements of sections 1129(a)(9)(A), (B), and (C) of the Bankruptcy Code.

U. Acceptance By Impaired Class (11 U.S.C. § 1129(a)(10)). Class 3 of each of the Bayou Hedge Funds and Bayou Non-Fund Debtors is an Impaired Class of Claims that has voted to accept the Plan with respect to all of the Debtors, and, to the Debtors' knowledge, does not contain insiders whose votes have been counted. Therefore, the requirement of section 1129(a)(10) of the Bankruptcy Code that at least one Class of Claims against or Interests in the Debtors that is impaired under the Plan has accepted the Plan, determined without including any acceptance of the Plan by any insider, has been satisfied.

V. Feasibility (11 U.S.C. § 1129(a)(11)). The Plan provides for the liquidation of the Debtors' remaining assets and a distribution of Cash to creditors in accordance with the priority scheme of the Bankruptcy Code and the terms of the Plan. The Plan also provides for the payment in full of all Allowed Administrative Expense Claims. Therefore, the Plan is feasible and meets the requirements of section 1129(a)(11) of the Bankruptcy Code.

W. Payment of Fees (11 U.S.C. § 1129(a)(12)). All fees and other amounts payable under section 1930 of title 28, United States Code, as determined by this Court, have

been paid or will be paid on the Effective Date pursuant to Section 12.8 of the Plan, thus satisfying the requirements of section 1129(a)(12) of the Bankruptcy Code.

X. Continuation of Retiree Benefits (11 U.S.C. § 1129(a)(13)). As the Debtors are not aware of any obligation of the Debtors to provide retiree benefits to former employees of the Debtors, the requirements of section 1129(a)(13) of the Bankruptcy Code are satisfied.

Y. Transfer of Property (11 U.S.C. § 1129(a)(16)). Because no transfer of property under the Plan is being made by a corporation or trust that is not a moneyed, business, or commercial corporation or trust, section 1129(a)(16) of the Bankruptcy Code is inapplicable.

Z. No Unfair Discrimination; Fair and Equitable (11 U.S.C. § 1129(b)). Holders of Claims and Interests in the Rejecting Classes are Impaired and deemed to have rejected the Plan. Section 1129(b)(2)(B(ii)) is satisfied with respect of Classes 2 and 4 because as to either Classes no junior Class is receiving distributions prior to the payment in full of these Classes.

AA. Binding on Rejecting Classes. Accordingly, the Plan may be confirmed notwithstanding the Debtors' failure to satisfy section 1129(a)(8) of the Bankruptcy Code. Upon Confirmation and the occurrence of the Effective Date, the Plan shall be binding upon the members of the Rejecting Classes.

BB. Principal Purpose (11 U.S.C. § 1129(d)). The principal purpose of the Plan is neither the avoidance of taxes nor the avoidance of section 5 of the Securities Act of 1933, and no governmental unit has objected to the Confirmation of the Plan on any such

grounds. The Plan, therefore, satisfies the requirements of section 1129(d) of the Bankruptcy Code.

CC. Good Faith Solicitation (11 U.S.C. § 1125(e)). The Debtors have solicited votes for the Plan in good faith and in compliance with the provisions of the Bankruptcy Code. Based on the record before the Court in these Chapter 11 Cases, the Debtors and each of their respective directors, officers, employees, shareholders, members, agents, advisors, accountants, investment bankers, consultants, attorneys, and other representatives have acted in good faith within the meaning of section 1125(e) of the Bankruptcy Code in compliance with the applicable provisions of the Bankruptcy Code and Bankruptcy Rules in connection with all of their respective activities relating to the solicitation of acceptances of the Plan and their participation in the activities described in section 1125 of the Bankruptcy Code and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and the exculpation and injunctive provisions set forth in Article X of the Plan.

DD. Satisfaction of Confirmation Requirements. The Plan satisfies the requirements for confirmation set forth in section 1129 of the Bankruptcy Code and the conditions to confirmation set forth in Article IX of the Plan.

EE. Retention of Jurisdiction. Subject to the provisions of this Order, the Court may properly retain jurisdiction over the matters set forth in Article XI of the Plan and/or section 1142 of the Bankruptcy Code.

FF. Releases and Exculpation. Each of the release, indemnification, and exculpation provisions set forth in Section 12.5 of the Plan (i) falls within the jurisdiction of this

Court under 28 U.S.C. §§ 1334(a), (b) and (d), and (ii) is fair, reasonable, and appropriate under the circumstances of this case.

DECREEES

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. Confirmation. The Plan, a copy of which is attached hereto as Exhibit A, is approved and confirmed under section 1129 of the Bankruptcy Code. The terms of the Plan are incorporated by reference into and are an integral part of this Confirmation Order.

2. Objections. For the reasons set forth on the record of the Confirmation Hearing, (i) the Altegris Objection has been resolved as set forth in decretal paragraph 4 below, (ii) Freestone Low Volatility Partners, LP does not have standing to object to the Plan and (iii) the Freestone Objection is overruled on the merits pursuant to this Order.

3. 3018 Motion. The 3018 Motion is denied as moot, as Freestone's vote, even assuming its Claim were to be Allowed for voting purposes notwithstanding section 502(d) of the Bankruptcy Code, would have no effect on the acceptance or rejection of the Plan by any voting Class.

4. Reserve for Claims of Altegris Investments Inc. The Debtors shall reserve an amount equal to \$531,612.49 on account of the Class 3 Claims of Altegris Investments, Inc. Notwithstanding anything in the Plan to the contrary, all or any portion of Altegris Investment Inc.'s Claims may eventually be reclassified as Class 2 Claims by order of the Court or agreement among the parties. Given the disclosure of this possibility in the Disclosure Statement, the foregoing resolution of the Altegris Objection is not a material modification of the Plan.

5. Provisions of Plan and Order Non-Severable and Mutually Dependent.

The provisions of the Plan and this Confirmation Order, including the findings of fact and conclusions of law set forth herein, are non-severable and mutually dependent.

6. Plan Classification Controlling. Except as specifically provided in

paragraph 4 hereof, the classifications of Claims and Interests for purposes of the Distributions to be made under the Plan shall be governed solely by the terms of the Plan.

7. Substantive Consolidation. The Debtors' motion for substantive

consolidation of the Bayou Hedge Funds into Bayou Superfund and its Estate and the substantive consolidation of the Bayou Non-Fund Debtors into Bayou Management and its Estate, contained in Section 6.1(c) of the Plan, is hereby granted and such substantive consolidation is approved.

8. Binding Effect. The Plan, and all compromises and settlements

contemplated thereby or incorporated by reference therein, shall be binding upon and inure to the benefit of the Debtors, all present and former Holders of Claims and Interests, and their respective successors and assigns, including, but not limited to, the Litigation Trustee. Pursuant to sections 1123(a) and 1142(a) of the Bankruptcy Code and the provisions of this Confirmation Order, the Plan, and all Plan-related documents shall apply and be enforceable notwithstanding any otherwise applicable non-bankruptcy law.

9. No Revesting of Assets (11 U.S.C. § 1141(b) and (c)). All property and

assets of the respective Debtors and their Estates shall be transferred to and vest in the respective Litigation Trusts in accordance with the Plan and shall not revest in the Debtors on or following the Confirmation Date or Effective Date. From and after the Effective Date, all such property

shall be distributed in accordance with the provisions of the Plan and this Confirmation Order without further order of the Court (except as specifically required).

10. Litigation Trusts and Dissolution of Debtors. On or prior to the Effective Date, the respective Litigation Trust Agreements shall be executed, and all other necessary steps shall be taken to establish the Litigation Trusts without any requirement of further action by the Sole Managing Member or any other governing body of the Debtors. The Litigation Trusts shall be established for the sole purpose of liquidating and distributing their respective assets with no objective to continue or engage in the conduct of a trade or business. Within thirty (30) days after the completion of any and all acts required by the Plan, or as soon thereafter as practicable, Bayou Superfund (into which the Bayou Hedge Funds have been substantively consolidated) and Bayou Management (into which the Bayou Non-Fund Debtors have been substantively consolidated) shall be deemed dissolved for all purposes without the necessity for any other or further action to be taken, except for the filing of a certificate of cancellation or dissolution, in accordance with Section 6.5(f) of the Plan.

11. Executory Contracts and Unexpired Leases (11 U.S.C. § 1123(b)(2)) and Rejection Claims Bar Date. In accordance with Section 8.1 of the Plan, on the Effective Date all executory contracts and unexpired leases of the Debtors shall be deemed rejected in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, except those executory contracts and unexpired leases that (i) previously shall have been assumed, assumed and assigned, or rejected by the Debtors, (ii) previously shall have expired or terminated pursuant to their own terms before the Effective Date, or (iii) are the subject of a pending motion to assume or reject on the Confirmation Date. Entry of this Confirmation Order

shall constitute approval of such rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code. **Any Claims based upon the foregoing rejection of an executory contract or unexpired lease shall be filed, in a form substantially conforming with Official Form 10, on or before 30 days after notice of such rejection at the address listed on such notice or, if there is no independent notice of such rejection with the exception of the filing and mailing of this Order, Dechert LLP, 1095 Avenue of the Americas, New York, New York 10036, Attn: Shmuel Vasser, Esq.** or the claimant shall be forever barred from receiving a Distribution or otherwise being treated as a creditor in these Chapter 11 Cases in respect of such Claim.

12. Effectuating Documents and Further Transactions. Pursuant to the Plan, the Sole Managing Member or the Litigation Trustee, as the case may be, shall be authorized to execute, deliver, file, or record such documents, instruments, releases, and other agreements and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

13. Corporate Action. Prior to, on, or after the Effective Date (as appropriate), all matters expressly provided for under the Plan that would otherwise require approval of the stockholders, members, directors or managers of one or more of the Debtors shall be deemed to have occurred and shall be in effect prior to, on, or after the Effective Date (as appropriate) pursuant to the applicable law of the states in which the Debtors are incorporated or formed without any requirement of further action by the stockholders, members, directors or managers, as applicable, of the Debtors.

14. Plan Documents. There being no objections to any of the Plan Documents contemplated by the Plan, and any amendments, modifications and supplements thereto, and all

documents and agreements introduced therein or contemplated by the Plan (including all exhibits and attachments thereto and documents referred to therein), the execution, delivery and performance thereof by the Debtors are authorized and approved without need for further corporate action or further order or authorization of the Court. The Debtors and the Liquidating Trustee, as appropriate, are authorized and empowered to make any and all modifications to any Exhibits that may be agreed to by the parties thereto and are not inconsistent with the Plan.

15. Cancellation of Securities, Instruments, and Agreements Evidencing Claims and Interests. On the Effective Date and concurrently with the applicable Distributions made pursuant to Article V of the Plan, the share certificates (including treasury stock), promissory notes or other instruments evidencing any Claims or Interests, and all options, warrants, calls, rights, puts, awards, commitments, or any other agreements of any character to acquire such Interests, shall be deemed canceled and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order, or rule; and the obligations of the Debtors under the notes, share certificates, and other agreements and instruments governing such Claims and Interests shall be discharged. The Holders of or parties to such canceled notes, share certificates, and other agreements and instruments shall have no rights arising from or relating to such notes, share certificates, and other agreements and instruments, or the cancellation thereof, except the rights provided pursuant to the Plan.

16. Exemption from Certain Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, (a) the issuance, transfer, or exchange of notes or equity securities under the Plan; (b) the creation of any mortgage, deed of trust, lien, pledge, or other security interest; (c) the making or assignment of any lease or sublease; or (d) the making or delivery of any deed or

other instrument of transfer, or in connection with, the Plan, any merger agreements; agreements of consolidation, restructuring, disposition, liquidation or dissolution; deeds; bills of sale; and transfers of tangible property, shall not be subject to any stamp tax, recording tax, transfer tax, or other similar tax exempted under section 1146(a) of the Bankruptcy Code.

17. Termination of Injunctions and Automatic Stay. Pursuant to Section 10.4 of the Plan, all injunctions or stays provided for in the Chapter 11 Cases 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 all of the property of the Litigation Trusts shall have been fully administered and the Litigation Trustee discharged from his duties; *provided, however*, that any injunction that by its terms is permanent or otherwise is intended to survive the Effective Date and Distributions under the Plan (whether by law or pursuant to order of the Court), shall be continued without modification, notwithstanding anything to the contrary contained in the Plan.

18. Injunction. Except as otherwise expressly provided in the Plan, this Confirmation Order, or a separate order of this Court, the injunctions set forth in Section 10.4 of the Plan are approved.

19. Settlements, Compromises and Releases. Pursuant to section 1123(b)(3)(A) of the Bankruptcy Code and Bankruptcy Rule 9019(a), the releases, discharges, exculpations, and injunctions set forth in the Plan, including, but not limited to, the releases set forth in Section 10.2 of the Plan and implemented by this Confirmation Order shall be, and hereby are, approved as fair, equitable, reasonable and in the best interests of the Debtors and their estates, creditors and interest holders.

20. Litigation Trusts. On the Effective Date or as soon thereafter as is practicable, the applicable Litigation Trust Assets shall be transferred to the respective Litigation Trusts for the Bayou Hedge Funds and the Bayou Non-Fund Debtors. Upon transfer of the Litigation Trust Assets to the respective Litigation Trusts, except as otherwise provided in the Litigation Trust Agreements, the Debtors shall have no interest in or with respect to the Litigation Trust Assets or the Litigation Trusts; *provided, however*, that, notwithstanding such transfer to the Litigation Trusts, any claims belonging to any of the Debtors shall not be merged, but shall be deemed asserted on behalf of, each applicable Estate holding such claim immediately prior to contribution, and shall remain separate and distinct from other Estates in connection with the prosecution thereof. In accordance with Section 6.2 of the Plan, Jeff J. Marwil is hereby appointed the Litigation Trustee as a representative of each of the Estates. The Litigation Trust for the Bayou Hedge Funds shall be deemed the successor-in-interest to the Bayou Hedge Funds, and the Litigation Trust for the Bayou Non-Fund Debtors shall be deemed the successor-in-interest to the Bayou Non-Fund Debtors and their respective Estates.

21. Post-Effective Date Committee. As set forth more fully in the Plan, the Post-Effective Date Committee, which will have, inter alia, all rights and powers of a committee appointed under section 1103 of the Bankruptcy Code and the power and authority to prosecute and resolve the Committee-Controlled Causes of Action, and will be responsible for overseeing the Litigation Trustee's management of the Litigation Trusts, including, but not limited to, reviewing any proposed settlements and the fees and expenses of the Litigation Trusts, is comprised of those current members of the Creditors Committee willing to serve as such. The appointment of the Post-Effective Date Committee is hereby approved.

22. Non-Occurrence of Effective Date. If the Effective Date has not occurred within the time provided in Section 9.4 of the Plan, the Debtors may seek an order from the Court directing that this Confirmation Order be vacated and that the Plan be declared null and void in all respects.

23. Authorization to Consummate Plan. Notwithstanding Bankruptcy Rule 3020(e), the Confirmation Order shall take effect immediately upon its entry and the Debtors are authorized to consummate the Plan immediately after entry of this Confirmation Order in accordance with Section 9.2 of the Plan.

24. Administrative Expense Claims Bar Date. **Any requests for payment of Administrative Expense Claims must be filed with the Bankruptcy Court and served on counsel for the Debtors and the Creditors Committee, with a copy to chambers, so as to actually be received on or before 4:00 p.m. (prevailing Eastern Time) on January 25, 2010 (the “Administrative Expense Claims Bar Date”).** Any requests for payment of Administrative Expense Claims that are not properly filed and served by the Administrative Expense Claims Bar Date shall be disallowed automatically without the need for any objection from the Debtors or the Litigation Trustees or any order of the Court. Any requests for payment of an Administrative Expense Claim should include, at a minimum, (i) the name(s) of the Debtor(s) that are purported to be liable for the Administrative Expense Claim, (ii) the name of the holder of the Administrative Expense Claim, (iii) the amount of the Administrative Expense Claim, (iv) the legal basis of the Administrative Expense Claim and (v) supporting documentation for the Administrative Expense Claim. The Court will hold hearing on all timely-

filed requests for payment of Administrative Expense Claims on February 8, 2010, at 10:00 a.m. (prevailing Eastern time) or such later time as counsel may be heard.

25. Notice of Entry of Confirmation Order, Administrative Expense Claims Bar Date and the Effective Date. (a) Within five (5) Business Days after the entry of this Order, the Debtors shall serve a notice (the “**Confirmation and Administrative Expense Claims Bar Date Notice**”) in substantially the form attached hereto as Exhibit B (the form of which is hereby approved) pursuant to Bankruptcy Rules 2002(f)(7), 2002(k) and 3020(c) on all parties that received notice of the Confirmation Hearing; *provided, however*, that the Debtors shall be obligated to serve the Confirmation Notice only on the record holders of Claims or Interests as of the Confirmation Date. (b) Within five (5) Business Days after the Effective Date, the Debtors shall file with the Court a notice of occurrence of the Effective Date.

26. Retention of Jurisdiction. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding the entry of this Confirmation Order or the occurrence of the Effective Date, this Court, except as otherwise provided in the Plan or herein, shall retain exclusive jurisdiction over all matters arising out of or related to the Chapter 11 Cases and the Plan to the fullest extent permitted by law, including, but not limited to, the matters set forth in Article XI of the Plan.

27. References to Plan Provisions. The failure to specifically include or reference any particular provision of the Plan in this Confirmation Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Plan be confirmed in its entirety.

28. Confirmation Order Controlling. To the extent of any inconsistency between the provisions of the Plan and this Confirmation Order, the terms and conditions contained in the Confirmation Order shall govern.

29. Applicable Non-Bankruptcy Law. Pursuant to section 1123(a) and 1142(a) of the Bankruptcy Code, the provisions of this Confirmation Order, the Plan or any amendments or modifications thereto shall apply and be enforceable notwithstanding any otherwise applicable non-bankruptcy law.

Dated: White Plains, New York
December 23, 2009

/s/ Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

EXHIBIT B

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----	X	
In re:	:	Chapter 11
	:	
BAYOU GROUP, LLC, <u>et al.</u> ,	:	Case No.: 06-22306 (RDD)
	:	
Debtors.	:	Jointly Administered
-----	X	

**NOTICE OF (I) ENTRY OF ORDER CONFIRMING
DEBTORS’ SECOND AMENDED JOINT PLAN
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE
AND (II) ADMINISTRATIVE EXPENSE CLAIMS BAR DATE**

TO ALL CREDITORS, EQUITY HOLDERS AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE THAT:

I. Confirmation of Plan

On December __, 2009 (the “Confirmation Date”), the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) entered an order (the “Confirmation Order”) confirming the Debtors’ Second Amended Joint Plan Under Chapter 11 of the Bankruptcy Code (the “Plan”). Unless otherwise defined, capitalized terms used in this Notice shall have the meanings ascribed to them in the Plan.

Pursuant to section 1141(a) of title 11 of the United States Code, the provisions of the Plan (including the exhibits to, and all documents and agreement executed pursuant to, the Plan) and the Confirmation Order shall be binding on (i) the Debtors, (ii) the Litigation Trustee and the Litigation Trusts, (iii) all holders of Claims against and Equity Interests in any of the Debtors, whether or not impaired under the Plan and whether or not, if impaired, such holders accepted, rejected, or are deemed to have accepted or rejected the Plan, (iv) each person or entity acquiring property under the Plan, (v) all non-Debtor parties to executory contracts and unexpired leases with any of the Debtors, (vi) all entities that are parties to or are subject to the settlements, compromises, releases, discharges and injunctions described in the Plan or the Confirmation Order and (vii) each of the foregoing’s respective heirs, successors, assigns, trustees, executors, administrators, affiliates, officers, directors, agents, representatives, attorneys, beneficiaries or guardians, if any.

Except as otherwise expressly provided in the Plan, the Confirmation Order or a separate order of the Bankruptcy Court, all entities who have held, hold or may hold Claims against or Equity Interests in any or all of the Debtors, are permanently enjoined, on and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors on account of any such Claim or Equity Interest, (iii) creating, perfecting or enforcing any encumbrance of any kind against the Debtors or against the property or interest in property of the Debtors on account of any such

Claim or Equity Interest, (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or against the property or interests in property of the Debtors on account of any such Claim or Equity Interest and (v) commencing or continuing in any manner any action or other proceeding of any kind with respect to any claims and Causes of Action which are retained pursuant to the Plan.

Any party in interest wishing to obtain a copy of the Plan or the Confirmation Order may request such copies by contacting the Balloting Agent, The Garden City Group, Inc. P.O. Box 9000 #6510 Merrick, NY 11566-9000, Telephone: (631) 470-5000, or by downloading such copies from the Bankruptcy Court's website at <http://www.deb.uscourts.gov> or from the Balloting Agent's website at <http://www.bayoubankruptcy.com>.

II. Administrative Expense Claims Bar Date

Any requests for payment of Administrative Expense Claims must be filed with the Bankruptcy Court (300 Quarropas Street, White Plains, NY 10601-4140), and served on counsel for the Debtors (Dechert, LLP, 1095 Avenue of the Americas, New York, NY 10036, Attn.: Shmuel Vasser) and the Creditors Committee (Kasowitz, Benson, Torres & Friedman LLP, 1633 Broadway, New York, New York 10019, Attn.: Joseph A. Gershman and K & L Gates LLP, 1601 K Street NW, Washington, DC 20006-1600, Attn: Richard A. Kirby), with a copy to the Bankruptcy Judge's chambers, **so as to actually be received on or before 4:00 p.m. (prevailing Eastern Time) on January 25, 2010 (the "Administrative Expense Claims Bar Date")**. **Any requests for payment of Administrative Expense Claims that are not properly filed and served by the Administrative Expense Claims Bar Date shall be disallowed automatically without the need for any objection from the Debtors or the Litigation Trustees or any order of the Bankruptcy Court.** Any requests for payment of an Administrative Expense Claim should include, at a minimum, (i) the name(s) of the Debtor(s) that are purported to be liable for the Administrative Expense Claim, (ii) the name of the holder of the Administrative Expense Claim, (iii) the amount of the Administrative Expense Claim, (iv) the legal basis of the Administrative Expense Claim and (v) supporting documentation for the Administrative Expense Claim. **A hearing on all timely filed requests for payment of Administrative Expense Claims shall be held on February 8, 2010, at 10:00 a.m. (prevailing Eastern time), before the Honorable Robert D. Drain in the United States Bankruptcy Court for the Southern District of New York, White Plains Division, 300 Quarropas Street, White Plains, NY 10601-4140.**

Dated: December __, 2009
New York, New York

By Order of the Honorable Robert D. Drain
United States Bankruptcy Judge

DECHERT LLP

Shmuel Vasser
Gary J. Mennitt
Andrew L. Buck
1095 Avenue of the Americas
New York, New York 10036-6797
Telephone: (212) 698-3500
Facsimile: (212) 698-3599

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
In re: : Chapter 11
: :
BAYOU GROUP, LLC, et al., : Case No.: 06-22306 (RDD)
: :
Debtors. : Jointly Administered
: :
----- X

**SECOND AMENDED JOINT PLAN UNDER CHAPTER 11 OF
THE BANKRUPTCY CODE OF DEBTORS BAYOU GROUP, LLC,
BAYOU MANAGEMENT, LLC, BAYOU SUPERFUND, LLC, BAYOU NO LEVERAGE
FUND, LLC, BAYOU AFFILIATES FUND, LLC, BAYOU ACCREDITED FUND, LLC,
BAYOU FUND, LLC, BAYOU ADVISORS, LLC, AND BAYOU EQUITIES, LLC**

DECHERT LLP
Shmuel Vasser
Gary J. Mennitt
Jonathan D. Perry
1095 Avenue of the Americas
New York, New York 10036
Telephone: (212) 698-3500
Facsimile: (212) 698-3599

*Attorneys for the Debtors and
Debtors-in-Possession*

Dated: December 16, 2009

TABLE OF CONTENTS

	Page
ARTICLE I. DEFINITIONS AND INTERPRETATION.....	1
ARTICLE II. ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS	12
2.1. Administrative Expense Claims.....	12
2.2. Claims for Professional Fees	12
2.3. Priority Tax Claims.....	13
ARTICLE III. CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS	13
3.1. Class 1 – Priority Non-Tax Claims.....	14
3.2. Class 2 – Non-Investor General Unsecured Claims	14
3.3. Class 3 – Other Unsecured Claims	14
3.4. Class 4 – Equity Interests.....	14
ARTICLE IV. TREATMENT OF CLAIMS AND EQUITY INTERESTS	14
4.1. Treatment of Claims and Equity Interests Against the Bayou Hedge Funds	14
4.2. Treatment of Claims and Equity Interests Against Bayou Non-Fund Debtors.....	15
ARTICLE V. PROVISIONS GOVERNING DISTRIBUTIONS.....	16
5.1. Distribution Record Date	16
5.2. Method of Distributions Under the Plan.....	17
5.3. Delivery of Distributions and Undeliverable Distributions.....	17
5.4. Withholding and Reporting Requirements	18
5.5. Time Bar to Cash Payments.....	18
5.6. Minimum Distributions.....	18
5.7. Setoffs	19
5.8. Transactions on Business Days.....	19
5.9. Allocation of Plan Distribution Between Principal and Interest.....	19
5.10. Interest on Claims	19
ARTICLE VI. MEANS FOR IMPLEMENTATION AND EXECUTION OF THE PLAN	19
6.1. Substantive Consolidation of the Bayou Hedge Funds into Bayou Superfund and Bayou Non-Fund Debtors into Bayou Management	19
6.2. The Litigation Trusts.....	21
6.3. Securities Exempt	31
6.4. Cancellation of Existing Securities and Agreements.....	31

TABLE OF CONTENTS

(continued)

	Page
6.5. Post-Confirmation; Dissolution	32
6.6. Books and Records	33
6.7. Corporate Action.....	33
6.8. Effectuating Documents and Further Transactions.....	34
6.9. Release of Liens.....	34
6.10. Post-Effective Date Committee	34
ARTICLE VII. PROCEDURES FOR DISPUTED CLAIMS	35
7.1. Objections to Claims.....	35
7.2. Certain Claims of Investor Creditors Automatically Deemed Allowed; Certain Claims of Investor Creditors Automatically Deemed Disputed	35
7.3. No Distribution Pending Allowance of any Disputed Portion of a Claim; Reserve for Disputed Class 2 Claims and Certain Disputed Class 3 Claims.....	36
7.4. Treatment of Claims of Redeemer Defendants Who Satisfy Judgments Entered Against Them	37
7.5. Resolution of Disputed Claims	37
7.6. Estimation	37
7.7. Allowance of Disputed Claims	38
ARTICLE VIII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES.....	38
8.1. Executory Contracts and Unexpired Leases	38
8.2. Approval of Rejection of Executory Contracts and Unexpired Leases	38
8.3. Rejection Claims.....	38
ARTICLE IX. EFFECTIVENESS OF THE PLAN	39
9.1. Condition Precedent to the Confirmation of Plan.....	39
9.2. Conditions Precedent to the Effective Date	39
9.3. Satisfaction of Conditions.....	39
9.4. Effect of Nonoccurrence of Conditions to Consummation.....	39
ARTICLE X. EFFECT OF CONFIRMATION	39
10.1. Vesting of Assets	39
10.2. Release of Assets from Bankruptcy Court Jurisdiction	40
10.3. Binding Effect.....	40
10.4. Term of Injunctions or Stays.....	40
10.5. Causes of Action.....	40

TABLE OF CONTENTS

(continued)

	Page
10.6. Injunction	41
10.7. Injunction Against Interference with the Plan	42
ARTICLE XI. RETENTION OF JURISDICTION	42
11.1. Jurisdiction of Bankruptcy Court.....	42
ARTICLE XII. MISCELLANEOUS PROVISIONS.....	43
12.1. Dissolution of the Creditors Committee	43
12.2. Substantial Consummation	44
12.3. Effectuating Documents and Further Transactions.....	44
12.4. Exemption from Transfer Taxes	44
12.5. Exculpation and Release	44
12.6. Post-Confirmation Date Fees and Expenses of the Litigation Trusts’ Professionals and the Post-Effective Date Committee	45
12.7. Post-Conformation Reports and Fees	45
12.8. Payment of Statutory Fees	45
12.9. Modification of Plan	45
12.10. Revocation or Withdrawal of Plan.....	46
12.11. Courts of Competent Jurisdiction	46
12.12. Severability	46
12.13. Governing Law	46
12.14. Exhibits and Plan Supplement Documents	46
12.15. Successors and Assigns.....	46
12.16. Time	46
12.17. Compromise of Controversies	46
12.18. No Admissions.....	47
12.19. Notices	47

Bayou Group, LLC, Bayou Management, LLC, Bayou Superfund, LLC, Bayou No Leverage Fund, LLC, Bayou Affiliates Fund, LLC, Bayou Accredited Fund, LLC, Bayou Fund, LLC, Bayou Advisors, LLC, and Bayou Equities, LLC, the above-captioned debtors and debtors-in-possession, jointly propose the following second amended plan pursuant to section 1121(a) of the Bankruptcy Code:

ARTICLE I.

DEFINITIONS AND INTERPRETATION

DEFINITIONS. The following terms used herein shall have the respective meanings defined below (such meanings to be equally applicable to both the singular and plural):

1.1. Administrative Expense Claim means the collective reference to all Claims for costs and expenses of administration of these Cases with priority under Bankruptcy Code § 507(a)(2), costs and expenses allowed under Bankruptcy Code § 503(b), the actual and necessary costs and expenses of preserving the respective Estates of the Debtors, the Professional Fees of the Debtors and the Creditors Committee, in each case to the extent allowed by an order of the Bankruptcy Court under Bankruptcy Code §§ 328, 330(a), or 331, and any fees or charges assessed against the respective Estates under 28 U.S.C. § 1930; provided, however, that the holder of an Administrative Expense Claim (except for an Administrative Expense Claim based upon Professional Fees, the allowance and timing for filing of applications for such fees being governed by Section 2.2 hereof) arising on or prior to the Confirmation Date must file a request for payment on or before 30 days after the Confirmation Date for such Administrative Expense Claim to be eligible to be considered an Allowed Claim.

1.2. Adversary Proceedings means the adversary proceedings commenced by the Debtors in the Bankruptcy Court and pending on the Effective Date against the Redeemer Defendants pursuant to Bankruptcy Code §§ 544(b), 547(a), 548(a)(1), and 550 and Sections 273, 274, 275, and 276 of the New York Debtor and Creditor Law.

1.3. Allowance Date means with reference to a particular Claim, the date on which such Claim becomes an Allowed Claim; provided, however, that, if a Claim becomes an Allowed Claim pursuant to an order of the Bankruptcy Court, the Allowance Date shall be the date on which such order becomes a Final Order, and if a Claim becomes an Allowed Claim pursuant to the Plan, the Allowance Date shall be deemed the Effective Date.

1.4. Allowed means, with reference to a Claim: (a) any Claim against a Debtor that has been listed by such Debtor in the Schedules filed thereby as liquidated in an amount greater than zero dollars and not disputed or contingent and for which no contrary Proof of Claim has been filed and as to which no timely objection has been interposed; (b) except as otherwise provided in the Plan (including Section 1.55 hereof and Article VII hereof), any Claim (including any Administrative Expense Claim that is not based upon Professional Fees) as to which a Proof of Claim has been timely filed by the applicable deadline and (i) no objection to the allowance thereof has been timely interposed on or before the Claims Objection Bar Date and (ii) such Claim has not (as applicable) been withdrawn, paid in full (pursuant to a prior order of the Bankruptcy Court or otherwise), or otherwise deemed satisfied in full; (c) any Claim as to which

(i) any objection thereto or other motion to disallow, estimate, or expunge, in whole or in part, or (ii) any Adversary Proceeding against the holder thereof, was filed or commenced (as applicable) but is no longer pending and instead has been determined by a Final Order in favor of the respective Claim holder (but solely to the extent and amount such Claim has been so determined in the applicable Final Order), or any such objection, motion to disallow, estimate, or expunge, or Adversary Proceeding (as applicable) has been settled, waived through payment, or withdrawn; (d) any Claim that has otherwise been resolved, settled, or otherwise deemed allowed by a Final Order; (e) any Claim as to which, upon the lifting of the automatic stay pursuant to Bankruptcy Code § 362, the liability of a Debtor, allowance, and the amount thereof are determined by a Final Order of a court of competent jurisdiction other than the Bankruptcy Court; or (f) any Claim that is expressly deemed an Allowed Claim under the Plan (in the Class and amount as set forth in the Plan). Unless otherwise ordered by the Bankruptcy Court prior to the entry of the Confirmation Order, or as specifically provided to the contrary in this Plan with respect to any particular Claim, an “Allowed” Claim shall not include (i) any interest on such Claim to the extent accruing or maturing on or after the Petition Date, (ii) any punitive or exemplary damages, or (iii) any claims for any fine, penalty, or forfeiture. Nothing in this Plan shall prevent the Debtors from objecting to Claims after the Confirmation Date.

1.5. Appointment Order means the Order Granting the Unofficial On-Shore Creditors Committee’s Motion to Appoint a Receiver entered by the District Court on April 28, 2006, appointing the Sole Managing Member.

1.6. Assets means all of the right, title, and interest of any of the Debtors in and to any and all of their assets and property, whether tangible, intangible, real, or personal, that constitute property of the respective Estates under Bankruptcy Code § 541, including all Causes of Action (including the Adversary Proceedings) and the net proceeds thereof, or any and all other rights of the respective Debtors under federal or state law. Notwithstanding anything to the contrary set forth herein, the Government Funds do not constitute Assets for any purpose under the Plan.

1.7. Avoidance Actions means all of the Debtors’ and the Estates’ remaining Causes of Action against Persons arising under any of Bankruptcy Code § 544, 545, 547, 548, 549, 550, 553(b), or 724 or under similar or related state or federal statutes and common law, including, without limitation, all preference, fraudulent conveyance, fraudulent transfer, and/or other similar avoidance claims, rights, and Causes of Action, whether or not litigation has been commenced as of the Effective Date to prosecute any such Avoidance Actions.

1.8. Bankruptcy Code means the Bankruptcy Reform Act of 1978, Title 11, United States Code, as amended from time to time, and made applicable to these Cases.

1.9. Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York, having jurisdiction over these Cases or such other court as may subsequently acquire jurisdiction over these Cases.

1.10. Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure, promulgated under Section 2075, Title 28, United States Code, as amended from time to time, and made applicable to these Cases.

1.11. Bar Date means January 17, 2007, the date established by a Final Order of the Bankruptcy Court as the last date for timely filing a Proof of Claim in these Cases.

1.12. Bayou Accredited means Bayou Accredited Fund, LLC, one of the Debtors.

1.13. Bayou Advisors means Bayou Advisors, LLC, one of the Debtors.

1.14. Bayou Affiliates means Bayou Affiliates Fund, LLC, one of the Debtors.

1.15. Bayou Equities means Bayou Equities, LLC, one of the Debtors.

1.16. Bayou Fund means Bayou Fund, LLC, one of the Debtors.

1.17. Bayou Group means Bayou Group, LLC, one of the Debtors.

1.18. Bayou Hedge Funds means, collectively, Bayou Superfund, Bayou No Leverage, Bayou Accredited, Bayou Affiliates, and Bayou Fund.

1.19. Bayou Hedge Funds Causes of Action means any and all actions (including, without limitation, the Adversary Proceedings and the Committee-Controlled Causes of Action), causes of action, liabilities, obligations, rights, suits, damages, judgments, claims, demands, or remedies whatsoever, whether known or unknown, currently existing or hereafter arising, in law, equity, or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of these Cases, including through or after the Effective Date, that belong to, or could otherwise be brought or asserted by, on behalf of, or in the name of, any of the Bayou Hedge Funds or their respective Estates, whether or not litigation has been commenced as of the Effective Date to prosecute any such Bayou Hedge Funds Causes of Action; provided, however, that certain Investors have asserted and may assert in the future direct, individual, non-derivative claims against non-Debtor third parties that are not Bayou Hedge Funds Causes of Action or Assets, and nothing contained in the Plan is intended to affect, impair, or prejudice the prosecution by Investors of such claims that are not Assets.

1.20. Bayou Hedge Funds Litigation Trust means the litigation trust described in, and to be established pursuant to, Section 6.2 hereof.

1.21. Bayou Hedge Funds Litigation Trust Agreement means the agreement governing the Bayou Hedge Funds Litigation Trust, dated as of the Effective Date, substantially in the form set forth in the Plan Supplement or as otherwise filed with the Bankruptcy Court, as the same may be amended from time to time in accordance with the terms and conditions thereof.

1.22. Bayou Hedge Funds Litigation Trust Assets means (a) the Bayou Hedge Funds Causes of Action (including the Adversary Proceedings and the Committee-Controlled Causes of Action) and the net proceeds thereof; (b) all Cash on hand of the Bayou Hedge Funds from the resolution of any Adversary Proceeding or otherwise after the Bayou Hedge Funds have made the payments as set forth in Plan Section 6.5(a), including the amounts as determined by the Bayou Hedge Funds or the Bayou Hedge Funds Litigation Trust in good faith as being reasonably necessary to pay (i) all remaining Allowed Administrative Expense Claims

(including, all claims for Professional Fees relating to services rendered or reimbursement of expenses incurred through and including the Confirmation Date) and all post-Confirmation Date fees and expenses of any of the Bayou Hedge Funds and the Bayou Hedge Funds' and the Creditors Committee's respective professionals, and (ii) any and all Allowed Priority Tax Claims and Allowed Priority Non-Tax Claims against any of the Bayou Hedge Funds that were not paid in full on the Effective Date (if any) which amounts shall be paid by the Bayou Hedge Funds Litigation Trust; (c) an Allowed Class 3 Claim against Bayou Management (to be treated in the manner set forth in Section 4.2(c) hereof) in an amount equal to the aggregate amount of the Allowed Class 3 Claims of all of the Investor Creditors against Bayou Management, and the net proceeds thereof; and (d) all other property and Assets of the Bayou Hedge Funds and their respective Estates as of the Effective Date and the proceeds thereof that were not transferred, sold, distributed, abandoned, waived, or disposed of in any way by the Bayou Hedge Funds prior to the Effective Date.

1.23. Bayou Hedge Funds Litigation Trust Claims Reserve shall have the meaning ascribed to it in Section 6.2(m)(ii)(c)(A) hereof.

1.24. Bayou Hedge Funds Litigation Trustee shall have the meaning ascribed to it in Section 6.2(d) hereof.

1.25. Bayou Management means Bayou Management, LLC, one of the Debtors.

1.26. Bayou Management Causes of Action means any and all actions (including, without limitation, the applicable Adversary Proceedings and the Committee-Controlled Causes of Action), causes of action, liabilities, obligations, rights, suits, damages, judgments, claims, demands, or remedies whatsoever, whether known or unknown, currently existing or hereafter arising, in law, equity, or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of these Cases, including through or after the Effective Date, that belong to, or could otherwise be brought or asserted by, on behalf of, or in the name of, Bayou Management or its Estate, whether or not litigation has been commenced as of the Effective Date, to prosecute any such Bayou Management Causes of Action; provided, however, that Investors have asserted and may assert in the future direct, individual, non-derivative claims against non-Debtor third parties that are not Bayou Management Causes of Action or Assets and nothing contained in the Plan is intended to affect, impair, or prejudice the prosecution by Investors of such claims that are not Assets.

1.27. Bayou Management Adversary Proceeding Defendants means the defendants in adversary proceedings commenced by Bayou Management or the Bayou Management Litigation Trust.

1.28. Bayou Management Litigation Trust means the litigation trust described in, and to be established pursuant to, Section 6.2 hereof.

1.29. Bayou Management Litigation Trust Agreement means the agreement governing the Bayou Management Litigation Trust, dated as of the Effective Date, substantially in the form set forth in the Plan Supplement or as otherwise filed with the Bankruptcy Court, as

the same may be amended from time to time in accordance with the terms and conditions thereof.

1.30. Bayou Management Litigation Trust Assets means (a) the Bayou Management Causes of Action (including all applicable Adversary Proceedings and Committee-Controlled Causes of Action) and the net proceeds thereof; (b) all Cash on hand of Bayou Management after Bayou Management has made the payments as set forth in Plan Section 6.5(a), including the amounts as determined by Bayou Management in good faith as being reasonably necessary to pay (i) all remaining Allowed Administrative Expense Claims (including all claims for Professional Fees relating to services rendered or reimbursement of expenses incurred through and including the Confirmation Date) and all post-Confirmation Date fees and expenses of Bayou Management and Bayou Management's and the Creditors Committee's respective professionals, and (ii) any and all Allowed Priority Tax Claims and Allowed Priority Non-Tax Claims against Bayou Management that were not paid in full on the Effective Date (if any), which amounts shall be paid by the Bayou Management Litigation Trust; and (c) all other property and Assets of Bayou Management and its Estate as of the Effective Date and the proceeds thereof that were not transferred, sold, distributed, abandoned, waived, or disposed of in any way by Bayou Management prior to the Effective Date.

1.31. Bayou Management Litigation Trust Claims Reserve shall have the meaning ascribed to it in Section 6.2(m)(ii)(c)(B) hereof.

1.32. Bayou Management Litigation Trustee shall have the meaning ascribed to it in Section 6.2(d) hereof.

1.33. Bayou No Leverage means Bayou No Leverage Fund, LLC, one of the Debtors.

1.34. Bayou Non-Fund Debtors means Bayou Management, Bayou Group, Bayou Advisors and Bayou Equities.

1.35. Bayou Off-Shore Hedge Funds means, collectively, Bayou Off-Shore Fund A, Ltd, Bayou Off-Shore Fund B, Ltd, Bayou Off-Shore Fund C, Ltd, and Bayou Master Feeder Fund, Ltd.

1.36. Bayou Superfund means Bayou Superfund, LLC, one of the Debtors.

1.37. Business Day means any day other than a Saturday, a Sunday, or any other day on which banking institutions in White Plains, New York are required or authorized to close by law or executive order.

1.38. ... Case means with reference to the particular Debtor described, the case under Chapter 11 of the Bankruptcy Code commenced by such Debtor in the Bankruptcy Court on the Petition Date.

1.39. (these) Cases means the jointly administered cases under Chapter 11 of the Bankruptcy Code commenced by the Debtors on the Petition Date in the Bankruptcy Court and captioned In re Bayou, LLC, et al., Ch. 11 Bankr. Case No. 06-22306 (RDD) (Jointly Administered).

- 1.40. Cash** means legal tender of the United States of America and equivalents thereof.
- 1.41. Causes of Action** means the Bayou Hedge Funds Causes of Action and the Bayou Management Causes of Action, as applicable.
- 1.42. Claim** shall have the meaning ascribed to “claim” in Bankruptcy Code § 101(5).
- 1.43. Claims Objection Bar Date** shall have the meaning ascribed to it in Section 7.1 hereof.
- 1.44. Class** means any group of Claims or Equity Interests classified by the Plan pursuant to Bankruptcy Code § 1122(a)(1).
- 1.45. Committee-Controlled Causes of Action** means those two Causes of Action that the Creditors Committee has been authorized and appointed to investigate and prosecute pursuant to those certain Final Orders of the Bankruptcy Court dated October 23, 2007 and November 15, 2007, respectively, or any other Cause of Action where the Creditors Committee has been authorized and appointed by the Bankruptcy Court to investigate and prosecute.
- 1.46. Confirmation Date** means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order.
- 1.47. Confirmation Hearing** means the hearing to be held by the Bankruptcy Court to consider confirmation of the Plan under Bankruptcy Code § 1129, as such hearing may be adjourned or continued from time to time.
- 1.48. Confirmation Order** means the order of the Bankruptcy Court confirming the Plan pursuant to Bankruptcy Code § 1129.
- 1.49. Contingent Defendant Claims** means any contingent claims of a Defendant pursuant to Bankruptcy Code § 502(h), subject to any limitations thereon pursuant to Bankruptcy Code § 502(d).
- 1.50. Creditors Committee** means the statutory committee of unsecured creditors appointed by the Office of the United States Trustee for Region 2 in these Cases pursuant to Bankruptcy Code § 1102.
- 1.51. Debtors** means collectively Bayou Group, Bayou Management, Bayou Superfund, Bayou No Leverage, Bayou Affiliates, Bayou Accredited, Bayou Fund, Bayou Advisors, and Bayou Equities.
- 1.52. Defendant** means any Redeemer Defendant, Bayou Management Adversary Proceeding Defendant, or any other Investor or Person that is or becomes a defendant in an Adversary Proceeding or other Cause of Action commenced by the Debtors, the Creditors Committee on behalf of the Estates (including the Committee-Controlled Causes of Action), or either of the Litigation Trusts (as the case may be) that has not been resolved, withdrawn, or settled.

1.53. Defendant Defenses means any defenses to and claims against or pertaining to the Debtors still then available as a matter of fact or law to a particular Defendant relative to the Causes of Action and the Adversary Proceedings, including any Claim of a Defendant under Bankruptcy Code § 502(h).

1.54. Disclosure Statement means the disclosure statement and all supplements and exhibits thereto that relate to the Plan and are approved by the Bankruptcy Court pursuant to Bankruptcy Code § 1125, as the same may be amended or modified by the Debtors from time to time pursuant to the Bankruptcy Code and the Bankruptcy Rules.

1.55. Disputed means, with respect to any Claim or portion thereof which has not otherwise been or is not otherwise Allowed pursuant to the Plan or a Final Order of the Bankruptcy Court,

a. if no Proof of Claim has been filed by the applicable deadline: (i) a Claim that has been or hereafter is listed on the Schedules as disputed, contingent, or unliquidated; or (ii) a Claim that has been or hereafter is listed on the Schedules as other than disputed, contingent, or unliquidated, but as to which the Debtors, either of the Litigation Trusts, or any other party-in-interest has either (1) interposed an objection, in whole or in part, or request for estimation, (2) filed a motion to disallow or expunge, in whole or in part, which has not been withdrawn or determined by a Final Order or otherwise resolved or settled by the parties thereto or (3) commenced an Adversary Proceeding or other Cause of Action against the holder of such Claim that has not yet been resolved, withdrawn, or settled; or

b. if a Proof of Claim has been filed by the applicable deadline: (i) a Claim for which a timely objection, in whole or in part, request for estimation, or motion to disallow or expunge, in whole or in part, is interposed which has not been withdrawn or determined by a Final Order of the Bankruptcy Court; or (ii) a Claim whose holder is a defendant in an Adversary Proceeding (including, without limitation, any Defendant) or other Cause of Action that has not yet been resolved, withdrawn, or settled; or

c. if a request for payment of an Administrative Expense Claim has been filed by the applicable deadline: (i) a Claim for which no corresponding Claim has been or hereafter is listed on the Debtors' books and records; (ii) a Claim for which a corresponding Claim has been or hereafter is listed on the Debtors' books and records, but the nature or amount of the Claim as asserted in the request for payment varies from the nature or amount of such Claim as listed on the Debtors' books and records; or (iii) a Claim for which either (1) a timely objection, in whole or in part, or request for estimation or (2) a motion to disallow or expunge, in whole or in part, or an Adversary Proceeding is interposed against the holder of such Claim which has not been withdrawn or determined by a Final Order of the Bankruptcy Court or otherwise resolved or settled by the parties thereto.

d. the Investment Intermediary Claims, the Off-Shore Claims and the Off-Shore Investors' Claims against any Debtors other than against Bayou Management, will be deemed disputed for the purposes of this Plan.

1.56. Distribution Record Date means the record date for purposes of making distributions under the Plan on account of Allowed Claims, which date shall be the first Business Day following the Effective Date.

1.57. District Court means the United States District Court for the Southern District of New York.

1.58. Effective Date means a Business Day on or after the Confirmation Date specified by the Debtors on which the conditions to the effectiveness of the Plan contained in Section 9.2 hereof have been satisfied.

1.59. Equity Interest means the interest of any holder of an equity security or membership interest of any of the Debtors represented by any issued and outstanding shares of common or preferred stock, limited liability company membership interest, or other instrument or interest evidencing a present ownership interest in any of the Debtors, whether or not transferable, or any option, warrant, or right, contractual or otherwise, to acquire any such interest.

1.60. Estate(s) means, individually, the estate of each Debtor in these Cases, and, collectively, the estates of all of the Debtors in these Cases, created pursuant to Bankruptcy Code § 541.

1.61. Executory Contract means any executory contract or unexpired lease, subject to Bankruptcy Code § 365, between any of the Debtors and any other Person, specifically excluding any contracts and agreements entered into pursuant to, or as contemplated by, the Plan.

1.62. Final Order means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in these Cases which has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceeding for a new trial, reargument, or rehearing shall then be pending, or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari, or move for a new trial, reargument, or rehearing shall have expired.

1.63. Government Funds means any funds distributed by the United States of America, pursuant to an Order or Orders of Restitution, to the victims of the fraud perpetrated by Samuel Israel III, Daniel Marino, and James Marquez and others, the Debtors' pre-petition management.

1.64. Investment means the total principal amount actually invested by an Investor in the Bayou Hedge Funds. Notwithstanding any other provision of this Plan, the term "Investment" shall not include any reinvestment in the Bayou Hedge Funds or an exchange, transfer, or rollover from one Bayou Hedge Fund to another Bayou Hedge Fund that is

comprised of purported profits or appreciation on such Investor's initial principal Investment in the Bayou Hedge Funds.

1.65. Investment Intermediaries means Altegris Investments, LLC, Consulting Services Group, LLC, Lydian Wealth Management, and Hennesee Group LLC.

1.66. Investment Intermediary Claim means any Claim by the Investment Intermediaries against any of the Debtors.

1.67. Investor Creditors means those Investors who (a) have not received or retained Redemption Payment(s) in an aggregate amount equal to or greater than their Investment from any of the Bayou Hedge Funds, or (ii) are the Tom and Nancy Juda Living Trust, and (b) (i) have asserted a claim against the Bayou Hedge Funds in connection with their Investment and/or (ii) have otherwise asserted a Claim for the amount of their respective Investments in the Bayou Hedge Funds.

1.68. Investor Creditor Unsecured Claim means and includes, unless otherwise specified in this Plan, (1) any and all Claims of an Investor Creditor against one or more of the Debtors, including (i) any and all Claims of the Investor Creditors for the unredeemed amount (which shall include any redeemed but returned amount that has been allowed pursuant to a stipulation approved by the Bankruptcy Court) of their respective Investments in the Bayou Hedge Funds or otherwise; and (ii) any and all Claims of any Defendants in Adversary Proceedings or other Causes of Action that are resolved, settled, or otherwise withdrawn and who thus have become Investor Creditors, in each instance solely in an amount and to the extent so resolved or settled; and (2) any and all Contingent Defendant Claims, to the extent such Claim must be subordinated to Non-Investor General Unsecured Claims pursuant to Bankruptcy Code § 510(b), that, in each instance are not (A) Administrative Expense Claims, Priority Tax Claims, Priority Non-Tax Claims, or Non-Investor General Unsecured Claims, and (B) otherwise entitled to distributive priority under the Bankruptcy Code or a Final Order of the Bankruptcy Court.

1.69. Investors means, collectively, those Persons who made an investment in the Bayou Hedge Funds, including the Investor Creditors and the Redeemer Defendants.

1.70. Litigation Trust Agreements means the Bayou Hedge Funds Litigation Trust Agreement and the Bayou Management Litigation Trust Agreement, as applicable.

1.71. Litigation Trust Assets means the Bayou Hedge Funds Litigation Trust Assets and the Bayou Management Litigation Trust Assets, as applicable

1.72. Litigation Trust Claims Reserves means the Bayou Hedge Funds Litigation Trust Claims Reserve and the Bayou Management Litigation Trust Claims Reserve, as applicable.

1.73. Litigation Trustee means the Bayou Hedge Funds Litigation Trustee and the Bayou Management Litigation Trustee, as applicable.

1.74. Litigation Trusts means the Bayou Hedge Funds Litigation Trust and the Bayou Management Litigation Trust, as applicable.

1.75. Non-Investor General Unsecured Claim means, unless otherwise specified in this Plan, all Claims against one or more of the Debtors (including (i) any and all Rejection Claims, (ii) any Claims of Vendors, and (iii) Unofficial Committee Fees, that, in each case are (A) not Administrative Expense Claims, Priority Tax Claims, Priority Non-Tax Claims, or Investor Creditor Unsecured Claims, and (B) not otherwise entitled to distributive priority under the Bankruptcy Code or an order of the Bankruptcy Court. Except as may otherwise be set forth in the Plan (including the preceding sentence with respect to the Unofficial Committee Fees), for purposes of the Plan, the Redeemer Defendants, any other Defendant, the Investment Intermediaries, the Bayou Off-Shore Hedge Funds, and any Investor Creditor are not deemed to hold a Non-Investor General Unsecured Claim against any of the Debtors.

1.76. Off-Shore Claim means any Claim by the Bayou Off-Shore Hedge Funds against any of the Debtors.

1.77. Off-Shore Investors means, collectively, those Persons who made an investment in the Bayou Off-Shore Hedge Funds.

1.78. Off-Shore Investors Claim means any Claim by an Off-Shore Investor against any of the Debtors.

1.79. Other Unsecured Claims means any Investor Creditor Unsecured Claim, Investment Intermediary Claim, and Off-Shore Claim.

1.80. Person has the meaning set forth in Bankruptcy Code § 101(41).

1.81. Petition Date means May 30, 2006.

1.82. Plan means this second amended joint Chapter 11 plan of reorganization of the Debtors, including the exhibits and schedules hereto, as the same may be amended or modified from time to time.

1.83. Plan Ballot means the ballot cast by a holder of a Claim entitled to vote with respect to the Plan to either accept or reject the Plan.

1.84. Plan Rejection Bar Date shall have the meaning ascribed to it in Section 8.3(a) hereof.

1.85. Plan Supplement means the schedules and forms of those documents, including the Litigation Trust Agreements (to the extent such documents have not otherwise been filed with the Bankruptcy Court) effectuating the transactions contemplated by this Plan, which documents shall be filed with the Clerk of the Bankruptcy Court no later than ten (10) days prior to the Voting Deadline. Upon its filing with the Bankruptcy Court, the Plan Supplement may be inspected at the Office of the Clerk of the Bankruptcy Court during normal court hours or viewed on the Website.

1.86. Post-Effective Date Committee means the committee of members of the Creditors Committee that will be established pursuant to Section 6.10 of this Plan.

1.87. Priority Non-Tax Claim means any Claim, other than an Administrative Expense Claim or a Priority Tax Claim, that is entitled to priority pursuant to Bankruptcy Code § 507(a) or (b).

1.88. Priority Tax Claim means any Claim of a governmental unit of the kind entitled to priority in payment as specified in Bankruptcy Code §§ 502(i) and 507(a)(8).

1.89. Professional Fees means compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under Bankruptcy Code §§ 327, 328, 330, 331, 503(b)(2), 503(b)(3), or 503(b)(4), including compensation for legal, financial advisory, consulting, accounting, or related services provided to the Debtors, the Sole Managing Member, the Creditors Committee, or otherwise to the Estates on and or after the Petition Date and on or prior to the Confirmation Date.

1.90. Proof of Claim means any written statement that conforms substantially to Official Bankruptcy Form No. 10 and is filed in these Cases by a creditor in which such creditor sets forth the amount purportedly owed by one or more of the Debtors and sufficient detail to identify the basis for a Claim.

1.91. Pro Rata Share means a proportionate share, so that the ratio of the consideration distributed on account of an Allowed Claim in a Class to the amount of such Allowed Claim is the same as the ratio of the amount of the consideration distributed on account of all Allowed Claims in such Class to the amount of all Allowed Claims in such Class.

1.92. Redeemer Defendants means those Investors who received Redemption Payments from the Bayou Hedge Funds and are defendants in the Adversary Proceedings.

1.93. Redemption Payment(s) means the redemption payment(s) (either complete or partial) made by any of the Bayou Hedge Funds to an Investor prior to the Petition Date in connection with such Investors' Investment in any of the Bayou Hedge Funds.

1.94. Rejection Claims means all Claims arising as a result of a Debtor's rejection of an Executory Contract pursuant to Bankruptcy Code §§ 365 and 1123, subject to the limitations provided in Bankruptcy Code § 502(b), pursuant to this Plan or otherwise.

1.95. Schedules means the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors under Bankruptcy Code § 521, Bankruptcy Rule 1007, and the Official Bankruptcy Forms of the Bankruptcy Rules as such schedules and statements have been or may be supplemented or amended through the Confirmation Date.

1.96. Sole Managing Member means Jeff J. Marwil in his capacity as the sole and exclusive managing member and authorized representative of each of the Debtors, as appointed pursuant to the Appointment Order.

1.97. Tax Code means Title 26 of the United States Code, as amended from time to time.

1.98. Unofficial Committee Fees mean the claims of the former members of the unofficial on-shore creditors committee for legal fees and expenses incurred prior to the Petition Date.

1.99. Vendor means any Person who supplied or provided goods, supplies, parts, materials, other tangible objects, or services to any of the Debtors prior to the Petition Date.

1.100. Voting Deadline means the deadline established by the Bankruptcy Court as the last date for a party-in-interest in these Cases that is entitled to vote with respect to the Plan to timely submit such party's Plan Ballot.

1.101. Voting Record Date means the record date as established by the Bankruptcy Court for determining which Persons in Class 2 or Class 3 are entitled to vote with respect to the Plan.

1.102. Website means <http://www.bayoubankruptcy.com>.

INTERPRETATION; APPLICATION OF DEFINITIONS AND RULES OF CONSTRUCTION.

The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained therein. Any term used herein that is not defined herein has the meaning assigned to that term in the Bankruptcy Code. Except as may otherwise be provided for herein, the rules of construction contained in Bankruptcy Code §102 apply to the Plan. The headings in the Plan are for convenience of reference only and do not limit or otherwise affect the provisions hereof.

ARTICLE II.

ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

2.1. Administrative Expense Claims. Except to the extent such holder has otherwise agreed to a different or less favorable treatment of its Allowed Claim, each holder of an Allowed Administrative Expense Claim shall receive from the Debtors, in full satisfaction, settlement, and release of, and in exchange for, such Allowed Claim, Cash equal to the Allowed amount of such Administrative Expense Claim either (a) on the Effective Date or (b) if the Administrative Expense Claim is not Allowed as of the Effective Date, 30 days after the date on which an order allowing such Administrative Expense Claim becomes a Final Order or a stipulation of amount and nature of such Administrative Expense Claim is executed by the Litigation Trust and the holder of the Administrative Expense Claim, including the Unofficial Committee Fees; provided, however, that any Allowed Administrative Expense Claim representing obligations incurred in the ordinary course during the pendency of these Cases, if any, shall be paid in accordance with the terms and conditions of the particular transactions and any agreements related thereto.

2.2. Claims for Professional Fees. All Persons seeking an award by the Bankruptcy Court of Professional Fees shall file their respective final applications for allowance of Professional Fees for services rendered and reimbursement of expenses incurred by the date that is ninety (90) days after the Confirmation Date, and shall receive from the Debtors, in full satisfaction, settlement, and release of, and in exchange for, such Allowed Claim, such amounts

as are allowed by the Bankruptcy Court by the Debtors (A) within thirty (30) days of the date upon which the order relating to any such Professional Fee Claim is entered, or (B) upon such other terms as may be mutually agreed upon between the holder of such a Claim for Professional Fees and the Debtors and/or the Litigation Trust.

2.3. Priority Tax Claims. Each holder of an Allowed Priority Tax Claim, if any, shall receive from the Debtors, in full satisfaction, settlement, and release of, and in exchange for, such Allowed Claim, Cash equal to the amount of such Allowed Claim on the later of (a) the Effective Date and (b) the date that is 10 days after the Allowance Date, except to the extent such holder has agreed to a less favorable treatment of such Allowed Claim.

ARTICLE III.

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

The following table designates the Classes of Claims against and Equity Interests in the Bayou Hedge Funds and specifies which of those Classes are (i) impaired or unimpaired by the Plan, (ii) entitled to vote to accept or to reject the Plan in accordance with Bankruptcy Code § 1126, or (iii) deemed to reject the Plan are thus not entitled to vote to accept or to reject the Plan pursuant to Bankruptcy Code § 1126:

<u>Bayou Hedge Funds</u>			
<u>Class</u>	<u>Designation</u>	<u>Impairment</u>	<u>Entitled to Vote</u>
Class 1	Priority Non-Tax Claims	Unimpaired	Not Entitled to Vote
Class 2	Non-Investor General Unsecured Claims	Impaired	Entitled to Vote
Class 3	Other Unsecured Claims	Impaired	Entitled to Vote
Class 4	Equity Interests	Impaired	Deemed To Reject

The following table designates the Classes of Claims against and Equity Interests in Bayou Non-Fund Debtors and specifies which of those Classes are (i) impaired or unimpaired by the Plan, (ii) entitled to vote to accept or to reject the Plan in accordance with Bankruptcy Code § 1126, or (iii) deemed to reject the Plan are thus not entitled to vote to accept or to reject the Plan pursuant to Bankruptcy Code § 1126:

<u>Bayou Non-Fund Debtors</u>			
<u>Class</u>	<u>Designation</u>	<u>Impairment</u>	<u>Entitled to Vote</u>
Class 1	Priority Non-Tax Claims	Unimpaired	Not Entitled to Vote
Class 2	Non-Investor General Unsecured Claims	Impaired	Entitled to Vote
Class 3	Other Unsecured Claims	Impaired	Entitled to Vote
Class 4	Equity Interests	Impaired	Deemed to Reject

3.1. Class 1 – Priority Non-Tax Claims. Class 1 consists of all Allowed Priority Non-Tax Claims, if any, against any of the Debtors. Class 1 Claims shall be Allowed Claims as and to the extent set forth in Section 4.1(a), 4.2(a), or 4.3(a) hereof (as applicable).

3.2. Class 2 – Non-Investor General Unsecured Claims. Class 2 consists of all Allowed Non-Investor General Unsecured Claims. Thus, Class 2 consists of all Allowed Claims of Vendors and any and all Rejection Claims against any of the Debtors, in each instance that are not otherwise classified in this Plan. Class 2 does not consist of any Claims of any of the Investor Creditors, the Investment Intermediaries, or the Bayou Off-Shore Hedge Funds. Class 2 Claims shall be Allowed Claims as and to the extent set forth in Section 4.1(b), 4.2(b), or 4.3(b) hereof (as applicable).

3.3. Class 3 – Other Unsecured Claims. Class 3 consists of all Allowed Investor Creditor Unsecured Claims, Allowed Investment Intermediary Claims, if any, and Allowed Off-Shore Claims, if any. As against Bayou Management, all Allowed Investor Creditor Unsecured Claims shall be deemed held by the Bayou Hedge Funds Litigation Trust on behalf of all Investor Creditors holding Allowed Class 3 Claims, as set forth in Section 6.2(c)(i)(a)(A) hereof, as of the Effective Date. With respect to any Defendant whose Adversary Proceeding or other Cause of Action is resolved, settled, or determined by a Final Order of the Bankruptcy Court, such Person shall have an Allowed Class 3 Claim solely in an amount and to the extent such Adversary Proceeding or other Cause of Action has been so resolved, settled, or determined. Class 3 does not consist of any Claims of Vendors or Rejection Claims, or any other Non-Investor General Unsecured Claims (if any). Except as otherwise set forth in this Plan or any other order of the Bankruptcy Court, Class 3 Claims shall be Allowed Claims as and to the extent set forth in Sections 4.1(c), 4.2(c), or 4.3(c) hereof (as applicable).

3.4. Class 4 – Equity Interests. Class 4 consists of all Equity Interests in any of the Debtors. Class 4 Equity Interests shall be treated solely as and to the limited extent set forth in Section 4.1(d), 4.2(d), or 4.3(d) hereof (as applicable).

ARTICLE IV.

TREATMENT OF CLAIMS AND EQUITY INTERESTS

4.1. Treatment of Claims and Equity Interests Against the Bayou Hedge Funds.

a. **Class 1 – Priority Non-Tax Claims.** If not paid in full pursuant to a Final Order of the Bankruptcy Court prior to the Confirmation Date, and except to the extent such holder has agreed to a less favorable treatment of its Allowed Claim, each holder of an Allowed Priority Non-Tax Claim, if any, against any of the Bayou Hedge Funds shall receive, in full satisfaction, settlement, and release of, and in exchange for, such Allowed Claim, Cash equal to the amount of such Allowed Claim on the later of (a) the Effective Date and (b) the date that is 10 days after the Allowance Date.

b. **Class 2 – Non-Investor General Unsecured Claims.** Except to the extent a holder has agreed to a less favorable treatment of its Allowed Claim, each holder of an Allowed Non-Investor General Unsecured Claim against any of the Bayou Hedge Funds, if any, shall receive, in full satisfaction, settlement, and release of, and in exchange for, such Allowed Claim, such holder's Pro Rata Share of the Cash distributed by the Bayou Hedge Funds Litigation Trust in the time and manner set forth in this Plan and the Bayou Hedge Funds Litigation Trust Agreement, until such Allowed Claim is paid in full.

c. **Class 3 – Other Unsecured Claims.** Subject to the payment in full of, or reserve for, all Allowed Non-Investor General Unsecured Claims against any of the Bayou Hedge Funds, and except to the extent such holder has agreed to a less favorable treatment of its Allowed Claim, each holder of an Allowed Investor Creditor Unsecured Claim, Allowed Investment Intermediary Claim, or Allowed Off-Shore Claim against any of the Bayou Hedge Funds shall receive, in full satisfaction, settlement, and release of, and in exchange for, such Allowed Claim, such holder's Pro Rata Share of the Cash distributed by the Bayou Hedge Funds Litigation Trust in the time and manner as set forth in this Plan and the Bayou Hedge Funds Litigation Trust Agreement, subject to the amounts placed in the Bayou Hedge Funds Litigation Trust Reserve by the Bayou Hedge Funds Litigation Trust in the manner set forth in Article VII hereof. Nothing herein shall limit, expand, or otherwise affect such holder's right, if any, to receive a distribution from the United States of the Government Funds; provided, however, that no distributions shall be made to holders of Allowed Investor Creditor Unsecured Claims, Allowed Investment Intermediary Claims, or Allowed Off-Shore Claims against any of the Bayou Hedge Funds until all holders of Allowed Non-Investor General Unsecured Claims (if any) against any of the Bayou Hedge Funds have been reserved for or paid, in full, in the manner set forth in Section 4.1(b) hereof.

d. **Class 4 – Equity Interests.** Except as otherwise provided in the Plan, on the Effective Date, all outstanding Equity Interests in any of the Bayou Hedge Funds shall be canceled and deemed terminated and of no force and effect and the Holders of such Equity Interests shall not be entitled to retain or receive any property on account of such Equity Interest.

4.2. Treatment of Claims and Equity Interests Against Bayou Non-Fund Debtors.

a. **Class 1 – Priority Non-Tax Claims.** If not paid in full pursuant to a Final Order of the Bankruptcy Court prior to the Confirmation Date, and except to the extent such holder has agreed to a less favorable treatment of its Allowed Claim, each holder of an Allowed Priority Non-Tax Claim against any of the Bayou Non-Fund Debtors, if any, shall receive, in full satisfaction, settlement, and release of, and in exchange for, such Allowed Claim, Cash equal to

the amount of such Allowed Claim on the later of (a) the Effective Date and (b) the date that is 10 days after the Allowance Date.

b. Class 2 – Non-Investor General Unsecured Claims. Except to the extent such holder has agreed to a less favorable treatment of its Allowed Claim, each holder of an Allowed Non-Investor General Unsecured Claim against any of the Bayou Non-Fund Debtors, shall receive, in full satisfaction, settlement, and release of, and in exchange for, such Allowed Claim, such holder's Pro Rata Share of the Cash distributed by the Bayou Management Litigation Trust in the time and manner as set forth in this Plan and the Bayou Management Litigation Trust Agreement, until any such Allowed Claim is paid in full.

c. Class 3 – Other Unsecured Claims. Subject to the payment in full of, or reserve for, all Allowed Non-Investor General Unsecured Claims against any of the Bayou Non-Fund Debtors, and except to the extent such holder has agreed to a less favorable treatment of its Allowed Claim, each holder of an Allowed Investor Creditor Unsecured Claim, Allowed Investment Intermediary Claim, or Allowed Off-Shore Claim against Bayou Management shall receive, in full satisfaction, settlement, and release of, and in exchange for, such Allowed Claim, such holder's Pro Rata Share of the Cash distributed by the Bayou Management Litigation Trust in the time and manner as set forth in this Plan and the Bayou Management Litigation Trust Agreement, subject to the amounts placed in the Bayou Management Litigation Trust Reserve by the Bayou Management Litigation Trust in the manner set forth in Article VII hereof. Nothing herein shall limit, expand, or otherwise affect such holder's right, if any, to receive a distribution from the United States of the Government Funds; provided however, that no distributions shall be made to holders of Allowed Investor Creditor Unsecured Claims, Allowed Investment Intermediary Claims, or Allowed Off-Shore Claims against Bayou Management until all holders of Allowed Non-Investor General Unsecured Claims (if any) against Bayou Management have been reserved for or paid, in full, in the manner set forth in Section 4.2(b) hereof.

d. Class 4 – Equity Interests. Except as otherwise provided in the Plan, on the Effective Date, all outstanding Equity Interests in any of the Bayou Non-Fund Debtors shall be canceled and deemed terminated and of no force and effect and the Holders of such Equity Interests shall not be entitled to retain or receive any property on account of such Equity Interest.

ARTICLE V.

PROVISIONS GOVERNING DISTRIBUTIONS

5.1. Distribution Record Date. As of the close of business on the Distribution Record Date, the various transfer registers or other applicable books and records for each of the Classes of Claims or Equity Interests as maintained by the Debtors or their agents shall be deemed closed, and there shall be no further changes in the record holders of any of the Claims or Equity Interests. The Debtors and the Litigation Trusts, as the case may be, shall have no obligation to recognize any transfer of any Claim or Equity Interest occurring on or after the Distribution Record Date. The Debtors and the Litigation Trusts, as the case may be, shall be entitled to recognize and deal for all purposes hereunder only with those record holders stated on the transfer ledgers or other applicable books and records of the Debtors as of the close of business on the Distribution Record Date, to the extent applicable.

5.2. Method of Distributions Under the Plan.

a. Payments and Transfers by the Debtors and the Litigation Trust on and After the Effective Date.

(i) On the Effective Date, the Litigation Trust Assets, expressly including the Adversary Proceedings and all other Causes of Action, shall be deemed to have been transferred by the applicable Debtors to the respective Litigation Trusts free and clear of all Liens, Claims, and encumbrances but subject to any obligations imposed by the Plan. In satisfaction of the requirements of Bankruptcy Code § 1129(a)(16), all transfers of property under this Plan shall be made in accordance with any applicable provisions of nonbankruptcy law that governs the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

(ii) On or after the Effective Date, in the time and manner set forth in Articles II and IV hereof, the applicable Litigation Trust, on behalf of the Debtors and the Debtors' Estates, shall remit to the respective holders of all remaining and unpaid Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed Priority Non-Tax Claims, an amount in Cash equal to 100% of the amount of such Allowed Claim. Subject to the foregoing, on and after the Effective Date, the applicable Litigation Trust shall satisfy all Allowed Class 2 Claims and Allowed Class 3 Claims in the time and manner, and to the extent, as set forth in Article IV hereof from the applicable Litigation Trust Assets.

(iii) After the Effective Date, all remaining Allowed Administrative Expense Claims (including all claims for Professional Fees relating to services rendered or reimbursement of expenses incurred through and including the Confirmation Date), and all post-Confirmation Date fees and expenses of any of the Bayou Hedge Funds and the Bayou Hedge Funds' and the Creditors Committee's respective professionals, and any and all Allowed Priority Tax Claims and Allowed Priority Non-Tax Claims against any of the Bayou Hedge Funds that were not paid in full on the Effective Date (if any) shall be paid by the Bayou Hedge Funds Litigation Trust.

(iv) After the Effective Date, all remaining Allowed Administrative Expense Claims (including all claims for Professional Fees relating to services rendered or reimbursement of expenses incurred through and including the Confirmation Date), and all post-Confirmation Date fees and expenses of Bayou Management and Bayou Management's and the Creditors Committee's respective professionals, and any and all Allowed Priority Tax Claims and Allowed Priority Non-Tax Claims against Bayou Management that were not paid in full on the Effective Date (if any) shall be paid by the respective Bayou Management Litigation Trust.

b. Distributions of Cash. At the option of the Debtors or the Litigation Trusts, as the case may be, any Cash payment to be made hereunder may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

5.3. Delivery of Distributions and Undeliverable Distributions.

a. Subject to Bankruptcy Rule 9010, all distributions to any holder of an Allowed Claim shall be made at the address of such holder as set forth on the Schedules filed

with the Bankruptcy Court, on the books and records of the Debtors or their agents, or in a letter of transmittal, unless the Debtors or the applicable Litigation Trust, as the case may be, have been notified in writing by the applicable holder of a change of address, including by the filing of a Proof of Claim by such holder that contains an address for such holder different from the address reflected on such Schedules for such holder.

b. In the event that any distribution to any holder of a Claim is returned as undeliverable, no further distributions shall be made to such holder unless and until the Debtors or the applicable Litigation Trust, as the case may be, are notified of such holder's then-current address. Any Holder of an Allowed Claim that does not assert a claim pursuant to this Plan for an undeliverable or unclaimed distribution by 5:00 p.m. Eastern Time on the date that is one (1) year after the Effective Date shall be deemed to have forfeited its claim for such undeliverable or unclaimed distribution and shall be forever barred and enjoined from asserting any such Claim against the Debtors, the Estates, the Assets, the Litigation Trusts, the Litigation Trustee, the Litigation Trust Assets, the Litigation Trust Claims Reserves, or the property or assets of any of the foregoing. In such cases, any Cash or other property otherwise reserved for undeliverable or unclaimed distributions shall become the property of the applicable Litigation Trust on behalf of the Estates free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary, and shall be distributed in accordance with the terms of the applicable Litigation Trust Agreement to the other holders of Allowed Class 3 Claims on a Pro Rata basis (subject to the terms and conditions of this Plan and the Litigation Trust Agreements with respect to minimum distributions or otherwise). Nothing contained in this Plan or the Litigation Trust Agreements shall require any of the Debtors, the Litigation Trusts, or the Litigation Trustee to attempt to locate any holder of an Allowed Claim.

5.4. Withholding and Reporting Requirements. In connection with this Plan and all instruments issued in connection therewith and distributed thereunder, the Debtors and the Litigation Trusts, as the case may be, shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements.

5.5. Time Bar to Cash Payments. Checks issued by the Debtors or the Litigation Trusts, as the case may be, in respect of Allowed Claims shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for reissuance of any check shall be made to the Debtors or the Litigation Trusts, as the case may be, by the holder of the Allowed Claim to whom such check originally was issued. Any Claim in respect of such a voided check shall be made on or before thirty (30) days after the expiration of the sixty (60) day period following the date of issuance of such check. Thereafter, the amount represented by such voided check shall become the property of the applicable Litigation Trust on behalf of the applicable Estates free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary, and shall be distributed in accordance with the terms of the applicable Litigation Trust Agreement to the other holders of Allowed Class 3 Claims on a Pro Rata basis (subject to the terms and conditions of this Plan and the Litigation Trust Agreements with respect to minimum distributions or otherwise).

5.6. Minimum Distributions. No payment of Cash less than \$100.00 shall be made by the Litigation Trusts or the Debtors to any holder of a Claim. Any Litigation Trust Assets or

Cash of the Debtors or the Litigation Trusts which is undistributable in accordance with this Section 5.6 shall be paid into the Bankruptcy Court, and the holders of Allowed Claims who will not receive a payment from the Litigation Trusts or the Debtors as a result of this Section 5.6 may seek a recovery therefrom of any such amount in accordance with any applicable bankruptcy laws, rules, or procedures.

5.7. Setoffs. The Debtors or the Litigation Trusts may, but shall not be required to, set off against any Claim (for purposes of determining the Allowed amount of such Claim on which distribution shall be made), any claims of any nature whatsoever that the Debtors may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder or under any order of the Bankruptcy Court shall constitute a waiver or release by the Debtors or the Litigation Trusts of any such claim the Debtors may have against the holder of such Claim; provided, however, that any claims of the Debtors arising before the Petition Date shall first be offset against Claims against the Debtors arising before the Petition Date. In addition, the Debtors and the Litigation Trusts, as the case may be, may, in their sole discretion, offset any such claim with respect to Causes of Action held against a person against any payment due such person under the Plan.

5.8. Transactions on Business Days. If the Effective Date or any other date on which a transaction may occur under the Plan shall occur on a day that is not a Business Day, the transactions contemplated by the Plan to occur on such day shall instead occur on the next succeeding Business Day but shall be deemed to have been completed as of the required date.

5.9. Allocation of Plan Distribution Between Principal and Interest. To the extent applicable to a particular Claim, all distributions in respect of any Allowed Claim shall be allocated first to the principal amount of such Allowed Claim, as determined for federal income tax purposes, and thereafter, to the remaining portion of such Claim comprising interest, if any (but solely to the extent that interest is an allowable portion of such Allowed Claim).

5.10. Interest on Claims. Except as otherwise expressly set forth in a Final Order of the Bankruptcy Court, pursuant to Bankruptcy Code § 726, as made applicable in these Cases pursuant to Bankruptcy Code § 1129, post-petition interest shall not accrue or be paid on any Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim.

ARTICLE VI.

MEANS FOR IMPLEMENTATION AND EXECUTION OF THE PLAN

6.1. Substantive Consolidation of the Bayou Hedge Funds into Bayou Superfund and Bayou Non-Fund Debtors into Bayou Management.

a. On and subject to the occurrence of the Effective Date, the Bayou Hedge Funds and their respective Estates shall be deemed merged into Bayou Superfund and its Estate, and (i) all remaining assets (including the Bayou Hedge Funds Litigation Trust Assets) and liabilities of the Bayou Hedge Funds shall be deemed merged into Bayou Superfund, (ii) all guarantees of any of the Bayou Hedge Funds of the payment, performance, or collection of

obligations of any other Bayou Hedge Fund shall be eliminated and canceled, (iii) any obligation of any of the Bayou Hedge Funds and all guarantees thereof executed by one or more of the other Bayou Hedge Funds shall be treated as a single obligation, and such guarantees shall be deemed a single Claim against the consolidated Bayou Hedge Funds, (iv) all joint obligations of two or more of the Bayou Hedge Funds and all multiple Claims (including any and all multiple Proofs of Claim that were filed by the same party against more than one of the Bayou Hedge Funds asserting the same underlying Claim) against such entities on account of such allegedly joint obligations shall be treated and allowed only as a single Claim against the consolidated Bayou Hedge Funds, (v) all Claims between or among the Bayou Hedge Funds shall be canceled, and (vi) each Claim filed or scheduled in the Case of any of the Bayou Hedge Funds shall be deemed filed or scheduled against the consolidated Bayou Hedge Funds and a single obligation of the consolidated Bayou Hedge Funds. The foregoing (x) shall not affect the terms and implementation of any settlement, and the rights and obligations of the parties thereto, entered into in connection with the confirmation of the Plan and (y) shall not, and shall not be deemed to, prejudice the Adversary Proceedings or any other Bayou Hedge Funds Causes of Actions, which shall survive entry of the Confirmation Order for the benefit of the Bayou Hedge Funds, their Estates, and the Bayou Hedge Funds Litigation Trust, as if there had been no substantive consolidation.

b. On and subject to the occurrence of the Effective Date, the Bayou Non-Fund Debtors and their respective Estates shall be deemed merged into Bayou Management and its Estate, and (i) all remaining assets (including the Bayou Management Litigation Trust Assets) and liabilities of the Bayou Non-Fund Debtors shall be deemed merged into Bayou Management, (ii) all guarantees of any of the Bayou Non-Fund Debtors of the payment, performance, or collection of obligations of any other Bayou Non-Fund Debtors shall be eliminated and canceled, (iii) any obligation of any of the Bayou Non-Fund Debtors and all guarantees thereof executed by one or more of the other Bayou Non-Fund Debtors shall be treated as a single obligation, and such guarantees shall be deemed a single Claim against the consolidated Bayou Non-Fund Debtors, (iv) all joint obligations of two or more of the Bayou Non-Fund Debtors and all multiple Claims (including any and all multiple Proofs of Claim that were filed by the same party against more than one of the Bayou Non-Fund Debtors asserting the same underlying Claim) against such entities on account of such allegedly joint obligations shall be treated and allowed only as a single Claim against the consolidated Bayou Non-Fund Debtors, (v) all Claims between or among the Bayou Non-Fund Debtors shall be canceled, and (vi) each Claim filed or scheduled in the Case of any of the Bayou Non-Fund Debtors shall be deemed filed or scheduled against the consolidated Bayou Non-Fund Debtors and a single obligation of the consolidated Bayou Non-Fund Debtors. The foregoing (x) shall not affect the terms and implementation of any settlement, and the rights and obligations of the parties thereto, entered into in connection with the confirmation of the Plan and (y) shall not, and shall not be deemed to, prejudice the Adversary Proceedings or any other Bayou Management Causes of Actions, which shall survive entry of the Confirmation Order for the benefit of the Bayou Non-Fund Debtors, their Estates, and the Bayou Management Litigation Trust, as if there had been no substantive consolidation.

c. Substantive Consolidation Order. The Plan shall serve as, and shall be deemed to be, a motion for entry of an order substantively consolidating the Cases of the Bayou Hedge Funds and these of the Bayou Non-Fund Debtors, although nothing herein or in the Disclosure Statement shall, or shall be deemed to, prejudice or otherwise affect the Debtors'

right to file a separate motion seeking substantive consolidation if they elect to do so in their sole discretion. The basis for such requested substantive consolidation is set forth in the Disclosure Statement (and as may be further set forth in any other motion or pleadings the Debtors may file in support of such request). If no objection to the substantive consolidation provided for in this Plan is timely filed by the deadline established therefor by the Bankruptcy Court, an order approving such substantive consolidation (which may be the Confirmation Order or any other order) may be entered by the Bankruptcy Court. If any such objections are timely filed and served, a hearing with respect to the proposed substantive consolidation of the Bayou Hedge Funds Debtors Cases of the Bayou Non-Fund Debtors Cases and the objections thereto may be scheduled by the Bankruptcy Court, which hearing may, but is not required to, coincide with the Confirmation Hearing. In the event the Bankruptcy Court rules that any Debtor(s) or Estate(s) shall not be substantively consolidated, this Plan shall nonetheless be binding and in full force and effect with respect to all of the Debtors and the Estates, and the consolidated Bayou Hedge Funds are authorized and directed, and reserve all rights to take all such actions during the period prior to the Effective Date as may be necessary and consistent with the Plan to prepare to effectuate and/or implement the Plan upon the Effective Date (including, without limitation, modifying the Plan).

6.2. The Litigation Trusts.

a. Execution of the Litigation Trust Agreements. On or prior to the Effective Date, the respective Litigation Trust Agreements shall be executed, and all other necessary steps shall be taken to establish the Litigation Trusts without any requirement of further action by the Sole Managing Member or any other governing body of the Debtors. This Plan Section 6.2 sets forth certain of the rights, duties, and obligations of the respective Litigation Trusts and the Litigation Trustee. In the event of any conflict between the terms of this Plan Section 6.2 and the terms of the respective Litigation Trust Agreements, the terms of the Plan shall govern.

b. Purpose of the Litigation Trusts. The Litigation Trusts shall be established for the sole purpose of liquidating and distributing their respective assets, in accordance with Treasury Regulation section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business.

c. The Litigation Trust Assets.

(i) The Bayou Hedge Funds Litigation Trust Assets.

(a) The Bayou Hedge Funds Litigation Trust's res shall consist of the Bayou Hedge Funds Litigation Trust Assets. Any Cash or other property received following the Effective Date by the Bayou Hedge Funds Litigation Trust or the Bayou Hedge Funds' Estates from third parties from the prosecution, settlement, or compromise of any Adversary Proceedings or the other Bayou Hedge Funds Causes of Action (including any proceeds from any insurance policies, if any), from the Bayou Management Litigation Trust (on account of the Bayou Hedge Funds Litigation Trust's Allowed Class 3 Claim against Bayou Management), or otherwise shall constitute Bayou Hedge Funds Litigation Trust Assets for purposes of distributions under the Bayou Hedge Funds Litigation Trust. Any funds that had

been retained by the Bayou Hedge Funds on the Effective Date and that are left over following the payment of all Allowed Administrative Expense Claims, Allowed Professional Fees, Allowed Priority Tax Claims, and Allowed Priority Tax Claims (as determined by the Sole Managing Member or the Bayou Hedge Funds Litigation Trustee, as applicable) pursuant to Section 5.2(b) hereof, shall be transferred to the Bayou Hedge Funds Litigation Trust as soon as is practicable following the payment of all such Claims, and shall thereafter constitute Bayou Hedge Funds Litigation Trust Assets. On the Effective Date or as soon thereafter as is practicable (1) the Bayou Superfund (as consolidated with the other Bayou Hedge Funds in the manner set forth in Section 6.1 hereof) shall transfer all of the Bayou Hedge Funds Litigation Trust Assets to the Bayou Hedge Funds Litigation Trust free and clear of all liens, claims, and encumbrances, except to any extent otherwise provided in the Plan, and (2) the Bayou Hedge Funds Litigation Trust shall automatically be deemed the successor in interest for all purposes to the Bayou Hedge Funds in any then pending Adversary Proceeding or other Bayou Hedge Funds Cause of Action to the same extent as if the Bayou Hedge Funds Litigation Trust were the Bayou Hedge Funds as debtors-in-possession, without the need for any other or further order of the Bankruptcy Court or other court of competent jurisdiction; provided, however, that the Post-Effective Date Committee shall automatically be deemed the successor in interest for all purposes to the Committee-Controlled Causes of Action.

(A) Without limiting the generality of the foregoing, the Bayou Hedge Funds Litigation Trust, as the successor of the Bayou Hedge Funds and the representative of the holders of Allowed Investor Creditor Unsecured Claims against any of the Bayou Hedge Funds, is hereby granted an Allowed Class 3 Claim against Bayou Management and its Estate, in an amount equal to the aggregate amount of all Allowed Class 3 Claims of the Investor Creditors against Bayou Management. Such Allowed Claim shall be treated in the manner set forth in Section 4.2(c) hereof, and the Bayou Management Litigation Trust shall recognize such Claim as an Allowed Class 3 Claim against Bayou Management for all purposes under the Plan and the Bayou Management Litigation Trust Agreement. Any and all proceeds realized an account of such Allowed Claim shall constitute Bayou Hedge Funds Litigation Trust Assets, to be distributed to Investor Creditors with Allowed Class 3 Claims in accordance with the terms and conditions of the Plan and the Bayou Hedge Funds Litigation Trust Agreement. Such Allowed Claim in favor of the Bayou Hedge Funds Litigation Trust, which shall be held and asserted on behalf of all Investor Creditors holding Allowed Class 3 Claims, shall supplant and supersede any and all Class 3 Claims filed by individual Investor Creditors against Bayou Management, which individual claims are hereby deemed Disputed for all purposes under the Plan and the Bayou Management Litigation Trust Agreement.

(b) Upon the transfer of the Bayou Hedge Funds Litigation Trust Assets to the Bayou Hedge Funds Litigation Trust, the Bayou Hedge Funds Litigation Trustee shall be a representative of the consolidated Bayou Hedge Funds Estates pursuant to Bankruptcy Code §§ 1123(a)(5), 1123(a)(7), and 1123(b)(3)(B) with respect to the Bayou Hedge Funds Litigation Trust Assets and the Post-Effective Date Committee shall be the representative of the Bayou Hedge Funds' Estates with respect to the Committee-Controlled Causes of Action. **ALL OTHER CAUSES OF ACTION (INCLUDING, WITHOUT LIMITATION, ALL AVOIDANCE ACTIONS) SHALL SURVIVE CONFIRMATION AND CONSUMMATION OF THE PLAN AND THE COMMENCEMENT OR**

PROSECUTION OF ANY SUCH CLAIMS SHALL NOT BE BARRED BY ANY ESTOPPEL, WHETHER JUDICIAL, EQUITABLE, OR OTHERWISE.

(ii) The Bayou Management Litigation Trust Assets.

(a) The Bayou Management Litigation Trust's res shall consist of the Bayou Management Litigation Trust Assets. Any Cash or other property received following the Effective Date by the Bayou Management Litigation Trust or Bayou Management's Estate from third parties from the prosecution, settlement, or compromise of any of the Bayou Management Causes of Action (including any proceeds from any insurance policies, if any) or otherwise shall constitute Bayou Management Litigation Trust Assets for purposes of distributions under the Bayou Management Litigation Trust. Any funds that had been retained by Bayou Management on the Effective Date and that are left over following the payment of all Allowed Administrative Expense Claims, Allowed Professional Fees, Allowed Priority Tax Claims, and Allowed Priority Tax Claims (as determined by the Sole Managing Member or the Bayou Management Litigation Trustee, as applicable) pursuant to Section 5.2(b) hereof, shall be transferred to the Bayou Management Litigation Trust as soon as is practicable following the payment of all such Claims, and shall thereafter constitute Bayou Management Litigation Trust Assets. On the Effective Date or as soon thereafter as is practicable (1) all Bayou Management Litigation Trust Assets shall automatically be deemed transferred to the Bayou Management Litigation Trust free and clear of all Liens, Claims, and encumbrances, except to any extent otherwise provided in the Plan, and (2) the Bayou Management Litigation Trust shall automatically be deemed the successor in interest for all purposes to Bayou Management in any then pending Bayou Management Cause of Action to the same extent as if the Bayou Management Litigation Trust were Bayou Management as a debtor-in-possession, without the need for any other or further order of the Bankruptcy Court or other court of competent jurisdiction; provided, however, that the Post-Effective Date Committee shall automatically be deemed the successor in interest for all purposes to the Committee-Controlled Causes of Action.

(b) Upon the transfer of the Bayou Management Litigation Trust Assets to the Bayou Management Litigation Trust, the Bayou Management Litigation Trustee shall be a representative of Bayou Management's Estate pursuant to Bankruptcy Code §§ 1123(a)(5), 1123(a)(7), and 1123(b)(3)(B) with respect to the Bayou Management Litigation Trust Assets and the Post-Effective Date Committee shall be the representative of the Bayou Management's Estate with respect to the Committee-Controlled Causes of Action. **ALL OTHER CAUSES OF ACTION (INCLUDING, WITHOUT LIMITATION, ALL AVOIDANCE ACTIONS) SHALL SURVIVE CONFIRMATION AND CONSUMMATION OF THE PLAN AND THE COMMENCEMENT OR PROSECUTION OF ANY SUCH CLAIMS SHALL NOT BE BARRED BY ANY ESTOPPEL, WHETHER JUDICIAL, EQUITABLE, OR OTHERWISE.**

d. **Governance of the Litigation Trusts.** The Bayou Hedge Funds Litigation Trust shall be governed, pursuant to the Bayou Hedge Funds Litigation Trust Agreement, by Jeff J. Marwil, not in his individual capacity, but solely as a trustee for the benefit of the Bayou Hedge Funds Litigation Trust (the "**Bayou Hedge Funds Litigation Trustee**"). The Bayou Management Litigation Trust shall be governed, pursuant to the Bayou Management

Litigation Trust Agreement, by Jeff J. Marwil, not in his individual capacity, but solely as a trustee for the benefit of the Bayou Management Litigation Trust (the “**Bayou Management Litigation Trustee**”). The Litigation Trust Agreements shall be acceptable to the Committee, and shall in substance provide as follows: (1) for any settlement agreement into which a Litigation Trust proposes to enter, the Litigation Trust shall present the proposed settlement to the Post-Effective Date Committee and, if requested by the Post-Effective Date Committee, an explanation of the basis for the proposed settlement and an opportunity to discuss the proposed settlement; and not less than seven (7) Business Days after presenting the proposed settlement to the Post-Effective Date Committee, the respective Litigation Trust may present the proposed settlement to the Bankruptcy Court for approval upon negative notice if the Post-Effective Date Committee shall have consented to the proposed settlement or by motion on notice if the Post-Effective Date Committee shall have indicated that it does not consent to such proposed settlement; (2) the fees and expenses of the Litigations Trusts shall be submitted to the Post-Effective Date Committee for review on a monthly basis; and (3) conference calls shall occur at reasonable regular intervals between the appropriate agent(s) of the Litigation Trusts and the Post-Effective Date Committee.

e. The Litigation Trustee. The Sole Managing Member, Jeff J. Marwil, not individually, but solely as a fiduciary for the respective Litigation Trusts, shall be the Litigation Trustee. The designation of the Sole Managing Member as the Litigation Trustee shall be effective on the Effective Date without the need for (i) any further order of the Bankruptcy Court or (ii) any further action by the Sole Managing Member or any other governing body of the Debtors.

f. Role of the Litigation Trustee.

(i) In furtherance of and consistent with the purpose of the Litigation Trusts and the Plan, the Litigation Trustee shall among other things (as may be set forth in the respective Litigation Trust Agreements), (1) have the power and authority to manage, invest, and distribute the respective Litigation Trust Assets to the holders of Allowed Class 2 Claims and Allowed Class 3 Claims to the extent set forth in the Plan, (2) hold the respective Litigation Trust Assets for the benefit of the holders of Allowed Class 2 Claims and Allowed Class 3 Claims to the extent set forth in the Plan, (3) have the power and authority to hold, manage, sell, and distribute Cash or non-Cash Litigation Trust Assets obtained through the exercise of its power and authority, (4) have the power and authority to prosecute, settle, and otherwise resolve, in the names and on behalf of the applicable Debtors, their Estates, or the name of the applicable Litigation Trust, the Adversary Proceedings and all other Causes of Action other than the Committee-Controlled Causes of Action, including the power and authority to commence an Adversary Proceeding or other Cause of Action against any Investor Creditor that received a Redemption Payment at any time prior to the Closing of the Cases, (5) have the power and authority to prosecute and resolve objections to any Disputed Class 2 Claims or Disputed Class 3 Claims (or any portion thereof) in the name and on behalf of the applicable Debtors, their Estates, or the name of the applicable Litigation Trust, and any Disputed Administrative Expense Claims, Disputed Priority Tax Claims, or Disputed Priority Non-Tax Claims in the name and on behalf of the applicable Debtors or their Estates, (6) have the power and authority to perform such other functions as are provided in the Plan and the respective Litigation Trust Agreements, (7) have the power and authority to retain and compensate professionals to assist it in performing

the functions as provided in the Plan and the Litigation Trust Agreements, (8) have the power and authority to perform or delegate such other functions and services and duties as it deems reasonably necessary or appropriate, (9) have the power and authority to administer the closure of all of the Cases, and (10) have the power and authority to ensure that each of the Debtors completes any and all of the acts required by the Plan following the Effective Date, if any, and to otherwise take any and all reasonably necessary or appropriate steps to effectuate the dissolution of any of the Debtors pursuant to the terms of the Plan (including, without limitation, Section 6.5(f) hereof) and applicable law. The Litigation Trustee shall be responsible for all decisions and duties with respect to the Litigation Trusts and the respective Litigation Trust Assets, subject to (a) the approval of the Bankruptcy Court after notice and a hearing (as appropriate), (b) the terms and conditions of the respective Litigation Trust Agreements and (c) the consent of the Post-Effective Date Committee. In all circumstances, the Litigation Trustee shall act in the best interests of the beneficiaries of the respective Litigation Trusts and in furtherance of the purpose of the respective Litigation Trusts.

(ii) After the certificates of cancellation, dissolution, or merger for all of the applicable Debtors have been filed in accordance with Section 6.5 hereof, the Litigation Trustee shall be authorized to exercise all powers regarding the Debtors' tax matters, including filing tax returns, to the same extent as if the respective Litigation Trust were the applicable Debtors as debtors-in-possession. The applicable Litigation Trust shall (A) complete and file within ninety (90) days of the filing for dissolution by the applicable Debtor(s), to the extent not previously filed, such Debtor(s)' post-petition federal, state, and local tax returns, (B) request an expedited determination of any unpaid tax liability of such Debtor(s) under Bankruptcy Code § 505(b) for all tax periods of such Debtor(s) starting after the Petition Date through the liquidation of such Debtor(s) as determined under applicable tax laws, to the extent not previously requested, and (C) represent the interests and account of such Debtor(s) before any taxing authority in all matters, including, but not limited to, any action, suit, proceeding, or audit.

g. Nontransferability of the Litigation Trust Interests. Any and all beneficial interests in the respective Litigation Trusts shall not be certificated and are not transferable by the holders thereof (except as may otherwise be provided in the respective Litigation Trust Agreements).

h. Cash. The Litigation Trust may invest Cash (including any earnings thereon or proceeds therefrom) as permitted by Bankruptcy Code § 345, provided, however, that such investments are investments permitted to be made by a litigation or similar trust within the meaning of Treasury Regulation section 301.7701-4(d), as reflected therein, or under applicable Internal Revenue Service guidelines, rulings, or other controlling authorities.

i. Costs and Expenses of the Litigation Trusts. The costs and expenses of the respective Litigation Trusts, including the fees and expenses of the Litigation Trustee and the professionals retained in accordance with Plan Section 6.2(k) (including the costs and expenses incurred in connection with the pursuit of the respective Causes of Action), shall be paid out of the applicable Litigation Trust Assets. All such costs and expenses shall be paid in the manner set forth in Plan Section 6.2(5) and in the applicable Litigation Trust Agreement.

j. Compensation of the Litigation Trustee. The Litigation Trustee shall be entitled to reasonable compensation and reimbursement of expenses in an amount consistent with the Appointment Order upon Bankruptcy Court approval after notice and a hearing. On the Effective Date, or as soon thereafter as is practicable, the applicable Litigation Trust shall, subject to Bankruptcy Court approval after notice and a hearing, pay to the Sole Managing Member any accrued but unpaid fees and expenses due the Sole Managing Member as calculated pursuant to the Appointment Order.

k. Retention of Professionals by the Litigation Trusts. Each of the Litigation Trusts (with the consent of the Post-Effective Date Committee) and the Litigation Trustees may retain counsel and other professionals to provide professional services thereto, including in connection with the Plan or the respective Litigation Trust Agreements, without the need for any further Bankruptcy Court approval, including in connection with the prosecution or settlement of the Adversary Proceedings, all other Causes of Action, or objections to Disputed Claims against any of the applicable Debtors. Without limiting the generality of the foregoing, each of the Litigation Trusts and the Litigation Trustees may retain any professional who previously represented any party-in-interest in these Cases on or prior to the Effective Date. The applicable Litigation Trust shall compensate all such professionals in the manner set forth in Plan Section 6.2(i) and in the respective Litigation Trust Agreements, in each instance subject to Bankruptcy Court approval upon the filing of an appropriate application with respect thereto by such professional.

l. Distribution of the Litigation Trust Assets.

(i) Distribution of the Bayou Hedge Funds Litigation Trust Assets. The Bayou Hedge Funds Litigation Trust shall, at the discretion of the Litigation Trustee with the consent of the Post-Effective Date Committee, distribute at least semi-annually and in accordance with the Bayou Hedge Funds Litigation Trust Agreement, commencing as soon as practicable on or after the Effective Date, the Bayou Hedge Funds Litigation Trust Assets on hand (including any Cash received from the Bayou Hedge Funds or any Government Funds, if any, received from any Defendants, and treating as Cash for purposes of this Section 6.2(l)(i) any permitted investments under Section 6.2(h) hereof), except such amounts (i) as would be distributable to a holder of a Disputed Claim if such Disputed Claim had been Allowed prior to the time of such distribution (but only until such Claim is resolved), if any, (ii) as are reasonably necessary to meet contingent liabilities (including with respect to any indemnification obligations owed to the Bayou Hedge Funds Litigation Trustee, pursuant to the terms and conditions of the Plan and the Bayou Hedge Funds Litigation Trust Agreement) and to maintain the value of the Bayou Hedge Funds Litigation Trust Assets during liquidation, (iii) necessary to pay anticipated future reasonable expenses (including, but not limited to, any taxes imposed on the Bayou Hedge Funds Litigation Trust or in respect of the Bayou Hedge Funds Litigation Trust Assets) as determined by the Bayou Hedge Funds Litigation Trustee, and (iv) to satisfy other anticipated liabilities (including a reasonable reserve for unanticipated future liabilities, fees, and expenses) to be incurred by the Bayou Hedge Funds Litigation Trust in accordance with this Plan or the Bayou Hedge Funds Litigation Trust Agreement.

(ii) Distribution of the Bayou Management Litigation Trust Assets. The Bayou Management Litigation Trust, at the discretion of the Litigation Trustee,

shall distribute at least semi-annually and in accordance with the Bayou Management Litigation Trust Agreement, commencing as soon as practicable on or after the Effective Date, the Bayou Management Litigation Trust Assets on hand (including any Cash received from Bayou Management, and treating as Cash for purposes of this Section 6.2(l)(ii) any permitted investments under Section 6.2(h) hereof), except such amounts (i) as would be distributable to a holder of a Disputed Claim if such Disputed Claim had been Allowed prior to the time of such distribution (but only until such Claim is resolved), if any, (ii) as are reasonably necessary to meet contingent liabilities (including with respect to any indemnification obligations owed to the Bayou Management Litigation Trustee, pursuant to the terms and conditions of the Plan and the Bayou Management Litigation Trust Agreement) and to maintain the value of the Bayou Management Litigation Trust Assets during liquidation, (iii) necessary to pay anticipated future reasonable expenses (including, but not limited to, any taxes imposed on the Bayou Management Litigation Trust or in respect of the Bayou Management Litigation Trust Assets) as determined by the Bayou Management Litigation Trustee, and (iv) to satisfy other anticipated liabilities (including a reasonable reserve for unanticipated future liabilities to be incurred by the Bayou Management Litigation Trust in accordance with this Plan or the Bayou Management Litigation Trust Agreement.

m. Federal Income Tax Treatment of the Litigation Trusts.

(i) The Litigation Trust Assets Treated as Owned by Holders of Allowed Class 2 Claims and Allowed Class 3 Claims. For all federal income tax purposes, all parties (including the Debtors, the respective Litigation Trusts, and the holders of Allowed Class 2 Claims and Allowed 3 Claims) shall each treat the transfer of the respective Litigation Trust Assets to the applicable Litigation Trust for the benefit of the holders of Allowed Class 2 Claims and Allowed 3 Claims against the applicable Debtors, whether Allowed on or after the Effective Date, as (A) a transfer of the respective Litigation Trust Assets directly to the holders of Allowed Class 2 Claims or Allowed Class 3 Claims in satisfaction of such Claims (other than to any extent allocable to Disputed Class 2 Claims or Disputed Class 3 Claims) followed by (B) the transfer by such holders to the applicable Litigation Trust of the respective Litigation Trust Assets in exchange for beneficial interests in the applicable Litigation Trust. Accordingly, the holders of such Allowed Claims shall be treated for federal income tax purposes as the grantors and owners of their respective shares of the applicable Litigation Trust Assets.

(ii) Tax Reporting.

(a) As shall be set forth in the respective Litigation Trust Agreements, each Litigation Trust shall file returns as a grantor trust pursuant to Treasury Regulation section 1.671-4(a) and in accordance with this Section 6.2(m)(ii). The Litigation Trust shall also annually send to each record holder of an Allowed Class 3 Claim against the Bayou Hedge Funds or Bayou Management (as applicable) a separate statement setting forth the holder's share of items of income, gain, loss, deduction, or credit and will instruct all such holders to report such items on their federal income tax returns or to forward the appropriate information to the applicable beneficial holders of such Allowed Claim with instructions to report such items on their federal income tax returns. The respective Litigation Trust's taxable income, gain, loss, deduction, or credit will be allocated (subject to Section 6.2(m)(ii)(c) hereof)

to the holders of Allowed Class 3 Claims to the extent provided for in the Plan, in accordance with their relative beneficial interests in the applicable Litigation Trust.

(b) As soon as possible after the Effective Date, but in no event later than ninety (90) days after the Effective Date, the Litigation Trust shall make a good faith estimate of the value of the respective Litigation Trust Assets. Such estimate of value shall be made available from time to time, to the extent relevant, and used consistently by all parties (including the Debtors, the Litigation Trust, and the holders of Allowed Class 3 Claims) for all federal income tax purposes. The Litigation Trust shall also file (or cause to be filed) any other statements, returns, or disclosures relating to the respective Litigation Trust that are required by any governmental unit.

(c) Litigation Trust Claims Reserves.

(A) Subject to definitive guidance from the Internal Revenue Service or a court of competent jurisdiction to the contrary (including the receipt by the Bayou Hedge Funds Litigation Trust of a private letter ruling if the Bayou Hedge Funds Litigation Trust so requests one, or the receipt of an adverse determination by the Internal Revenue Service upon audit if not contested by the Bayou Hedge Funds Litigation Trust), the Bayou Hedge Funds Litigation Trust shall (i) treat any Bayou Hedge Funds Litigation Trust Asset allocable to, or retained on account of, Disputed Class 2 Claims and Disputed Class 3 Claims (in an amount and manner as set forth in Plan Section 7.3(a)), if any, as held by one or more discrete trusts for federal income tax purposes (the “**Bayou Hedge Funds Litigation Trust Claims Reserve**”), consisting of separate and independent shares to be established in respect of each Disputed Class 2 Claim and Disputed Class 3 Claim, in accordance with the trust provisions of the Tax Code (section 641 *et seq.*), (ii) treat as taxable income or loss of the Bayou Hedge Funds Litigation Trust Claims Reserve, with respect to any given taxable year, the portion of the taxable income or loss of the Bayou Hedge Funds Litigation Trust that would have been allocated to the holders of Disputed Class 2 Claims or Disputed Class 3 Claims, if any, had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are unresolved), (iii) treat as a distribution from the Bayou Hedge Funds Litigation Trust Claims Reserve any increased amounts distributed by the Bayou Hedge Funds Litigation Trust as a result of any Disputed Class 2 Claims or Disputed Class 3 Claims resolved earlier in the taxable year, to the extent such distributions relate to taxable income or loss of the Bayou Hedge Funds Litigation Trust Claims Reserve determined in accordance with the provisions hereof, and (iv) to the extent permitted by applicable law, report consistent with the foregoing for state and local income tax purposes. All holders of Allowed Class 2 Claims and Allowed Class 3 Claims against any of the Bayou Hedge Funds shall report, for tax purposes, consistently with the foregoing.

(B) Subject to definitive guidance from the Internal Revenue Service or a court of competent jurisdiction to the contrary (including the receipt by the Bayou Management Litigation Trust of a private letter ruling if the Bayou Management Litigation Trust so requests one, or the receipt of an adverse determination by the Internal Revenue Service upon audit if not contested by the Bayou Management Litigation Trust), the Bayou Management Litigation Trust shall (i) treat any Bayou Management Litigation Trust Asset allocable to, or retained on account of, Disputed Class 2 Claims or Disputed Class 3

Claims (in an amount and manner as set forth in Plan Section 7.3(a)), if any, as held by one or more discrete trusts for federal income tax purposes (the “**Bayou Management Litigation Trust Claims Reserve**”), consisting of separate and independent shares to be established in respect of each Disputed Class 2 Claim or Disputed Class 3 Claim, in accordance with the trust provisions of the Tax Code (section 641 *et seq.*), (ii) treat as taxable income or loss of the Bayou Management Litigation Trust Claims Reserve, with respect to any given taxable year, the portion of the taxable income or loss of the Bayou Management Litigation Trust that would have been allocated to the holders of Disputed Class 2 Claims or Disputed Class 3 Claims, if any, had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are unresolved), (iii) treat as a distribution from the Bayou Management Litigation Trust Claims Reserve any increased amounts distributed by the Bayou Management Litigation Trust as a result of any Disputed Class 2 Claims or Disputed Class 3 Claims resolved earlier in the taxable year, to the extent such distributions relate to taxable income or loss of the Bayou Management Litigation Trust Claims Reserve determined in accordance with the provisions hereof, and (iv) to the extent permitted by applicable law, report consistent with the foregoing for state and local income tax purposes. All holders of Allowed Class 2 Claims and Allowed Class 3 Claims against Bayou Management shall report, for tax purposes, consistently with the foregoing.

(d) The Litigation Trust shall be responsible for payments, out of the applicable Litigation Trust Assets, of any taxes imposed on the respective Litigation Trusts or the respective Litigation Trust Assets, including the respective Litigation Trust Claims Reserves. In the event, and to the extent, any Cash (if any) retained on account of Disputed Class 2 Claims or Disputed Class 3 Claims in the applicable Litigation Trust Claims Reserve is insufficient to pay the portion of any such taxes attributable to the taxable income arising from the assets allocable to, or retained on account of, Disputed Class 2 Claims or Disputed Class 3 Claims, such taxes shall be (i) reimbursed from any subsequent Cash amounts (if any) retained on account of Disputed Class 2 Claims or Disputed Class 3 Claims or (ii) to the extent such Disputed Class 2 Claims or Disputed Class 3 Claims have subsequently been resolved, deducted from any amounts distributable by the Litigation Trust as a result of the resolutions of such Disputed Class 2 Claims or Disputed Class 3 Claims.

(e) Prior to making a final distribution, dissolving the Litigation Trusts and closing the Debtors’ Cases, the Litigation Trustee may apply (i) to the Bankruptcy Court for an order authorizing final distribution, closing the Debtors’ Cases, and releasing the Litigation Trustee and the Litigation Trusts from any and all claims, debts, or liabilities, including any and all claims, debts, or liabilities for taxes to any and all taxing authorities, and /or (ii) to the Bankruptcy Court, under section 505 of the Bankruptcy Code, the Internal Revenue Service and/or any other taxing authority for a determination of any tax liability payable by the Debtors or the Litigation Trusts. The Litigation Trustee shall not be required to make a final distribution unless the Litigation Trustee determines that the Litigation Trusts, the Debtors and the Litigation Trustee have no remaining liabilities for taxes of any kind.

n. Dissolution. The Litigation Trustee and the respective Litigation Trusts shall be discharged or dissolved, as the case may be, at such time as (i) all applicable Disputed Class 2 Claims and Disputed Class 3 Claims have been resolved, (ii) all of the applicable Litigation Trust Assets have been liquidated, and (iii) all distributions required to be made by the

Litigation Trust under the Plan have been made, but in no event shall the respective Litigation Trusts be dissolved later than five (5) years from the Effective Date unless the Bankruptcy Court, upon motion within the six (6) month period prior to the fifth (5th) anniversary (and, in the case of any extension, within six (6) months prior to the end of such extension), determines that a fixed period extension (not to exceed three (3) years, together with any prior extensions, without a favorable letter ruling from the Internal Revenue Service that any further extension would not adversely affect the status of the applicable Litigation Trust as a liquidating trust for federal income tax purposes) is necessary to facilitate or complete the recovery and liquidation of the applicable Litigation Trust Assets or the dissolution of the applicable Debtors.

o. Indemnification of the Litigation Trustee. The Litigation Trustee or the individuals comprising the Litigation Trustee, as the case may be, and the respective Litigation Trusts' agents and professionals, shall not be liable for actions taken or omitted in its or their capacity as, or on behalf of, the applicable Litigation Trust, except upon a finding by the Bankruptcy Court that it or they acted or failed to act as the result of misfeasance, bad faith, gross negligence, or in reckless disregard of its or their duties and each shall be entitled to indemnification and reimbursement for fees and expenses in defending any and all of its or their actions or inactions in its or their capacity as, or on behalf of, the applicable Litigation Trust, except for any actions or inactions involving misfeasance, bad faith, gross negligence, or in reckless disregard of its or their duties. Any indemnification claim of the Litigation Trustee (and the other parties entitled to indemnification under this section 6.2(o)) shall be satisfied from the applicable Litigation Trust Assets, subject to the approval of the Bankruptcy Court after notice and a hearing. The Litigation Trustee shall be entitled to rely, in good faith, on the advice of retained professionals.

p. Closing of the Bayou Superfund Case.

(i) When all Disputed Claims against any of the Bayou Hedge Funds (as consolidated into Bayou Superfund) have become Allowed Claims, have been disallowed by a Final Order, or have been otherwise fully resolved, and all of the Bayou Hedge Funds Litigation Trust Assets have been distributed in accordance with this Plan (including pursuant to Plan Section 6.2(l)(i)), the Bayou Hedge Funds Litigation Trustee shall seek authority from the Bankruptcy Court to close the Bayou Superfund Case in accordance with the Bankruptcy Code and the Bankruptcy Rules; provided, however, that nothing in this Plan or the Bayou Hedge Funds Litigation Trust Agreement shall prevent the Bayou Hedge Funds Litigation Trustee from seeking authority from the Bankruptcy Court to close the Bayou Superfund Case at any time prior thereto, in accordance with the Bankruptcy Code and the Bankruptcy Rules.

(ii) If at any time the Bayou Hedge Funds Litigation Trustee determines that the expense of administering the Bayou Hedge Funds Litigation Trust so as to make a final distribution to its beneficiaries is likely to exceed the value of the assets remaining in the Bayou Hedge Funds Litigation Trust, the Bayou Hedge Funds Litigation Trustee shall apply to the Bankruptcy Court for authority to (i) reserve any amounts necessary to close the Bayou Superfund Case, (ii) donate any balance to a charitable organization exempt from federal income tax under section 501(c)(3) of the Tax Code that is unrelated to any of the Debtors, the Creditors Committee or its members, the Bayou Hedge Funds Litigation Trustee, and any insider of the Bayou Hedge Funds Litigation Trustee, and (iii) close the Bayou Superfund Case in

accordance with the Bankruptcy Code and Bankruptcy Rules. Notice of such application shall be given electronically, to the extent practicable, to those parties who have filed requests for notices in the Bayou Hedge Funds Cases and whose electronic addresses then remain current and operating.

q. Closing of the Bayou Management Case.

(i) When all Disputed Claims against any of the bayou Non-Fund Debtors (as consolidated into Bayou Management) have become Allowed Claims, have been disallowed by a Final Order, or have been otherwise fully resolved, and all of the Bayou Management Litigation Trust Assets have been distributed in accordance with this Plan (including pursuant to Plan Section 6.2(1)(ii)), the Bayou Management Litigation Trustee shall seek authority from the Bankruptcy Court to close the Bayou Management Case in accordance with the Bankruptcy Code and the Bankruptcy Rules; provided, however, that nothing in this Plan or the Bayou Management Litigation Trust Agreement shall prevent the Bayou Management Litigation Trustee from seeking authority from the Bankruptcy Court to close the Bayou Management Case at any time prior thereto, in accordance with the Bankruptcy Code and the Bankruptcy Rules.

(ii) If at any time the Bayou Management Litigation Trustee determines that the expense of administering the Bayou Management Litigation Trust so as to make a final distribution to its beneficiaries is likely to exceed the value of the assets remaining in the Bayou Management Litigation Trust, the Bayou Management Litigation Trustee shall apply to the Bankruptcy Court for authority to (i) reserve any amounts necessary to close the Bayou Management Case, (ii) donate any balance to a charitable organization exempt from federal income tax under section 501(c)(3) of the Tax Code that is unrelated to any of the Debtors, the Creditors Committee or its members, the Bayou Management Litigation Trustee, and any insider of the Bayou Management Litigation Trustee, and (iii) close the Bayou Management Case in accordance with the Bankruptcy Code and Bankruptcy Rules. Notice of such application shall be given electronically, to the extent practicable, to those parties who have filed requests for notices in the Bayou Management Case and whose electronic addresses then remain current and operating.

6.3. Securities Exempt. Any issuance under the Plan of any beneficial interests in either of the Litigation Trusts to the holders of Allowed Class 3 Claims (subject to the limitations set forth in the Plan and the Litigation Trust Agreements), to the extent, if any, such interests constitute “securities” under applicable law, satisfies the requirements of Bankruptcy Code § 1145 and, therefore, any such issuance is exempt from registration under the Securities Act of 1933, as amended, and any state or local law requiring registration for the offer or sale of securities.

6.4. Cancellation of Existing Securities and Agreements. Except for purposes of evidencing a right to distributions under the Plan or otherwise expressly provided hereunder, on the Effective Date any and all agreements or other documents evidencing the Claims or rights of any holder of a Claim against the Debtors (including all Investor Creditors), any Equity Interest, and any options or warrants to purchase Equity Interests, or obligating the Debtors to issue, transfer, or sell Equity Interests or any other capital stock of the Debtors, shall be canceled.

6.5. Post-Confirmation; Dissolution. On or as soon as practicable after the Effective Date:

a. Payments and Transfers. Bayou Fund, Bayou Management, Bayou Group, Bayou Advisors, or Bayou Equities, acting through the Sole Managing Member or the Litigation Trustee, as the case may be, shall, on behalf of all of the Debtors and the Estates (as applicable), make payments and transfers to holders of Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed Priority Non-Tax Claims, in accordance with Section 5.2(a) hereof.

b. Administration of Taxes. Except to the extent otherwise provided in this Plan or the Litigation Trust Agreements, Bayou Superfund, Bayou Management, Bayou Group, Bayou Advisors, or Bayou Equities, acting through the Sole Managing Member or the Litigation Trustee, as the case may be, shall be responsible for all tax matters until certificates of cancellation, dissolution, or merger for the Bayou Fund, Bayou Management, Bayou Group, Bayou Advisors, or Bayou Equities, as applicable, shall have been filed in accordance with Section 6.5(f) hereof.

c. Effective Date Payments and Transfers. On the Effective Date, or as soon thereafter as is reasonably practicable, Bayou Superfund and Bayou Management shall make the respective payments and transfers to the Litigation Trusts described in Section 5.2(a) hereof.

d. Claims Administration and Prosecution and Plan Distributions. Subject to the approval of the Bankruptcy Court after notice and a hearing, (a) at any time prior to the Effective Date, the Debtors shall, and (b) at any time on or after the Effective Date, the Litigation Trusts and those Debtors not dissolved as of the Effective Date shall, have the power and authority to prosecute and resolve objections to any Disputed Administrative Expense Claims, Disputed Priority Tax Claims, and Disputed Priority Non-Tax Claims. The Litigation Trusts and any Debtor that has not been dissolved as of the Effective Date shall also have the power and authority to hold, manage, and distribute Plan distributions to the holders of any Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed Priority Non-Tax Claims that are not satisfied in full on or prior to the Effective Date.

e. Dissolution of Bayou Fund, Bayou No Leverage, Bayou Affiliates, Bayou Accredited, Bayou Group, Bayou Advisors and Bayou Equities; Closing of those Cases. On the Effective Date, or as soon thereafter as is reasonably practicable, the Cases of Bayou Fund, Bayou No Leverage, Bayou Affiliates, Bayou Accredited, Bayou Group, Bayou Advisors and Bayou Equities shall each be closed, in each instance without any or other further order of the Bankruptcy Court or action by any such Debtors, the Sole Managing Member, other governing body of any such Debtors, or the Litigation Trustee, following which any and all proceedings that could have been brought or otherwise commenced in the Case of any such Debtor shall be brought or otherwise commenced in the Bayou Fund Case, and each such Debtor shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of (a) each such Debtor, including without any requirement of further action by the Sole Managing Member, any other governing body of the Debtors, or the Litigation Trustee, or (b) the Bankruptcy Court; provided, however, that each such Debtor shall file with

the office of the Secretary of State or other appropriate office for the state of its organization a certificate of cancellation or dissolution, or, alternatively, it may be merged with and into another Debtor and so file an appropriate certificate of merger.

f. Dissolution of Bayou Superfund and Bayou Management. Within thirty (30) days after its completion of any and all acts required by the Plan, or as soon thereafter as is practicable, each of Bayou Superfund and Bayou Management shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of each such Debtor, including without any requirement of further action by the Sole Managing Member, any other governing body of such Debtors, or the Litigation Trustee; provided, however, that each such Debtor, either acting through the Sole Managing Member or the Litigation Trustee (as the case may be) shall file with the office of the Secretary of State or other appropriate office for the state of its organization a certificate of cancellation or dissolution, or, alternatively, it may be merged with and into any other then still-existing Debtor and so file an appropriate certificate of merger.

6.6. Books and Records. Upon the Effective Date, or as soon thereafter as is reasonably practicable, the Debtors shall transfer and assign to the applicable Litigation Trust full title to, and the Litigation Trusts shall be authorized to take possession of, all of the books and records of the Debtors then in the Debtors' possession. The respective Litigation Trusts shall have the responsibility of storing and maintaining the books and records transferred hereunder until the later of (i) one year after all of the Debtors are dissolved in accordance with Section 6.5 hereof or (ii) the resolution of each of the Adversary Proceedings or any other Cause of Action that is commenced prior to or after the Effective Date, after which time such books and records may, subject to the Effective Date, be abandoned or destroyed without further order of the Bankruptcy Court. For purposes of this Section 6.6, books and records include computer generated or computer maintained books and records and computer data, as well as electronically generated or maintained books and records or data. The Debtors shall also transfer and assign to the Litigation Trusts all of their respective claims and rights in and to their books and records that are maintained by, or in possession of, third parties (including any governmental entities), wherever located.

6.7. Corporate Action. On or prior to the Effective Date, the Debtors and the Sole Managing Member are authorized to perform each of the actions and effect each of the transfers required by the terms of the Plan, in the time period allocated therefor, and all matters provided for under the Plan that may or would otherwise require approval of the Sole Managing Member or comparable governing bodies of the Debtors shall be deemed to have occurred and shall be in effect from and after the Effective Date pursuant to the applicable general corporation law (or other applicable governing law) of the states in which the Debtors are incorporated or organized, without any requirement of further action by the member or other governing body of the Debtors. Each of the Debtors, acting either through the Sole Managing Member or the Litigation Trustee (as the case may be) shall be authorized, following the completion of all disbursements, other transfers, and other actions required of the Debtors by the Plan, to file its certificate of cancellation, dissolution, or merger as contemplated by Section 6.5 hereof. The filing of such certificates of cancellation, dissolution, or merger shall be authorized and approved in all respects without further action under applicable law, regulation, order, or rule, including, without express or implied limitation, any action by the member or other governing body of the Debtors.

6.8. Effectuating Documents and Further Transactions. The Sole Managing Member is authorized to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, without any requirement of further action by the Sole Managing Member or other governing body of the Debtors.

6.9. Release of Liens. Except as may otherwise be provided in the Plan or in any contract, instrument, release, or other agreement or document expressly created or assumed in connection with this Plan, on the Effective Date, any and all mortgages, deeds of trust, liens, pledges, or other security interests against the remaining property of any Debtor or any Estate (if any) shall be fully released and discharged and of no further force and effect.

6.10. Post-Effective Date Committee.

a. On the Effective Date, the Post-Effective Date Committee shall be deemed formed and constituted and each of the then members of the Creditors Committee so willing to serve shall be the initial members thereof. In the event that fewer than 2 Persons willing to serve on the Post-Effective Date Committee on the Effective Date, or there is no Post-Effective Date Committee member serving in such capacity for a period of 30 consecutive days at any time following the Effective Date, then the Litigation Trustee may, during such vacancy and thereafter, ignore any reference in this Plan, the Litigation Trust Agreements, or the Confirmation Order to a Post-Effective Date Committee, and all references to the Post-Effective Date Committee's ongoing duties and rights in this Plan, the Litigation Trust Agreements, and the Confirmation Order shall be null and void; provided, however, that in the event there are any Committee-Controlled Causes of Action then remaining or pending, the Litigation Trustee shall file a motion in the Bankruptcy Court seeking the appointment of an additional Trustee or similar fiduciary solely for the purpose of prosecuting such then remaining or pending Committee-Controlled Causes of Action. The by-laws of the Post-Effective Date Committee shall provide a reasonable process for the replacement or successions of the initial members in the event of resignation or incapacity.

b. Function and Duration. The Post-Effective Date Committee shall conduct itself in accordance with by-laws, the form of which shall be included in the Plan Supplement and/or as an exhibit to the Litigation Trust Agreements, and shall have the functions set forth in the Plan, including Section 6.10 hereof, the Litigation Trust Agreements, and the Confirmation Order. Without limiting the generality of the foregoing, the Post-Effective Date Committee shall have (i) all of the rights and powers of an official committee of creditors appointed pursuant to 11 U.S.C. § 1103, and (ii) the power and authority on and after the Effective Date to investigate, prosecute, settle, and otherwise resolve, in the name and on behalf of the Debtors, the Estates, or the name of the Litigation Trusts, each of the Committee-Controlled Causes of Action, provided, however, the Post-Effective Date Committee's authority to settle or compromise either of the Committee-Controlled Causes of Action shall be subject to Bankruptcy Court approval under Bankruptcy Rule 9019 after notice and a hearing.

c. Indemnification of the Members of the Post-Effective Date Committee. The members of the Post-Effective Date Committee and the Post-Effective Date Committee's agents and professionals, shall not be liable for actions taken or omitted in their

capacity as, or on behalf of, the Post-Effective Date Committee, except upon a finding by the Bankruptcy Court that they acted or failed to act as the result of misfeasance, bad faith, gross negligence, or in reckless disregard of their duties and each shall be entitled to indemnification and reimbursement for fees and expenses in defending any and all of their actions or inactions in their capacity as, or on behalf of, the Post-Effective Date Committee, except for any actions or inactions involving misfeasance, bad faith, gross negligence, or in reckless disregard of their duties. Any indemnification claim of the parties entitled to indemnification under this section 6.10(c) shall be satisfied from the applicable Litigation Trust Assets, subject to the approval of the Bankruptcy Court after notice and a hearing. The members of the Post-Effective Date Committee shall be entitled to rely, in good faith, on the advice of the Post-Effective Date Committee's retained professionals.

ARTICLE VII.

PROCEDURES FOR DISPUTED CLAIMS

7.1. Objections to Claims. Subject to the other provisions of the Plan, at any time prior to the Effective Date, the Debtors shall be entitled to object (in whole or in part) to Administrative Expense Claims, Priority Tax Claims, Priority Non-Tax Claims, Class 2 Claims, or Class 3 Claims (including Claims, if any, of Vendors, Investor Intermediaries, Investor Creditors, the Bayou Off-Shore Hedge Funds, the Unofficial Committee Fees, and the Defendants). On and after the Effective Date, (a) the Litigation Trusts shall be entitled to object (in whole or in part) to Class 2 Claims or Class 3 Claims (including Claims, if any, of Vendors, Investor Intermediaries, Investor Creditors, the Bayou Off-Shore Hedge Funds, the Unofficial Committee Fees, and the Defendants), and (b) the Litigation Trustee, acting on behalf of the Debtors and the Debtors' Estates shall be entitled to object (in whole or in part) to any remaining and unpaid Administrative Expense Claims, Priority Tax Claims, or Priority Non-Tax Claims. Any objections to Claims shall be served and filed on or before the later of (i) one hundred eighty (180) days after the Effective Date, and (ii) such date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clause (i) above (the "**Claims Objection Bar Date**").

7.2. Certain Claims of Investor Creditors Automatically Deemed Allowed; Certain Claims of Investor Creditors Automatically Deemed Disputed. Subject to Claims that are deemed Disputed under the this Plan, each Investor Creditor shall be deemed to have an Allowed Class 3 Claim for purposes of voting and distribution under the Plan in an amount equal to 100% of the amount of such Investor Creditor's Investment less any unreturned Redemption Payments, if any, (as identified on Schedule IC-1 to the Plan (as the same may be amended from time to time as may be set forth in the Plan Supplement, or otherwise)), which Allowed Class 3 Claim shall be treated in the manner set forth in Sections 4.1(c) of the Plan. Notwithstanding any other provision of this Plan, and without limiting the generality of the foregoing, (a) any Claim of any Investor Creditor shall automatically be deemed a Disputed Claim and disallowed and expunged for purposes of voting and distribution without any other or further order of the Bankruptcy Court solely with respect to any amount exceeding the amount of such claimant's Investment less Redemption Payments, if any; and (b) any Investor Creditor shall have a Disputed Claim, which claim shall be disallowed and expunged for purposes of voting and distribution without any further order of the Bankruptcy Court, for any other amount or Claim,

including any contractual, statutory, or other legal claim for profits, interest, pre-judgment interest, treble damages, compensatory damages, or punitive damages, and any amount of a reinvestment in the Bayou Hedge Funds or an exchange, transfer, or rollover from one Bayou Hedge Fund to another Bayou Hedge Fund that is comprised of purported profits or appreciation on such holder's initial principal Investment in the Bayou Hedge Funds, and the Bayou Hedge Funds Litigation Trust shall not place any funds in the Bayou Hedge Funds Litigation Trust Claims Reserve on account of any such Disputed portion of any Claim of any Investor Creditor. Without limiting the generality of the foregoing, the Debtors, the Bayou Hedge Funds Litigation Trust and Bayou Management Litigation Trust, as applicable, each further reserve the right to otherwise object (in whole or in part) to the Claims of Investor Creditors.

7.3. No Distribution Pending Allowance of any Disputed Portion of a Claim; Reserve for Disputed Class 2 Claims and Certain Disputed Class 3 Claims.

a. Except as may otherwise be set forth in the Plan or any Final Order of the Bankruptcy Court, no payment or distribution provided under the Plan shall be made by the Litigation Trusts on account of any (wholly or partially) Disputed Claim unless and until the entirety of such Disputed Claim becomes an Allowed Claim. Until such time, (a) with respect to any (wholly or partially) Disputed Class 2 Claim, the Litigation Trusts shall (except as otherwise set forth in the Plan or any other Final Order of the Bankruptcy Court, or as otherwise may be agreed upon by the holder of the applicable Disputed Class 2 Claim) withhold from the respective Litigation Trusts an amount as may be necessary to equal 100% of the amount of the actual distributions to which the holders of such Disputed Class 2 Claims would otherwise be entitled under this Plan if such Disputed Claims were Allowed in their Disputed Claims Amount, and (b) with respect to any (wholly or partially) Disputed Class 3 Claim, the Litigation Trusts shall (subject to the limitations of Section 7.3(b) hereof, and except as otherwise set forth in the Plan or any other Final Order of the Bankruptcy Court) withhold on a Pro Rata basis from the property to be distributed to the holders of Allowed Class 3 Claims, as applicable, from the respective Litigation Trusts the portion, if any, of such property allocable to such Disputed Class 3 Claim (as applicable) as may be necessary to equal 100% of the amount of the actual distributions to which the holders of such Disputed Claims would otherwise be entitled under this Plan if such Disputed Claims were Allowed in their Disputed Claims Amount. The Litigation Trustee shall hold such property in the Bayou Hedge Funds Litigation Trust Claims Reserve or the Bayou Management Litigation Trust Claims Reserve, as applicable, in accordance with this Article VII and Section 6.2(m)(ii)(c) hereof. If any Disputed Class 2 Claim or Disputed Class 3 Claim (or any portion of such Claim) is later disallowed, the Litigation Trust Assets previously reserved and held in the Bayou Hedge Funds Litigation Trust Claims Reserve and/or the Bayou Management Litigation Trust Claims Reserve (as applicable) on account of such Disputed Class 2 Claim or Disputed Class 3 Claim in accordance with this Plan Section 7.3(a) (if any) shall be released as and to the extent the Litigation Trusts determine such property is no longer necessary to fund the remaining unresolved Disputed Class 2 Claims or Disputed Class 3 Claims (as applicable), and such Litigation Trust Assets shall be distributed in accordance with Section 6.2 hereof and the terms of the applicable Litigation Trust Agreement.

b. Notwithstanding anything in the contrary set forth in this Plan, the applicable Litigation Trust shall not allocate or reserve any Cash or other property in the Litigation Trusts on account of any Contingent Redeemer Defendant Claim or any other Claim

of a Defendant other than that of a Investor Creditor that received a Redemption Payment for an amount less than their respective Investments in the Bayou Hedge Funds. Instead, except as otherwise set forth in this Plan, in the event that a Final Order is entered against a Defendant in an Adversary Proceeding, the relevant court shall adjust such judgment to account for any interim distribution such Redeemer Defendant would otherwise have received on account of its Class 3 Claim had such Claim been an Allowed Claim as of the date(s) the Litigation Trustee previously made any distribution(s) to the holders of Allowed Class 3 claims from the applicable Litigation Trust (if any).

7.4. Treatment of Claims of Redeemer Defendants Who Satisfy Judgments Entered Against Them. Redeemer Defendants with respect to which the Bankruptcy Court entered judgment in favor of the Bayou Hedge Funds or the Bayou Hedge Funds Litigation Trust, as applicable, against such Redeemer Defendant in an Adversary Proceeding, upon payment in full of the amount of such judgment by the Redeemer Defendant, such Redeemer Defendant shall be deemed to have an Allowed General Unsecured Claim in Class 3 against the Bayou Hedge Funds and/or the Bayou Hedge Funds Litigation Trust (as applicable) in an amount equal to such Redeemer Defendant's Investment less any Redemption Payments not returned to the Bayou Hedge Funds of the Bayou Hedge Funds Litigations Trust as part of satisfaction of the judgment against such Investor Creditor or Redeemer Defendant or otherwise, and shall be entitled to appropriate distributions on account thereof.

7.5. Resolution of Disputed Claims. Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, following the Effective Date, the Litigation Trustee, either on behalf of the Litigation Trusts, with respect to Class 2 or Class 3 Claims, or on behalf of the Debtors and the Debtors' Estates with respect to all other Claims, shall have the right to the exclusion of all others (except as to applications for allowances of Professional Fees under Bankruptcy Code §§ 330 and 503 and as set forth in the Order Authorizing and Approving Settlement Agreement Between the Debtors and the Tom and Nancy Juda Living Trust dated June 4, 2007) to make and file objections to Class 2 Claims or Class 3 Claims, and shall serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable, but in no event later than the Claims Objection Bar Date then in effect. From and after the Confirmation Date, all objections shall be litigated to a Final Order except to the extent the Debtors or the Litigation Trusts, as the case may be, elects to withdraw any such objection filed or the Debtors or the Litigation Trusts, as the case may be, and the holder of a Claim elects to compromise, settle, or otherwise resolve any such objection, in which event they may settle, compromise, or otherwise resolve any Disputed Claim.

7.6. Estimation. To the extent not undertaken or completed as of the Voting Deadline, the Debtors or the Litigation Trusts, as the case may be, may at any time request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claim pursuant to Bankruptcy Code § 502(c), regardless of whether any party-in-interest previously objected to such Claim, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during the litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated, or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of

such Claim, the Debtors or the Litigation Trustee, as the case may be, may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation, and resolution procedures are intended to be cumulative and not exclusive of one another. On and after the Confirmation Date, Claims that have been estimated may be compromised, settled, withdrawn, or otherwise resolved subsequently, without approval of, or any further order of, the Bankruptcy Court.

7.7. Allowance of Disputed Claims. If, on or after the Effective Date, any Disputed Claim becomes, in whole or in part, an Allowed Claim, the Litigation Trusts shall, no later than the fifteenth (15th) Business Day of the first month following the month in which the Disputed Claim becomes an Allowed Claim, distribute to the holder thereof the distribution(s), if any, that such holder would have received had its Claim been Allowed on the Effective Date or the Allowance Date (as applicable), except as otherwise provided herein (including, without limitation, with respect to the limitation set forth in Sections 4.1(c), 4.2(c), and 6.2(l) hereof.

ARTICLE VIII.

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

8.1. Executory Contracts and Unexpired Leases. Except as otherwise provided in the Plan Supplement, on, subject to, and conditioned upon the occurrence of, the Effective Date, any and all remaining Executory Contracts to which any Debtor is still a party, if any, shall be deemed rejected as of and subject to the Effective Date, except for any Executory Contract, if any, that (i) has been assumed or rejected pursuant to a Final Order of the Bankruptcy Court entered prior to the Effective Date or (ii) is the subject of a separate motion to assume or reject filed under Bankruptcy Code § 365 by the Debtors prior to the Effective Date.

8.2. Approval of Rejection of Executory Contracts and Unexpired Leases. Except as provide din the Plan Supplement or if an Executory Contract is the subject of a motion to assume on the Confirmation Date, entry of the Confirmation Order shall constitute the approval, pursuant to Bankruptcy Code § 365(a), of the rejection of any and all Executory Contracts rejected as of, and subject to and conditioned upon the occurrence of, the Effective Date pursuant to the Plan, without any other or further notice or order.

8.3. Rejection Claims.

a. In the event that the rejection of any Executory Contract by any of the Debtors pursuant to the Plan, if any, results in damages to the other party or parties to such Executory Contract, a Claim for such damages, if not heretofore evidenced by a filed Proof of Claim, shall be forever barred and shall not be enforceable against the Debtors, the Estates, the Litigation Trustee, the Litigation Trusts, or any property to be distributed under the Plan or the Litigation Trusts unless a Proof of Claim is filed with the Bankruptcy Court and served upon the Debtors and the Litigation Trustee on or before the date that is thirty (30) days after the Confirmation Date (the “**Plan Rejection Bar Date**”); provided, however, that the Plan Rejection Bar Date shall apply only to Rejection Claims with respect to those Executory Contracts that are to be rejected under and pursuant to the Plan. Any Holder of a Rejection Claim for an Executory Contract that is not to be rejected pursuant to this Plan, but whose Rejection Claim instead arises

under an Executory Contract that either has already been rejected by an order of the Bankruptcy Court or is the subject of a separate motion to reject pending on the Confirmation Date, must file, or must have filed, as the case may be, a Proof of Claim for such Rejection Claim by the date provided in any order relating to such Rejection Claim.

b. Any Allowed Claims arising out of the rejection of an Executory Contract, if any, shall be classified as Class 2 Claims for all purposes under the Plan.

ARTICLE IX.

EFFECTIVENESS OF THE PLAN

9.1. **Condition Precedent to the Confirmation of Plan.** It is a condition precedent to the confirmation of the Plan that the Bankruptcy Court shall have entered the Confirmation Order in form and substance satisfactory to the Debtors.

9.2. **Conditions Precedent to the Effective Date.** The following are conditions precedent to the Effective Date of the Plan:

a. No stay of the Confirmation Order shall then be in effect; and

b. The Litigation Trust Agreements shall have been executed and the Litigation Trustee appointed in such capacity.

9.3. **Satisfaction of Conditions.** Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. If the Debtors decide that one of the conditions precedent set forth in Section 9.2 hereof cannot be satisfied, then the Debtors shall file a notice of the failure of the Effective Date with the Bankruptcy Court.

9.4. **Effect of Nonoccurrence of Conditions to Consummation.** If each of the conditions to consummation and the occurrence of the Effective Date has not been satisfied on or before the first Business Day that is one hundred eighty (180) days after the Confirmation Date, or such later date as shall be agreed by the Debtors, the Confirmation Order may be vacated by the Bankruptcy Court upon an appropriate motion by the Debtors. If the Confirmation Order is vacated pursuant to this Section, the Plan shall be null and void in all respects, and nothing contained in the Plan shall constitute a waiver or release of any Claims against any of the Debtors.

ARTICLE X.

EFFECT OF CONFIRMATION

10.1. Vesting of Assets.

a. On the Effective Date, in accordance with Article VI hereof and subject to the exceptions contained therein, the respective Litigation Trust Assets shall be deemed automatically transferred to the respective Litigation Trusts.

b. From and after the Effective Date, the Litigation Trusts may dispose of the Litigation Trust Assets free of any restrictions of the Bankruptcy Code, but in accordance with the provisions of the Plan and the respective Litigation Trust Agreements.

c. As of the Effective Date, all assets of the Debtors and the Litigation Trusts shall be free and clear of all Claims, Liens, or encumbrances except as may be provided in this Plan or the Confirmation Order.

10.2. Release of Assets from Bankruptcy Court Jurisdiction. Until the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Debtors and their Assets and properties. Thereafter, the jurisdiction of the Bankruptcy Court shall be limited to the subject matter set forth in Article XI hereof.

10.3. Binding Effect. Subject to Section 9.4 hereof, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Equity Interest in, any of the Debtors and their respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired or Allowed under the Plan or any Final Order of the Bankruptcy Court, and whether or not such holder has affirmatively voted to accept the Plan.

10.4. Term of Injunctions or Stays. Unless otherwise expressly provided herein, all injunctions or stays arising under or entered during these Cases under Bankruptcy Code § 105 or § 362, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the closing of these Cases.

10.5. Causes of Action.

a. Rights to Enforce Causes of Action Prior to the Effective Date.

(i) **The Debtors' Rights.** On and after the Confirmation Date and prior to the Effective Date, except as otherwise provided in the Plan or any other Final Order of the Bankruptcy Court with respect to the Committee-Controlled Causes of Action or otherwise, the Debtors shall have the exclusive right to enforce any and all Causes of Action against any Person (including the Adversary Proceedings, other than the Committee-Controlled Causes of Action). Prior to the Effective Date, the Debtors may abandon, settle, or release any or all Causes of Action (including the Adversary Proceedings, but not including either of the Committee-Controlled Causes of Action), as they deem appropriate, upon entry of a Final Order pursuant to a motion filed in accordance with Bankruptcy Rules 2002 and 9019 and posting a copy of such motion on the Website.

(ii) **The Creditors Committee's Rights.** On and after the Confirmation Date and prior to the Effective Date, the Creditors Committee may conduct investigations, bring complaints, and prosecute either of the Committee-Controlled Causes of Action on behalf of the Debtors and the Debtors' Estates. Prior to the Effective Date, the Creditors Committee may abandon, settle, or release either or both of the Committee-Controlled Causes of Action, as it deems appropriate, upon entry of a Final Order pursuant to a motion filed in accordance with Bankruptcy Rules 2002 and 9019 and posting a copy of such motion on the Website.

b. Rights to Enforce Causes of Action on and After the Effective Date.

(i) **The Litigation Trusts' Rights.** On and after the Effective Date, except as otherwise provided in the Plan or any other Final Order of the Bankruptcy Court with respect to the Committee-Controlled Causes of Action or otherwise, the Litigation Trusts shall have the exclusive right to enforce any and all remaining Causes of Action against any Person (including in the Adversary Proceedings, other than the Committee-Controlled Causes of Action). The respective Litigation Trusts may abandon, settle, or release any or all remaining Causes of Action (including the Adversary Proceedings, but not including the Committee-Controlled Causes of Action) upon entry of a Final Order pursuant to a motion filed in accordance with Bankruptcy Rules 2002 and 9019 and posting a copy of such motion on the Website.

(ii) **The Post-Effective Date Committee's Rights.** On and after the Effective Date, the Post-Effective Date Committee shall have the exclusive right to enforce any remaining Committee-Controlled Cause of Action against any Person. The Post-Effective Date Committee may abandon, settle, or release any remaining Committee-Controlled Causes of Action upon entry of a Final Order pursuant to a motion filed in accordance with Bankruptcy Rules 2002 and 9019 and posting a copy of such motion on the Website.

c. Rights to Assert Defendant Defenses. Each Defendant whose Adversary Proceeding or other Cause of Action (whether such action was commenced either (i) prior to or (ii) on or after the Confirmation Date) either (a) has not been resolved or settled prior to the Effective Date or (b) is commenced on or after the Effective Date, shall retain, until such Adversary Proceeding or other Cause of Action is ultimately resolved or settled, any and all of its Defendant Defenses, and shall be entitled to assert or pursue such Defendant Defenses against the applicable Debtors or Litigation Trust in any manner as may then still be legally permissible at the applicable time.

10.6. Injunction. Notwithstanding anything contained in the Plan to the contrary including the provisions of Section 10.4 hereof, on and after the Confirmation Date, all Persons are permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively, or otherwise) on account of or respecting any claim, debt, right, or cause of action of the Debtors for which the Debtors, the Litigation Trusts, or the Creditors Committee and/or the Post-Effective Date Committee retain sole and exclusive authority to pursue in accordance with the Plan. No holder of a Claim against, or Equity Interest in, any Debtor may, on account of such Claim or Equity Interest, seek or receive any payment or other distribution from (if any), or seek recourse against, any Debtor, Estate, the Litigation Trustee, the Litigation Trusts, the Litigation Trusts Claims Reserves, the Sole Managing Member, or the respective property of any of the foregoing, except as otherwise expressly provided in this Plan, whether or not the Claim or Equity Interest of such holder is impaired or Allowed under the Plan or any Final Order of the Bankruptcy Court, and whether or not such holder has affirmatively voted to accept the Plan.

10.7. Injunction Against Interference with the Plan. Upon the entry of the Confirmation Order, all holders of Claims and Equity Interests and other parties-in-interest, along with their respective present and former employees, agents, officers, directors, and

principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan, whether or not the Claim or Equity Interest of such holder is impaired or Allowed under the Plan or any Final Order of the Bankruptcy Court, and whether or not such holder has affirmatively voted to accept the Plan.

ARTICLE XI.

RETENTION OF JURISDICTION

11.1. Jurisdiction of Bankruptcy Court. The Bankruptcy Court shall retain jurisdiction over all matters arising under, arising out of, or related to these Cases and the Plan pursuant to, and for the purposes of, Bankruptcy Code §§ 105(a) and 1142 and for, among other things, the following purposes:

a. To hear and determine any motions, if any, for the assumption, assumption and assignment, or rejection of Executory Contracts and the allowance of any Claims resulting therefrom;

b. To determine any motion, adversary proceeding (including the Adversary Proceedings, whether or not such proceeding has been resolved on or prior to the Effective Date), application, contested matter, and other litigated matter pending on or commenced after the Confirmation Date, including any proceeding to recover pursuant to a Cause of Action;

c. To ensure that distributions to holders of Allowed Claims are accomplished as provided herein;

d. To consider Claims or the allowance, disallowance, classification, priority, compromise, estimation, or payment of any Claim and any and all objections (in whole or in part) thereto;

e. To enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

f. To issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

g. To hear and determine any application to modify the Plan in accordance with Bankruptcy Code § 1127, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

h. To hear and determine all applications under Bankruptcy Code §§ 330, 331, and 503(b) for awards of Professional Fees relating to services rendered and reimbursement of expenses incurred prior to the Confirmation Date; to hear and determine all applications for compensation rendered by professionals relating to services rendered and reimbursement of

expenses incurred on and after the Confirmation Date; and to hear and determine the amounts due and payable to the Sole Managing Member and the Litigation Trustee under the Appointment Order, including any claim for indemnification;

i. To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Litigation Trusts, the Litigation Trust Agreements, the Confirmation Order, any transactions or payments contemplated hereby, or any agreement, instrument, or other document governing or relating to any of the foregoing;

j. To take any action and issue such orders as may be necessary to construe, enforce, implement, execute, and consummate the Plan or to maintain the integrity of the Plan following consummation;

k. To hear and determine any motions and other actions (including the Adversary Proceedings and all other Causes of Action) seeking to recover any remaining assets of the Debtors, property of the Estates, and the Litigation Trust Assets, wherever located;

l. To determine such other matters and for such other purposes as may be provided in the Plan, the Confirmation Order, or the Litigation Trust Agreements;

m. To hear and determine matters concerning state, local, and federal taxes in accordance with Bankruptcy Code §§ 346, 505, and 1146 (including matters with respect to any taxes payable by the Litigation Trusts or any other trust or reserve as may be established in furtherance of the Plan or the Litigation Trust Agreements);

n. To hear and determine applications of the Debtors or the Litigation Trusts under Bankruptcy Rule 9019 or otherwise to settle or resolve any Adversary Proceedings, Bayou Hedge Funds Causes of Action, or Bayou Management Causes of Action;

o. To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code; and

p. To enter a final decree closing any of these Cases.

ARTICLE XII.

MISCELLANEOUS PROVISIONS

12.1. Dissolution of the Creditors Committee. On and after the Effective Date, the Creditors Committee shall be dissolved and the members thereof and the professionals retained by the Creditors Committee in accordance with Bankruptcy Code §§ 327, 328, or 1102 shall be discharged from their respective fiduciary obligations, except that the Creditors Committee and its professionals shall have the right to (a) pursue, review, and object to any applications for payment of Professional Fees in accordance with Section 2.2 hereof, and (b) litigate any appeals pending as of the Effective Date.

12.2. Substantial Consummation. On or after the Effective Date and upon transfer of the Litigation Trust Assets to the respective Litigation Trusts, the Plan shall be deemed to be substantially consummated under Bankruptcy Code §§ 1101 and 1127(b).

12.3. Effectuating Documents and Further Transactions. The Sole Managing Member and the Litigation Trustee is authorized, without the need for any further corporate or limited liability company action or court order, to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents and take such actions as may be reasonably necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any securities issued pursuant to the Plan (including any securities, if any, representing beneficial interests in the Litigation Trusts), and any corporate or limited liability company action required by the Debtors or Litigation Trust in connection with the Plan or the Plan Documents shall be deemed to have occurred and shall be in effect, without any requirement of further action by the respective security holders, members, officers, or directors of the Debtors.

12.4. Exemption from Transfer Taxes. Pursuant to Bankruptcy Code § 1146(a), the issuance, transfer, or exchange of any security under the Plan (including any securities, if any, representing beneficial interests in the Litigation Trusts, to the extent they constitute “securities” under applicable law); the assignment or surrender of any lease or sublease under the Plan; the making or delivery of any deed or other instrument of transfer pursuant to, in implementation or furtherance of, in connection with, or as contemplated by, the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition of assets contemplated by the Plan (including the transfers of assets to and by the Litigation Trusts); and the revesting, transfer, assignment, or sale of any real or personal property of any of the Debtors pursuant to, in implementation of, or as contemplated by the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, sales, use, or other similar tax.

12.5. Exculpation and Release. Except as provided in the Plan or the Confirmation Order, and subject to the Appointment Order, none of the Debtors, the Sole Managing Member, the Litigation Trustee, the Creditors Committee, the Post-Effective Date Committee, nor any of their respective representatives, members, officers, directors, shareholders, employees, advisors, attorneys, affiliates, or agents acting in such capacity shall have or incur any liability to, or be subject to any right or action, and are released by, any holder of a Claim or Equity Interest or any other party in interest, or any of their respective agents, direct or indirect shareholders, employees, representatives, financial advisors, attorneys, or affiliates, or any of their respective successors or assigns, for and from any act or omission in connection with, relating to, or arising out of, the Cases, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan, the Adversary Proceedings and any and all other Causes of Action, or the property to be distributed under the Plan and the Litigation Trust Agreements, except for fraud, willful misconduct, gross negligence, malpractice, criminal conduct, or unauthorized use of confidential information that causes damage. Nothing in this Section shall limit the liability of professionals to their client in a manner contrary to the requirements of DR 6-102 of the Code of Professional Responsibility.

12.6. Post-Confirmation Date Fees and Expenses of the Litigation Trusts’ Professionals and the Post-Effective Date Committee. The Litigation Trusts shall, in the

ordinary course of business, subject to the jurisdiction of the Bankruptcy Court, pay the reasonable fees and expenses incurred after the Confirmation Date of the professional persons employed by the Debtors, the Creditors Committee, and the Sole Managing Member (including Dechert LLP, Klestadt & Winters, LLP, Navigant Consulting, Inc., Kasowitz Benson, Torres & Friedman, LLP, K & L Gates LLP, Rich & Intelisano, LLP, or Proskauer Rose LLP) in connection with the implementation and consummation of the Plan, the claims reconciliation process, and any other matters as to which such professionals may be engaged. On and after the Effective Date, the Litigation Trusts shall, in the ordinary course of business, subject to review and opportunity to object by the Post-Effective Date Committee and the jurisdiction of the Bankruptcy Court upon an appropriate application thereto, pay the reasonable fees and expenses, incurred after the Effective Date, of the professional persons employed by the Litigation Trusts (with the consent of the Post-Effective Date Committee), the Litigation Trustees and the Post-Effective Date Committee in connection with the implementation and consummation of the Plan, the claims reconciliation process, and any other matters as to which such professionals may be engaged. The approved fees and expenses of such professionals shall be paid in accordance with the terms of the applicable invoice therefor.

12.7. Post-Confirmation Reports and Fees. After the entry of the Confirmation Order, the Litigation Trusts shall file, as appropriate, with the Bankruptcy Court and the United States Trustee, a quarterly post-confirmation report in the format specified by the United States Trustee for each Quarter any of the Cases remain open. The Post-Confirmation report shall include a Schedule of fees and expenses paid to professionals retained by the Litigation Trusts.

12.8. Payment of Statutory Fees. On the Effective Date, and thereafter as may be required, the Debtors shall pay, and after the Effective Date prior to the entry of a final decree closing these Cases, the Litigation Trusts shall pay out of the Litigation Trust Assets, as applicable, all fees payable pursuant to 28 U.S.C. § 1930.

12.9. Modification of Plan.

a. The Plan may be amended, modified, or supplemented by the Debtors in the manner provided for by Bankruptcy Code § 1127 or as otherwise permitted by law without additional disclosure pursuant to Bankruptcy Code § 1125, except as the Bankruptcy Court may otherwise direct.

b. In addition, after the Confirmation Date, so long as such action does not materially adversely affect the treatment of holders of Claims or Equity Interests under the Plan, the Debtors (and as of the Effective Date, the Litigation Trust) may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of the Plan. (A) Prior to the Effective Date, the Debtors, and (B) after the Effective Date, the Litigation Trust, may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court, provided that such technical adjustments and modifications do not adversely affect in a material way the treatment of holders of Claims or Equity Interests.

12.10. Revocation or Withdrawal of Plan. The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date. If the Debtors take such action, the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claim by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any other person in any further proceedings involving the Debtors.

12.11. Courts of Competent Jurisdiction. If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of the Plan, such abstention, refusal, or failure of jurisdiction shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

12.12. Severability. If, prior to the entry of the Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors, 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 altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. 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.

12.13. Governing Law. Except to the extent the Bankruptcy Code or other federal law is applicable, or to the extent the exhibit hereto or a document contained in the Plan Supplement provides otherwise, the rights, duties, and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

12.14. Exhibits and Plan Supplement Documents. Any exhibit or schedule to the Plan or document contained in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full herein.

12.15. Successors and Assigns. All the rights, benefits, and obligations of any person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors, or assigns of such person.

12.16. Time. In computing any period of time prescribed or allowed by the Plan, unless otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

12.17. Compromise of Controversies. Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution, and other benefits provided under the Plan, the provisions of this Plan shall constitute a good faith compromise and settlement of all Claims or

controversies resolved pursuant to the Plan. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, the Estates, and any Person holding Claims against, or Equity Interests in, any of the Debtors.

12.18. No Admissions. Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed as an admission by an Person with respect to any matter set forth herein.

12.19. Notices. All notices, requests, and demands to or upon the Debtors or the Litigation Trust to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Debtors or the Litigation Trusts, to:

Jeff J. Marwil, Esq.
c/o Proskauer Rose LLP
Three First National Plaza
70 West Madison, Suite 3800
Chicago, Illinois 60602

-- with a copy to --

Dechert LLP
1095 Avenue of the Americas
New York, New York 10036
Attn.: Shmuel Vasser, Esq.

If to the Creditors Committee, to:

Kasowitz, Benson, Torres & Friedman, LLP
1633 Broadway
New York, New York 10019
Attn.: Joseph A. Gershman, Esq.

Dated: December 16, 2009

RESPECTFULLY SUBMITTED,

Bayou Group, LLC
Bayou Management, LLC
Bayou Superfund, LLC
Bayou No Leverage Fund, LLC
Bayou Affiliates Fund, LLC
Bayou Accredited Fund, LLC
Bayou Fund, LLC
Bayou Advisors, LLC
Bayou Equities, LLC

By: /s/ Jeff J. Marwil
Name: Jeff J. Marwil
Title: Sole Managing Member