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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X		
In re	:	Chapter 11
	:	
Doral Financial Corporation, <i>et al.</i> , ¹	:	Case No. 15-10573 (SCC)
	:	
Debtors.	:	Jointly Administered
-----X		

NOTICE OF FILING OF AMENDED CHAPTER 11 PLAN AND AMENDED DISCLOSURE STATEMENT FOR DORAL FINANCIAL CORPORATION

PLEASE TAKE NOTICE that Doral Financial Corporation (the “Debtor”), a debtor and debtor-in-possession in the above-captioned chapter 11 cases, hereby submits an *Amended Plan of Reorganization Proposed by Doral Financial Corporation and the Official Committee of Unsecured Creditors of Doral Financial Corporation*, attached as Exhibit A, along with a redline, attached as Exhibit B, showing changed pages from the *Plan of Reorganization*

¹ The last four digits of the taxpayer identification number of the debtors are: Doral Financial Corporation (2162); Doral Properties, Inc. (2283).

Proposed by Doral Financial Corporation and the Official Committee of Unsecured Creditors of Doral Financial Corporation, filed April 28, 2016 [Docket No. 581];

PLEASE TAKE FURTHER NOTICE that the Debtor hereby submits an *Amended Disclosure Statement Pursuant to Chapter 11 of the Bankruptcy Code for Plan of Reorganization Proposed by Doral Financial Corporation and the Official Committee of Unsecured Creditors of Doral Financial Corporation*, attached as Exhibit C, along with a redline, attached as Exhibit D, showing changed pages from the *Disclosure Statement Pursuant to Chapter 11 of the Bankruptcy Code for Plan of Reorganization Proposed by Doral Financial Corporation and the Official Committee of Unsecured Creditors of Doral Financial Corporation*, filed April 28, 2016 [Docket No. 582].

Dated: June 1, 2016
New York, New York

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Exhibit A

Amended Chapter 11 Plan

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X	:	
	:	
In re:	:	Chapter 11
	:	
Doral Financial Corporation, <i>et al.</i>	:	Case No. 15-10573 (SCC)
	:	
Debtors.	:	Jointly Administered
	:	
-----X		

**AMENDED PLAN OF REORGANIZATION PROPOSED BY
DORAL FINANCIAL CORPORATION AND THE OFFICIAL COMMITTEE
OF UNSECURED CREDITORS OF DORAL FINANCIAL CORPORATION**

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Doral Financial Corporation, a Puerto Rico corporation (the "Debtor") and the Official Committee of Unsecured Creditors of the Debtor (the "Committee," and together with the Debtor, the "Plan Proponents") hereby jointly propose the following Plan for the resolution of the outstanding Claims against and Equity Interests in the Debtor pursuant to section 1121 of the Bankruptcy Code. The Debtor and the Committee are proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

Reference is made to the Disclosure Statement, distributed contemporaneously herewith, for a discussion of the Debtor's assets, liabilities, history, business, results of operations, historical financial information, descriptions of future operations and for a summary of the Plan and the distributions to be made hereunder.

Other agreements and documents supplementing the Plan are appended as Exhibits hereto and have been or will be filed with the Bankruptcy Court. These supplemental agreements and documents are referenced in the Plan and the Disclosure Statement and will be available for review.

ALL CREDITORS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ THE DISCLOSURE STATEMENT IN ITS ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. SUBJECT TO CERTAIN RESTRICTIONS AND REQUIREMENTS SET FORTH IN SECTION 1127 OF THE BANKRUPTCY CODE, IN BANKRUPTCY RULE 3019 AND IN THE PLAN, THE PLAN PROPONENTS RESERVE THE RIGHT TO ALTER, AMEND, MODIFY, REVOKE, OR WITHDRAW THE PLAN PRIOR TO ITS SUBSTANTIAL CONSUMMATION.

ARTICLE 1 DEFINITIONS

1.01 Terms Defined in the Plan. Capitalized terms used in the Plan shall have the respective meanings specified in Exhibit A to the Plan.

1.02 Terms Defined in the Bankruptcy Code. Capitalized terms used in the Plan which are not defined in Exhibit A to the Plan but which are defined in the Bankruptcy Code shall have the respective meanings specified in the Bankruptcy Code.

1.03 Rules of Interpretation. For purposes of the Plan: (i) whenever it appears appropriate from the context, each term, whether stated in the singular or the plural, shall include both the singular and the plural; (ii) any reference in the Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means such document substantially in such form or substantially on such terms and conditions; (iii) any reference in the Plan to an existing document or exhibit means such document or exhibit, as it may have been or may be amended, modified or supplemented; (iv) the words "herein," "hereof," "hereto," "hereunder" and others of similar import refer to the Plan in its entirety rather than to only a particular portion of the Plan; and (v) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply, except to the extent inconsistent with the express provisions of this Section 1.03 of the Plan.

1.04 Exhibits. Exhibits to the Plan may be amended from time to time, and both original and amended Exhibits may be filed with the Bankruptcy Court from time to time, but in no event later than five (5) Business Days before the date set for the hearing on the confirmation of the Plan or such other date as may be authorized by the Bankruptcy Court. Current copies of Exhibits may be obtained by reference to the Bankruptcy Court's docket or shall be provided to parties in interest upon written request to the Debtor.

1.05 Time Periods. Except as specifically provided in the Plan, Bankruptcy Rule 9006(a) applies to the computation of any period of time prescribed or allowed by the Plan, and Bankruptcy Rules 9006(b) and 9006(c) apply respectively to the enlargement or reduction of any period of time prescribed or allowed by the Plan.

1.06 Reference to Monetary Figures. All references in the Plan to monetary figures refer to the lawful currency of the United States of America.

1.07 Governing Law. Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of a contract, instrument, release, or other agreement or document entered into in connection with this Plan, the rights and obligations arising under this Plan shall be governed by, and constructed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

ARTICLE 2

PAYMENT OF ADMINISTRATIVE EXPENSES, TAX CLAIMS AND CERTAIN UNCLASSIFIED CLAIMS

2.01 Administrative Expenses. On, or as soon as reasonably practicable after, the later of (a) the initial Distribution Date, (b) the date on which an Administrative Claim becomes an Allowed Administrative Claim, or (c) the date on which an Allowed Administrative Claim becomes payable under any agreement or applicable law relating thereto, each holder of such Allowed Administrative Claim shall receive, in full and final satisfaction, settlement, and release of, and in exchange for, such Allowed Administrative Claim, (x) Cash equal to the unpaid portion of such Allowed Administrative Claim or (y) payment as agreed between the holder of the Allowed Administrative Claim and the Debtor or Creditors' Trustee. Notwithstanding the foregoing, (i) any Allowed Administrative Claim based on a liability incurred by the Debtor in the ordinary course of business during the Bankruptcy Case may be paid in the ordinary course of business in accordance with the terms and conditions of any agreement relating thereto and (ii) any Allowed Administrative Claim may be paid when payable under applicable law or on such other terms as may be agreed to between the holder of such Claim, and the Debtor or the Creditors' Trustee.

2.02 U.S. Trustee's Fees. The outstanding fees due to the United States Trustee pursuant to 28 U.S.C. § 1930 (and any applicable interest pursuant to 31 U.S.C. § 3717) shall be paid in full on or before the Effective Date. All fees payable pursuant to 28 U.S.C. § 1930 (and any applicable interest pursuant to 31 U.S.C. § 3717) after the Effective Date shall be paid by the Creditors' Trustee in accordance therewith until the earlier of the conversion or dismissal of these

Bankruptcy Case under section 1112 of the Bankruptcy Code or closing of the Bankruptcy Case pursuant to section 350(a) of the Bankruptcy Code.

2.03 Fees of Professionals. Professionals employed at the expense of the estate of the Debtor and entities which may be entitled to an allowance of fees and expenses from the estate of the Debtor incurred prior to the Effective Date shall be paid by the Creditors' Trustee, in Cash, as soon as practicable after the order approving such allowance of compensation or reimbursement of expenses becomes a Final Order; *provided, however*, that any party who may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation or reimbursement for services rendered before the Effective Date pursuant to the Ordinary Course Professionals Order without further Bankruptcy Court review or approval (except as provided in the Ordinary Course Professionals Order).

Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code or any order of the Bankruptcy Court entered before the Effective Date governing the retention of, or compensation for services rendered by, Professionals shall terminate. All fees and expenses of Professionals for services rendered after the Effective Date shall be paid by the Creditors' Trust upon the receipt and approval by the Creditors' Trustee of reasonably detailed invoices in such amounts and on such terms as such Professional and the Creditors' Trustee agree; *provided, however*, that after the Effective Date, only those fees and expenses of Professionals approved by the Creditors' Trustee shall be so paid. No further order or authorization from the Bankruptcy Court shall be necessary to permit the payment of the fees and expenses of Professionals for services rendered after the Effective Date. If the Creditors' Trustee and any Professional cannot agree on the amount of post-Effective Date fees and expenses to be paid to such Professional, such amount is to be determined by the Bankruptcy Court.

2.04 Priority Tax Claims. On, or as soon as reasonably practicable after, the later of (a) the initial Distribution Date, (b) the date on which a Priority Tax Claim becomes an Allowed Priority Tax Claim or (c) the date on which an Allowed Priority Tax Claim becomes payable under any agreement or applicable law relating thereto, each holder of an Allowed Priority Tax Claim shall receive, in full and final satisfaction, settlement, and release of, and in exchange for, such Allowed Priority Tax Claim, (i) payment in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, or (ii) payment as agreed between the holder of the Allowed Priority Tax Claim and the Debtor or Creditors' Trustee. Notwithstanding the foregoing, any Claim on account of any penalty arising with respect to or in connection with an Allowed Priority Tax Claim that does not compensate the holder for actual pecuniary loss shall be treated as a Subordinated Claim and the holder (other than as the holder of a Subordinated Claim) may not assess or attempt to collect such penalty from the Creditors' Trust or the Reorganized Debtor or their respective property.

2.05 Other Priority Claims. On, or as soon as reasonably practicable after, the later of (i) the initial Distribution Date or (ii) the date on which a Priority Claim becomes an Allowed Priority Claim, or (iii) the date on which an Allowed Priority Claim becomes payable under any agreement or applicable law relating thereto, each holder of an Allowed Priority Claim shall receive, in full and final satisfaction, settlement, and release of, and in exchange for, such

Allowed Priority Claim Cash equal to the unpaid portion of such Allowed Priority Claim or payment as agreed between the holder of the Allowed Priority Claim and the Debtor or Creditors' Trustee.

2.06 Bar Date for Administrative Claims. Except as otherwise provided herein, requests for payment of Administrative Claims (other than Professional Fee Claims) must be filed and served on the Creditors' Trustee and the United States Trustee pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order no later than the Administrative Claims Bar Date. Holders of Administrative Claims that are required to, but do not, file and serve a request for payment of such Administrative Claims by such date shall be forever barred, estopped and enjoined from asserting such Administrative Claims against the Debtor or its property and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests, if any, must be filed and served on the Creditors' Trustee, the United States Trustee and the requesting party no later than the Administrative Claims Objection Deadline.

All requests for payment of Professional Fee Claims must be filed and served on the Creditors' Trustee pursuant to the procedures specified in the Confirmation Order no later than forty-five (45) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to such requests, if any, must be filed and served on the Creditors' Trustee and the requesting party no later than twenty (20) days (or such longer period as may be allowed by order of the Bankruptcy Court or agreed upon between the requesting party and the United States Trustee) after the date on which the applicable request for payment was served.

**ARTICLE 3
CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS**

The Claims against, and Equity Interests in, the Debtor are categorized below for all purposes under the Plan including voting, confirmation and distribution pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Equity Interest falls within the description of such other Classes.

3.01 Claims shall comprise the following Classes:

Class	Designation	Impairment	Entitled to Vote
1	Secured Claims	Unimpaired	No
2	General Unsecured Claims	Impaired	Yes
3	Intercompany Claims	Impaired	No
4	Subordinated Claims	Impaired	No
5	Equity Interests	Impaired	No

ARTICLE 4
TREATMENT OF CLASSES OF CLAIMS AND EQUITY INTERESTS

4.01 Class 1 – Secured Claims.

(a) *Classification:* Class 1 shall consist of Secured Claims, if any.

(b) *Treatment:* In full settlement, release and discharge of all Class 1 Claims, each holder of an Allowed Class 1 Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for any such Allowed Class 1 Claim, either (i) Cash in the full amount of such holder's Allowed Class 1 Claim; (ii) the collateral securing its Allowed Class 1 Claim, plus postpetition interest to the extent required under section 506(b) of the Bankruptcy Code, on, or as soon as reasonably practicable after, the later of (A) the initial Distribution Date and (B) ten (10) business days after such Claim becomes an Allowed Class 1 Claim; or (iii) such different treatment as to which such holder and the Plan Proponents shall have agreed upon in writing.

(c) *Voting:* Class 1 Claims are Unimpaired. Each holder of a Class 1 Claim shall be conclusively deemed to have accepted the Plan and is, therefore, not entitled to vote.

4.02 Class 2 – General Unsecured Claims.

(a) *Classification:* Class 2 shall consist of Unsecured Claims other than those Unsecured Claims in Class 3, and Class 4. Class 2 shall include, without limitation, the DFC Notes Claims, or any Claims (other than Subordinated Claims) arising from ownership of the CT Notes, and the Loan Agreement Claims, or any Claims (other than Subordinated Claims) arising from ownership of the AFICA Bonds.

(b) *Allowance:*

(i) The DFC Notes Claims are Allowed as Class 2 General Unsecured Claims in the following amounts, with respect to principal and interest on the DFC Notes:

<u>DFC Note</u>	<u>Allowed Claim Amount</u>
7.65% DFC Note due 2016	\$100,956,250.00
7.10% DFC Note due 2017	\$40,355,000.00
7.15% DFC Note due 2022	\$30,268,125.00

(ii) The 2002 Loan Agreement Claims are Allowed as Class 2 General Unsecured Claims in the amount of \$6,545,133.89.

(iii) The Allowed Claim amounts specified in Sections 4.02(b)(i) and (b)(ii) shall be increased by amounts equal to the applicable Trustee Fees and Expenses, which amounts are expected to be agreed upon among the Plan Proponents and the respective Indenture Trustees and disclosed in the Plan Supplement.

(c) *Treatment:* In full settlement, release and discharge of all Class 2 Claims, each holder of an Allowed Class 2 Claim shall (i) (A) receive its Pro Rata share of the Initial Class 2 Cash Pool and (B) be deemed to receive its Pro Rata share of the Creditors' Trust Interests representing a right to receive further distributions from the Creditors' Trust, on or as soon as reasonably practicable after the later of (1) the initial Distribution Date and (2) ten (10) business days after such Claim becomes an Allowed Class 2 Claim, or (ii) receive such different treatment as to which such holder and the Plan Proponents shall have agreed upon in writing.

(d) *Voting:* Class 2 Claims are Impaired. Each holder of a Class 2 Claim other than the DFC Notes Claims and the Loan Agreement Claims shall be entitled to vote to accept or reject the Plan. Solely for purposes of voting on the Plan, (x) the holders of CT Notes shall be deemed to be holders of Class 2 Claims in lieu of the holders of the respective DFC Notes Claims and (y) the holders of AFICA Bonds shall be deemed to be holders of Class 2 Claims in lieu of the holders of the respective Loan Agreement Claims. Accordingly, the holders of CT Notes and AFICA Bonds shall be entitled to vote the principal amount of their CT Notes and AFICA Bonds as further set forth in the Solicitation Order, and (i) the votes of the holders of CT Notes shall be deemed to be the votes of the holders of the respective DFC Notes Claims and (ii) the votes of the holders of AFICA Bonds shall be deemed to be the votes of the holders of the respective Loan Agreement Claims.

4.03 Class 3- Intercompany Claims.

(a) *Classification:* Class 3 shall consist of those Unsecured Claims that are Intercompany Claims.

(b) *Treatment:* Class 3 Claims are Impaired. The holders of Class 3 Claims shall not receive any distribution pursuant to the Plan or retain any property or interest on account of such Class 3 Claims.

4.04 Voting. Each holder of a Class 3 Claim shall be conclusively deemed to have rejected the Plan and is, therefore, not entitled to vote.

4.05 Class 4 – Subordinated Claims.

(a) *Classification:* Class 4 shall consist of Subordinated Claims.

(b) *Treatment:* Class 4 Claims are Impaired. The holders of Class 4 Claims shall not receive any distribution pursuant to the Plan or retain any property or interest on account of such Class 4 Claims unless and until holders of all Allowed Class 1 and Class 2 Claims are paid in full, with accrued interest at the Applicable Rate (such an event, the "Class 4 Trigger Event"). Upon the Class 4 Trigger Event, the Creditors' Trustee shall establish procedures so that distributions can be made on account of Allowed Class 4 Claims under applicable bankruptcy and non-bankruptcy law. Notwithstanding the foregoing, and for the

avoidance of doubt, on and after the Effective Date, the Creditors' Trust and the Creditors' Trustee shall have no obligations or liabilities to the holders of Class 4 Claims (as holders of Class 4 Claims) and such holders will have no rights against the Creditors' Trust or Creditors' Trustee for any amount due on or right created by such Class 4 Claims, until the Class 4 Trigger Event.

(c) *Voting:* Each holder of a Class 4 Claim shall be conclusively deemed to have rejected the Plan and is, therefore, not entitled to vote.

4.06 Class 5 – Equity Interests.

(a) *Classification:* Class 5 shall consist of Equity Interests.

(b) *Treatment:* Class 5 Equity Interests are Impaired. Holders of Equity Interests shall not receive any distribution pursuant to the Plan or retain any property or interest on account of such Equity Interests unless and until holders of all Allowed Class 1 Claims, Allowed Class 2 Claims, and Allowed Class 4 Claims are paid in full, with accrued interest at the Applicable Rate (such an event, the "Class 5 Trigger Event"). Upon the Class 5 Trigger Event, the Creditors' Trustee shall establish procedures so that distributions can be made on account of Equity Interests in accordance with their relative priorities and under applicable bankruptcy and non-bankruptcy law. Notwithstanding the foregoing, and for the avoidance of doubt, on and after the Effective Date, the Creditors' Trust and the Creditors' Trustee shall have no obligations or liabilities to the holders of Equity Interests (as holders of Equity Interests) and such holders will have no rights against the Creditors' Trust or Creditors' Trustee for any amount due on or right created by such Equity Interests, until the Class 5 Trigger Event. On the Effective Date, Equity Interests shall be cancelled and extinguished, except for the limited purpose of preserving the rights, if any, of holders of Equity Interests upon the Class 5 Trigger Event.

(c) *Voting:* Each holder of Equity Interests shall be conclusively deemed to have rejected the Plan and is, therefore, not entitled to vote.

4.07 Insurance. If any Allowed Claim is covered by an insurance policy, such Claim shall first be paid from proceeds of such insurance policy, with the balance, if any, treated in accordance with the provisions of the Plan governing the class applicable to such Claim.

ARTICLE 5
ACCEPTANCE OR REJECTION OF THE PLAN

5.01 Impaired Classes Entitled to Vote. Except as otherwise set forth in Section 4.02(d), only those holders of a Claim in Class 2 (General Unsecured Claims), shall be entitled to vote to accept or reject the Plan. No other Classes of Claims or Equity Interests are entitled to vote on the Plan. In the event of a controversy as to whether any Class of Claims or Equity Interests is impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy. Notwithstanding the foregoing, the Plan Proponents reserve the right to, among other things, contest the right of the holder of any Claim to vote on the Plan or designate the vote of the holder of any Claim. The Plan Proponents (on or before the Effective Date) and the Creditors' Trustee (after the Effective Date) reserve the right to, among

other things, (i) contest the right of the holder of any Claim or Equity Interest to receive distributions under the Plan and (ii) seek to subordinate any Claim for inequitable conduct or otherwise.

5.02 Acceptance by an Impaired Class Entitled to Vote. In accordance with section 1126(c) of the Bankruptcy Code, and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class shall have accepted the Plan if the Plan is accepted by the holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject the Plan. If no holder of a Claim eligible to vote in a particular Class timely votes to accept or reject the Plan, the Plan Proponents will seek to have the Plan accepted by the holders of such Claims in such Class for purposes of section 1129(b) of the Bankruptcy Code.

5.03 Presumed Acceptances by Unimpaired Classes. Under section 1126(f) of the Bankruptcy Code, holders of Claims in Class 1 (Secured Claims) are conclusively presumed to have accepted the Plan, and the votes of holders of such Class 1 Claims shall not be solicited.

5.04 Classes Deemed to Reject Plan. Holders of Claims and Equity Interests in Class 3 (Intercompany Claims), Class 4 (Subordinated Claims), and Class 5 (Equity Interests) are not entitled to receive or retain any property under the Plan, except as otherwise set forth in Sections 4.05 and 4.06. Under section 1126(g) of the Bankruptcy Code, holders of such Claims and Equity Interests are deemed to have rejected the Plan, and the votes of such holders shall not be solicited.

5.05 Nonconsensual Confirmation. If any Class that is both Impaired and entitled to vote does not accept the Plan by the requisite statutory majorities, the Plan Proponents reserve the right to confirm the Plan by a "cram-down" of any such non-accepting Class pursuant to section 1129(b) of the Bankruptcy Code. In the event the Bankruptcy Court declines to impose a "cram-down" on a non-accepting Class unless certain modifications are made to the terms and conditions of such Class's treatment under the Plan, the Plan Proponents reserve the right, without re-solicitation to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules, to propose any such modifications and to confirm the Plan as modified by the required modification.

ARTICLE 6 IMPLEMENTATION OF THE PLAN

6.01 Approval of Settlements. Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Equity Interests and controversies relating to the contractual, legal and subordination rights that a holder of a Claim may have with respect to any Allowed Claim or Equity Interest, or any distribution to be made on account of such Allowed Claim or Equity Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (i) in the best interests of the Debtor and its estate, (ii) fair, equitable and reasonable, (iii) made in good faith, (iv) approved by the Bankruptcy Court, and (v) *inter alia*, in full satisfaction, settlement, release, and discharge of any rights which might otherwise exist.

Subject to obtaining the approval of the settlements reflected in this Plan by the Bankruptcy Court, on the Effective Date the Creditors' Trustee and/or the Reorganized Debtor will take all actions necessary or reasonably required to affect the matters and terms set forth in such settlements.

6.02 Corporate Action. Confirmation of the Plan shall constitute authorization for the Creditors' Trustee, the Debtor, and the Reorganized Debtor, and any of the Debtor's or the Reorganized Debtor's officers and members of the boards of directors, to effectuate the Plan and to execute, issue, deliver, file, or record all contracts, instruments and other agreements or documents, and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan without further notice to or action, order or approval of the Bankruptcy Court or any other entity except for those expressly required pursuant to this Plan. All matters provided for in the Plan involving any corporate action to be taken by or required of the Debtor in connection with the Plan shall be deemed to have occurred, and be effective as provided herein, and shall be authorized, approved and, to the extent taken prior to the Effective Date, ratified in all respects, without any requirement of further action by the Debtor, its agents, representatives, stockholders, members, managers, officers, directors or Affiliates.

6.03 Continued Corporate Existence. The Reorganized Debtor shall continue to exist after the Effective Date as a separate corporation, in accordance with the applicable laws of Puerto Rico and pursuant to the Reorganized Debtor Governing Documents.

6.04 New Corporate Documents. The Reorganized Debtor Governing Documents shall be substantially in the form set forth in the Plan Supplement, which shall be in form and substance reasonably acceptable to each of the Plan Proponents.

6.05 Officers and Directors. Upon the Effective Date, any of the Debtor's remaining officers and members of its board of directors shall be deemed to have resigned, if they have not already done so, without the necessity of any further action or writing, and they shall be released from any responsibilities, duties and obligations that arise after the Effective Date to the Debtor or its creditors under the Plan or applicable law. The initial board of directors of the Reorganized Debtor shall consist of the one person appointed by the Committee and identified in a disclosure to be filed as part of the Plan Supplement.

6.06 Authorization and Issuance of the Reorganized Debtor Common Stock. On the Effective Date, Reorganized Debtor shall issue one share of Reorganized Debtor Common Stock to the Creditors' Trust for the benefit of the Creditors' Trust Beneficiaries. The rights of the holder of Reorganized Debtor Common Stock shall be provided for in any Reorganized Debtor Governing Documents, substantially in the form set forth in the Plan Supplement.

6.07 Actions After the Effective Date. On and after the Effective Date, the Reorganized Debtor will continue to operate its businesses and will implement the terms of the Plan. The Reorganized Debtor is expected to remain in existence until it or its assets have been wholly converted to Cash or abandoned. On the Effective Date, the operation of the Reorganized Debtor shall become the general responsibility of its board of directors, subject to,

and in accordance with the Reorganized Debtor Governing Documents. After the Effective Date, the Reorganized Debtor may operate its business and may buy, use, acquire and dispose of its assets, free of any restrictions contained in the Bankruptcy Code.

6.08 Vesting of Assets. Except for assets abandoned by the Debtor pursuant to section 554 of the Bankruptcy Code, on the Effective Date, (i) the Tax Attributes shall vest in the Reorganized Debtor free and clear of all liens, claims, charges, and other encumbrances and (ii) all other assets of the Debtor's bankruptcy estate shall vest in the Creditors' Trust free and clear of all liens, claims, charges, and other encumbrances.

6.09 D&O Claims. On the Effective Date, and notwithstanding anything herein to the contrary, the Committee, and not the Reorganized Debtor or the Creditors' Trustee, shall be deemed the estate's representative in accordance with section 1123 of the Bankruptcy Code with respect to any D&O Claims and shall be granted standing, and have all the rights and powers associated with the D&O Claims, including without limitation the right to (i) prosecute, settle, abandon or compromise any D&O Claims; (ii) employ and compensate professionals and other agents with respect to the D&O Claims; and (iii) control attorney/client privilege relating to or arising from the D&O Claims. Any and all expenses relating to the prosecution of the D&O Claims will be satisfied by the Creditors' Trust or out of any proceeds or recoveries from the D&O Claims, and any and all proceeds or recoveries from the D&O Claims will be distributed to the Creditors' Trust Beneficiaries through the Creditors' Trust in accordance with the Plan and the Creditor Trust Agreement.

6.10 Insurance Policies. Notwithstanding anything to the contrary in the Plan or Confirmation Order, confirmation and consummation of the Plan shall not affect, impair, or prejudice the rights of any party, including without limitation, the Debtor, the Reorganized Debtor, the Committee, the Creditors' Trustee, the Debtor's officers and directors, any third-party beneficiary, or other covered party of any of the Debtor's insurance policies with respect to such policies, including the D&O Policies. The Debtor shall seek to have its current directors and officers liability policy, the Go-Forward Policy, reinstated and continued in accordance with its terms and deemed assumed by the Debtor pursuant to section 365 of the Bankruptcy Code and Section 11.03 of the Plan and assigned to the Creditors' Trust.

6.11 Continuation of Stays. Unless otherwise provided in the Plan or the Confirmation Order, all injunctions or stays in effect pursuant to sections 105 or 362 of the Bankruptcy Code or otherwise and in effect on the Confirmation Date shall remain in full force and effect until the Effective Date.

6.12 Cancellation and Surrender of Instruments, Securities, and Existing Agreements.

(a) Except as provided in any contract, instrument or other agreement or document entered into or delivered in connection with the Plan, and except for the limited purpose of determining distribution rights, if any, to holders of Class 4 Claims and Class 5 Equity Interests pursuant to the terms of the Plan and as otherwise expressly set forth below, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan, all notes, instruments, certificates, and other documents evidencing Claims or Equity Interests

shall be deemed cancelled and of no further force and effect against the Debtor, without any further action on the part of the Debtor. From and after the making of the applicable distributions pursuant to the Plan, the holders of such notes, instruments, certificates, and other documents shall have no rights against the Debtor, Reorganized Debtor, or the Creditors' Trust arising from or relating to such notes, instruments, certificates, and other documents or the cancellation thereof, except the rights provided pursuant to the Plan.

(b) Notwithstanding anything to the contrary in this Plan, the DFC Notes Indenture, the 2002 AFICA Trust Agreement, the CT Trust Agreements, and the 2002 Loan Agreement (to the extent applicable) shall be cancelled and discharged except with respect to the rights of the respective Indenture Trustee (i) to make distributions to the holders of Debt Instruments as contemplated by the Plan and each relevant indenture, trust agreement, or Loan Agreement and (ii) to enforce such Indenture Trustee's rights and remedies under its relevant indenture or trust agreement as Indenture Trustee against the holders of the respective Debt Instruments including, without limitation, all rights to compensation and related lien rights, including lien rights with respect to Plan distributions. After the Effective Date, other than with respect to Plan distributions under the terms of the indentures, trust agreements, or Loan Agreements, the Indenture Trustees shall have no continuing duties to the holders of the respective Debt Instruments, including, without limitation, no duty to oversee the Creditors' Trustee, the Committee or the Reorganized Debtor or to file or object to any motion or proceeding in bankruptcy cases or to object to the allowance of claims including administrative expense claims. In connection with distributions under the Plan, the Indenture Trustees under each relevant indenture and/or trust agreement shall have the right to establish one or more payment dates and may require the surrender of Debt Instruments in order to receive distributions in accordance with the indentures or trust agreements.

6.13 Expense Reserve. The Creditors' Trustee shall establish a segregated account maintained by the Creditors' Trustee to be funded with an initial amount to be disclosed in a Plan Supplement, and such amounts as reasonably estimated from time to time by the Creditors' Trustee as being necessary to assure payment when due of all expenses that the Creditors' Trustee anticipates will be incurred in connection carrying out the provisions of the Plan and applicable law, which amounts are to be reserved from distributions to Creditors' Trust Beneficiaries.

6.14 Further Sources of Capital. In furtherance of the transactions contemplated by this Plan, the Reorganized Debtor and the Creditors' Trust are authorized to sell or enter into any other business transactions with respect to, as applicable, the Creditors' Trust Assets or the Reorganized Debtor's assets. The Reorganized Debtor and the Creditors' Trustee are authorized to incur obligations as necessary to provide funds for working capital or for other uses consistent with the Plan and as otherwise permitted by the Reorganized Debtor Governing Documents or the Creditors' Trust Agreement.

ARTICLE 7
THE CREDITORS' TRUST

7.01 The Creditors' Trust.

(a) On the Effective Date, the Creditors' Trust shall be established pursuant to the Creditors' Trust Agreement for the purposes of, among other things, (i) administering the Creditors' Trust Assets, (ii) reviewing and reconciling, including where appropriate objecting to, any Claims, (iii) prosecuting, settling, adjusting, retaining, and enforcing any Litigation Claims, (iv) making any distributions as provided for under the Plan, and (v) liquidating the Creditors' Trust Assets (including the Reorganized Debtor Common Stock). The Creditors' Trust is intended to qualify as a liquidating trust pursuant to United States Treasury Regulation Article 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business, and shall take no action inconsistent with such qualification.

(b) On the Effective Date, in accordance with section 1141 of the Bankruptcy Code, all of the Creditors' Trust Assets, as well as the rights and powers of the Debtor's estate applicable to the Creditors' Trust Assets, shall vest automatically in the Creditors' Trust, free and clear of all Claims and Equity Interests for the benefit of the Creditors' Trust Beneficiaries, provided, however, that the Committee shall have the rights and powers associated with the D&O Claims, as provided in Section 6.09 of the Plan. The Plan shall be considered a motion pursuant to sections 105, 363 and 365 of the Bankruptcy Code for such relief. In connection with the vesting and transfer of the Creditors' Trust Assets, any attorney-client privilege, work product privilege, or other privilege or immunity attaching to any documents or communications (whether written or oral and including but not limited to electronic information) relating to the Creditors' Trust Assets shall vest in the Creditors' Trust. The Debtor, the Reorganized Debtor, the Committee, and the Creditors' Trustee are authorized to take all necessary actions to effectuate the transfer of such privileges, protections, and immunities.

(c) The transfer of the Creditors' Trust Assets to the Creditors' Trust shall be made for the benefit and on behalf of the Creditors' Trust Beneficiaries. The assets comprising the Creditors' Trust Assets will be treated for tax purposes as being transferred by the Debtor to the Creditors' Trust Beneficiaries pursuant to the Plan in exchange for their Allowed Claims and then by the Creditors' Trust Beneficiaries to the Creditors' Trust in exchange for the Creditors' Trust Interests in the Creditors' Trust. The Creditors' Trust Beneficiaries shall be treated as the grantors and owners of the Creditors' Trust. Upon the transfer of the Creditors' Trust Assets, the Creditors' Trust shall succeed to all of the Debtor's rights, title and interest in the Creditors' Trust Assets, and the Debtor will have no further interest in or with respect to the Creditors' Trust; provided, however, that the Committee shall have the rights and powers associated with the D&O Claims, as provided in Section 6.09 of the Plan.

(d) Except as provided in, and unless expressly waived, relinquished, exculpated, released, compromised or settled in the Plan, the Confirmation Order, or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, the Creditors' Trust shall be vested with, and may enforce, in accordance with sections 1123(a)(5)(A) and 1123(b)(3) of the Bankruptcy Code, the Litigation Claims. No preclusion doctrine, including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue

preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to the Creditors' Trust or the Creditors' Trustee by virtue of or in connection with the confirmation, consummation or effectiveness of the Plan. Without limiting the forgoing, the Debtor and the Creditors' Trustee expressly reserve and preserve the Listed Causes of Action.

(e) Except as otherwise ordered by the Bankruptcy Court, the Creditors' Trust Expenses on or after the Effective Date shall be paid in accordance with the Creditors' Trust Agreement without further order of the Bankruptcy Court.

(f) The Creditors' Trust shall file annual reports regarding the liquidation or other administration of property comprising the Creditors' Trust Assets, the distributions made by it and other matters required to be included in such report in accordance with the Creditors' Trust Agreement. In addition, the Creditors' Trust will file tax returns as a grantor trust pursuant to United States Treasury Regulation Article 1.671-4(a).

7.02 The Creditors' Trustee.

(a) The identity of the Creditors' Trustee shall be disclosed prior to the Confirmation Hearing as part of the Plan Supplement in accordance with section 1129(a)(5) of the Bankruptcy Code.

(b) Powers and Responsibilities of the Creditors' Trustee. The powers and responsibilities of the Creditors' Trustee shall include, but shall not be limited to those responsibilities vested in the Creditors' Trustee pursuant to the Creditors' Trust Agreement, the Confirmation Order, or as may be necessary and proper to carry out the provisions of the Plan relating to the Creditors' Trust. The Creditors' Trustee shall maintain good and sufficient books and records of account relating to the Creditors' Trust Assets, the management thereof, all transactions undertaken by the Creditors' Trustee, all expenses incurred by or on behalf of the Creditors' Trustee, and all distributions to Creditors' Trust Beneficiaries contemplated or effectuated under the Plan. In connection with the administration of the Creditors' Trust, the Creditors' Trustee is authorized to perform any and all acts necessary and desirable to accomplish the purposes of the provisions of the Plan relating to the Creditors' Trust, within the bounds of the Plan, the Creditors' Trust Agreement, and applicable law.

(c) Professionals. The Creditors' Trustee may, without further order of the Bankruptcy Court, but subject to the terms of the Creditors' Trust Agreement, employ various professionals, including, but not limited to, counsel, consultants, and financial advisors, as needed to assist the Creditors' Trustee in fulfilling its obligations under the Plan, and on whatever fee arrangement the Creditors' Trustee deems appropriate, including, without limitation, contingency fee arrangements. Professionals engaged by the Creditors' Trustee shall not be required to file applications in order to receive compensation for services rendered and reimbursement of actual out-of-pocket expenses incurred.

(d) Estate Representative. Except as otherwise provided in the Plan, including Section 6.09, on the Effective Date, the Creditors' Trustee, and not the Reorganized Debtor, shall be deemed the estate's representative in accordance with section 1123 of the

Bankruptcy Code and shall be granted standing to, and have all the rights and powers set forth in the Creditors' Trust Agreement.

(e) Valuation. As soon as practicable after the Effective Date, (i) the Creditors' Trustee shall determine the fair market value of the Creditors' Trust Assets as of the Effective Date, based on his good faith determination, and (ii) the Creditors' Trustee shall establish appropriate means to apprise the Creditors' Trust Beneficiaries of such valuation. The valuation shall be used consistently by all parties (including, without limitation, the Debtor, the Creditors' Trust, and the Creditors' Trust Beneficiaries) for all federal income tax purposes.

7.03 Compensation of the Creditors' Trustee. In addition to reimbursement for the Creditors' Trust Expenses, the Creditors' Trustee shall be entitled to receive reasonable compensation for services rendered on behalf of the Creditors' Trust on terms to be set forth in the Creditors' Trust Agreement. All such compensation and reimbursement shall be paid from the Creditors' Trust with Creditors' Trust Assets. The reasonable costs and expenses incurred by the Creditors' Trustee in performing the duties set forth in the Plan shall be paid by the Creditors' Trust. All costs, expenses, and obligations incurred by the Creditors' Trustee or Reorganized Debtor in administering the Plan, or in any manner connected, incidental, or related thereto, including those of attorneys, accountants, and other persons employed to assist in the administration and distribution of the Creditors' Trust Assets, shall be a charge against such assets.

7.04 Creditors' Trust Interests.

(a) Each Creditors' Trust Interest will entitle its holder to distributions from the Creditors' Trust in accordance with the terms of the Creditors' Trust Agreement. The Creditors' Trust Interests will be uncertificated; thus, distributions of Creditors' Trust Interests will be accomplished solely by the entry of the names of the holders and their respective Creditors' Trust Interests in the books and records of the Creditors' Trust. Each holder of a Creditors' Trust Interest shall take and hold its uncertificated beneficial interest subject to all of the terms and provisions of the Creditors' Trust Agreement, the Confirmation Order, and the Plan.

(b) The Creditors' Trust Interests shall not be registered pursuant to the Securities Act of 1933, as amended, or any state securities law and shall be exempt from registration thereunder pursuant to section 1145 of the Bankruptcy Code. The Creditors' Trust Interests shall not be capable of being transferred, assigned, pledged or hypothecated, in whole or in part with the prior written consent of the Creditors' Trustee.

7.05 Distributions by Creditors' Trustee. The Creditors' Trustee shall make distributions on account of Creditors' Trust Interests in accordance with the terms of the Creditors' Trust Agreement. Notwithstanding the foregoing and the terms of the Creditors' Trust Agreement, upon a motion by the Creditors' Trustee asserting reasonable grounds therefore, the Bankruptcy Court shall have the authority to enter an order directing that distributions to be made on account of Creditors' Trust Interests issued to an Indenture Trustee for the Debt Instruments instead be made to the beneficial and/or record holders of the applicable CT Notes and/or AFICA Bonds. Reasonable grounds shall include, without limitation, an insolvency

proceeding relating to any such Indenture Trustee, or any other circumstance in which the distributions being made on account of Creditors' Trust Interests would not or cannot promptly be made to the beneficial holders of the CT Notes and AFICA Bonds.

ARTICLE 8 PROVISIONS GOVERNING DISTRIBUTIONS

8.01 Distributions for Claims Allowed as of the Effective Date. All Cash, including, but not limited to, Cash necessary to fund payments to be made pursuant to the Plan, the Expense Reserve, and the Claims Reserve shall be funded by the Debtor on the Effective Date into segregated accounts established by the Creditors' Trustee. All payments to be made pursuant to the Plan, including the initial distribution, shall be made by the Creditors' Trustee. Distributions on account of Claims that first become Allowed Claims after the initial Distribution Date shall be made pursuant to Article 9 of the Plan.

8.02 Postpetition Interest. Nothing in the Plan or Disclosure Statement shall be deemed to entitle the holder of a Claim to receive postpetition interest on account of such Claim, except (i) to the extent that the holder of a Claim has the benefit of a lien on assets that exceed the Allowed amount of such Claim or (ii) as provided in Sections 4.05 and 4.06 of the Plan.

8.03 Timing of Payments and Distributions. Except where otherwise indicated, any payments or distributions to be made under the Plan shall be deemed to be timely made if made within twenty (20) days after the date specified in the Plan, or as soon thereafter as reasonably practicable. Whenever any distribution to be made under the Plan shall be due on a day other than a Business Day, such distribution shall instead be made, without interest, on the immediately succeeding Business Day, but shall be deemed to have been made on the date due.

8.04 Manner of Payments. Unless the person or entity receiving a payment agrees otherwise, any payment of Cash to be made by the Creditors' Trustee shall be made, at the election of the Creditors' Trustee, by check drawn on a domestic bank or by electronic or wire transfer from a domestic bank; *provided, however*, that no Cash payments shall be required to be made to a holder of an Allowed Claim unless the amount payable thereto is equal to or greater than twenty dollars (\$20.00). The Claim of any holder whose distribution is in an amount less than \$20.00 shall be discharged, and such holder shall be forever barred from asserting such Claim against the Creditors' Trust, the Creditors' Trustee, the Reorganized Debtor or each of their respective assets.

8.05 Delivery of Distributions. Except as otherwise set forth below, distributions and deliveries to each holder of an Allowed Claim will be made (i) at the address set forth for such holder in the Debtor's Schedules if no proof of claim has been filed on behalf of such holder, (ii) at the address reflected in the proof of claim filed by the holder of an Allowed Claim, or (iii) at the address set forth in any written notices of address change delivered after the date of any related proof of claim. If any distribution is returned as undeliverable, no further distributions to the applicable holder will be made unless and until the Creditors' Trustee is notified of the holder's then current address, at which time all missed distributions will be made to the holder without interest. Notwithstanding anything herein to the contrary, all distributions on account of (a) the respective DFC Notes Claims shall be made to the DFC Notes Trustee, who

will in turn make distributions to the CT Notes Trustee (for the benefit of the holders of the respective CT Notes, subject to any right of the CT Notes Trustee to assert a Charging Lien against any such distribution) in accordance with the DFC Notes Indenture, subject to any right of the DFC Notes Trustee to assert a Charging Lien against the distributions on account of the DFC Notes Claims and make provision for the payment of its unpaid Trustee Fees and Expenses, and (b) the 1999 Loan Agreement Claims and the 2002 Loan Agreement Claims shall be made to the 1999 AFICA Trustee (for the benefit of the holders of the 1999 AFICA Bonds) and the 2002 AFICA Trustee (for the benefit of the holders of the 2002 AFICA Bonds), as appropriate, subject to any right of the subject Indenture Trustee to assert a Charging Lien against the respective distributions on account of the 1999 Loan Agreement Claims and the 2002 Loan Agreement Claims and make provision for the payment of unpaid fees and expenses of the subject Indenture Trustee which are due under the applicable trust agreement.

8.06 Application of Distribution Date. At the close of business on the Distribution Record Date, the claims register maintained by the claims agent and any register of the holders of Debt Instruments maintained by the Indenture Trustees shall be closed and there shall be no further changes in the listed holders of the Claims or DFC Notes Claims, as applicable. The Creditors' Trustee, the Indenture Trustees, the claims agent, and each of their respective agents, successors, and assigns shall have no obligation to recognize any transfer of Claims occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders stated on the claims register as of the close of business on the Distribution Record Date irrespective of the number of distributions to be made under the Plan to such Persons or the date of such distributions.

8.07 Uncashed Checks. Checks issued by the Creditors' Trustee on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days from and after the date of issuance thereof. Requests for reissuance of any check shall be made in writing directly to the Creditors' Trustee by the holder of the Allowed Claim with respect to which such check originally was issued. Any claim in respect of such a voided check shall be made on or before the later of (i) the first anniversary of the Effective Date or (ii) one hundred eighty (180) days after the date of issuance of such check. After such date, all claims in respect of voided checks shall be discharged and forever barred and the Creditors' Trustee shall retain all monies related thereto.

8.08 Set Offs and Recoupments. Except to the extent a Claim has been previously Allowed or is Allowed by the Plan, the Reorganized Debtor and/or Creditors' Trustee may, but shall not be required to, set off or recoup against any Claim and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever which the Creditors' Trustee or Reorganized Debtor may have against the holder of such Claim to the extent such claims may be set off or recouped under applicable law, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Creditors' Trustee or Reorganized Debtor, of any such claim or counterclaim that they each may have against such holder.

8.09 Compliance with Tax Requirements. For purposes of distributions on any interest-bearing obligations, distributions under the Plan shall be applied first in payment of the principal portion of such Allowed Claims and, after full payment of such principal portion, then

to the portion of such Allowed Claims comprised of any interest accrued but unpaid at the Petition Date. In connection with this Plan, to the extent applicable, the Reorganized Debtor and/or Creditors' Trustee will comply with all tax withholding and reporting requirements imposed by any governmental unit, and all distributions pursuant to this Plan will be subject to such withholding and reporting requirements. Notwithstanding any other provision of this Plan, each entity receiving a distribution pursuant to this Plan will have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on it by any governmental unit on account of such distribution, including income, withholding, and other tax obligations.

8.10 Disallowance of Certain Claims.

EXCEPT AS PROVIDED HEREIN OR IN AN ORDER OF THE BANKRUPTCY COURT, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS.

8.11 Amendment to Claims. On or after the Effective Date, except as provided herein, a Claim may not be amended without the prior authorization of the Bankruptcy Court or the Creditors' Trustee, and, to the extent such prior authorization is not received, any such amended Claim filed shall be deemed disallowed in full and expunged without any further action.

**ARTICLE 9
PROVISIONS FOR TREATMENT OF
SUBSEQUENT PLAN DISTRIBUTIONS**

9.01 Objections to and Estimation of Claims. Following the Effective Date, the Creditors' Trustee shall object to the allowance of Claims with respect to which the Creditors' Trustee disputes liability in whole or in part. All objections shall be litigated to a Final Order; *provided, however*, that the Creditors' Trustee may compromise and settle, withdraw or resolve by any other method approved by the Bankruptcy Court, any objections to Claims or Equity Interests. In addition, the Creditors' Trustee may, at any time, request that the Bankruptcy Court estimate any contingent Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtor has previously objected to such Claim. Except as otherwise provided by order of the Bankruptcy Court, the Creditors' Trustee may file an objection to any Claim until the later of: (i) thirty days after the date that such Claim becomes due and payable in accordance with its terms, or (ii) 180 days after the Effective Date.

9.02 Claims Reserve. On each Distribution Date, in calculating amounts available for distributions to holders of Claims under the Plan, the Creditors' Trustee shall retain and set aside as the Claims Reserve an amount in Cash, in one or more segregated accounts maintained by the Creditors' Trustee, such that the aggregate balance of the Claims Reserve (exclusive of any interest earned thereon) shall be sufficient to make all payments and distributions which may be subsequently required by the Plan, including Section 9.03 of the

Plan, or such lesser amount as may be approved by the Bankruptcy Court from time to time. Cash in the Claims Reserve shall be invested in accordance with the requirements contained in Section 9.05 of the Plan. The Creditors' Trustee may, for U.S. federal income tax purposes (and, to the extent permitted by law, for state and local income tax purposes), (i) make an election pursuant to Treasury Regulation section 1.468B-9 to treat the Claims Reserve as a "disputed ownership fund" within the meaning of that section, (ii) allocate taxable income or loss to the Claims Reserve, with respect to any given taxable year (but only for the portion of the taxable year with respect to which such Claims are Disputed Claims), and (iii) distribute assets from the Claims Reserve as, when, and to the extent, such Disputed Claims either become Allowed or are otherwise resolved. The Creditors' Trust Beneficiaries shall be bound by such election, if made by the Creditors' Trustee, and as such shall, for U.S. federal income tax purposes (and, to the extent permitted by law, for state and local income tax purposes), report consistently therewith.

9.03 Subsequently Allowed Claims. Subsequent to the initial Distribution Date when a Claim shall become an Allowed Claim, the Creditors' Trustee shall, as soon as practicable, pay to the holder of such Allowed Claim, from the Claims Reserve, Cash in an amount equal to the Cash distributions, if any, which would have previously been made to such holder if such Allowed Claim had been an Allowed Claim eligible for distribution on the initial Distribution Date.

9.04 Disallowed Claims. Subsequent to the initial Distribution Date, when a Claim or portion of a Claim shall become disallowed by a Final Order, the Creditors' Trustee shall transfer from the Claims Reserve to the general funds of the Creditors' Trust an amount of Cash equal to the amount which would have been required to be distributed pursuant to Section 9.03 of the Plan had such disallowed Claim or portion of a Claim been an Allowed Claim.

9.05 Investment of Claims Reserve. Amounts held in the Claims Reserve shall be invested by the Creditors' Trustee in: (i) direct obligations of, or obligations secured by, the United States of America; (ii) obligations of any agency or corporation which is or may hereafter be created by or pursuant to an act of the Congress of the United States as an agency or instrumentality thereof; (iii) certificates of deposit or demand deposits in insurable amounts at any bank or trust company which has, at the time such investment is made, a capital stock and surplus aggregating at least twenty five million dollars (\$25,000,000) and (iv) other investments expressly approved, in advance, by order of the Bankruptcy Court.

9.06 Payments and Distributions on Disputed Claims. No partial payments and no partial distributions shall be made with respect to a Disputed Claim until the resolution of such disputes by settlement or Final Order. As soon as practicable after a Disputed Claim becomes an Allowed Claim, the holder of such Allowed Claim shall receive all payments and distributions to which such holder is then entitled under the Plan.

ARTICLE 10

CONDITIONS TO CONFIRMATION AND EFFECTIVENESS OF THE PLAN

10.01 Conditions to Confirmation. The confirmation of the Plan by the Bankruptcy Court shall be subject to, and conditioned upon, (i) entry by the Bankruptcy Court of the Disclosure Statement Order in form and substance reasonably acceptable to the Plan

Proponents, and (ii) the Plan and Confirmation Order, including any schedules, documents, supplements, and exhibits thereto being in form and substance reasonably acceptable to the Plan Proponents.

10.02 Conditions to Effectiveness. The effectiveness of the Plan shall be subject to, and conditioned upon, (i) the Confirmation Order, in form and substance reasonably acceptable to the Plan Proponents, becoming a Final Order, (ii) no request for revocation of the Confirmation Order under section 1144 of the Bankruptcy Code having been made or, if made, remaining pending, (iii) on the Effective Date, the Debtor having sufficient cash to fund the Creditors' Trust such that the Creditors' Trust may fund all distributions required on the initial Distribution Date, (iv) authorization by the Bankruptcy Court of the issuance of the Reorganized Debtor Common Stock, (v) all other actions and documents necessary to implement the Plan shall have been effected or executed, and (vi) the Effective Date occurring on or prior to July 29, 2016 or such other date as agreed to by each of the Plan Proponents.

10.03 Waiver of Conditions to Confirmation or the Effective Date. The conditions to confirmation and the conditions to the Effective Date may be waived in whole or part at any time by the Plan Proponents without an order of the Bankruptcy Court.

10.04 Effect of Nonoccurrence of Conditions to the Effective Date. The Plan Proponents reserve the right to seek to vacate the Plan at any time prior to the Effective Date. If the Confirmation Order is vacated pursuant to this Section 10.04: (i) the Plan shall be null and void in all respects, including with respect to (a) the discharge of Claims pursuant to section 1141 of the Bankruptcy Code, and (b) the assumption, assumption and assignment, or rejection of executory contracts and unexpired leases, as applicable; and (ii) nothing contained in the Plan shall (a) constitute a waiver or release of any claims by or against, or any interest in, the Debtor or (b) prejudice in any manner the rights of the Debtor, the Committee, or any other party in interest.

10.05 Notice of Effective Date. The Creditors' Trustee shall provide notice of the Effective Date of the Plan in accordance with the Bankruptcy Rules and orders of the Bankruptcy Court.

ARTICLE 11 TREATMENT OF CONTRACTS AND LEASES

11.01 Rejection of Executory Contracts and Unexpired Leases. Pursuant to sections 1123(b)(2) and 365(a) of the Bankruptcy Code, any executory contract or unexpired lease that (i) has not expired by its own terms on or prior to the Confirmation Date, (ii) has not been assumed, assumed and assigned, or rejected with the approval of the Bankruptcy Court on or prior to the Confirmation Date, (iii) is not the subject of a motion to assume or reject which is pending at the time of the Confirmation Date, or (iv) is not listed in Exhibit B hereto as being an executory contract or unexpired lease to be assumed at the time of Confirmation of the Plan, shall be deemed rejected on the Effective Date. The entry of the Confirmation Order by the Bankruptcy Court shall constitute the approval of the rejection of executory contracts and unexpired leases pursuant to this Section of the Plan and sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

11.02 Claims Based on Rejection of Executory Contracts and Unexpired Leases.

Claims created by the rejection of executory contracts and unexpired leases pursuant to Section 11.01 of the Plan, or the expiration or termination of any executory contract or unexpired lease prior to the Effective Date, must be filed with the Bankruptcy Court and served on the Creditors' Trustee no later than thirty (30) days after the Effective Date. Any Claims arising from the rejection of an executory contract or unexpired lease pursuant to Section 11.01 for which proofs of Claim are not timely filed within that time period will be forever barred from assertion against the Debtor, its estate, the Creditors' Trust, the Creditors' Trustee, their successors and assigns, and their assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. All such Claims shall, as of the Effective Date, be subject to the discharge and permanent injunction set forth in Article 12. Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely filed as provided herein shall be treated as a Class 2 General Unsecured Claim and shall be subject to the provisions of Article 4 of the Plan.

11.03 Assumption of Executory Contracts and Unexpired Leases.

Except as otherwise provided in the Plan or in any contract, instrument, instrument or other agreement or document entered into in connection with the Plan, on the Effective Date, pursuant to section 365 of the Bankruptcy Code, the Debtor shall assume each of the respective executory contracts and unexpired leases, if any, listed on Exhibit B and assign such agreements to the Creditors' Trust; *provided, however*, that the Plan Proponents reserve the right, at any time prior to the Effective Date, to amend Exhibit B to: (i) delete any executory contract or unexpired lease listed therein, thus providing for its rejection pursuant hereto; or (ii) add any executory contract or unexpired lease, thus providing for its assumption pursuant to this Section 11.03. The Debtor shall provide written notice to each counterparty to an Assumed Contract (together with a statement of the date by which any Cure Claims must be filed) and written notice of any amendments to the parties to the executory contracts or unexpired leases affected thereby and to the parties on the then-applicable service list in the Bankruptcy Case.

11.04 Payments Related to Assumption.

Any Cure Claims associated with any executory contract or unexpired lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code: (i) by payment of the Cure Claim in Cash on or after the Effective Date; or (ii) on such other terms as are agreed to by the parties to such executory contract or unexpired lease. Pursuant to section 365(b)(2)(D) of the Bankruptcy Code, no Cure Claim shall be allowed for a penalty rate or other form of default rate of interest. If there is an unresolved dispute regarding: (i) the amount of any Cure Claim; (ii) the ability of the Reorganized Debtor or Creditors' Trust (as applicable) to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (iii) any other matter pertaining to assumption of such contract or lease, the payment of any Cure Claim required by section 365(b)(1) of the Bankruptcy Code shall be made following the resolution of such dispute by the parties or the entry of a Final Order resolving the dispute and approving the assumption.

11.05 Extension of Time to Assume or Reject.

Notwithstanding anything set forth in the Plan, in the event of a dispute as to whether a contract is executory or a lease is unexpired, the Debtor's right to move to assume or reject such contract or lease shall be extended until the date that is thirty (30) days after entry of a Final Order by the Bankruptcy Court

determining that the contract is executory or the lease is unexpired. The deemed rejection provided for in Section 11.01 of the Plan shall not apply to any such contract or lease, and any such contract or lease shall be assumed or rejected only upon motion of the Debtor following the Bankruptcy Court's determination that the contract is executory or the lease is unexpired.

11.06 Post-Petition Date Contracts and Leases. Executory contracts and unexpired leases entered into and other obligations incurred after the Petition Date by the Debtor shall be performed by the Reorganized Debtor or the Creditors' Trust (as applicable) in the ordinary course of business.

11.07 Reservation of Rights. Neither the exclusion nor inclusion of any contract or lease in Exhibit B, nor anything contained in the Plan, nor the Debtor's delivery of any notice of proposed assumption and proposed cure amount to applicable contract and lease counterparties shall constitute an admission by the Debtor, Reorganized Debtor, or Creditors' Trustee that any such contract or lease is in fact an executory contract or unexpired lease or that the Debtor, Reorganized Debtor or Creditors' Trustee (as applicable) has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtor, Reorganized Debtor, or the Creditors' Trust as applicable, shall have 30 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

11.08 Pre-Existing Obligations to the Debtor. Rejection of any executory contract or unexpired lease pursuant to the Plan or otherwise shall not constitute a termination of pre-existing obligations owed to the Debtor, Reorganized Debtor, or the Creditors' Trust under such executory contracts or unexpired leases. Notwithstanding any applicable non-bankruptcy law to the contrary, the Debtor, Reorganized Debtor, and Creditors' Trustee expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties, or indemnifications from counterparties to rejected executory contracts or unexpired leases.

11.09 Compensation and Benefit Programs. Notwithstanding anything to the contrary in this Plan, all contracts, agreements, policies, programs and plans in existence on the Petition Date that provided for the issuance of Equity Interests or other interests in the Debtor to current or former employees or directors of the Debtor are, to the extent not previously terminated or rejected by the Debtor, rejected or otherwise terminated as of the Effective Date without any further action of the Debtor, Reorganized Debtor, or the Creditors' Trustee, or any order of the Court, with rejection damages of \$0.00, and any unvested Equity Interests or other interests granted under any such agreements, policies, programs and plans in addition to any Equity Interests or other interests granted under such agreements previously terminated or rejected by the Debtor to the extent not previously cancelled shall be cancelled pursuant to Section 6.12 of this Plan. Objections to the treatment of these plans or the Claims for rejection or termination damages arising from the rejection or termination of any such plans, if any, must be submitted and resolved in accordance with the procedures and subject to the conditions for objections to confirmation. If any such objection is not timely filed and served before the deadline set for objections to the Plan, each participant in or counterparty to any agreement described in this Section 11.09 shall be forever barred from (i) objecting to the rejection or termination provided hereunder, and shall be precluded from being heard at the Confirmation

Hearing with respect to such objection; (ii) asserting against the Reorganized Debtor or its property, or the Creditors' Trustee or the Creditors' Trust Assets any default existing as of the Effective Date or any counterclaim, defense, setoff or any other interest asserted or assertable against the Debtor; and (iii) imposing or charging against the Reorganized Debtor or the Creditors' Trust any accelerations, assignment fees, increases or any other fees as a result of any rejection pursuant to this Section 11.09.

ARTICLE 12 DISCHARGE

12.01 Discharge. Unless otherwise provided in the Plan, confirmation of the Plan shall discharge the Debtor from any debt that arose before the Petition Date, and any debt of a kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) a proof of claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; (ii) a Claim based upon such debt is allowed under section 502 of the Bankruptcy Code; or (iii) the holder of a Claim based upon such debt has accepted the Plan.

ARTICLE 13 RETENTION OF JURISDICTION

13.01 Retention of Jurisdiction. The Bankruptcy Court shall retain exclusive jurisdiction of these proceedings for the following purposes, *inter alia*:

(a) to hear and determine any and all applications, motions, adversary proceedings and contested or litigated matters arising out of, under, or related to, the Bankruptcy Case, the Tax Attributes, the Creditors' Trust Assets (including the Litigation Claims), or the D&O Claims,

(b) to hear and determine any and all objections to the allowance of Claims and Equity Interests;

(c) to hear and determine any and all applications for allowance of compensation and reimbursement of expenses;

(d) to enter such orders as many be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement, or the Confirmation Order;

(e) with respect to a motion by the Creditors' Trustee, if any, pursuant to Section 7.05(a);

(f) to effectuate payments under and performance of the provisions of the Plan;

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

(h) to determine the Plan Proponents' motion, if any, to modify the Plan in accordance with section 1127 of the Bankruptcy Code;

(i) to issue such orders in aid of execution of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

(j) to consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the order confirming the Plan;

(k) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan and any related documents, including but not limited to the Plan Supplement, the Disclosure Statement, the Confirmation Order, the Creditors' Trust Agreement, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Plan Supplement, the Disclosure Statement, the Confirmation Order, or the Creditors' Trust Agreement, *provided, however*, that any disputes arising under or in connection with the Reorganized Debtor Governing Documents shall be adjudicated in accordance with the provisions of the applicable document;

(l) to hear and determine any issue for which the Plan or any related document requires a Final Order of the Bankruptcy Court;

(m) to enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Bankruptcy Case;

(n) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(o) to hear and determine all disputes involving the existence, nature, or scope of the Debtor's discharge;

(p) to hear and determine all matters arising under the Creditors' Trust Agreement or relating to the Creditors' Trustee;

(q) to enter a final decree closing the Bankruptcy Case; and

(r) to hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code.

ARTICLE 14 INJUNCTIONS

14.01 Injunction Against Asserting Claims of Debtor. On and after the Confirmation Date, subject to the Effective 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 Debtor for which the Debtor, Reorganized Debtor, the Committee, the Creditors' Trustee, or

the Creditors' Trust, as the case may be, retains sole and exclusive authority to pursue in accordance with the Plan or otherwise.

14.02 Injunction Against Interference with 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 or former employees, agents, officers, directors or principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan.

ARTICLE 15 MISCELLANEOUS

15.01 Headings. The headings used in the Plan are inserted for convenience only and neither constitute a portion of this Plan nor in any manner affect the construction of the provisions of this Plan.

15.02 Severability. If, prior to confirmation, any term or provision of the Plan or Plan Documents, is held to be invalid, void, prohibited, or unenforceable (including, without limitation, Article 12 of the Plan) the Plan Proponents may amend or modify the Plan to correct the defect, by amending or deleting the offending provision or otherwise, without re-solicitation of any acceptance or rejection of the Plan unless otherwise ordered by the Court, or may withdraw the Plan. Notwithstanding any such holding or alteration, the remainder of the terms and provisions of the Plan and the Plan Documents shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding or alteration. If any term or provision in the Plan or Plan Documents is held to be invalid, void, prohibited, or unenforceable following the Effective Date, such determination shall in no way affect, impair, or invalidate the enforceability and operative effect of any and all other provisions of the Plan or Plan Documents.

15.03 Successors and Assigns. The rights, duties and obligations of any person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors, heirs and assigns of such person.

15.04 Revocation of the Plan. The Plan Proponents reserve the right to revoke and withdraw the Plan prior to the Confirmation Date. If the Plan Proponents revoke or withdraw the Plan, then the Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Plan Proponents or any other person or to prejudice in any manner the rights of the Plan Proponents or any person in any further proceedings involving the Debtor.

15.05 Effectuating Documents; Further Transactions; Timing. Each of the officers of the Debtor shall be deemed to be authorized as fully as those under resolutions of the Debtor's board of directors or shareholders to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents, and to take such action(s) as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any securities issued pursuant to the Plan. All transactions that are required to occur on the Effective Date under the terms of the Plan shall be deemed to have occurred simultaneously.

15.06 Exemption from Transfer Taxes. Pursuant to section 1146(c) of the Bankruptcy Code, none of (i) the issuance transfer or exchange of any security under, in furtherance of, or in connection with, this Plan, (ii) the assignment or surrender of any lease or sublease, or the delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with, this Plan, including any deeds, bills of sale or assignments executed in connection with any disposition of assets contemplated by this Plan (including real and personal property), (iii) transfers from the Debtor to the Creditors' Trust, or (iv) the disposition and/or encumbrance of assets in connection with any transactions contemplated hereunder (including any subsequent sale of property pursuant to the Plan), shall be subject to any stamp, real estate transfer, mortgage recording sales, use or other similar tax.

15.07 Exculpation. To the fullest extent permitted by applicable law and approved in the Confirmation Order, none of the Debtor, the Committee (and each of its individual members, in their capacities as members of the Committee), the Indenture Trustees, nor any of their respective former or current directors, officers, employees, advisors, affiliates, attorneys, financial advisors, representatives or agents shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with or arising out of, (i) any act, omission, transaction or other occurrence taking place on or after the Petition Date and in any way relating to the Debtor or the Bankruptcy Case, (ii) the formulation, negotiation, confirmation or consummation of the Plan, (iii) the solicitation of acceptances of the Plan, (iv) the administration of the Plan or property to be distributed under the Plan, or (v) the enforcement of the terms of the Plan and the contracts, instruments, releases, agreements and documents delivered thereunder, except for acts or omissions that constitute or are the result of fraud, criminal conduct, gross negligence, or willful misconduct. Exculpated parties shall, in all respects, be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing herein shall abrogate any applicable attorney disciplinary rule.

15.08 Binding Effect. The Plan shall be binding upon, and shall inure to the benefit of the Debtor, the holders of all Claims and Equity Interests and their respective successors and assigns.

15.09 Modification of Payment Terms. The Plan Proponents reserve the right to modify the treatment of any Allowed Claim in any manner adverse only to the holder of such Claim at any time after the Effective Date upon the prior written consent of the holder whose Allowed Claim treatment is being adversely affected.

15.10 Notices. Any notice required or permitted to be provided under the Plan shall be in writing and served by: (i) certified mail, return receipt requested, postage prepaid; (ii) hand delivery; or (iii) reputable overnight carrier service, freight prepaid, to be addressed as follows:

If to the Debtor to:

Ropes & Gray LLP
1211 Avenue of the Americas
New York, NY 10036-8704

Ropes & Gray LLP
Prudential Tower
800 Boylston Street

Attn: Mark I. Bane
Facsimile: (212) 596-9090
mark.bane@ropesgray.com

Boston, MA 02199-3600
Attn: James A. Wright III
Facsimile: (617) 951-7050
james.wright@ropesgray.com

-and -

If to the Committee, to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Attn: Brian D. Pfeiffer
Facsimile: (212) 593-5955
brian.pfeiffer@srz.com

15.11 Dissolution of Committee. Except as otherwise provided in any order of the Bankruptcy Court, on the Effective Date, the members of the Committee shall thereupon be released and discharged of and from all further authority, duties, responsibilities and obligations related to and arising from and in connection with the Bankruptcy Case, *provided, however*, that following the Effective Date, the Committee shall continue in existence and have standing and a right to be heard for the following limited purposes: (i) Claims and/or applications for compensation by Professionals and requests for allowance of Administrative Claims for substantial contribution pursuant to section 503(b)(3)(D) of the Bankruptcy Code; (ii) any adversary proceedings or contested matters as of the Effective Date to which the Committee is a party; (iii) any settlement, dispute, litigation, or resolution with respect to the D&O Claims; and (iv) responding to creditor inquiries for sixty (60) days following the Effective Date. Following the completion of the Committee's remaining duties set forth above, the Committee shall be dissolved, and the retention or employment of the Committee's respective attorneys, accountants and other agents shall terminate.

15.12 Claims by Trustees. Consistent with Bankruptcy Rule 3003(c), proofs of claims filed by (i) the DFC Notes Trustee shall be recognized as filed on behalf of all holders of DFC Notes Claims and in respect of all Claims under the DFC Notes Indenture, and on behalf of all holders of the CT Notes and in respect of any Claims arising under the CT Trust Agreements, and (ii) the 1999 AFICA Trustee and the 2002 AFICA Trustee shall be respectively recognized as filed on behalf of (a) AFICA, the 1999 AFICA Trustee, and the 2002 AFICA Trustee with respect to the Loan Agreement Claims and any claims arising under the 1999 Loan Agreement and the 2002 Loan Agreement and (b) all holders of the AFICA Bonds and any claims arising under the 1999 AFICA Trust Agreement and the 2002 AFICA Trust Agreement. Any proof of claims filed by the registered or beneficial holders of CT Notes or AFICA Bonds shall be deemed automatically disallowed, without further action of the Bankruptcy Court, as duplicative of the claims filed by the DFC Notes Trustee, the 1999 AFICA Trustee, and the 2002 AFICA Trustee, as applicable.

New York, New York
June 1, 2016

DORAL FINANCIAL CORPORATION

**OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF
DORAL FINANCIAL CORPORATION**

By: /s/ Carol Flaton
Name: Carol Flaton
Title: Chief Restructuring Officer

By: /s/ Mark Erickson
Name: Mark Erickson
Title: Eton Park Master Fund, Ltd.,
Co-Chair of the Official
Committee of Unsecured Creditors

SUMMARY OF EXHIBITS

Exhibit	Document
A	Definitions
B	List of Executory Contracts and Unexpired Leases to be Assumed

To the extent that any of the forgoing Exhibits are not filed with the Plan, such Exhibits shall be filed with the Plan Supplement.

EXHIBIT A

DEFINITIONS

"1999 AFICA Bonds" shall mean the Industrial Revenue Bonds, 1999 Series A issued by AFICA pursuant to the 1999 AFICA Trust Agreement, which are secured by a pledge of the 1999 Loan Agreement.

"1999 AFICA Trust Agreement" shall mean that certain Trust Agreement, dated November 3, 1999, among AFICA and Citibank, N.A., as trustee, pursuant to which AFICA issued the 1999 AFICA Bonds.

"1999 AFICA Trustee" shall mean UMB Bank, N.A., in its capacity as successor trustee under the 1999 AFICA Trust Agreement, or any successor thereto.

"1999 Loan Agreement" shall mean that certain Loan and Guaranty Agreement dated November 3, 1999, among AFICA, Doral Properties, and the Debtor.

"1999 Loan Agreement Claims" shall mean any and all Claims in respect of, or in connection with, any portion of the outstanding aggregate and unpaid amount of principal and interest due and owing under the 1999 Loan Agreement.

"2001 CT Trust Agreement" shall mean that certain Trust Agreement, dated March 30, 2001, among the CT Fund and Banco Popular de Puerto Rico, as amended, supplemented, or otherwise modified from time to time.

"2002 AFICA Bonds" shall mean the Industrial Revenue Bonds, 1999 Series A issued by AFICA pursuant to the 2002 AFICA Trust Agreement, which are secured by a pledge of the 2002 Loan Agreement.

"2002 AFICA Trust Agreement" shall mean that certain Trust Agreement, dated November 1, 2002, among AFICA and Citibank, N.A., as trustee, pursuant to which AFICA issued the 1999 AFICA Bonds.

"2002 AFICA Trustee" shall mean Wilmington Trust, National Association, in its capacity as successor trustee under the 2002 AFICA Trust Agreement, or any successor thereto.

"2002 CT Trust Agreement" shall mean that certain Trust Agreement, dated April 10, 2002, among the CT Fund and Banco Popular de Puerto Rico, as amended, supplemented, or otherwise modified from time to time.

"2002 Loan Agreement" shall mean that certain Loan and Guaranty Agreement dated November 1, 2002, among AFICA, Doral Properties, and the Debtor.

"2002 Loan Agreement Claims" shall mean any and all Claims in respect of, or in connection with, any portion of the outstanding aggregate and unpaid amount of principal and interest due and owing under the 2002 Loan Agreement.

"Administrative Claim" shall mean a Claim for costs and expenses of administration of the Bankruptcy Case incurred prior to the Effective Date that is allowed under section 503(b) of the Bankruptcy Code and that is entitled to priority under section 507(a)(2) of the Bankruptcy Code, including, but not limited to: (a) any actual and necessary costs and expenses, incurred on or after the Petition Date, of preserving the estate and operating the Debtor; (b) Professional Fee Claims; (c) all fees and charges assessed against the estate under Chapter 123 of Title 28 of the United States Code; and (d) all other Claims entitled to administrative claim status pursuant to a non-appealable order of the Bankruptcy Court.

"Administrative Claims Bar Date" shall mean the date that is thirty (30) days after the Confirmation Date.

"Administrative Claims Objection Deadline" shall mean the date that is forty-five (45) days after the Effective Date.

"AFICA" shall mean the Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, a public corporation affiliated with the Puerto Rico Government Development Bank.

"AFICA Bonds" shall mean the 1999 AFICA Bonds and the 2002 AFICA Bonds.

"AFICA Trust Agreements" shall mean the 1999 AFICA Trust Agreement and the 2002 AFICA Trust Agreement.

"Allowed" shall mean, with respect to Claims: (i) any Claim (a) for which a proof of claim has been timely filed on or before the applicable Claims Bar Date (or that by the Bankruptcy Code or Final Order is not or shall not be required to be filed) or (b) that is listed in the Schedules as of the Effective Date as not Disputed, not contingent and not unliquidated, and for which no proof of claim has been timely filed; *provided that*, in each case, any such Claim shall be considered Allowed only if and to the extent that no objection to the allowance thereof has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court or such an objection has been interposed and the Claim has been thereafter Allowed by a Final Order; or (ii) any Claim allowed pursuant to the Plan, a Final Order of the Bankruptcy Court (including pursuant to any stipulation approved by the Bankruptcy Court) and any Stipulation of Amount and Nature of Claim; *provided, further*, that the Claims described in clauses (i) and (ii) above shall not include any Claim on account of a right, option, warrant, right to convert or other right to purchase an Equity Interest. Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered "Allowed Claims" hereunder.

"Applicable Rate" shall mean the federal judgment interest rate in effect on the Petition Date or such other non-default interest rate provided by applicable contract.

"Assumed Contract" shall mean any contract or agreement identified on Exhibit B to the Plan (as the Plan or Exhibit B may be amended, modified or supplemented).

"Available Cash" shall mean, as of any particular date, all Cash held by the Creditors' Trustee, less the sum of (i) Expense Reserve, (ii) Claims Reserve, and (iii) any other amounts reserved for payments of claims pursuant to Article 2 and Section 9.03 of the Plan.

"Bankruptcy Case" shall mean the bankruptcy case commenced in the Bankruptcy Court by the Debtor, captioned *In re Doral Financial Corporation*, No. 15-10573 (SCC).

"Bankruptcy Code" shall mean the Bankruptcy Reform Act of 1978, as amended, Title 11, United States Code.

"Bankruptcy Court" shall mean the United States Bankruptcy Court for the Southern District of New York or the court so authorized with respect to any proceedings in connection therewith for the purpose of such proceedings.

"Bankruptcy Rules" shall mean the Federal Rules of Bankruptcy Procedure as in effect on the Confirmation Date and as thereafter amended, together with local rules adopted by the Bankruptcy Court, or such similar rules as may be in effect from time to time in the Bankruptcy Court.

"Business Day" shall mean any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

"Cash" shall mean cash, cash equivalents, and other readily marketable securities or instruments.

"Charging Lien" shall mean any lien or other priority in payment or right available to any Indenture Trustee, pursuant to the applicable indenture or trust agreement or otherwise available to such Indenture Trustee under applicable law, for the payment of reasonable fees and expenses of such Indenture Trustee which are due under the applicable indenture or trust agreement.

"Claim" shall mean any claim against the Debtor as defined in section 101(5) of the Bankruptcy Code which has not been disallowed by an order of the Bankruptcy Court or for which an order of disallowance of the Bankruptcy Court has been reversed on appeal by a Final Order of an appellate court.

"Claims Bar Date" shall mean, as applicable, the Administrative Claims Bar Date and any other date or dates to be established by an Order of the Bankruptcy Court by which Proofs of Claim must be filed, including the general bar date of July 10, 2015 as set forth in the *Order Establishing Deadlines to File Proofs of Claim and Approving the Form and Notice Thereof* [Docket No. 170].

"Claims Objection Deadline" shall mean the last day for filing objections to Claims, including Administrative Claims, shall be the latest of (a) one hundred and eighty (180) days after the Effective Date, (b) sixty (60) days after the applicable Proof of Claim or request for payment of an Administrative Claim is filed, and (c) such other date ordered by the Bankruptcy Code.

"Claims Reserve" shall mean the Claims Reserve established pursuant to Section 9.02 of the Plan and the amounts held therein.

"Class" shall mean any class of holders of Claims or Equity Interests as specified in Article 3 of the Plan.

"Class 4 Trigger Event" shall have the meaning given to it in Section 4.05 of the Plan.

"Class 5 Trigger Event" shall have the meaning given to it in Section 4.06 of the Plan.

"Committee" shall mean the Official Unsecured Creditors' Committee appointed in the Bankruptcy Case.

"Common Stock" shall mean the common stock, par value \$0.001 per share, of the Debtor.

"Confirmation Date" shall mean the date on which the Confirmation Order is entered.

"Confirmation Order" shall mean the order entered by the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code, which shall, among other things provide that the Debtor, the Reorganized Debtor, the Committee, the Creditors' Trustee, and the Creditors' Trust are authorized and directed to take all actions necessary or appropriate to enter into, implement, and consummate the transactions contemplated by the Plan.

"Creditors' Trust Agreement" shall mean that certain agreement made by and among the Debtor, the Committee, and the Creditors' Trustee, establishing and delineating the terms and conditions of the Creditors' Trust substantially in the form to be filed as part of the Plan Supplement.

"Creditors' Trust Assets" shall mean the D&O Claims, the Litigation Claims, all assets of the Debtor (other than the Tax Attributes), and the Creditors' Trust's interest in the Reorganized Debtor Common Stock.

"Creditors' Trust Beneficiaries" shall mean the holders of Allowed Class 2 Claims entitled to receive Creditors' Trust Interests.

"Creditors' Trust Expenses" shall mean the fees and expenses of the Creditors' Trust, including, without limitation, professional fees and expenses incurred in connection with the sale or other disposition of the Creditors' Trust Assets or the prosecution of the Litigation Claims and D&O Claims.

"Creditors' Trust Interests" shall mean the interests to be issued to the Creditors' Trust Beneficiaries evidencing their interests in the Creditors' Trust and the right to receive certain distributions therefrom in accordance with the Creditors' Trust Agreement.

"Creditors' Trustee" shall mean that person selected to act as the trustee of the Creditors' Trust or any of his or her or its successors.

"CT Fund" shall mean the Puerto Rico Conservation Trust Fund, a charitable trust organized under the laws of Puerto Rico.

"CT Notes" shall mean, collectively, the "6.50% Secured Notes due 2016" (CUSIP: 74526PAA2) issued by the CT Fund under the 2001 CT Trust Agreement and the "6.20%

Secured Notes due 2017" (CUSIP: 74526PAC8) and "6.25% Secured Notes due 2022 % Notes" (CUSIP: 74526PAD6) issued by the CT Fund under the 2002 CT Trust Agreement, which are payable solely from and secured by pledges of respective DFC Notes.

"CT Notes Trustee" shall mean Wilmington Savings Fund Society, FSB, in its capacity as indenture trustee for the CT Notes under the 2001 CT Trust Agreement, or any successor thereto.

"CT Trust Agreements" shall mean the 2001 CT Trust Agreement and the 2002 CT Trust Agreement.

"Cure Claim" shall mean a Claim arising from the assumption of an executory contract or unexpired lease, pursuant to and only to the extent required by Bankruptcy Code section 365(b), (i) the distribution within a reasonable period of time following the Effective Date of Cash or such other property (a) as required under the terms of the applicable executory contract or lease, (b) other than as required under the terms of the applicable executory contract or lease, as may be agreed upon by the counterparties and the Debtor, or (c) as may be ordered by the Bankruptcy Court or determined in such manner as the Bankruptcy Court may specify; and/or (ii) the taking of such other actions (a) as required under the terms of the applicable executory contract or lease, (b) other than as required under the terms of the applicable executory contract or lease, as may be agreed upon by the counterparties and the Debtor, or (c) as may be ordered by the Bankruptcy Court or determined in such manner as the Bankruptcy Court may specify.

"D&O Claims" shall mean any asserted or unasserted causes of action and demands against any current or former directors, officers, members of the board of managers, those persons serving in a functionally equivalent role, and employees of the Debtor.

"D&O Policies" shall mean any and all policies of insurance issued to the Debtor or the estate, including policies that provide coverage for claims against past, present, and future officers, members of the board of directors and/or managers, those persons serving in a functionally equivalent role, and employees, and all agreements, instruments, and documents relating to those policies.

"Debt Instruments" shall mean the AFICA Bonds, the CT Notes, and the DFC Notes.

"Debtor" shall mean Doral Financial Corporation, as debtor in the Bankruptcy Case.

"DFC Notes" shall mean the "7.65% Senior Notes due 2016," the "7.10% Senior Notes due 2017," and the "7.15% Senior Notes due 2022" issued by the Debtor pursuant to the DFC Notes Indenture.

"DFC Notes Claims" shall mean any and all Claims in respect of, or in connection with, any portion of the outstanding aggregate and unpaid amount of principal and interest due and owing under the DFC Notes.

"DFC Notes Indenture" shall mean that certain Senior Debt Securities Indenture, dated as of May 14 1999, between the Debtor and Bankers Trust Company, as the original trustee, as amended, supplemented or otherwise modified from time to time, pursuant to which the DFC Notes were issued.

"DFC Notes Trustee" shall mean U.S. Bank National Association, in its capacity as successor indenture trustee under the DFC Notes Indenture.

"Disclosure Statement Order" shall mean an order entered by the Bankruptcy Court, which shall be a Final Order and which shall be in form and substance reasonably satisfactory to the Plan Proponents, approving, among other things, the Disclosure Statement as containing adequate information pursuant to section 1125 of the Bankruptcy Code, authorizing solicitation of the Disclosure Statement and the Plan and approving related solicitation materials.

"Disputed" shall mean (a) with respect to any Claim, other than a Claim that has been Allowed pursuant to the Plan or a Final Order of the Bankruptcy Court, a Claim (i) as to which no request for payment (with respect to any Administrative Claim) or proof of claim has been filed or deemed to have been filed by the applicable bar date, that has been or hereafter is listed on the Schedules as unliquidated, contingent, or disputed; (ii) as to which a no request for payment (with respect to any Administrative Claim) or proof of claim has been filed or deemed to have been filed by the applicable bar date, but as to which an objection or request for estimation in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules, and any orders of the Bankruptcy Court has been filed by the applicable Claims Objection Deadline, or which is otherwise disputed in accordance with applicable law, which objection, request for estimation, or dispute has not been withdrawn or determined by a Final Order; (iii) as to which a request for payment (with respect to any Administrative Claim) or proof of claim was required to be filed by the Bankruptcy Code, the Bankruptcy Rules, or an order of the Bankruptcy Court, but as to which a request for payment (with respect to any Administrative Claim) or proof of claim was not timely or properly filed; (iv) for damages based upon the rejection by the Debtor of an executory contract or unexpired lease under section 365 of the Bankruptcy Code and as to which the applicable bar date has not passed as of the applicable initial Distribution Date; (v) that is disputed in accordance with the provisions of the Plan; or (vi) if not otherwise Allowed, identified by the Creditors' Trustee at the time of the applicable initial Distribution Date as being objectionable in whole or in part and as to which an objection to the allowance thereof has been filed by the applicable Claims Objection Deadline; and (b) with respect to any Equity Interest, an Equity Interest held in a name, kind, or amount different from the name, kind, and amount set forth on the records retained by the Debtor.

"Distribution Date" shall mean a Business Day, designated by the Creditors' Trustee (i) that is five (5) Business Days after the Effective Date, and (ii) thereafter, promptly following the end of each calendar quarter, provided that no distribution shall be made if the Creditors' Trustee, in his or her sole discretion, determines that there is insufficient Available Cash to make a distribution.

"Distribution Record Date" shall mean the record date for determining the entitlement of holders of Claims to receive distributions under the Plan on account of Allowed Claims. The Distribution Record Date shall be the Confirmation Date.

"Doral Properties" shall mean Doral Properties, Inc., a co-debtor and wholly owned subsidiary of the Debtor.

"Effective Date" shall mean a Business Day, as determined by the Debtor, that: (i) is as soon as reasonably practicable after the Confirmation Date; and (ii) is the day on which (a) all conditions

to the Effective Date in Section 10.02 have been met or waived pursuant to Section 10.03 and (b) no stay of the Confirmation Order is in effect.

"Equity Interest" shall mean any rights of holders of issued and outstanding shares of Common Stock or other equity securities of the Debtor in respect thereof, together with any rights of holders of options, warrants or other rights to acquire such shares of Common Stock or other equity securities of the Debtor as of the Petition Date. The record date for determining holders of Equity Interests for all purposes under the Plan shall be the Confirmation Date. Following the Confirmation Date, transfers of Equity Interests shall not be permitted or recognized by the Debtor or the Creditors' Trust.

"Expense Reserve" shall mean the reserve established pursuant to Section 6.13 of the Plan.

"Final Order" shall mean an order as to which (i) any appeal that has been taken has been finally determined or dismissed, or (ii) the time for filing a notice of appeal or petition for certiorari has expired and no notice of appeal or petition for certiorari has been timely filed.

"General Unsecured Claim" shall mean any unsecured Claim that is not an Administrative Claim, Priority Claim, Priority Tax Claim, Intercompany Claim, or Subordinated Claim.

"Go-Forward Policy" shall mean that certain Management Liability and Company Reimbursement Policy issued by XL Specialty Insurance Company to Doral Financial Corporation, with policy period from October 31, 2015 to October 31, 2017, policy number ELU141669-15.

"Impaired" shall mean, with respect to any Claim, Equity Interest or Class, the condition or effects described in section 1124 of the Bankruptcy Code.

"Indenture Trustees" shall mean the DFC Notes Trustee, the CT Notes Trustee, the 1999 AFICA Trustee, and the 2002 AFICA Trustee.

"Initial Class 2 Cash Pool" shall mean the Debtor's Available Cash as of the initial Distribution Date.

"Intercompany Claim" shall mean any Claim against the Debtor by (i) Doral Properties, (ii) Doral Insurance Agency, LLC, and (iii) Doral Recovery Inc.

"Listed Causes of Action" shall mean certain causes of action, demands, and rights to be listed in an exhibit included in the Plan Supplement.

"Litigation Claims" shall mean, other than the D&O Claims, any asserted or unasserted causes of action and demands and rights relating thereto that the Debtor or its estate (or the Committee on behalf of the Debtor and its estate) may hold against any Person or entity, including, but not limited to, those causes of action, demands, and rights arising under Chapter 5 of the Bankruptcy Code and the Listed Causes of Action.

"Loan Agreements" shall mean the 1999 Loan Agreement and the 2002 Loan Agreement.

"Loan Agreement Claims" shall mean the 1999 Loan Agreement Claims and the 2002 Loan Agreement Claims, collectively.

"Ordinary Course Professionals Order" shall mean any order entered by the Bankruptcy Court authorizing the Debtor to retain, employ and pay professionals and service providers, as specified in such order, which are not materially involved in the administration of the Bankruptcy Case.

"Petition Date" shall mean the date of the filing by the Debtor of its voluntary petition commencing the Bankruptcy Case.

"Plan" shall mean this Amended Plan of Reorganization Proposed by Doral Financial Corporation and the Official Committee of Unsecured Creditors of Doral Financial Corporation dated June 1, 2016, filed by the Plan Proponents, together with the exhibits thereto, either in their present form or as altered, amended or modified from time to time.

"Plan Document" shall mean any document or form of document included in the Plan Supplement.

"Plan Supplement" shall mean the compilation of documents and forms of documents as amended from time to time that constitute exhibits to the Plan, including, without limitation, (i) the identity of Creditors' Trustee, (ii) the Creditors' Trust Agreement, (iii) the identity of the members of the Reorganized Debtor's board of directors, (iv) the Reorganized Debtor Governing Documents, and (v) the Listed Causes of Action.

"Priority Claim" shall mean any Claims against the Debtor, if any, entitled to priority under Section 507(a) of the Bankruptcy Code other than Priority Tax Claims and Administrative Claims.

"Priority Tax Claim" shall mean an Unsecured Claim of the kind entitled to priority in payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code.

"Professional Fee Claim" means a Claim of a Professional for compensation or reimbursement of costs and expenses relating to services rendered from and after the Petition Date and prior to and including the Effective Date, subject to any limitations imposed by order of the Bankruptcy Court.

"Pro Rata" shall mean, with respect to any amount to be distributed to the holder of an Allowed Claim of a particular class on a particular date, the same proportion that such Allowed Claim or bears to the aggregate of all Claims of that particular class on that particular date.

"Professional" means any professional employed in the Bankruptcy Case pursuant to sections 327, 328, 363 or 1103 of the Bankruptcy Code or any professional or other entity seeking compensation or reimbursement of expenses in connection with the Bankruptcy Case pursuant to section 503(b)(4) of the Bankruptcy Code.

"Reorganized Debtor" shall mean the Debtor, from and after the Effective Date.

"Reorganized Debtor Common Stock" shall mean the new common stock of Reorganized Debtor to be authorized and/or issued pursuant to Section 6.06 of the Plan, with the rights of the holder thereof to be as provided for in any Reorganized Debtor Governing Documents.

"Reorganized Debtor Governing Documents" shall mean such certificates or articles of incorporation, bylaws, or such other applicable formation documents of the Reorganized Debtor, the forms of which will be included in the Plan Supplement.

"Schedules" means, collectively, the (a) schedules of assets, liabilities and executory contracts and unexpired leases and (b) statements of financial affairs, as each may be amended and supplemented from time to time, filed by the Debtor pursuant to section 521 of the Bankruptcy Code.

"Secured" shall mean, with respect to any Claim, a Claim secured by a valid and unavoidable lien on or security interest in property of the Debtor, to the extent of the value of such lien or security interest.

"Solicitation Order" shall mean the Order Approving the (I) Disclosure Statement, (II) Solicitation Procedures and Forms of Solicitation Materials and Notices of Non-Voting Status, and (III) Notice and Objection Procedures for Confirmation of Chapter 11 Plan, entered by the Bankruptcy Court on [--], 2016 [Dkt. No. [--]].

"Stipulation of Amount and Nature of Claim" shall mean a stipulation or other agreement between the Debtor or Creditors' Trustee and a holder of a Claim establishing the allowed amount or nature of such Claim that is (a) entered into in accordance with any Claim settlement procedures established by order of the Bankruptcy Court in this Bankruptcy Case, (b) expressly permitted by the Plan or (c) approved by order of the Bankruptcy Court.

"Subordinated Claim" shall mean (a) any Claim against the Debtor that is subordinated pursuant to either Section 510(b) or 510(c) of the Bankruptcy Code, which shall include any Claim arising from the rescission of a purchase or sale of any Equity Interest, any Claim for damages arising from the purchase or sale of any Equity Interest, or any Claim for reimbursement, contribution, or indemnification on account of any such Claim; (b) any Claim for any fine, penalty, or forfeiture, or multiple, exemplary, or punitive damages (but not general or ordinary negligence damages), to the extent that such fine, penalty, forfeiture, or damage is not compensation for actual pecuniary loss suffered by the holder of such Claim, including, without limitation, any such Claim based upon, arising from, or relating to any cause of action whatsoever (including, without limitation, violation of law, personal injury, or wrongful death, whether secured or unsecured, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising in law, equity or otherwise), and any such Claim asserted by a governmental unit in connection with a tax or other obligation owing to such unit; or (c) any Claim that is tardily filed under Section 501(a) of the Bankruptcy Code. The record date for determining holders of Subordinated Claims for all purposes under the Plan shall be the Confirmation Date. Following the Confirmation Date, transfers of Subordinated Claims shall not be permitted or recognized by the Debtor or the Creditors' Trust.

"Tax Attributes" shall mean any net operating losses, tax credits, tax basis, tax refunds, tax carryforwards, amortizable tax assets, tax overpayments and any other similar rights of the Debtor, including, but not limited to, those arising from closing agreements with the government of Puerto Rico and any causes of action related thereto.

"Trustee Fees and Expenses" shall mean the reasonable fees and expenses incurred by the 2002 AFICA Trustee or the DFC Notes Trustee which are due under the 2002 AFICA Trust Agreement or the DFC Notes Indenture, respectively.

"Unsecured Claim" shall mean any Claim to the extent of the amount of such Claim which (i) is not secured by any valid and unavoidable lien on or security interest in property of the Debtor, or (ii) is greater than the value of any valid and unavoidable lien on or security interest in property of the Debtor which secures such Claim.

"United States Trustee" means the Office of the United States Trustee for the Southern District of New York.

EXHIBIT B

List of Executory Contracts and Unexpired Leases to be Assumed

Contract Counterparty Name and Address	Contract Description
Complete Discovery Source 345 Park Avenue New York, NY 10154 Attn: Joseph Wheeler, Jr.	Statement of Work: Data storage, access, and management
Consulting Agreement, dated 2/1/2016, with Juan Carlos Bonilla	Consulting Services
ESB Solutions Group	Consulting Services
Iron Mountain Information Management, LLC Las Flores Ind. Park State Road #3 Rio Grande, PR 00745	Two (2) file storage agreements, titled "Customer Agreement", dated 1/28/15 and 2/23/15 Customer Acct Nos.: J0856, DFINS
Mikinbin, LLC 8200 NW 41 st Street, Suite 130 Doral, FL 33166	Server co-location agreement

Exhibit B

Changed Pages Redline of Amended Chapter 11 Plan

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	:	Chapter 11
	:	
Doral Financial Corporation, <i>et al.</i>	:	Case No. 15-10573 (SCC)
	:	
Debtors.	:	Jointly Administered
	:	

-----X

-

**AMENDED PLAN OF REORGANIZATION PROPOSED BY
DORAL FINANCIAL CORPORATION AND THE OFFICIAL COMMITTEE
OF UNSECURED CREDITORS OF DORAL FINANCIAL CORPORATION**

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Facsimile: (212) 596-9090

Brian D. Pfeiffer
Taejin Kim
SCHULTE ROTH & ZABEL LLP
919 Third Avenue
New York, New York 10022
Telephone: (212) 756-2000
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-and-

*Counsel to the Official Committee of
Unsecured Creditors*

James A. Wright III
~~Meredith S. Tinkham~~ (*pro hac vice*)
ROPES & GRAY LLP
Prudential Tower
800 Boylston Street
Boston, MA 02199-3600
Telephone: (617) 951-7000
Facsimile: (617) 951-7050

Counsel to the Debtors

1.04 Exhibits. Exhibits to the Plan may be amended from time to time, and both original and amended Exhibits may be filed with the Bankruptcy Court from time to time, but in no event later than five (5) Business Days before the date set for the hearing on the confirmation of the Plan or such other date as may be authorized by the Bankruptcy Court. Current copies of Exhibits may be obtained by reference to the Bankruptcy Court's docket or shall be provided to parties in interest upon written request to the Debtor.

1.05 Time Periods. Except as specifically provided in the Plan, Bankruptcy Rule 9006(a) applies to the computation of any period of time prescribed or allowed by the Plan, and Bankruptcy Rules 9006(b) and 9006(c) apply respectively to the enlargement or reduction of any period of time prescribed or allowed by the Plan.

1.06 Reference to Monetary Figures. All references in the Plan to monetary figures refer to the lawful currency of the United States of America.

1.07 Governing Law. Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of a contract, instrument, release, or other agreement or document entered into in connection with this Plan, the rights and obligations arising under this Plan shall be governed by, and constructed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

ARTICLE 2 PAYMENT OF ADMINISTRATIVE EXPENSES, TAX CLAIMS AND CERTAIN UNCLASSIFIED CLAIMS

2.01 Administrative Expenses. On, or as soon as reasonably practicable after, the later of (a) the initial Distribution Date, (b) the date on which an Administrative Claim becomes an Allowed Administrative Claim, or (c) the date on which an Allowed Administrative Claim becomes payable under any agreement or applicable law relating thereto, each holder of such Allowed Administrative Claim shall receive, in full and final satisfaction, settlement, and release of, and in exchange for, such Allowed Administrative Claim, (x) Cash equal to the unpaid portion of such Allowed Administrative Claim or (y) payment as agreed between the holder of the Allowed Administrative Claim and the Debtor or Creditors' Trustee. Notwithstanding the foregoing, (i) any Allowed Administrative Claim based on a liability incurred by the Debtor in the ordinary course of business during the Bankruptcy Case may be paid in the ordinary course of business in accordance with the terms and conditions of any agreement relating thereto and (ii) any Allowed Administrative Claim may be paid when payable under applicable law or on such other terms as may be agreed to between the holder of such Claim, and the Debtor or the Creditors' Trustee.

2.02 U.S. Trustee's Fees. The outstanding fees due to the United States Trustee pursuant to 28 U.S.C. § 1930 [\(and any applicable interest pursuant to 31 U.S.C. § 3717\)](#) shall be paid in full on or before the Effective Date. All fees payable pursuant to 28 U.S.C. § 1930 [\(and any applicable interest pursuant to 31 U.S.C. § 3717\)](#) after the Effective Date shall be paid by the Creditors' Trustee in accordance therewith until the earlier of the

exchange for, such Allowed Priority Claim Cash equal to the unpaid portion of such Allowed Priority Claim or payment as agreed between the holder of the Allowed Priority Claim and the Debtor or Creditors' Trustee.

2.06 Bar Date for Administrative Claims. Except as otherwise provided herein, requests for payment of Administrative Claims (other than Professional Fee Claims) must be filed and served on the Creditors' Trustee and the United States Trustee pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order no later than the Administrative Claims Bar Date. Holders of Administrative Claims that are required to, but do not, file and serve a request for payment of such Administrative Claims by such date shall be forever barred, estopped and enjoined from asserting such Administrative Claims against the Debtor or its property and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests, if any, must be filed and served on the Creditors' Trustee, the United States Trustee and the requesting party no later than the Administrative Claims Objection Deadline.

All requests for payment of Professional Fee Claims must be filed and served on the Creditors' Trustee pursuant to the procedures specified in the Confirmation Order no later than forty-five (45) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to such requests, if any, must be filed and served on the Creditors' Trustee and the requesting party no later than twenty (20) days (or such longer period as may be allowed by order of the Bankruptcy Court or agreed upon between the requesting party and the United States Trustee) after the date on which the applicable request for payment was served.

ARTICLE 3 CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

The Claims against, and Equity Interests in, the Debtor are categorized below for all purposes under the Plan including voting, confirmation and distribution pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Equity Interest falls within the description of such other Classes.

3.01 Claims shall comprise the following Classes:

Class	Designation	Impairment	Entitled to Vote
1	Secured Claims	Unimpaired	No
2	General Unsecured Claims	Impaired	Yes
3	Intercompany Claims	Impaired	No
4	Subordinated Claims	Impaired	No

the Plan, (iv) the administration of the Plan or property to be distributed under the Plan, or (v) the enforcement of the terms of the Plan and the contracts, instruments, releases, agreements and documents delivered thereunder, except for acts or omissions that constitute or are the result of fraud, criminal conduct, gross negligence, or willful misconduct. Exculpated parties shall, in all respects, be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing herein shall abrogate any applicable attorney disciplinary rule.

15.08 Binding Effect. The Plan shall be binding upon, and shall inure to the benefit of the Debtor, the holders of all Claims and Equity Interests and their respective successors and assigns.

15.09 Modification of Payment Terms. The Plan Proponents reserve the right to modify the treatment of any Allowed Claim in any manner adverse only to the holder of such Claim at any time after the Effective Date upon the prior written consent of the holder whose Allowed Claim treatment is being adversely affected.

15.10 Notices. Any notice required or permitted to be provided under the Plan shall be in writing and served by: (i) certified mail, return receipt requested, postage prepaid; (ii) hand delivery; or (iii) reputable overnight carrier service, freight prepaid, to be addressed as follows:

If to the Debtor to:

Ropes & Gray LLP
1211 Avenue of the Americas
New York, NY 10036-8704
Attn: Mark I. Bane
Facsimile: (212) 596-9090
mark.bane@ropesgray.com

Ropes & Gray LLP
Prudential Tower
800 Boylston Street
Boston, MA 02199-3600
Attn: James A. Wright III
Facsimile: (617) 951-7050
james.wright@ropesgray.com

-and -

If to the Committee, to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Attn: Brian D. Pfeiffer
Facsimile: (212) 593-5955
brian.pfeiffer@srz.com

15.11 Dissolution of Committee. Except as otherwise provided in any order of the Bankruptcy Court, on the Effective Date, the members of the Committee shall thereupon be released and discharged of and from all further authority, duties, responsibilities and obligations related to and arising from and in connection with the Bankruptcy Case, *provided, however,* that following the Effective Date, the Committee shall continue in

existence and have standing and a right to be heard for the following limited purposes: (i) Claims and/or applications for compensation by Professionals and requests for allowance of Administrative Claims for substantial contribution pursuant to section 503(b)(3)(D) of the Bankruptcy Code; (ii) any adversary proceedings or contested matters as of the Effective Date to which the Committee is a party; (iii) any settlement, dispute, litigation, or resolution with respect to the D&O Claims; and (iv) responding to creditor inquiries for sixty (60) days following the Effective Date. Following the completion of the Committee's remaining duties set forth above, the Committee shall be dissolved, and the retention or employment of the Committee's respective attorneys, accountants and other agents shall terminate.

15.12 Claims by Trustees. Consistent with Bankruptcy Rule 3003(c), proofs of claims filed by (i) the DFC Notes Trustee shall be recognized as filed on behalf of all holders of DFC Notes Claims and in respect of all Claims under the DFC Notes Indenture, and on behalf of all holders of the CT Notes and in respect of any Claims arising under the CT Trust Agreements, and (ii) the 1999 AFICA Trustee and the 2002 AFICA Trustee shall be respectively recognized as filed on behalf of (a) AFICA, the 1999 AFICA Trustee, and the 2002 AFICA Trustee with respect to the Loan Agreement Claims and any claims arising under the 1999 Loan Agreement and the 2002 Loan Agreement and (b) all holders of the AFICA Bonds and any claims arising under the 1999 AFICA Trust Agreement and the 2002 AFICA Trust Agreement. Any proof of claims filed by the registered or beneficial holders of CT Notes or AFICA Bonds shall be deemed automatically disallowed, without further action of the Bankruptcy Court, as duplicative of the claims filed by the DFC Notes Trustee, the 1999 AFICA Trustee, and the 2002 AFICA Trustee, as applicable.

New York, New York

~~April 28~~June 1, 2016

DORAL FINANCIAL CORPORATION

**OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF
DORAL FINANCIAL CORPORATION**

By: /s/ Carol Flaton

By: /s/ Mark Erickson

Name: Carol Flaton

Title: Chief Restructuring Officer

Name: Mark Erickson

Title: Eton Park Master Fund, Ltd.,

Co-Chair of the Official

Committee of Unsecured Creditors

"Intercompany Claim" shall mean any Claim against the Debtor by (i) Doral Properties, (ii) Doral Insurance Agency, LLC, and (iii) Doral Recovery Inc.

"Listed Causes of Action" shall mean certain causes of action, demands, and rights to be listed in an exhibit included in the Plan Supplement.

"Litigation Claims" shall mean, other than the D&O Claims, any asserted or unasserted causes of action and demands and rights relating thereto that the Debtor or its estate (or the Committee on behalf of the Debtor and its estate) may hold against any Person or entity, including, but not limited to, those causes of action, demands, and rights arising under Chapter 5 of the Bankruptcy Code and the Listed Causes of Action.

"Loan Agreements" shall mean the 1999 Loan Agreement and the 2002 Loan Agreement.

"Loan Agreement Claims" shall mean the 1999 Loan Agreement Claims and the 2002 Loan Agreement Claims, collectively.

"Ordinary Course Professionals Order" shall mean any order entered by the Bankruptcy Court authorizing the Debtor to retain, employ and pay professionals and service providers, as specified in such order, which are not materially involved in the administration of the Bankruptcy Case.

"Petition Date" shall mean the date of the filing by the Debtor of its voluntary petition commencing the Bankruptcy Case.

"Plan" shall mean ~~the~~this Amended Plan of Reorganization Proposed by Doral Financial Corporation and the Official Committee of Unsecured Creditors of Doral Financial Corporation dated ~~April 28~~June 1, 2016, filed by the Plan Proponents, together with the exhibits thereto, either in their present form or as altered, amended or modified from time to time.

"Plan Document" shall mean any document or form of document included in the Plan Supplement.

"Plan Supplement" shall mean the compilation of documents and forms of documents as amended from time to time that constitute exhibits to the Plan, including, without limitation, (i) the identity of Creditors' Trustee, (ii) the Creditors' Trust Agreement, (iii) the identity of the members of the Reorganized Debtor's board of directors, (iv) the Reorganized Debtor Governing Documents, and (v) the Listed Causes of Action.

"Priority Claim" shall mean any Claims against the Debtor, if any, entitled to priority under Section 507(a) of the Bankruptcy Code other than Priority Tax Claims and Administrative Claims.

"Priority Tax Claim" shall mean an Unsecured Claim of the kind entitled to priority in payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code.

damages arising from the purchase or sale of any Equity Interest, or any Claim for reimbursement, contribution, or indemnification on account of any such Claim; (b) any Claim for any fine, penalty, or forfeiture, or multiple, exemplary, or punitive damages (but not general or ordinary negligence damages), to the extent that such fine, penalty, forfeiture, or damage is not compensation for actual pecuniary loss suffered by the holder of such Claim, including, without limitation, any such Claim based upon, arising from, or relating to any cause of action whatsoever (including, without limitation, violation of law, personal injury, or wrongful death, whether secured or unsecured, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising in law, equity or otherwise), and any such Claim asserted by a governmental unit in connection with a tax or other obligation owing to such unit; or (c) any Claim that is tardily filed under Section 501(a) of the Bankruptcy Code. The record date for determining holders of Subordinated Claims for all purposes under the Plan shall be the Confirmation Date. Following the Confirmation Date, transfers of Subordinated Claims shall not be permitted or recognized by the Debtor or the Creditors' Trust.

"Tax Attributes" shall mean any net operating losses, tax credits, tax basis, tax refunds, tax carryforwards, amortizable tax assets, tax overpayments and any other similar rights of the Debtor, including, but not limited to, those arising from closing agreements with the government of Puerto Rico and any causes of action related thereto.

"Trustee Fees and Expenses" shall mean the reasonable fees and expenses incurred by the 2002 AFICA Trustee or the DFC Notes Trustee which are due under the 2002 AFICA Trust Agreement or the DFC Notes Indenture, respectively.

"Unsecured Claim" shall mean any Claim to the extent of the amount of such Claim which (i) is not secured by any valid and unavoidable lien on or security interest in property of the Debtor, or (ii) is greater than the value of any valid and unavoidable lien on or security interest in property of the Debtor which secures such Claim.

["United States Trustee" means the Office of the United States Trustee for the Southern District of New York.](#)

Exhibit C

Amended Disclosure Statement

THIS DISCLOSURE STATEMENT IS SUBJECT TO THE APPROVAL OF THE BANKRUPTCY COURT AND IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN. ACCEPTANCES OR REJECTIONS OF THE PLAN MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
 In re : Chapter 11
 :
 Doral Financial Corporation, *et al.*,¹ : Case No. 15-10573 (SCC)
 :
 Debtors. : Jointly Administered
 -----X

AMENDED DISCLOSURE STATEMENT PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE FOR PLAN OF REORGANIZATION PROPOSED BY DORAL FINANCIAL CORPORATION AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF DORAL FINANCIAL CORPORATION

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-and-

Counsel to the Official Committee of Unsecured Creditors

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Counsel to the Debtors

Dated: June 1, 2016

¹ The last four digits of the taxpayer identification number of the Debtors are: Doral Financial Corporation (2162); Doral Properties, Inc. (2283).

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ANNEXES I

EXHIBITS

- Exhibit A: Proposed Chapter 11 Plan of Reorganization
- Exhibit B: Liquidation Analysis

GENERAL BACKGROUND

This Disclosure Statement provides information regarding the Plan that Doral Financial Corporation (the “Debtor”) and the Official Committee of Unsecured Creditors of Doral Financial Corporation (the “Committee”) jointly seek to have confirmed by the Bankruptcy Court. The confirmation of the Plan is subject to, among other things, judicial approval of this Disclosure Statement and the Plan. If the Plan is confirmed by the Bankruptcy Court and the Effective Date occurs, all of Debtor’s creditors will be bound by the Plan and the transactions contemplated thereby.

Among other things, the Plan provides for the Debtor to be reorganized to preserve certain potentially valuable tax attributes and to liquidate its other remaining assets. The Plan provides for each holder of an Allowed General Unsecured Claim to receive, in full satisfaction and discharge of its claim, a *pro rata* share of the Debtor’s cash available for distribution and its *pro rata* share of interests in the Creditors’ Trust, which represent a right to receive further distributions from the Creditors’ Trust. On the Effective Date, all Equity Interests in the Debtor and all Intercompany Claims will be cancelled or extinguished, as further described herein.

Both the Debtor and the Committee believe that confirmation of the Plan is in the best interests of creditors and other parties in interest, and, therefore, that the Plan should be confirmed. **The Debtor and the Committee recommend that all eligible parties vote to accept the Plan.**

This Disclosure Statement and the Plan (and all exhibits, schedules, and appendices hereto and thereto) and the related materials delivered together herewith are being furnished to Holders of General Unsecured Claims in accordance with Bankruptcy Code section 1145.

The Voting Agent for the Plan is:

Overnight and hand delivery

GCG, Inc.
551 Blazer Parkway, Suite A
Dublin, OH 43017
Attn: Doral Balloting Center

Standard mail

GCG, Inc.
P.O. Box 9852
Dublin, OH 43017-5752
Attn: Doral Balloting Center

The Company’s legal advisor is Ropes & Gray LLP. They can be contacted at:

Ropes & Gray LLP
1211 Avenue of the Americas
New York, NY 10036
Attn: Mark I. Bane

Email: mark.bane@ropesgray.com

Ropes & Gray LLP
Prudential Tower
800 Boylston Street
Boston, MA 02199
Attn: James A. Wright III
Email: james.wright@ropesgray.com

The Committee's legal advisor is Schulte Roth & Zabel LLP. They can be contacted at:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, NY 10022
Attn: Brian D. Pfeiffer
Attn: Taejin Kim
Email: brian.pfeiffer@srz.com
Email: tae.kim@srz.com

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. ANY PARTY DESIRING ANY SUCH ADVICE SHOULD CONSULT WITH ITS OWN ADVISORS.

BEFORE CASTING A BALLOT, EACH HOLDER OF A GENERAL UNSECURED CLAIM (CLASS 2) SHOULD REVIEW THIS DISCLOSURE STATEMENT AND THE PLAN AND ALL EXHIBITS HERETO AND THERETO. THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN AND CERTAIN OTHER DOCUMENTS AND FINANCIAL INFORMATION. THE PLAN PROPONENTS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE AS OF THE DATE HEREOF AND PROVIDE ADEQUATE INFORMATION WITH RESPECT TO THE DOCUMENTS SUMMARIZED; HOWEVER, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF THOSE DOCUMENTS AND AS OTHERWISE PROVIDED HEREIN.

THIS DISCLOSURE STATEMENT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS WHICH ARE BASED ON VARIOUS ESTIMATES AND ASSUMPTIONS. SUCH STATEMENTS ARE SUBJECT TO INHERENT UNCERTAINTIES AND A VARIETY OF RISKS, INCLUDING THOSE SUMMARIZED HEREIN.

NEITHER INDEPENDENT AUDITORS NOR ANY OTHER INDEPENDENT ACCOUNTANTS HAVE COMPILED, EXAMINED, OR PERFORMED ANY PROCEDURES WITH RESPECT TO THE LIQUIDATION ANALYSIS CONTAINED HEREIN, NOR HAS ANY SUCH PARTY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE AS TO SUCH INFORMATION OR ITS ACHIEVABILITY, NOR DOES ANY SUCH PARTY ASSUME ANY RESPONSIBILITY

FOR OR CLAIM ANY ASSOCIATION WITH THE ENTERPRISE VALUATION OR THE LIQUIDATION ANALYSIS.

SEE THE SECTION ENTITLED "RISK FACTORS" OF THIS DISCLOSURE STATEMENT FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH THE PLAN.

All exhibits to this Disclosure Statement are incorporated into and are a part of this Disclosure Statement as if fully set forth herein.

No person has been authorized to provide any information or make any representation on our behalf not contained, or incorporated by reference, in this Disclosure Statement or the Plan and, if provided or made, such information or representation must not be relied upon as having been authorized.

The delivery of this Disclosure Statement will not, under any circumstances, create any implication that the information it contains (or incorporates by reference from other documents or reports) is correct as of any time subsequent to the date hereof (or the date of a document or report incorporated by reference), or that there has been no change in the information set forth herein (or in a document or report incorporated by reference) or in the Debtor's affairs since the date hereof (or thereof). All statements contained in this Disclosure Statement are made as of the date hereof unless otherwise specified.

COMPANY INFORMATION

The Debtor's bankruptcy case website is <http://cases.gcginc.com/dor/info.php>. Information on the Company's case administration website is not a part of this Disclosure Statement, except to the extent that any such information expressly is incorporated herein.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Disclosure Statement contains statements that are “forward-looking statements” as defined by the SEC in its rules, regulations and releases. Any statements set forth in this Disclosure Statement with regard to our expectations as to events in the future may constitute forward-looking statements. These statements relate to the Company’s future plans, objectives, expectations and intentions and may be identified by words like “believe,” “expect,” “may,” “will,” “should,” “seek,” or “anticipate,” and similar expressions. The Company cautions readers that any such forward-looking statements are based on assumptions that the Plan Proponents believe are reasonable, but are subject to a wide range of risks including, but not limited to, risks associated with, (i) future liquidations or other transactions related to the Company’s remaining assets, including the Tax Attributes, (ii) the confirmation and consummation of the Plan, and (iii) the other risks identified in Article II. “RISK FACTORS.” Due to these uncertainties, the Company cannot assure you that any forward-looking statements will prove to be correct. Neither the Debtor nor the Committee is under any obligation to (and both expressly disclaim any obligation to) update or alter any forward-looking statements whether as a result of new information, future events or otherwise; *provided, however*, that the Debtor and the Committee may be required to update or otherwise modify the information contained herein in order to comply with certain provisions of the Bankruptcy Code governing the solicitation of votes for acceptance of the Plan.

There may be events in the future that the Company is not able to predict accurately or over which the Company has no control. The risk factors listed in this Disclosure Statement under “Risk Factors,” as well as any cautionary language contained in this Disclosure Statement, provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations the Plan Proponents describe in our forward-looking statements. Creditors should be aware that the occurrence of the events described in these risk factors and elsewhere in this Disclosure Statement could have a material adverse effect on creditor recoveries under the Plan.

SUMMARY OF THE PLAN

This summary does not contain all of the information that is important to you and is qualified in its entirety by the more detailed information included elsewhere in this Disclosure Statement and in the accompanying Plan.

- Background Information:** The Bankruptcy Code requires acceptance by creditors in Class 2 that collectively hold at least two-thirds in dollar amount and a majority in number of allowed claims in their Class, in both instances as a percentage only of those claims that actually vote to accept or reject the Plan. See Article XI “CONFIRMATION.”
- Voting Record Date:** The only Holders of Class 2 General Unsecured Claims that are entitled to vote on the Plan are beneficial owners (or their legal representatives or nominees) as of the Voting Record Date, which has been set as [--], 2016. The Plan Proponents reserve the right to establish a later Voting Record Date if we decide to extend the Voting Deadline. See Article I. “VOTING PROCEDURES AND REQUIREMENTS — Procedures for Casting Votes and Deadlines for Voting on the Plan.”
- Voting Deadline; Extension; Termination; Amendments:** The Voting Deadline is [--], 2016. If the Plan Proponents extend the Voting Deadline, the term Voting Deadline will mean the latest time and date as to which the Solicitation is extended. Any extension of the Voting Deadline will be followed as promptly as practicable by notice of the extension. See Article I. “VOTING PROCEDURES AND REQUIREMENTS—Procedures for Casting Votes and Deadlines for Voting on the Plan.”
- Voting Procedures:** Holders of Class 2 General Unsecured Claims whose claims are not related to the CT Notes or AFICA Bonds should deliver a properly completed Ballot to the Voting Agent on or before the Voting Deadline. If you are a beneficial owner (or the legal representative of a beneficial owner) of CT Notes or AFICA Bonds as of the Voting Record Date, you should deliver a properly completed Ballot to your Nominee. Your Nominee will be required to complete and submit a Master Ballot to the Voting Agent for the Ballots it receives on or before the Voting Deadline. See Article I. “VOTING PROCEDURES AND REQUIREMENTS.”
- Withdrawal of Ballots:** Holders of Class 2 General Unsecured Claims and Nominees may withdraw their Ballots and Master Ballots, respectively, up until the Voting Deadline. Following the Voting Deadline, Ballots and Master Ballots may not be withdrawn. See Article I. “VOTING PROCEDURES AND REQUIREMENTS.”
- Voting Agent:** GCG, Inc.
- The Plan:** As a general matter, for the Plan to become effective and for the Company to make any distributions thereunder, the Bankruptcy Court must confirm the Plan. For the Bankruptcy Court to confirm the Plan by

consent of an Impaired Class, the Company must receive votes to approve the Plan prior to the Voting Deadline from Holders of Impaired Claims that constitute (i) at least two-thirds in amount of the Claims of the Holders in such Impaired Class of Claims who actually cast votes in respect of the Plan and (ii) more than one-half in number of the Holders of such Impaired Class of Claims who actually cast votes with respect to the Plan. See Article XI.C. “CONFIRMATION—Class Acceptance of the Plan.” The Bankruptcy Court may confirm the Plan so long as one Impaired Class of Claims votes to accept the Plan and the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code (as further described under Article XI.D. “CONFIRMATION—Cram Down”). The Classes of Claims Impaired under the Plan are Class 2 – General Unsecured Claims, Class 3 – Intercompany Claims, Class 4 – Subordinated Claims, and Class 5 – Equity Interests. Holders of Claims in Class 1 – Secured Claims are Unimpaired and therefore are deemed to have accepted the Plan and not entitled to vote on the Plan. Holders of Class 3 – Intercompany Claims, Class 4 – Subordinated Claims, and Class 5 – Equity Interests, which includes both common and preferred stock in the Company, are not entitled to receive any distributions under the Plan, and, as a result, are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan. See Article I. “VOTING PROCEDURES AND REQUIREMENTS—Parties Entitled to Vote on the Plan.” If the Plan is confirmed by the Bankruptcy Court, (a) each Holder of a Class 1 Claim will receive, in full satisfaction and discharge of its claim, either the full amount of its Allowed Class 1 Claim, in Cash, or the collateral securing its Allowed Secured Claim and (b) each Holder of an Allowed Class 2 Claim will receive its Pro Rata Share of the Initial Class 2 Cash Pool and Creditors’ Trust Interests. Holders of Class 3, Class 4, and Class 5 Claims and Equity Interests will not receive any distributions and their respective Claims and Equity Interests will be extinguished. See Article VI.D.1. “THE PLAN—CLASSIFICATIONS, DISTRIBUTIONS, AND IMPLEMENTATION—Treatment of Claims and Interests—Treatment of Claims and Equity Interests.”

**Effectiveness of
the Plan:**

The Effective Date will not occur, and distributions will not be made under the Plan, unless the Company has received the requisite votes to accept the Plan under the Bankruptcy Code, the Bankruptcy Court has confirmed the Plan as satisfying the requirements set forth in section 1129 of the Bankruptcy Code, and the other conditions to effectiveness set forth in Article 10 of the Plan have been satisfied. The Plan Proponents cannot assure you that the Company will receive the requisite votes to accept the Plan, that the Bankruptcy Court will confirm the Plan, or that the other conditions to effectiveness of the Plan will be satisfied. See Article II. “RISK FACTORS.”

If the Bankruptcy Court confirms the Plan and it becomes effective, the

terms of the Plan will bind every Holder of a Claim against, or Equity Interest in, the Debtor, whether or not such Holder voted to accept the Plan. See Article IX.E. “THE PLAN—OTHER PROVISIONS—Effect of Plan Confirmation.”

Treatment of Claims and Equity Interests: The table below summarizes each Class of Claims and Equity Interests in the Plan, the projected aggregate amount of Claims or Equity Interests comprising each Class, the treatment of each Class and the projected recoveries of each Class. The projected recoveries (if the Plan is approved) are based upon certain assumptions contained in the valuation analysis as set forth in Article VII. See Article VI.D. “THE PLAN—CLASSIFICATIONS, DISTRIBUTIONS, AND IMPLEMENTATION—Treatment of Claims and Interests.”

<u>Class/Type of Claims or Equity Interests</u>	<u>Projected Claims/ Equity Interests</u>	<u>Plan Treatment of Allowed Claims in Class</u>	<u>Status/ Voting Right</u>	<u>Projected Recovery Under Plan</u>
Unclassified - Administrative Claims	The Debtor is unable to estimate the amount of Administrative Claims at this time. ¹	Paid in full in Cash.	N/A	100%
Unclassified - Priority Tax Claims	The Debtor currently estimates the amount of Claims in this Class to be between \$0 and \$1.7 million. ²	Paid in full in Cash, or treated in accordance with Bankruptcy Code section 1129(a)(9)(C).	N/A	100%
Unclassified – Other Priority Claims	The Debtor currently estimates the amount of Claims in this Class to be between \$20,000 and \$65,000. ³	Paid in full in Cash.	N/A	100%

¹ The Debtor is not aware of any Administrative Expense Claims other than Professional Fee Claims and Claims related to the Debtor’s ordinary course operations. As this juncture, the Debtor’s operational expenses, other than for professional and consulting fees, are minimal. The Debtor’s anticipate the amount of Administrative Expense Claims will depend on the timing of the Effective Date as compared to the ordinary course timing of payments.

² Several taxing entities have alleged priority tax claims against the Debtor. The Debtor disputes these claims in full.

³ These claims primarily consist of alleged priority wage claims from former employees of the Debtor.

<u>Class/Type of Claims or Equity Interests</u>	<u>Projected Claims/ Equity Interests</u>	<u>Plan Treatment of Allowed Claims in Class</u>	<u>Status/ Voting Right</u>	<u>Projected Recovery Under Plan</u>
Unclassified – Professional Fee Claims	The Debtor is unable to estimate the amount of Professional Fee Claims at this time.	Paid in full in Cash, subject to allowance by the Bankruptcy Court.	N/A	100%
Class 1 - Secured Claims	The Debtor estimates the amount of Claims in this Class to be \$1.1 million. ⁴	Paid in full in Cash or will receive the collateral securing its Allowed Class 1 Claim.	Unimpaired/ Deemed to Accept.	100%
Class 2 – General Unsecured Claims	The Debtor estimates the amount of Claims in this Class to be between \$225 million and \$285 million.	Will receive, on the initial Distribution Date or 10 business days after such Claim is Allowed, its Pro Rata share of the Initial Class 2 Cash Pool and its Pro Rata share of the Creditors' Trust Interests.	Impaired/ Entitled to Vote	32-41% ⁵
Class 3 – Intercompany Claims	The Debtor estimates there will be no Intercompany Claims.	No recovery.	Impaired/ Deemed to Reject/Not Entitled to Vote	0%
Class 4 – Subordinated Claims	The Debtor estimates there will be no Subordinated Claims.	No recovery, as set forth in ARTICLE VI.D.1. below.	Impaired/Deemed to Reject/Not Entitled to Vote	0%
Class 5 – Equity Interests	N/A	No recovery, as set forth in ARTICLE	Impaired/ Deemed to	0%

⁴ A number of parties have asserted Secured Claims in larger amounts against the Debtor. The Debtor disputes these claims in full.

⁵ The estimated recovery percentage for General Unsecured Claims relies on various assumptions, including assumptions regarding the value achieved for the Tax Attributes and Litigation Claims, after costs incurred. The Plan Proponents believe these estimates are conservative, but there is significant risk involved and no recovery from either the Tax Attributes or Litigation Claims may be achieved. The Tax Attributes and Litigation Claims are discussed in detail in ARTICLE V.

<u>Class/Type of Claims or Equity Interests</u>	<u>Projected Claims/ Equity Interests</u>	<u>Plan Treatment of Allowed Claims in Class</u>	<u>Status/ Voting Right</u>	<u>Projected Recovery Under Plan</u>
		VI.D.1. below.	Reject/Not Entitled to Vote.	
Distribution Date:	Distributions to be made under the Plan generally will be made on the Distribution Dates. The initial Distribution Date will be five (5) Business Days after the Effective Date of the Plan. See Article IX.B.1. “THE PLAN—OTHER PROVISIONS—Provisions Governing Distributions—Date of Distributions.”			
Plan Supplement:	The Debtor will file the Plan Supplement not later than seven days before the earlier of the (i) deadline for voting on the Plan and (ii) deadline for objections to Confirmation of the Plan (or such later date as may be approved by the Bankruptcy Court). It is anticipated that the Plan Supplement will include, among other things, (i) the form of Creditors’ Trust Agreement, (ii) identity of the Creditors’ Trustee and the compensation to be paid to the Creditors’ Trustee under the Creditors’ Trust Agreement, (iii) the formation documents for the Reorganized Debtor, and (iv) any Exhibits contemplated by the Plan that are not filed contemporaneously with the Plan.			
Board of Directors:	Section 6.05 of the Plan provides that the initial Reorganized Debtor’s board of directors will be composed of one director appointed by the Committee, who will be identified in the Plan Supplement. See Article VI.E.4. “THE PLAN—CLASSIFICATIONS, DISTRIBUTIONS, AND IMPLEMENTATION—Means of Implementation of Plan—Officers and Directors.”			
Non-Reporting Status:	The Plan contemplates that the Creditors’ Trust Interests will not be registered pursuant to the Securities Act of 1933 or any state securities law and will be exempt from registration thereunder pursuant to section 1145 of the Bankruptcy Code.			
Exculpation:	In consideration for the contributions of certain parties to the Chapter 11 Case, the Plan provides for certain exculpations. See Article IX.E.3. “THE PLAN—OTHER PROVISIONS—Effect of Plan Confirmation—Exculpation.”			
Certain U.S. Federal Income Tax Consequences:	For a summary of certain U.S. federal income tax consequences of the Plan to Holders, see Article X. “CERTAIN FEDERAL INCOME TAX CONSIDERATIONS.”			

Risk Factors: Prior to deciding whether and how to vote on the Plan, each Holder of Class 2 Claims should consider carefully all of the information in this Disclosure Statement, especially the “Risk Factors” described in Article I hereof. See Article I. “RISK FACTORS.”

The foregoing is only a brief summary of certain provisions of the Plan. You should read the full text of the Plan and the more detailed information contained elsewhere in this Disclosure Statement.

I. VOTING PROCEDURES AND REQUIREMENTS

The following instructions for voting to accept or reject the Plan, together with the instructions contained in the Ballot and Master Ballot, constitute the Voting Instructions. To vote on the Plan, you must be the holder of a Class 2 General Unsecured Claim as of the Voting Record Date. To vote, you must fill out and sign a Ballot (if you are not a Nominee) or Master Ballot (if you are a Nominee). If you hold a Claim in Class 2 entitled to vote, a Ballot or Master Ballot was included in the distribution of this Disclosure Statement to you.

A. *Ballots*

1. *General Provisions*

After carefully reviewing this Disclosure Statement and its exhibits, including the Plan, please indicate your acceptance or rejection of the Plan by completing the enclosed Ballot. Holders of Class 2 General Unsecured Claims should return their Ballots directly to the Voting Agent as directed below; provided, that holders of CT Notes and AFICA Notes should return their Ballots to their Nominee(s) as directed below.

If you do not receive a Ballot for a Claim that you believe you hold and that is in Class 2 (General Unsecured Claims), or if a Ballot is damaged or lost or if you have any questions regarding the procedures for voting on the Plan, you should contact the Voting Agent, GCG, Inc., as follows:

Overnight and hand delivery

GCG, Inc.
551 Blazer Parkway, Suite A
Dublin, OH 43017
Attn: Doral Balloting Center

Standard mail

GCG, Inc.
P.O. Box 9852
Dublin, OH 43017-5752
Attn: Doral Balloting Center

Telephone: (855) 382-6443

2. *Special Instructions for Nominees*

A Nominee should transmit a Ballot with a copy of this Disclosure Statement and the Plan to each beneficial owner of CT Notes and AFICA Bonds held in the name of such Nominee as of the Voting Record Date. Each such beneficial owner should return its Ballot to its Nominee(s), and each Nominee should complete and submit a Master Ballot in accordance with the instructions in this Article I.A. and on the Master Ballot. All Ballots must be retained by the Nominee for inspection for at least one year after the Voting Deadline. If a Nominee requires additional copies of this Disclosure Statement or Ballots, it should contact:

Overnight and hand delivery

GCG, Inc.
551 Blazer Parkway, Suite A
Dublin, OH 43017
Attn: Doral Balloting Center

Standard mail

GCG, Inc.
P.O. Box 9852
Dublin, OH 43017-5752
Attn: Doral Balloting Center

Telephone: (855) 382-6443

B. Procedures for Casting Votes and Deadlines for Voting on the Plan

If you hold a Class 2 General Unsecured Claim that is not a CT Note or AFICA Bond, or if you are a Nominee completing a Master Ballot, please complete the information requested on the Ballot or Master Ballot, sign, date, and indicate your vote on the Ballot or Master Ballot, and return the Ballot or Master Ballot in the enclosed return envelope, by first class mail, courier, or hand delivery, to the Voting Agent as follows:

Overnight and hand delivery

GCG, Inc.
551 Blazer Parkway, Suite A
Dublin, OH 43017
Attn: Doral Balloting Center

Standard mail

GCG, Inc.
P.O. Box 9852
Dublin, OH 43017-5752
Attn: Doral Balloting Center

If you are the beneficial holder of CT Notes or AFICA Bonds, please complete the information requested on the Ballot and return the Ballot to your Nominee in sufficient time for your Nominee to then forward your vote to the Voting Agent so that it is actually received by the Voting Agent before the Voting Deadline. To ensure your Nominee has sufficient time to cast your vote on your behalf, it is important that your Ballot be mailed or delivered to your Nominee well in advance of the Voting Deadline. Any Master Ballot received after the Voting Deadline may not be included in any calculation to determine whether the parties entitled to vote on the Plan have voted to accept or reject the Plan.

When a Ballot or Master Ballot is returned indicating acceptance or rejection of the Plan, but is unsigned, illegible, or incomplete, the unsigned, illegible, or incomplete Ballot or Master Ballot may not be included in any calculation to determine whether the requisite parties entitled to vote on the Plan have voted to accept the Plan.

BALLOTS AND MASTER BALLOTS MAY NOT BE COUNTED IF THEY ARE RECEIVED BY THE VOTING AGENT AFTER THE VOTING DEADLINE OR ARE ILLEGIBLE, INCOMPLETE, OR UNSIGNED.

The Plan Proponents reserve the right to extend the Voting Deadline. Any such extension will be communicated by filing a notice on the docket of the Debtor's chapter 11 case and posting a notice on the Debtor's bankruptcy case website, www.gardencitygroup.com/cases/dor. If the Plan Proponents extend the Voting Deadline, the Plan Proponents reserve the right to establish a later Voting Record Date.

Holders of Claims in Class 2 (General Unsecured Claims) and Nominees may withdraw their Ballots and Master Ballots, respectively, up until the Voting Deadline. Any such withdrawal will not be effective unless and until such withdrawal is actually received in writing by the Voting Agent at the addresses set forth above. Following the Voting Deadline, Ballots and Master Ballots may not be withdrawn.

AT THIS TIME, THE DEBTOR IS NOT REQUESTING THE DELIVERY OF, AND NEITHER THE PLAN PROPONENTS NOR THE VOTING AGENT WILL ACCEPT, CERTIFICATES REPRESENTING ANY CT NOTES, AFICA BONDS, OR EQUITY INTERESTS.

II. RISK FACTORS

A. General

A protracted bankruptcy case could result in increased professional expenses for liquidating the Company's remaining assets and distributing them to creditors, resulting in decreased distributions to holders of Allowed Claims.

B. Classification and Treatment of Claims and Equity Interests

Section 1122 of the Bankruptcy Code requires that the Plan classify Claims against, and Equity Interests in, the Debtor. The Bankruptcy Code also provides that the Plan may place a Claim or Equity Interest in a particular Class only if such Claim or Equity Interest is substantially similar to the other Claims or Equity Interests of such Class. The Plan Proponents believe that all Claims and Equity Interests have been appropriately classified in the Plan.

The Bankruptcy Code also requires that the Plan provide the same treatment for each Claim or Equity Interest of a particular Class unless the Holder of a particular Claim or Equity Interest agrees to a less favorable treatment of its Claim or Equity Interest. The Plan Proponents believe that they have complied with the requirement of equal treatment. If the Bankruptcy Court finds that the Plan does not satisfy such requirement, the Bankruptcy Court could deny confirmation of the Plan.

Issues or disputes relating to classification and/or treatment could result in a delay in the confirmation and consummation of the Plan and could increase the risk that the Plan will not be confirmed or consummated.

C. *Certain Risks of Nonconfirmation or Delay of Confirmation*

Regardless of whether all Classes of Claims accept or are presumed to have accepted the Plan, the Bankruptcy Court may still refuse to confirm the Plan. The Bankruptcy Court sits as a court of equity and exercises substantial discretion. A non-accepting creditor might challenge the solicitation results or the terms of the Plan as failing to comply with the Bankruptcy Code. In such event, the Company may seek to re-solicit acceptances. Nonetheless, this could delay or possibly jeopardize confirmation of the Plan. Additionally, the Plan Proponents cannot assure you that the Plan will not require significant modifications for confirmation, or that such modifications would not require a re-solicitation of acceptances.

Even if the Bankruptcy Court determines that the voting results were accurate and appropriate, the Bankruptcy Court could nevertheless decline to confirm the Plan if the Bankruptcy Court finds that any statutory conditions to confirmation have not been met, including that the terms of the Plan are fair and equitable to non-accepting Classes. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation. Section 1129 requires, among other things, a finding by the Bankruptcy Court that the Plan “does not unfairly discriminate” and is “fair and equitable” with respect to any non-accepting Classes, that the confirmation of the Plan is not likely to be followed by a liquidation or a need for further financial reorganization, and that the value of distributions to non-accepting Holders of Impaired Claims and Impaired Equity Interests will not be less than the value of distributions such Holders would receive if the Company were liquidated under chapter 7 of the Bankruptcy Code. See Article XI.E.1. “CONFIRMATION—Plan Meets Requirements for Confirmation—Best Interests of Creditors—Liquidation Analysis.” Although the Plan Proponents believe that the Plan meets such tests, there can be no assurance that the Bankruptcy Court would reach the same conclusion. See Article XI.E. “CONFIRMATION—Plan Meets Requirements for Confirmation.”

The confirmation and consummation of the Plan also are subject to certain other conditions. See Article IX.D. “THE PLAN—OTHER PROVISIONS—Conditions Precedent to Confirmation and Effective Date of the Plan.” No assurance can be given that these conditions will be satisfied or, if not satisfied, that the Plan Proponents could or would waive such conditions, or that any required consent to such waiver would be obtained.

If the Plan is not confirmed, it is unclear whether the transactions contemplated thereby could be implemented and what Holders of Claims would ultimately receive in respect of their Claims. If an alternative plan of reorganization could not be agreed to, it is possible that the Company would have to liquidate its assets in bankruptcy, either through a liquidating chapter 11 plan on a different timetable or through a conversion to chapter 7, in which case Holders of Claims could receive less than they would have received pursuant to the Plan. See Article XI.F.3. “CONFIRMATION—Alternatives to Confirmation and Consummation of the Plan—Liquidation Under Chapter 7 or Chapter 11.” Most notably, a liquidation could result in a loss of the Tax Attributes, increased expenses, and delays in distributions.

D. *Alternatives to Confirmation and Consummation of the Plan*

There can be no assurance that the Plan will be confirmed or consummated. If the Plan is not confirmed by the Bankruptcy Court and consummated, the alternatives include (i) confirmation of an alternative plan of reorganization or liquidation under chapter 11 of the Bankruptcy Code, (ii) dismissal of the Chapter 11 Case, and (iii) liquidation of the Debtor under chapter 7 of the Bankruptcy Code. The Plan Proponents believe the Plan is significantly more attractive than these alternatives because we believe, among other things, that it will reduce the expenses of a case under chapter 11 of the Bankruptcy Code, maximize the value of the Tax Attributes, and ultimately result in a larger distribution to creditors than would other types of reorganizations or liquidations under chapter 11 of the Bankruptcy Code or a liquidation under chapter 7 of the Bankruptcy Code.

E. *Risk of Nonoccurrence of the Effective Date*

Although the Plan Proponents believe that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to such timing. The effectiveness of the Plan is subject to a number of conditions precedent, as outlined in Article 10 of the Plan, and there can be no assurance that all such conditions will occur (or be waived in accordance with the terms of the Plan).

F. *Recovery Percentages May Differ From Estimates*

The estimated percentage recovery by Holders of Class 2 General Unsecured Claims, who will receive *pro rata* distributions of the Initial Class 2 Cash Pool and Creditors' Trust Interests, is based upon the Debtor's cash on hand, projections as to the liquidation value of the Debtor's remaining non-cash assets and the projected time, costs and expenses related to confirming and consummating the Plan and liquidating the remaining assets post-Effective Date. Given that many factors beyond the Plan Proponents' control are involved in the future liquidation values of the remaining assets and the costs involved in achieving that value, the actual results achieved necessarily will vary from those estimated herein. Such variations may be material and adverse. It is particularly difficult for the Plan Proponents to estimate the future value of the Tax Attributes and when that value might be achieved. See ARTICLE V.A. – V.C.

III. BACKGROUND AND EVENTS LEADING UP TO THE CHAPTER 11 CASE

A. *Receivership of Doral Bank*

Prior to February 27, 2015, the Debtor was the parent bank holding company of Doral Bank Puerto Rico ("Doral Bank"), a state non-member bank chartered by the Puerto Rico Office of the Commissioner of Financial Institutions ("OCIF") and subject to regulation and oversight by the OCIF and the Federal Deposit Insurance Corporation ("FDIC").

On February 27, 2015, OCIF appointed the FDIC as the receiver for Doral Bank (the "Receivership"), and the FDIC acting in its capacity as receiver for Doral Bank, the "FDIC-R"). Prior to the Receivership, the Debtor's primary asset was equity in Doral Bank, and DFC conducted the bulk of its operations through Doral Bank, which served customers through bank branches located in New York, Florida, and Puerto Rico.

B. *Decline of Puerto Rico's Economy*

Despite efforts of the Debtor to diversify geographically, the majority of Doral Bank's assets were intrinsically tied to Puerto Rico and its economy. The global economic crisis in 2007-2008 exacerbated the recession in Puerto Rico. The general expectation was that the economy of Puerto Rico would recover consistently with a recovery in the continental United States. Instead, unlike the rest of the United States, Puerto Rico's economy failed to recover and remains in recession with substantial financial challenges.

The Debtor and its subsidiaries were, like all major Puerto Rican financial institutions, challenged by the ongoing recession in Puerto Rico. Puerto Rico's continuing recession has significantly impacted all elements of the island's economy. Residential housing prices, for example, have dropped dramatically. The drop in residential housing prices, combined with the economic hardships of borrowers, resulted in an increase in non-performing loans as well as loan defaults and foreclosures for all Puerto Rico lenders, including Doral Bank.

C. *The Tax Attributes*

During the early to mid 2000s, the Debtor and its subsidiaries (collectively, the "Doral Group") had significant banking operations and was one of the largest mortgage lenders in Puerto Rico. During that time, the Doral Group also engaged in numerous derivative transactions that resulted in illusory, non-cash earnings, which led to accounting errors and ultimately, misstated earnings and overpayment of taxes by the Doral Group to the Commonwealth of Puerto Rico's taxing authority (the "Hacienda").

To address these overpayments, the Debtor and the Hacienda engaged in lengthy negotiations, which eventually resulted in several closing agreements. The Debtor's rights and tax attributes under the tax law of the Commonwealth regarding the Debtor's prior overpayments of tax to the Hacienda, including the Debtor's rights under various closing agreements, are referred to in this Disclosure Statement collectively as the "Tax Attributes." These closing agreements included a closing agreement entered into on September 26, 2006 (as amended by subsequent closing agreements (excluding the 2012 Closing Agreement, as defined below), the "2006 Closing Agreement"), which recognized available tax deductions of \$889,723,361 (as of that date). Subsequent closing agreements dated June 14, 2007 (the "2007 Closing Agreement") and September 7, 2009 (the "2009 Closing Agreement") followed.

On March 26, 2012, the Hacienda and the Debtor, Doral Bank, and several subsidiaries of the Debtor and Doral Bank, respectively, entered into a new closing agreement (the "2012 Closing Agreement"). The 2012 Closing Agreement replaced the 2006 Closing Agreement from January 1, 2011 forward. Under the 2012 Closing Agreement, the Hacienda and the Debtor agreed to replace the tax deductions remaining under the 2006 Closing Agreement with a determination that the Doral Group had a tax overpayment in the amount of \$229,884,087. The 2012 Closing Agreement provided for such tax overpayment to be treated as a prepayment of income tax by the Doral Group that could be apportioned among and used by any member of the Doral Group to offset taxes due in future years. The 2012 Closing Agreement also provided that if there was no tax liability against which to offset the unutilized tax overpayments, an agreed upon portion of the overpayments could be claimed as partial or full refunds in future tax years.

The 2012 Closing Agreement led to a number of further disputes between the Debtor and the Hacienda. These disputes included whether the Hacienda had abided by the terms of the agreement and should be issuing refunds for the prepaid taxes, as well as whether the Debtor was entitled to the deferred tax asset on account of the previously reported illusory earnings (the “Tax Refund”). The dispute as to whether Doral Bank was entitled to include the Tax Refund on its balance sheet in part led to the OCIF and FDIC determining that Doral Bank was undercapitalized, and ultimately contributed to Doral Bank being taken into Receivership, resulting in the loss of the Debtor’s largest asset.

In 2014, the Debtor sought to judicially enforce the 2012 Closing Agreement. The Debtor filed a complaint for declaratory judgment in the Court of First Instance of Puerto Rico. On October 10, 2014, the Court of First Instance ruled in the Debtor’s favor, finding the 2012 Closing Agreement to be a valid and binding obligation enforceable against the Commonwealth. On December 31, 2014, the Commonwealth appealed the ruling to the Court of Appeals of Puerto Rico, and on February 25, 2015, the Court of Appeals overturned the ruling of the Court of First Instance.

The Debtor filed an appeal to the Supreme Court of Puerto Rico early in the morning on Friday, February 27, 2015. Later that same day – which was also the same day Doral Bank was placed into Receivership – the Supreme Court of Puerto Rico denied the Debtor’s petition for Certiorari. As a result, the Court of Appeals decision became final and the 2012 Closing Agreement was deemed void.

The Debtor and the Committee subsequently filed a declaratory judgment action against the Hacienda regarding the Tax Attributes in the Bankruptcy Court in an adversary proceeding. This litigation is discussed in detail below at ARTICLE IV.F. “EVENTS DURING THE CHAPTER 11 CASE–Adversary Proceeding Regarding Closing Agreements.”

D. *Capital Structure*

1. **DFC NOTES**

In 2001 and 2002, in two separate issuances, the Puerto Rico Conservation Trust Fund, a charitable trust organized under the laws of Puerto Rico, issued four sets of publicly-held secured notes totaling \$200 million (the “CT Notes”). The CT Notes vary in interest rate from 6.10% to 6.5% and are payable solely from, and secured by a pledge of, \$200 million in original principal amount of senior notes issued by DFC (the “DFC Notes”) substantially simultaneously in 2001 and 2002. The DFC Notes were issued pursuant to the Senior Debt Securities Indenture, dated as of May 14, 1999, between DFC and Bankers Trust Company, as Trustee. The DFC Notes vary in interest rate from 7.10% to 7.65% and are unsecured obligations of DFC.

Approximately \$170,000,000 in principal, plus accrued and unpaid interest and other charges, remains outstanding on the DFC Notes.

2. AFICA BONDS

In 1999 and 2002, Doral Properties, Inc. (“Doral Properties”), a wholly-owned non-debtor subsidiary of the Debtor, arranged financing through the issuance of tax-preferred bonds by the Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority (“AFICA”). In 1999, AFICA issued \$44,765,000 million in bonds (the “1999 AFICA Bonds”). AFICA then lent the proceeds from the issuance of the 1999 AFICA Bonds to Doral Properties to finance the acquisition, development, and construction of an office building located at 1451 Franklin D. Roosevelt Avenue in San Juan, Puerto Rico (“1451 FDR Ave.”), pursuant to a Loan and Guaranty agreement, dated as of November 3, 1999, among AFICA, Doral Properties, and the Debtor. Under the Loan and Guaranty Agreement, DFC guaranteed Doral Properties’ obligations to AFICA.

The 1999 AFICA Bonds were secured by a lien on 1451 FDR Ave., pursuant to a Pledge and Security Agreement between AFICA and Doral Properties, dated as of November 3, 1999. DFC’s guarantee is an unsecured obligation. Approximately \$30.8 million in principal, plus unpaid interest and other charges, remained outstanding on the 1999 AFICA Bonds as of the Petition Date.

In 2002, AFICA issued an additional \$7.6 million in bonds (the “2002 AFICA Bonds” and, together with the 1999 AFICA Bonds, the “AFICA Bonds”). AFICA then lent the proceeds of the 2002 AFICA Bonds to Doral Properties to finance improvements to 1451 FDR Ave. pursuant to the Loan and Guaranty Agreement, dated as of November 1, 2001, among AFICA, Doral Properties, and DFC. Under the Loan and Guaranty Agreement, DFC guaranteed Doral Properties’ obligations to AFICA. The 2002 AFICA Bonds are unsecured obligations of Doral Properties, and DFC’s guarantee is also an unsecured obligation. Approximately \$6.5 million in principal, plus unpaid interest and other charges, remained outstanding on the 2002 AFICA Bonds as of the Petition Date.

E. *Employees*

As of March 2015, the Company had a total of 12 employees. During the course of this Chapter 11 Case, the Debtor wound down various businesses and liquidated assets, and the Debtor has reduced the employee headcount accordingly. As of the date of this Disclosure Statement, the Debtor has no employees. The Debtor does, however, retain the services of certain former employees as contractors on a part-time basis.

F. *Executive Officers*

The Company’s executive officers are as follows:

<u>Name</u>	<u>Position(s) held</u>
Carol Flaton	Chief Restructuring Officer
Enrique R. Ubarri	General Counsel

G. *Certain Securities Litigation*

The following language was added to the Disclosure Statement at the request of counsel to the Lead Plaintiffs:

On November 6, 2014, Jensine Andresen, Ken M. Nimmons and Mordechai Hakim (collectively, the "Lead Plaintiffs") filed, on behalf of themselves and on behalf of all other similarly situated purchasers of the common stock of Doral Financial Corporation between April 2, 2012 and May 1, 2014, inclusive (the "Class Period"), the *Consolidated Amended Complaint for Violations of the Federal Securities Laws* (the "Complaint") in the United States District Court for the District of Puerto Rico (the "District Court"), thereby commencing the consolidated class action styled *Robert Blue, Individually and on Behalf of All Others Similarly Situated vs. Doral Financial Corporation, Glenn R. Wakeman, Robert E. Wahlman, Penko Ivanov, David Hooston, Enrique R. Ubarri-Baragano and Christopher C. Poulton*, Case No. 3:14-cv-01393 (GAG) (D.P.R.) (the "Securities Litigation"). The Complaint alleges, among other things, violations of federal securities laws in connection with materially false and misleading statements in various financial statements issued during the Class Period.

The Lead Plaintiffs have reached an agreement (the "Securities Litigation Settlement") with certain non-Debtor Defendants in the Securities Litigation (the "Securities Litigation Settling Defendants") to settle the claims and causes of action asserted against the Securities Litigation Settling Defendants in the Securities Litigation for \$7 million. The Bankruptcy Court entered an order on March 31, 2016 authorizing, to the extent necessary, the funding of the Securities Litigation Settlement through certain directors' and officers' liability insurance proceeds. The District Court entered an Order preliminarily approving the Securities Litigation Settlement on April 21, 2016 and scheduled a hearing to consider final approval of the Securities Litigation Settlement for August 8, 2016 at 9:00 a.m. (ET).

IV. EVENTS DURING THE CHAPTER 11 CASE

A. *Early Relief*

On the first day of the Chapter 11 Case, the Company requested and later received relief that enabled the Debtor to enter bankruptcy with minimal impact on its day-to-day operations. With this relief, the Debtor transitioned into operating in bankruptcy.

Principally, with this relief, the Debtor received authorization to extend the deadline for filing the Debtor's schedules and statements (which were subsequently filed on May 22, 2015) and to pay prepetition wages and salaries to employees. After this initial relief, the Debtor also requested and received authority to establish case management procedures for the Chapter 11 Case, retain Garden City Group as the claims and noticing agent for the Debtor, reject certain executory contracts and unexpired leases and extend the time to assume other unexpired leases,

employ and compensate certain professionals in the ordinary course of the Debtor's business, and establish procedures for the interim compensation of professionals.

The Debtor also received authorization early in the chapter 11 case to retain Zolfo Cooper as the Debtor's restructuring advisor and for Carol Flaton, a managing director at Zolfo Cooper, to serve as the Debtor's Chief Restructuring Officer.

B. Schedules and Statement of Financial Affairs

Early in the Chapter 11 Case, the Debtor sought and obtained an extension of time to file its Schedules and Statement of Financial Affairs. Compiling the Schedules and Statements required the Debtor to, in certain cases, access information in the hands of the FDIC-R and/or Banco Popular de Puerto Rico (as the primary purchaser of the assets and operation of Doral Bank). The Debtor filed its Schedules and Statement of Financial Affairs on May 22, 2015. The Debtor subsequently filed limited amendments to the Schedules on January 20, 2016 and February 19, 2016 to add additional creditors.

C. Liquidation of Assets

During the course of the Chapter 11 Case, the Plan Proponents have worked to liquidate the Debtor's more valuable assets for distribution to the Debtor's creditors. As a result of these efforts, as of March 31, 2016, the Debtor held approximately \$48 million in cash on its balance sheet. A summary discussion of the Debtor's liquidation of certain assets during the Chapter 11 Case is provided below.

1. DORAL INSURANCE AGENCY

Prepetition, the Debtor's wholly-owned subsidiary, Doral Insurance Agency, LLC ("Doral Insurance"), acted as an insurance agent primarily for customers of Doral Bank. Before the February 2015 receivership of Doral Bank, Doral Insurance primarily serviced Doral Bank mortgage loan customers by connecting them with third party insurers for the purchase of insurance policies required under the borrowers' mortgage loans, such as property and title insurance. Doral Insurance's primary revenue source was the fees and commissions it received from its insurance policy portfolio.

The Debtor explored options to sell Doral Insurance prior to the receivership of Doral Bank in late 2014 and early 2015. Following the receivership of Doral Bank and the Debtor's chapter 11 filing,⁶ the Debtor negotiated an agreement with a stalking horse bidder to purchase substantially all of the assets of Doral Insurance for approximately \$10.75 million.

The Debtor sought and received approval from the Bankruptcy Court to conduct an auction for Doral Insurance's assets. After receiving a competing bid, the Debtor's conducted an auction for Doral Insurance's assets on May 12, 2015. At the auction, through competitive bidding, the purchase price increased to a winning bid of \$17.25 million.

⁶ Although Doral Insurance's 100% parent, the Company, is in chapter 11, Doral Insurance is not in bankruptcy.

On May 22, 2015, the Bankruptcy Court approved the sale of substantially all the assets of Doral Insurance to the winning bidder, Popular Insurance, LLC. The Debtors consummated the sale of Doral Insurance shortly thereafter.

2. SALE OF LOAN AND REO PORTFOLIO

On the Petition Date, the Debtor owned approximately 125 mortgage loans and approximately 75 real estate owned "REO" properties. The mortgage loans were secured by real estate located in Puerto Rico and were primarily non-performing residential loans. The REO assets consisted of properties located in Puerto Rico that the Debtor acquired through foreclosure and were primarily residential.

For the first few months of the Debtor's Chapter 11 Case, the Debtor engaged in an extensive process to identify and, where missing, obtain and organize the credit and collateral documents for each of the Debtor's mortgage loans and REO assets. Mortgage loans and REO assets are more valuable when accompanied by documentation sufficient to provide the buyer with a complete loan file and demonstrate clean title, because the resale and collection on such mortgage loans and REO assets is substantially simpler. To maximize the value of the assets, in the instances where the Debtor was missing documentation, the Debtor made numerous inquiries to, and gathered documents from each of the Debtor's servicer, the FDIC as receiver for Doral Bank, and the sub-servicer, Banco Popular de Puerto Rico. The Debtor also worked with other third parties identified by the servicers as having been engaged to handle loan modifications and foreclosures to obtain missing documentation.

The Debtor's effort largely concluded in June 2015, and through this process the Debtor succeeded in substantially improving its files for many of the mortgage loans and REO assets. Some documentation deficiencies remained for certain of the mortgage loans and REO assets, but the Debtor determined that further efforts to improve the documentation would be more costly and time consuming than beneficial to the estate.

In September 2015, the Debtor sought and received approval to hold an auction for the mortgage loan and REO assets. RNPM, LLC ("RNPM") served as a stalking horse bidder for 78 of the mortgage loans and 38 of the REO assets. Ultimately, the Debtor received no other qualified bids and thus the Court approved the sale to RNPM. The sale closed in December 2015. Upon closing, the Debtor received \$4,101,330.22, the majority of the purchase price. Another \$238,315 will remain in escrow until May 4, 2016. The escrowed funds concern 22 mortgage loans included in the sale for which original notes could not be located by the Debtor. If a third party comes forward with the original note for one of the 22 subject mortgage loans during the 180 day escrow period, RNPM is entitled to a reimbursement for that loan from the escrowed funds. Otherwise, on May 4, 2016, at the conclusion of the escrow, the funds in escrow will go to the Debtor. To date, no third parties have come forward.

In February 2016, the Debtor entered into an agreement to sell the vast majority of the remaining mortgage loan and REO assets to Greengift Capital Corp. ("Greengift") for \$601,550. \$50,000 of the Greengift purchase price was placed into escrow until March 18, 2016 to address ownership interest in 32 of the REO assets. The Greengift sale was noticed to the Court and

parties in interest pursuant to the *de minimis* sale procedures implemented earlier in the case on February 19, 2016. The Greengift sale closed in March 2016.

On March 31, 2016, the Debtor filed a *de minimis* asset sale and abandonment notice of the Debtor's intent to sell the remaining mortgage loans and REO assets to ScotiaBank de Puerto Rico and Greengift Capital Corp. for \$46,000 in the aggregate. These sales were completed in April 2016.

By virtue of the sales described above, the Debtor has liquidated all of its REO assets and its mortgage loans.

3. DORAL PROPERTIES CHAPTER 11 CASE AND THE SALE OF DORAL PLAZA

The Debtor's wholly-owned subsidiary, Doral Properties, was primarily a holding company that owned a collection of related real estate interests in San Juan, Puerto Rico. This real estate included 1451 FDR Ave., an office building and covered parking lot in San Juan, as well as two related warehouse annexes. These locations previously served as the main headquarters for Doral Bank, prior to its receivership.

Following the receivership of Doral Bank and the Debtor's chapter 11 filing, the Debtor and Doral Properties began to explore options to sell or lease 1451 FDR Ave. and the warehouse annexes. In late July 2015, Doral Properties entered into several short-term leases of the property to Banco Popular de Puerto Rico. This resolved the issue of the FDIC-R and Banco Popular's continued presence at 1451 FDR Ave. following the establishment of the Receivership, clearing the way for a potential sale of the building.

On November 25, 2015, Doral Properties commenced a chapter 11 case in the Bankruptcy Court to facilitate a sale of 1451 FDR Ave. and related real estate pursuant to Bankruptcy Code section 363. In its bankruptcy case, Doral Properties shortly thereafter sought and received approval from the Bankruptcy Court to conduct an auction for the sale of both 1451 FDR Ave. and an adjacent open air parking lot owned by the Debtor. The auction was ultimately canceled due to the absence of competing bids, and Banco Popular de Puerto Rico, the stalking horse bidder, was declared the winner. On January 15, 2016, the Bankruptcy Court approved the sale of the assets to Banco Popular de Puerto Rico for an aggregate purchase price of \$21.8 million. \$20.3 million of the purchase price was allocated to the real estate sold by Doral Properties, including 1451 FDR Ave. The remaining \$1.5 million of the purchase price was allocated to the sale of the adjacent open air parking lot owned by the Debtor.

As discussed above in ARTICLE III.D.2., 1451 FDR Ave. had been owned by Doral Properties and served as collateral for an AFICA loan that is, in turn, collateral for the 1999 AFICA Bonds. Upon consummation of the sale, the bulk of the sale proceeds was paid to the Trustee for the 1999 AFICA Bonds, except that approximately \$1,000,000 in cash was left in the Doral Properties' estate to facilitate a wind-down and confirmation of a chapter 11 plan of liquidation. It is anticipated that Doral Properties will move forward with a chapter 11 plan of liquidation substantially contemporaneously with the Debtor.

D. *Abbey and FirstBank Escrow Settlements*

Prior to the Petition Date, the Debtor sold mortgage loan assets to raise capital in two transactions with Abbey Finance Holdings PR, LLC and related parties (“Abbey”) and FirstBank Puerto Rico (“FirstBank”). As part of these transactions, the parties escrowed funds pending the resolution of alleged tax and title defects regarding certain of the assets sold.

During the course of the chapter 11 case, the Debtor and the Committee negotiated separate settlements with Abbey and FirstBank regarding the funds in escrow, thereby resolving the subject parties’ rights to these funds. With respect to Abbey, FDIC-R was also involved in the settlement discussions because Doral Bank was also a party to the two prepetition sale transactions with Abbey. After extensive negotiations, the Debtor, the Committee, FDIC-R, and Abbey entered into a settlement and release agreement that was submitted for approval to the Bankruptcy Court in the form of a stipulation and order. On December 28, 2015, the Bankruptcy Court approved the stipulation and the Debtor received \$3.66 million from the escrowed funds.

Similarly, the Debtor, the Committee, and FirstBank negotiated a settlement agreement pursuant to which approximately \$58,100 of the escrowed funds would be released to the Debtor and the Debtor and FirstBank would grant each other mutual general releases relating to the FirstBank transaction. On July 30, 2015, the Court entered an order approving the FirstBank settlement.

E. *Federal National Mortgage Association*

Prepetition, the Debtor sold certain loans to the Federal National Mortgage Association (“Fannie Mae”) under a series of Master Agreements. Under certain conditions, the Debtor is obligated to repurchase or cover certain losses of Fannie Mae relating to certain of those loans.

The Company’s obligations to Fannie Mae are secured by a pledge of \$44 million in cash by the Company, held by a third party bank under a tri-party agreement, plus accrued interest.

During the course of the Chapter 11 Case, the Debtor and the Committee engaged in a process to resolve the Debtor’s potential liability to Fannie Mae. Following extensive negotiations with Fannie Mae, the parties ultimately reached agreement on a settlement. The settlement provided that the Debtor will receive \$31,050,905.84 of the pledged funds, with the balance going to Fannie Mae. In addition, under the settlement, the parties are exchanging mutual releases and Fannie Mae’s proof of claim filed against the Debtor will be deemed extinguished. On March 21, 2016, the Debtor and the Committee submitted the proposed settlement to the Bankruptcy Court for approval pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure. No objections were received, and on April 13, 2016, the Court entered an order approving the settlement.

F. *Adversary Proceeding Regarding Closing Agreements*

On December 17, 2015, the Debtor and the Committee initiated an adversary proceeding in the Bankruptcy Court against the Secretary of the Treasury of the Commonwealth, Juan C. Zaragoza Gómez (the “Secretary”). The Committee was subsequently granted standing to pursue this litigation on behalf of the Debtor’s estate.

In the adversary proceeding, the Debtor and the Committee sought a declaratory judgment that the 2006, 2007, and 2009 Closing Agreements remained valid and enforceable in accordance with their terms. The Debtor and the Committee also sought a declaratory judgment that the Debtor may continue to use the Tax Attributes to produce tax deductions offsetting future taxable income.

The Secretary responded to the complaint with a motion to dismiss, in which the Secretary agreed that the 2006, 2007, and 2009 Closing Agreements remained in full force and effect and argued no controversy existed for litigation. The parties reached agreement and entered into a stipulation to dismiss the adversary proceeding in light of the Secretary's representations that (i) the 2006, 2007, and 2009 Closing Agreements remain in full force and effect and (ii) the Debtor may continue to amortize its Tax Attributes as provided therein. On March 1, 2016, the Court entered the stipulation.

In light of the clarification and confirmation that the 2006, 2007, and 2009 Closing Agreements remain in full force and effect, the Debtor can continue to derive benefits from the Tax Attributes existing under those agreements.

G. *Bar Date*

In May 2015, the Debtor sought approval of the establishment of deadlines to file proofs of claim (the "Bar Dates"). On June 1, 2015, the Bankruptcy Court approved the establishment of the Bar Dates, setting July 10, 2015 as the general claims Bar Date and September 7, 2015 as the government Bar Date. The Debtor's claims reconciliation process is ongoing.

V. UNLIQUIDATED NON-CASH ASSETS

A. *Tax Attributes*

The Tax Attributes represent potentially valuable assets to the Debtor if the Debtor is able to attract additional capital with which to earn income in the future. Any Puerto Rican tax liability on income realized by the Debtor could then be offset by the use of the Tax Attributes. In light of the outcome of the declaratory judgment action brought by the Debtor against the Hacienda (as discussed in detail at ARTICLE IV.F. "EVENTS DURING THE CHAPTER 11 CASE – Adversary Proceeding Regarding Closing Agreements"), the Hacienda has confirmed that the 2006, 2007, and 2009 Closing Agreements which gave rise to the Tax Attributes remain in full force and effect and that the Debtor may continue to amortize the Tax Attributes as provided therein. The 2007 Closing Agreement provided that the Tax Attributes would remain valid following a change in control of the Debtor. In light of that, and in light of the Hacienda's reaffirmation of the Closing Agreements, the Debtor expects that, if the Debtor is able to raise new equity capital from investors, the Tax Attributes will remain available to the Debtor following the change in control of the Debtor which will take place on the Effective Date. There are no assurances that: (1) the Debtor will be able to attract new equity investment, (2) the Debtor will be able to generate income in amounts sufficient to utilize the Tax Attributes or, (3) even if the Debtor is successful in doing so, the Hacienda will not challenge the Debtor's ability to continue to utilize the Tax Attributes, despite the Hacienda's stipulation to the contrary in the declaratory judgment action. Accordingly, at this time any valuation of the Tax Attributes

would be highly speculative and it is possible that the Debtor may not realize any benefit from the Tax Attributes which remain unused at the Effective Date.

B. *Claims Against Doral Bank*

The Company has asserted significant claims against Doral Bank, which are subject to the FDIC claims-resolution process due to the Receivership. These claims are largely unliquidated. As required by the FDIC-R, on June 4, 2015, the Company, along with its three wholly-owned subsidiaries, Doral Insurance, Doral Properties and Doral Recovery, Inc., timely submitted claims against Doral Bank to the FDIC-R.

In parallel, FDIC-R has a filed a proof of claim in the Debtor's Chapter 11 Case on behalf of Doral Bank. This proof of claim asserts a number of claims, including prepetition and postpetition claims for costs allegedly incurred by Doral Bank on the Company's behalf under certain servicing agreements.

The Company does not expect to receive an affirmative recovery on its, or its subsidiary's, claims against Doral Bank. The Doral Bank estate is subject to the claims-resolution process under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (as amended, "FIRREA"). Under FIRREA, unsecured non-depositor claims against a receivership estate, such as the Debtor's claims, are not entitled to a recovery until the FDIC (in its corporate capacity) has been repaid in full for its claims against the receivership estate. It is currently uncertain whether there will be assets for distribution to claims from Doral Bank's estate. Even if there are no funds for distribution, the Debtor may be able to use its claims against Doral Bank as a setoff against the claims of Doral Bank asserted by FDIC-R against the Debtor.

On February 25, 2016, the Debtor received notice that the claims filed on behalf of Doral Insurance, Doral Properties, and Doral Recovery, Inc. against the FDIC-R had been disallowed. Doral Insurance, Doral Properties, and Doral Recovery, Inc. had until April 25, 2016, to commence a lawsuit contesting the disallowance of those claims. On April 25, 2016, Doral Properties filed a complaint in the United States District Court for the District of Columbia with respect to these claims.

On March 3, 2016, the Debtor received notice that all but \$285,440.59 of the Debtor's claims against FDIC-R had been disallowed. The Debtor has until May 2, 2016, to commence a lawsuit contesting those claims that were disallowed.

The Debtor is considering its options in this regard.

C. *Other Litigation Claims*

The Debtor has potential causes of action under chapter 5 of the Bankruptcy Code against various prepetition creditors and other third parties, as well as other potential causes of action on behalf of the Company. These potential actions include potential causes of action against former officers and directors, which may benefit from coverage under various existing insurance policies. The Plan provides for the Committee's standing to bring these causes of action against former officers and directors. The Company also has a few plaintiff-side causes of action it was pursuing as of the Petition Date, which remain potential assets of the Debtor's estate.

The Plan will vest the Creditors' Trust with these litigation assets, and the Creditors' Trustee will determine which litigations to pursue and how best to pursue them.

D. I/O Strip

The Debtor owns certain "I/O strips" related to certain pools of fixed rate mortgages. Prepetition, the Debtor sold pools of mortgage loans to Banco Popular de Puerto Rico, but retained the right to a portion of the interest collected on the pools as a separate asset for the Debtor. The Debtor collected approximately \$3.2 million on the I/O Strips from March 2015 through February 2016.

During the Chapter 11 Case, the Debtor has explored the option of selling the I/O Strips, including to Banco Popular de Puerto Rico. To date, no agreement has been reached. The I/O Strips produce a monthly revenue stream, which has varied between \$222,000 and \$372,000 per month during the Chapter 11 Case. The Debtor and/or Reorganized Debtor intend to either sell the I/O Strip if an appropriate price can be achieved or hold the I/O Strip indefinitely as a revenue generating asset.

VI. THE PLAN – CLASSIFICATIONS, DISTRIBUTIONS, AND IMPLEMENTATION

A. Overview of Chapter 11

Chapter 11 is the business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its financial affairs for the benefit of itself and its creditors and equity holders. The principal goals of chapter 11 are to permit the rehabilitation of the debtor and provide for equality of treatment of similarly situated creditors.

The goal of the Plan is to resolve outstanding Claims against and Equity Interests in the Debtor. Although the Debtor does not intend to re-commence commercial banking operations through a new subsidiary following the Effective Date, the proposed Plan will permit the Debtor's estate to continue winding down its operations and liquidating its assets in an organized way that will maximize the value of its assets for distribution to creditors. In particular, the Plan will permit the Debtor to make substantial distributions to creditors in the near term and best preserve the Debtor's ability to monetize the Tax Attributes, which has the potential to meaningfully increase creditor recoveries.

The following summary is a brief overview of the Plan and is qualified in its entirety by reference to the full text of the Plan, itself, and the more detailed information contained elsewhere in this Disclosure Statement. Capitalized terms used in this Article VI but not otherwise defined in Annex I shall have the meanings assigned such terms in the Plan.

B. *Administrative Claims, Priority Tax Claims, and Other Unclassified Claims*

1. ADMINISTRATIVE CLAIMS

Pursuant to Section 2.01 of the Plan, each holder of an Allowed Administrative Claim shall receive, in full and final satisfaction, settlement, and release of, and in exchange for, such Allowed Administrative Claim, Cash equal to the unpaid portion of such allowed Administrative Claim, or payment as agreed between the holder of the Allowed Administrative Claim and the Debtor or Creditors' Trustee.

2. PRIORITY TAX CLAIMS

Pursuant to Section 2.04 of the Plan, each holder of an Allowed Priority Tax Claim will receive, in full and final satisfaction, settlement, and release of such Allowed Priority Tax Claim, (i) payment in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, or (ii) payment as agreed between the holder of the Allowed Priority Tax Claim and the Debtor or the Creditors' Trustee.

3. PROFESSIONAL FEES

Pursuant to Section 2.03 of the Plan, each Professional requesting compensation pursuant to the Bankruptcy Code will be paid by the Creditors' Trustee, in Cash, as soon as practicable after the final order approving such allowance of compensation or disbursement of expenses becomes a Final Order.

C. *Classification of Claims and Interests*

Section 1123(a)(1) of the Bankruptcy Code requires a chapter 11 plan to designate classes of claims and classes of interests. A plan must segregate the various claims against the debtor into various classes. The Bankruptcy Code also provides that, except for certain claims classified independently for administrative convenience, a plan may place a claim or equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests of such class. The Plan Proponents believe that all Claims and Equity Interests have been appropriately classified in the Plan. To the extent that the Bankruptcy Court determines that such classification is incorrect, the Bankruptcy Court could deny confirmation of the Plan.

If the Bankruptcy Court finds that a different classification is required for confirmation of the Plan, the Plan Proponents may seek to (i) modify the Plan to provide for whatever reasonable classification might be required for confirmation and (ii) use the acceptances received from any Holder of Claims pursuant to this Disclosure Statement for the purpose of obtaining the approval of the Class or Classes of which such Holder ultimately is deemed to be a member. Any such reclassification of Claims, although subject to the notice and hearing requirements of the Bankruptcy Code, could adversely affect the Class in which the Holder of such Claim was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required for approval of the Plan. There can be no assurance that the Bankruptcy Court, after finding that a classification was inappropriate and requiring a reclassification, would approve the Plan based upon such reclassification. Except to the extent that modification of

classification in the Plan adversely affects the treatment of a Holder of Claims or Equity Interests in a manner that the Bankruptcy Court determines requires re-solicitation, the Plan Proponents likely will, in accordance with the Bankruptcy Code and the Bankruptcy Rules, seek a determination by the Bankruptcy Court that acceptance of the Plan by any Holder of Claims pursuant to this Disclosure Statement will constitute a consent to the Plan's treatment of such Holder regardless of the Class to which such Holder is ultimately deemed to be a member. See Article II. "RISK FACTORS."

The Bankruptcy Code also requires that a chapter 11 plan provide for the same treatment for each Claim or Equity Interest within a particular Class unless the Holder of a particular Claim or Equity Interest agrees to a less favorable treatment of its Claim or Equity Interest. The Plan Proponents believe the Plan complies with the requirement of equal treatment for each Claim or Equity Interest of a particular Class.

Only Classes that are "impaired" (pursuant to section 1124 of the Bankruptcy Code) under a chapter 11 plan are entitled to vote to accept or reject the plan, unless the Class is deemed to have rejected the Plan. As a general matter, a class of claims or equity interests is considered to be "unimpaired" under a plan of reorganization if the plan does not alter the legal, equitable, and contractual rights of the holders of such claims or equity interests. Under the Bankruptcy Code, holders of unimpaired claims are conclusively presumed to have accepted a proposed plan of reorganization. Holders of Claims or Equity Interests that do not receive or retain anything under a proposed plan of reorganization are deemed to have rejected such plan.

The categories of Claims and Equity Interests outlined in the Plan, and listed below classify Claims and Equity Interests for all purposes, including for purposes of voting, confirmation and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. Pursuant to Article 3 of the Plan, a Claim or Equity Interest will be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Equity Interest qualifies within the description of such other Classes. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest has not been paid or otherwise settled prior to the Effective Date.

The classification of Claims and Equity Interests pursuant to the Plan is as follows:

Class 1—Secured Claims

Class 2—General Unsecured Claims

Class 3—Intercompany Claims

Class 4—Subordinated Claims

Class 5—Equity Interests

D. *Treatment of Claims and Interests*

Article 3 of the Plan provides for the following treatment of Claims and Equity Interests:

1. TREATMENT OF CLAIMS AND EQUITY INTERESTS

(a) Class 1—Secured Claims

- (i) *Treatment:* In full settlement, release and discharge of all Class 1 Claims, each holder of an Allowed Class 1 Claim, if any, shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Class 1 Claim, either (i) Cash in the full amount of any such holder’s Allowed Class 1 Claim; (ii) the collateral securing its Allowed Class 1 Claim, plus postpetition interest to the extent required under section 506(b) of the Bankruptcy Code, on, or as soon as reasonably practicable after, the later of (A) the initial Distribution Date and (B) ten (10) business days after such Claim becomes an Allowed Class 1 Claim; or (iii) such different treatment as to which such holder and the Plan Proponents shall have agreed upon in writing.
- (ii) *Voting:* Class 1 Claims are Unimpaired. Each holder of a Class 1 Claim shall be conclusively deemed to have accepted the Plan and is, therefore, not entitled to vote.

(b) Class 2—General Unsecured Claims

(i) *Allowance:*

(1) The DFC Notes Claims are Allowed as Class 2 General Unsecured Claims in the following amounts, with respect to principal and interest on the DFC Notes:

<u>DFC Note</u>	<u>Allowed Claim Amount</u>
7.65% DFC Note due 2016	\$100,965,250.00
7.10% DFC Note due 2017	\$40,355,000.00
7.15% DFC Note due 2022	\$30,268,125.00

(2) The 2002 Loan Agreement Claims are Allowed as Class 2 General Unsecured Claims in the amount of \$6,545,133.89.

(3) The Allowed Claim amounts specified in Sections 4.02(b)(i) and (b)(ii) of the Plan shall be increased by amounts equal to the Trustee Fees and Expenses, which amounts are expected to be agreed upon among the Plan Proponents and the respective Indenture Trustees and disclosed in the Plan Supplement.

- (ii) *Treatment:* In full settlement, release and discharge of all Class 2 Claims, each holder of an Allowed Class 2 Claim shall (i) (A) receive its Pro Rata share of the Initial Class 2 Cash Pool, and (B) be deemed to receive its Pro Rata share of the Creditors' Trust Interests representing a right to receive further distributions from the Creditors' Trust on or as soon as reasonably practicable after, the later of (1) the initial Distribution Date and (2) ten (10) business days after such Claim becomes an Allowed Class 2 Claim, or (ii) receive such different treatment as to which such holder and the Plan Proponents shall have agreed upon in writing.
 - (iii) *Voting:* Class 2 Claims are Impaired. Each holder of a Class 2 Claim other than the DFC Notes Claims and the Loan Agreement Claims shall be entitled to vote to accept or reject the Plan. Solely for purposes of voting on the Plan, (x) the holders of CT Notes shall be deemed to be holders of Class 2 Claims in lieu of the holders of the respective DFC Notes Claims and (y) the holders of AFICA Bonds shall be deemed to be holders of Class 2 Claims in lieu of the holders of the respective Loan Agreement Claims. Accordingly, the holders of CT Notes and AFICA Bonds shall be entitled to vote the principal amount of their CT Notes and AFICA Bonds as further set forth in the Solicitation Order, and (i) the votes of the holders of CT Notes shall be deemed to be the votes of the holders of the respective DFC Notes Claims and (ii) the votes of the holders of AFICA Bonds shall be deemed to be the votes of the holders of the respective Loan Agreement Claims.
- (c) Class 3—Intercompany Claims
 - (i) *Treatment:* Class 3 Claims are Impaired. The holders of Class 3 Claims shall not receive any distribution pursuant to the Plan or retain any property or interest on account of such Class 3 Claims.
 - (ii) *Voting:* Each holder of a Class 3 Claim shall be conclusively deemed to have rejected the Plan and is, therefore, not entitled to vote.
- (d) Class 4—Subordinated Claims
 - (i) *Treatment:* Class 4 Claims are Impaired. The holders of Class 4 Claims shall not receive any distribution pursuant to the Plan or retain any property or interest on account of such Class 4 Claims unless and until holders of all Allowed Class 1 and Class 2 Claims are paid in full, with accrued interest at the Applicable Rate (such an event, the "Class 4 Trigger Event"). Upon the Class 4 Trigger Event, the Creditors' Trustee shall establish procedures so that distributions can be made on account of Allowed Class 4 Claims

under applicable bankruptcy and non-bankruptcy law. Notwithstanding the foregoing, and for the avoidance of doubt, on and after the Effective Date, the Creditors' Trust and the Creditors' Trustee shall have no obligations or liabilities to the holders of Class 4 Claims (as holders of Class 4 Claims) and such holders will have no rights against the Creditors' Trust or Creditors' Trustee for any amount due on or right created by such Class 4 Claims, until the Class 4 Trigger Event.

- (ii) *Voting*: Each holder of a Class 4 Claim shall be conclusively deemed to have rejected the Plan and is, therefore, not entitled to vote.
- (e) Class 5—Equity Interests
 - (i) *Treatment*: Class 5 Equity Interests are Impaired. Holders of Equity Interests shall not receive any distribution pursuant to the Plan or retain any property or interest on account of such Equity Interests unless and until holders of all Allowed Class 1 Claims, Allowed Class 2 Claims, and Allowed Class 4 Claims are paid in full, with accrued interest at the Applicable Rate (such an event, the “Class 5 Trigger Event”). Upon the Class 5 Trigger Event, the Creditors' Trustee shall establish procedures so that distributions can be made on account of Equity Interests in accordance with their relative priorities and under applicable bankruptcy and non-bankruptcy law. Notwithstanding the foregoing, and for the avoidance of doubt, on and after the Effective Date, the Creditors' Trust and the Creditors' Trustee shall have no obligations or liabilities to the holders of Equity Interests (as holders of Equity Interests) and such holders will have no rights against the Creditors' Trust or Creditors' Trustee for any amount due on or right created by such Equity Interests, until the Class 5 Trigger Event. On the Effective Date, Equity Interests shall be cancelled and extinguished, except for the limited purpose of preserving the rights, if any, of holders of Equity Interests upon the Class 5 Trigger Event.
 - (ii) *Voting*: Each holder of Equity Interests shall be conclusively deemed to have rejected the Plan and is, therefore, not entitled to vote.

2. **CONFIRMATION PURSUANT TO 1129(B) OF THE BANKRUPTCY CODE**

With respect to any Class of Claims or Equity Interests that is deemed to reject the Plan, the Plan Proponents will request that the Bankruptcy Court confirm the Plan pursuant to section 1129(b) of the Bankruptcy Code.

E. *Means of Implementation of Plan*

1. **APPROVAL OF SETTLEMENTS**

Pursuant to Section 6.01 of the Plan, in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan constitute a good faith compromise and settlement of all Claims and controversies resolved under the Plan, and the entry of the Confirmation Order will constitute the Bankruptcy Court's approval of such compromise and settlement under Bankruptcy Rule 9019.

2. **CORPORATE ACTION & REORGANIZED DEBTOR COMMON STOCK**

Pursuant to Section 6.02 of the Plan, confirmation of the Plan shall constitute authorization for the Creditors' Trustee, the Debtor, and the Reorganized Debtor, and any of the Debtor's or the Reorganized Debtor's officers and members of the boards of directors, to effectuate the Plan and to execute, issue, deliver, file, or record all contracts, instruments and other agreements or documents, and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan without further notice to or action, order or approval of the Bankruptcy Court or any other entity except for those expressly required pursuant to the Plan. All matters provided for in the Plan involving any corporate action to be taken by or required of the Debtor in connection with the Plan shall be deemed to have occurred, and be effective as provided herein, and shall be authorized, approved and, to the extent taken prior to the Effective Date, ratified in all respects, without any requirement of further action by the Debtor, its agents, representatives, stockholders, members, managers, officers, directors or Affiliates.

The Plan provides in Section 6.03 for the Reorganized Debtor to continue in existence after the Effective Date as a separate Puerto Rico corporation. On the Effective Date, pursuant to Section 6.06 of the Plan, the Reorganized Debtor shall issue one share of Reorganized Debtor Common Stock to the Creditors' Trust for the benefit of the Creditors' Trust Beneficiaries. The Creditors' Trust will own 100% of the equity of the Reorganized Debtors on the Effective Date. The rights of the Creditors' Trust, as holder of the only share of Reorganized Debtor Common Stock, will be provided for in the Reorganized Debtor Governing Documents. Forms of these documents will be set forth in the Plan Supplement.

3. **VESTING OF ASSETS**

Pursuant to Section 6.08 of the Plan, except for assets abandoned by the Debtor pursuant to section 554 of the Bankruptcy Code on the Effective Date (i) the Tax Attributes shall vest in the Reorganized Debtor free and clear of all liens, claims, charges, and other encumbrances and (ii) all other assets of the Debtor's bankruptcy estate shall vest in the Creditors' Trust free and clear of all liens, claims, charges, and other encumbrances, except that the Committee will have the rights and powers associated with the D&O Claims, as provided in Section 6.09 of the Plan.

4. **OFFICERS AND DIRECTORS**

Pursuant to Section 6.05 of the Plan, upon the Effective Date, and without the necessity of any further action or writing, any of the Debtor's remaining officers and members of its boards of directors shall be deemed to have resigned, if they have not already done so, and they shall be released from any responsibilities, duties and obligations that arise after the Effective Date to the Debtor or its creditors under the Plan or under applicable law. The initial board of directors of the Reorganized Debtor shall consist of the one person appointed by the Committee and identified in a disclosure to be filed as part of the Plan Supplement.

5. OPERATIONS OF REORGANIZED DEBTOR

Pursuant to Section 6.07 of the Plan, on and after the Effective Date, the Reorganized Debtor will continue to operate its businesses and will implement the terms of the Plan, to the extent not implemented by the Creditors' Trust. The Reorganized Debtor is expected to remain in existence until it or its assets have been wholly converted to Cash or abandoned. On the Effective Date, the operation of the Reorganized Debtor shall become the general responsibility of its board of directors, subject to, and in accordance with the Reorganized Debtor Governing Documents. After the Effective Date, the Reorganized Debtor may operate its business and may buy, use, acquire and dispose of its assets, free of any restrictions contained in the Bankruptcy Code.

6. CAUSES OF ACTIONS, INCLUDING D&O CLAIMS

Pursuant to Section 7.01(d) of the Plan, and except as provided in the Plan, and unless expressly waived, relinquished, exculpated, released, compromised or settled in the Plan, in the Confirmation Order, or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, the Creditors' Trust shall be vested with, and may enforce, in accordance with sections 1123(a)(5)(A) and 1123(b)(3) of the Bankruptcy Code, the Litigation Claims. The Litigation Claims consist of all claims and causes of action of the Debtor, other than claims and causes of action of the Debtor against the Debtor's current or former directors, officers, and employees (such claims, the "D&O Claims"). No preclusion doctrine, including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to the Creditors' Trust or the Creditors' Trustee by virtue of or in connection with the confirmation, consummation or effectiveness of the Plan. A non-exclusive list of the preserved causes of action will be included in the Plan Supplement.

Pursuant to Section 6.09 of the Plan, and in accordance with Bankruptcy Code section 1123, on the Effective Date the Committee will be deemed the estate's representative with respect to the D&O Claims. The Committee will also be granted standing and have all rights and powers to pursue the D&O Claims. Expenses related to the D&O Claims will be satisfied by the Creditors' Trust or out of any proceeds from the D&O Claims. Any proceeds from the D&O Claims will be distributed to the Creditors' Trust Beneficiaries through the Creditors' Trust.

7. INSURANCE POLICIES

Pursuant to Section 6.10 of the Plan, and notwithstanding anything to the contrary in the Plan or the Confirmation Order, confirmation and consummation of the Plan shall not affect, impair, or prejudice the rights of any party, including without limitation, the Debtor, the Reorganized Debtor, the Committee, the Creditors' Trustee, the Debtor's officers and directors, any third-party beneficiary, or other covered party of any of the Debtor's insurance policies with respect to such policies, including the D&O Policies.

In addition, the Debtor will seek to have its current directors and officers liability policy, the Go-Forward Policy, reinstated and continued in accordance with its terms and deemed assumed by the Debtor pursuant to section 365 of the Bankruptcy Code and Section 11.03 of the Plan and assigned to the Creditors' Trust.

8. CONTINUATION OF STAYS

Pursuant to Section 6.11 of the Plan, unless otherwise provided in the Plan or the Confirmation Order, all injunctions or stays in effect on the Confirmation Date pursuant to sections 105 or 362 of the Bankruptcy Code or otherwise shall remain in full force and effect until the Effective Date.

9. EXPENSE RESERVE

Pursuant to Section 6.13 of the Plan, the Creditors' Trustee shall establish a segregated account maintained by the Creditors' Trustee to be funded with an initial amount to be disclosed in the Plan Supplement, and such amounts as reasonably estimated from time to time by the Creditors' Trustee as being necessary to assure payment when due of all expenses that the Creditors' Trustee anticipates will be incurred in connection with carrying out the provisions of the Plan and applicable law, which amounts are to be reserved from distributions to Creditors' Trust Beneficiaries.

10. SALES OF PROPERTY AS FURTHER SOURCE OF CAPITAL

Pursuant to Section 6.14 of the Plan, and in furtherance of the transactions contemplated by the Plan, the Reorganized Debtor and the Creditors' Trust are authorized to sell or enter into any other business transactions with respect to, as applicable, the Creditors' Trust Assets or the Reorganized Debtor's assets. The Reorganized Debtor and the Creditors' Trustee are authorized to incur obligations as necessary to provide funds for working capital or for other uses consistent with the Plan and as otherwise permitted by the Reorganized Debtor Governing Documents or the Creditors' Trust Agreement.

11. THE CREDITORS' TRUST

(a) Formation, Assets, and Powers of the Creditors' Trust

Section 7.01 of the Plan provides for the formation, assets, and powers of the Creditors' Trust.

Pursuant to Section 7.01(a) of the Plan, on the Effective Date, the Creditors' Trust shall be established pursuant to the Creditors' Trust Agreement for the purposes of, among other

things, (i) administering the Creditors' Trust Assets, (ii) reviewing and reconciling, including where appropriate objecting to, any Claims, (iii) prosecuting, settling, adjusting, retaining, and enforcing any Litigation Claims, (iv) making any distributions as provided for under the Plan, and (v) liquidating the Creditors' Trust Assets (including the Reorganized Debtor Common Stock). The Creditors' Trust is intended to qualify as a liquidating trust pursuant to United States Treasury Regulation Article 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business, and shall take no action inconsistent with such qualification.

The Plan provides in Section 7.01(b) that, on the Effective Date, in accordance with section 1141 of the Bankruptcy Code, all of the Creditors' Trust Assets, as well as the rights and powers of the Debtor's estate applicable to the Creditors' Trust Assets, shall vest automatically in the Creditors' Trust, free and clear of all Claims and Equity Interests for the benefit of the Creditors' Trust Beneficiaries; *provided, however*, that the Committee shall have the rights and powers associated with the D&O Claims, as provided in Section 6.09 of the Plan. The Plan shall be considered a motion pursuant to sections 105, 363 and 365 of the Bankruptcy Code for such relief. In connection with the vesting and transfer of the Creditors' Trust Assets, any attorney-client privilege, work product privilege, or other privilege or immunity attaching to any documents or communications (whether written or oral and including but not limited to electronic information) relating to the Creditors' Trust Assets shall vest in the Creditors' Trust. Pursuant to Section 7.01(b) of the Plan, the Debtor, the Reorganized Debtor, the Committee, and the Creditors' Trustee are authorized to take all necessary actions to effectuate the transfer of such privileges, protections, and immunities.

Section 7.01(c) of the Plan provides that the transfer of the Creditors' Trust Assets to the Creditors' Trust shall be made for the benefit and on behalf of the Creditors' Trust Beneficiaries. The assets comprising the Creditors' Trust Assets will be treated for tax purposes as being transferred by the Debtor to the Creditors' Trust Beneficiaries pursuant to the Plan in exchange for their Allowed Claims and then by the Creditors' Trust Beneficiaries to the Creditors' Trust in exchange for the Creditors' Trust Interests in the Creditors' Trust. The Creditors' Trust Beneficiaries shall be treated as the grantors and owners of the Creditors' Trust. Upon the transfer of the Creditors' Trust Assets, the Creditors' Trust shall succeed to all of the Debtor's rights, title and interest in the Creditors' Trust Assets, and the Debtor will have no further interest in or with respect to the Creditors' Trust; *provided, however*, that the Committee shall have the rights and powers associated with the D&O Claims, as provided in Section 6.09 of the Plan.

Section 7.01(d) of the Plan provides that, except as provided in, and unless expressly waived, relinquished, exculpated, released, compromised or settled in the Plan, the Confirmation Order, or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, the Creditors' Trust shall be vested with, and may enforce, in accordance with sections 1123(a)(5)(A) and 1123(b)(3) of the Bankruptcy Code, the Litigation Claims. No preclusion doctrine, including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to the Creditors' Trust or the Creditors' Trustee by virtue of or in connection with the confirmation, consummation or effectiveness of the Plan. Without limiting the forgoing, Section 7.01(d) of the Plan provides that the Debtor and the Creditors' Trustee have expressly reserved and preserved certain causes of action to be listed in the Plan Supplement. For

the avoidance of doubt, such a list will be provided for disclosure purposes only and shall be non-exclusive and non-limiting. The Plan provides for all Litigation Claims to be vested in the Creditors' Trust.

Section 7.01(e) of the Plan provides that, except as otherwise ordered by the Bankruptcy Court, the Creditors' Trust Expenses on or after the Effective Date shall be paid in accordance with the Creditors' Trust Agreement without further order of the Bankruptcy Court.

Section 7.01(f) of the Plan provides that the Creditors' Trust shall file annual reports regarding the liquidation or other administration of property comprising the Creditors' Trust Assets, the distributions made by it and other matters required to be included in such report in accordance with the Creditors' Trust Agreement. In addition, the Creditors' Trust will file tax returns as a grantor trust pursuant to United States Treasury Regulation Article 1.671-4(a)

(b) The Creditors' Trustee

Pursuant to Section 7.02(a) of the Plan, the identity of the Creditors' Trustee shall be disclosed prior to the Confirmation Hearing as part of the Plan Supplement in accordance with section 1129(a)(5) of the Bankruptcy Code.

Section 7.02(b) of the Plan sets forth certain powers and responsibilities of the Creditors' Trustee. These powers and responsibilities will include, but will not be limited to, those responsibilities vested in the Creditors' Trustee pursuant to the Creditors' Trust Agreement, the Confirmation Order, or as may be necessary and proper to carry out the provisions of the Plan relating to the Creditors' Trust. The Creditors' Trustee shall maintain good and sufficient books and records of account relating to the Creditors' Trust Assets, the management thereof, all transactions undertaken by the Creditors' Trustee, all expenses incurred by or on behalf of the Creditors' Trustee, and all distributions to Creditors' Trust Beneficiaries contemplated or effectuated under the Plan. In connection with the administration of the Creditors' Trust, Section 7.02(b) of the Plan authorizes the Creditors' Trustee to perform any and all acts necessary and desirable to accomplish the purposes of the provisions of the Plan relating to the Creditors' Trust, within the bounds of the Plan, the Creditors' Trust Agreement, and applicable law.

Section 7.02(c) of the Plan authorizes the Creditors' Trustee to, without further order of the Bankruptcy Court, but subject to the terms of the Creditors' Trust Agreement, employ various professionals, including, but not limited to, counsel, consultants, and financial advisors, as needed to assist the Creditors' Trustee in fulfilling its obligations under the Plan, on whatever fee arrangement the Creditors' Trustee deems appropriate, including, without limitation, contingency fee arrangements. Professionals engaged by the Creditors' Trustee shall not be required to file applications in order to receive compensation for services rendered and reimbursement of actual out-of-pocket expenses incurred.

Section 7.02(d) of the Plan provides that, except as otherwise provided in the Plan, including Section 6.09 of the Plan, on the Effective Date, the Creditors' Trustee, and not the Reorganized Debtor, shall be deemed the estate's representative in accordance with section 1123 of the Bankruptcy Code and shall be granted standing to, and have all the rights and powers set forth in the Creditors' Trust Agreement.

Section 7.02(e) of the Plan provides that, as soon as practicable after the Effective Date, (i) the Creditors' Trustee shall determine the fair market value of the Creditors' Trust Assets as of the Effective Date, based on his good faith determination, and (ii) the Creditors' Trustee shall establish appropriate means to apprise the Creditors' Trust Beneficiaries of such valuation. The valuation shall be used consistently by all parties (including, without limitation, the Debtor, the Creditors' Trust, and the Creditors' Trust Beneficiaries) for all federal income tax purposes.

(c) Compensation of the Creditors' Trustee. Pursuant to Section 7.03 of the Plan, in addition to reimbursement for the Creditors' Trust Expenses, the Creditors' Trustee shall be entitled to receive reasonable compensation for services rendered on behalf of the Creditors' Trust on terms to be set forth in the Creditors' Trust Agreement. All such compensation and reimbursement shall be paid from the Creditors' Trust with Creditors' Trust Assets. The reasonable costs and expenses incurred by the Creditors' Trustee in performing the duties set forth in the Plan shall be paid by the Creditors' Trust and as disclosed in the Plan Supplement. All costs, expenses, and obligations incurred by the Creditors' Trustee or Reorganized Debtor in administering the Plan, or in any manner connected, incidental, or related thereto, including those of attorneys, accountants, and other persons employed to assist in the administration and distribution of the Creditors' Trust Assets, shall be a charge against such assets.

(d) Creditors' Trust Interests.

Section 7.04(a) of the Plan provides that each Creditors' Trust Interest will entitle its holder to distributions from the Creditors' Trust in accordance with the terms of the Creditors' Trust Agreement. The Creditors' Trust Interests will be uncertificated; thus, distributions of Creditors' Trust Interests will be accomplished solely by the entry of the names of the holders and their respective Creditors' Trust Interests in the books and records of the Creditors' Trust. Each holder of a Creditors' Trust Interest shall take and hold its uncertificated beneficial interest subject to all of the terms and provisions of the Creditors' Trust Agreement, the Confirmation Order, and the Plan.

Section 7.04(b) of the Plan provides that the Creditors' Trust Interests shall not be registered pursuant to the Securities Act of 1933, as amended, or any state securities law and shall be exempt from registration thereunder pursuant to section 1145 of the Bankruptcy Code. The Creditors' Trust Interests shall not be capable of being transferred, assigned, pledged or hypothecated, in whole or in part with the prior written consent of the Creditors' Trustee.

(e) Distributions by Creditors' Trustee. The Creditors' Trustee shall make distributions on account of Creditors' Trust Interests in accordance with the terms of the Creditors' Trust Agreement. Notwithstanding the foregoing and the terms of the Creditors' Trust Agreement, upon a motion by the Creditors' Trustee asserting reasonable grounds therefore, the Bankruptcy Court shall have the authority to enter an order directing that distributions to be made on account of Creditors' Trust Interests issued to an Indenture Trustee for the Debt Instruments instead be made to the beneficial and/or record holders of the applicable CT Notes and/or AFICA Bonds. Reasonable grounds shall include, without limitation, an insolvency proceeding relating to any such Indenture Trustee, or any other circumstance in which the distributions being made on account of Creditors' Trust Interests would not or cannot promptly be made to the beneficial holders of the CT Notes and AFICA Bonds

12. ESTABLISHMENT OF ADMINISTRATIVE BAR DATE

Pursuant to Section 2.06 of the Plan, except as otherwise provided in the Plan, any requests for payment of Administrative Claims (other than Professional Fee Claims) must be filed and served on the Creditors' Trustee in accordance with the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order no later than the Administrative Claims Bar Date. The Administrative Claims Bar Date is the date that is thirty (30) days after entry of the Confirmation Order. Holders of Administrative Claims that are required to, but fail to, file and serve a request for payment of such Administrative Claims by the Administrative Claims Bar Date shall be forever barred, estopped and enjoined from asserting such Administrative Claims against the Debtor or its property and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests, if any, must be filed and served on the Creditors' Trustee and the requesting party no later than [--], 2016, the Administrative Claims Objection Deadline.

All requests for payment of Professional Fee Claims must be filed and served on the Creditors' Trustee and the United States Trustee pursuant to the procedures specified in the Confirmation Order no later than forty-five (45) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to such requests, if any, must be filed and served on the Creditors' Trustee, the United States Trustee, and the requesting party no later than twenty (20) days (or such longer period as may be allowed by order of the Bankruptcy Court or agreed upon between the requesting party and the United States Trustee) after the date on which the applicable request for payment was served.

VII. REORGANIZED VALUE ANALYSIS

A. *Value of Reorganized Debtor*

As one of the conditions of confirmation of a chapter 11 plan, the Bankruptcy Code requires that the holder of any claim that is junior to an impaired class of claims not receive or retain any property under the plan on account of such junior claim or interest. This requirement is known as the absolute priority rule. Similarly, under the absolute priority rule, a senior class of creditors may not receive or retain property of a value worth more than 100% of the amount of its claims.

Under the Plan, other than in limited circumstances discussed below, the Classes of holders receiving no distribution in accordance with the absolute priority rule are Class 3 (Intercompany Claims), Class 4 (Subordinated Claims), and Class 5, the Debtor's prepetition Equity Interests (which includes both preferred and common stock in the Debtor). As discussed below, the Plan Proponents submit that the Intercompany Claims, Subordinated Claims and Equity Interests are not entitled to a recovery under the Plan.

The Debtor's remaining assets fall into four categories: cash, the Tax Attributes, Litigation Claims, and other unliquidated non-cash assets (such as the I/O Strips). According to the most recently filed monthly operating report, which provides information as of March 31, 2016, the Debtor held approximately \$48 million in cash. As noted above, the Debtor expects to receive approximately \$31 million due to the settlement with Fannie Mae. In the liquidation

analysis, see ARTICLE VIII below, the Plan Proponents estimate that the liquidation value of the remaining non-cash assets, excluding the Tax Attributes, Litigation Claims, and amounts expected to be received under the Fannie Mae settlement (the “Other Assets”), is approximately \$5 million. Those assets have not yet been liquidated, and so a greater or lesser value may be achieved. Combining the \$5 million estimate for Other Assets, the \$31 million expected due to the Fannie Mae settlement, and the \$48 million in cash on hand, the Debtor projects its value available for distribution (excluding the Tax Attributes and Litigation Claims) is \$84 million.

The general unsecured claims asserted against the Debtor far exceed \$84 million. As discussed above in ARTICLE III.D, the Debtor owes \$170 million in principal on the DFC Notes and at least another \$22.5 million on the AFICA Bonds. Further, substantial trade and litigation claims have been asserted against the Debtor, bringing the total claims asserted, including disputed claims, to more than \$300 million. In addition, if the Debtor had sufficient funds to pay all its General Unsecured Claims in full, those claims would be entitled to postpetition interest that would have accrued during the pendency of the Chapter 11 Case.

As discussed above in ARTICLE V.A. and V.C., the values of the Tax Attributes and the Litigation Claims are highly speculative. Achieving value for the Tax Attributes will depend on, among other factors, the Puerto Rico economy, future negotiations with the Commonwealth, and identifying prospective transactions and transaction partners that will permit the Reorganized Debtor to realize value from the Tax Attributes. The Litigation Claims value is contingent on the successful prosecution or settlement of those actions. Given these variables and the other risks identified in ARTICLE V.A. and V.C., the Plan Proponent’s project that it is extremely unlikely that the Tax Attributes and the Litigation Claims, particularly after taking into account the time, risks, expenses, and difficulties involved in monetizing and pursuing them, will produce sufficient value to pay all General Unsecured Claims in full plus accrued interest. Accordingly, the Plan Proponents believe that there is no value available for Subordinated Claims or Equity Interests, both of which Classes are junior to all other unsecured claims, and therefore Classes 4 and 5 have no entitlement to any recovery.

The Plan does provide, however, that if the Creditors’ Trust should succeed in repaying the General Unsecured Claims in full, including postpetition interest at the Applicable Rate, the Creditors Trust will use the excess proceeds remaining (if any) first to pay Subordinated Claims (if any) and then to make a distribution on Equity Interests. The Plan Proponents believe this possibility is extremely remote, since it would require a much better than expected recovery on the Tax Attributes or the Litigation Claims, and the Plan accordingly deems the Classes of Subordinated Claims and Equity Interests to reject the Plan on account of receiving no recovery.

B. *Feasibility of Chapter 11 Plan*

The Bankruptcy Code requires as one of the conditions to confirmation of a plan of reorganization that the Bankruptcy Court determine that confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor. 11 U.S.C. § 1129(a)(11). This standard is commonly referred to as “feasibility.”

The Plan Proponents submit that the Plan satisfies the feasibility standard. The Plan provides for the Creditors’ Trust and the Reorganized Debtor to continue doing essentially what

the Debtor has been doing to date: liquidating the assets of the Debtor's estate in an orderly manner so as to maximize value for creditors. As discussed above, on the Effective Date the Debtor's existing preferred and common stock will be cancelled and replaced with one new share of stock in the Reorganized Debtor issued to the Creditors' Trust for the benefit of the Creditors' Trust Beneficiaries. A new board of directors will be appointed for the Reorganized Debtor to continue the Debtor's limited operations and the orderly liquidation of the few assets not transferred to the Creditors' Trust (principally the Tax Attributes). This is basically the same model the Debtor has employed with success during the Chapter 11 Case.

VIII. LIQUIDATION ANALYSIS

Section 1129(a)(7) of the Bankruptcy Code requires that each holder of an Impaired Claim or Impaired Equity Interest that has not voted to accept the Plan must receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such Holder would receive or retain if the debtor was liquidated under chapter 7 of the Bankruptcy Code (sometimes called the "Best Interests Test," which is described in greater detail in ARTICLE XI.E.1. hereof). If all members of an impaired class of claims or interests have accepted the Plan, the "best interests test" does not apply with respect to that class.

A determination of the value that Holders will receive or retain if the Debtor were to be liquidated in a hypothetical case under chapter 7 of the Bankruptcy Code begins with an estimation of the gross proceeds that would be generated from the hypothetical liquidation of the Debtor's assets and properties in the context of a chapter 7 liquidation case, including the cash and cash equivalents the Debtor would hold at the time of the commencement of the hypothetical chapter 7 case. The gross liquidation proceeds then are reduced by the costs and expenses of the liquidation, including such additional administrative expenses and priority claims that may result from the use of chapter 7 for the purposes of a hypothetical liquidation, to determine the net liquidation proceeds available for distribution to creditors. Such net liquidation proceeds (*i.e.*, cash available for distribution) are then applied on a hypothetical basis to creditors and stockholders in strict priority in accordance with section 726 of the Bankruptcy Code.

In performing a liquidation analysis of the Debtor, Zolfo Cooper considered the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors, including:

- the cost and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee;
- the reduction in value of assets in a chapter 7 case in the context of the liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail; and
- the lack of any recovery for the Tax Attributes.

A copy of Zolfo Cooper's liquidation analysis is attached as Exhibit B to this Disclosure Statement. Zolfo Cooper prepared the liquidation analysis at the Debtor's request and with the assistance of the Debtor and its other advisors. Zolfo Cooper's liquidation analysis estimates the values that may be obtained by the holders of Claims upon a disposition of assets pursuant to a liquidation in a bankruptcy case under chapter 7 of the Bankruptcy Code, as an alternative to the

Plan. The analysis is based on a number of assumptions. **Because of the numerous risks, uncertainties, and contingencies beyond the Plan Proponent's control, there can be no assurances whatsoever that the recoveries set forth in the liquidation analysis could be realized in an actual liquidation.** Moreover, because the liquidation analysis was prepared for purposes of evaluating the Plan in respect of section 1129(a)(7) of the Bankruptcy Code, the amounts disclosed may not be indicative of actual returns that may eventually be realized under the Plan.

Underlying the liquidation analysis are various estimates and assumptions that are inherently subject to significant uncertainties and contingencies beyond the control of the Debtor or a chapter 7 trustee. Additionally, various liquidation decisions upon which certain assumptions are based are subject to change. Some of the key estimates and assumptions are highlighted in Zolfo Cooper's liquidation analysis in Exhibit B. The actual amount of claims could vary significantly from those estimated, depending on the claims asserted during the chapter 7 case. Accordingly, the actual liquidation value of the Debtor could vary materially from the estimates provided in the liquidation analysis.

The liquidation analysis concludes that holders of Allowed Class 2 Claims (General Unsecured Claims) would receive a distribution of between 27% and 34% on their Allowed Claims, and that no assets would be available for distributions to Subordinated Claims or Equity Interests.

IX. THE PLAN – OTHER PROVISIONS

Capitalized terms used in this Article IX but not otherwise defined in Annex I shall have the meanings assigned such terms in the Plan.

A. Treatment of Executory Contracts and Unexpired Leases

1. ASSUMPTION AND CURE OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Section 365 of the Bankruptcy Code permits debtors to assume or reject executory contracts and unexpired leases with the authorization of the Bankruptcy Court. Section 365 of the Bankruptcy Code further provides that an executory contract or unexpired lease can be assumed only if (i) certain defaults with respect to such contract or lease are cured (or adequate assurance of a prompt cure is provided), (ii) compensation for any pecuniary losses arising from such default are provided, and (iii) "adequate assurance" of future performance is provided. Section 1123(b)(2) of the Bankruptcy Code allows for the assumption of unrejected contracts and leases pursuant to the terms of a plan of reorganization. Pursuant to Sections 11.01, 11.03, and 11.04 of the Plan:

- (a) Any executory contract or unexpired lease that (i) has not expired by its own terms on or prior to the Confirmation Date, (ii) has not been assumed, assumed and assigned, or rejected with the approval of the Bankruptcy Court on or prior to the Confirmation Date, (iii) is not the subject of a motion to assume or reject which is pending at the time of the Confirmation Date, or (iv) is not listed in Exhibit C to the Plan as

being an executory contract or unexpired lease to be assumed at the time of Confirmation of the Plan, shall be deemed rejected on the Effective Date. The entry of the Confirmation Order by the Bankruptcy Court shall constitute the approval of the rejection of executory contracts and unexpired leases pursuant to Section 8.01 of the Plan and sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

- (b) Except as otherwise provided in the Plan or in any contract, instrument, instrument or other agreement or document entered into in connection with the Plan, on the Effective Date, pursuant to section 365 of the Bankruptcy Code, the Debtor shall assume each of the respective executory contracts and unexpired leases, if any, listed on Exhibit C to the Plan and assign such agreements to the Creditors' Trust; *provided, however,* that the Plan Proponents reserve the right, at any time prior to the Effective Date, to amend Exhibit C to the Plan: (i) delete any executory contract or unexpired lease listed therein, thus providing for its rejection pursuant to the Plan; or (ii) add any executory contract or unexpired lease, thus providing for its assumption pursuant to Section 11.03. The Debtor shall provide written notice to each counterparty to an Assumed Contract (together with a statement of the date by which any Cure Claims must be filed) and written notice of any amendments to the parties to the executory contracts or unexpired leases affected thereby and to the parties on the then-applicable service list in the Bankruptcy Case.
- (c) Any Cure Claims associated with any executory contract or unexpired lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code: (i) by payment of the Cure Claim in Cash on or after the Effective Date; or (ii) on such other terms as are agreed to by the parties to such executory contract or unexpired lease. Pursuant to section 365(b)(2)(D) of the Bankruptcy Code, no Cure Claim shall be allowed for a penalty rate or other form of default rate of interest. If there is an unresolved dispute regarding: (i) the amount of any Cure Claim; (ii) the ability of the Reorganized Debtor or Creditors' Trust (as applicable) to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (iii) any other matter pertaining to assumption of such contract or lease, the payment of any Cure Claim required by section 365(b)(1) of the Bankruptcy Code shall be made following the resolution of such dispute by the parties or the entry of a Final Order resolving the dispute and approving the assumption.

2. CLAIMS BASED ON REJECTION OF EXECUTORY CONTRACTS OR UNEXPIRED LEASES

Section 11.02 of the Plan provides that Claims created by the rejection of executory contracts and unexpired leases pursuant to Section 11.01 of the Plan, or the expiration or

termination of any executory contract or unexpired lease prior to the Effective Date, must be filed with the Bankruptcy Court and served on the Creditors' Trustee no later than thirty (30) days after the Effective Date. Any Claims arising from the rejection of an executory contract or unexpired lease pursuant to Section 11.01 for which proofs of Claim are not timely filed within that time period will be forever barred from assertion against the Debtor, its estate, the Creditors' Trust, the Creditors' Trustee, their successors and assigns, and their assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. All such Claims shall, as of the Effective Date, be subject to the discharge and permanent injunction set forth in Article 12. Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely filed as provided herein shall be treated as a General Unsecured Claim and shall be subject to the provisions of Article 4 of the Plan.

3. COMPENSATION AND BENEFIT PROGRAMS

Section 11.09 of the Plan provides that, notwithstanding anything to the contrary in the Plan, all contracts, agreements, policies, programs and plans in existence on the Petition Date that provided for the issuance of Equity Interests or other interests in the Debtor to current or former employees or directors of the Debtor are, to the extent not previously terminated or rejected by the Debtor, rejected or otherwise terminated as of the Effective Date without any further action of the Debtor, Reorganized Debtor, or the Creditors' Trustee or any order of the Court, with rejection damages of \$0.00, and any unvested Equity Interests or other interests granted under any such agreements, policies, programs and plans in addition to any Equity Interests or other interests granted under such agreements previously terminated or rejected by the Debtor to the extent not previously cancelled shall be cancelled pursuant to Section 6.12 of the Plan. Objections to the treatment of these plans or the Claims for rejection or termination damages arising from the rejection or termination of any such plans, if any, must be submitted and resolved in accordance with the procedures and subject to the conditions for objections to confirmation. If any such objection is not timely filed and served before the deadline set for objections to the Plan, each participant in or counterparty to any agreement described in Section 11.09 of the Plan shall be forever barred from (i) objecting to the rejection or termination provided hereunder, and shall be precluded from being heard at the Confirmation Hearing with respect to such objection; (ii) asserting against the Reorganized Debtor or its property, or the Creditors' Trustee or the Creditors' Trust Assets, any default existing as of the Effective Date or any counterclaim, defense, setoff or any other interest asserted or assertable against the Debtor; and (iii) imposing or charging against the Reorganized Debtor or the Creditors' Trust any accelerations, assignment fees, increases or any other fees as a result of any rejection pursuant to Section 11.09 of the Plan.

B. *Provisions Governing Distributions*

1. DATE OF DISTRIBUTIONS

Pursuant to Section 8.03 of the Plan, and except as otherwise provided in the Plan, any payment or distribution to be made under the Plan shall be deemed to be timely made if made within twenty (20) days after the date specified in the Plan, or as soon thereafter as is reasonably practicable.

2. **DELIVERY OF DISTRIBUTIONS AND UNDELIVERABLE OR UNCLAIMED DISTRIBUTIONS**

(a) *General.* Pursuant to Section 8.05 of the Plan, distributions and deliveries to each holder of an Allowed Claim will be made (i) at the address set forth for such holder in the Debtor's Schedules if no proof of claim has been filed on behalf of such holder, (ii) at the address reflected in the proof of claim filed by the holder of an Allowed Claim, or (iii) at the address set forth in any written notices of address change delivered after the date of any related proof of claim. If any distribution is returned as undeliverable, no further distributions to the applicable holder will be made unless and until the Creditors' Trustee is notified of the holder's then current address, at which time all missed distributions will be made to the holder without interest. Notwithstanding anything in the Plan to the contrary, all distributions on account of (a) the respective DFC Notes Claims shall be made to the DFC Notes Trustee, who will in turn make distributions to the CT Notes Trustee (for the benefit of the holders of the respective CT Notes, subject to any right of the CT Notes Trustee to assert a Charging Lien against any such distribution) in accordance with the DFC Notes Indenture, subject to any right of the DFC Notes Trustee to assert a Charging Lien against the distributions on account of the DFC Notes Claims and make provision for the payment of such Indenture Trustee's unpaid Trustee Fees and Expenses, and (b) the 1999 Loan Agreement Claims and the 2002 Loan Agreement Claims shall be made to the 1999 AFICA Trustee (for the benefit of the holders of the 1999 AFICA Bonds) and the 2002 AFICA Trustee (for the benefit of the holders of the 2002 AFICA Bonds), as appropriate, subject to any right of the subject Indenture Trustee to assert a Charging Lien against the respective distributions on account of the 1999 Loan Agreement Claims and the 2002 Loan Agreement Claims and make provision for the payment of unpaid fees and expenses of the subject Indenture Trustee which are due under the applicable trust agreement.

(b) *Uncashed Checks.* Pursuant to Section 8.07 of the Plan, checks issued by the Creditors' Trustee on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days from and after the date of issuance thereof. Requests for reissuance of any check shall be made in writing directly to the Creditors' Trustee by the holder of the Allowed Claim with respect to which such check originally was issued. Any claim in respect of such a voided check shall be made on or before the later of (i) the first anniversary of the Effective Date or (ii) one hundred eighty (180) days after the date of issuance of such check. After such date, all claims in respect of voided checks shall be discharged and forever barred and the Creditors' Trustee shall retain all monies related thereto.

3. **SETOFF AND RECOUPMENT**

Pursuant to Section 8.08 of the Plan, except to the extent a Claim has been previously Allowed or is Allowed by the Plan, the Reorganized Debtor and/or Creditors' Trustee may, but shall not be required to, set off or recoup against any Claim and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever which the Creditors' Trustee or Reorganized Debtor may have against the holder of such Claim to the extent such claims may be set off or recouped under applicable law, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Creditors' Trustee or Reorganized Debtor, of any such claim or counterclaim that they each may have against such holder.

4. CANCELLATION AND SURRENDER OF INSTRUMENTS, SECURITIES, AND EXISTING AGREEMENTS

Pursuant to Section 6.12 of the Plan, except as otherwise provided in the Plan or as provided in any contract, instrument or other agreement or document entered into or delivered in connection with the Plan and except for the limited purpose of determining distribution rights, if any, to holders of Class 4 Claims and Class 5 Equity Interests, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan, all notes, instruments, certificates, and other documents evidencing Claims or Equity Interests shall be deemed cancelled and of no further force and effect against the Debtor, without any further action on the part of the Debtor. From and after the making of the applicable distributions pursuant to the Plan, the holders of such notes, instruments, certificates and other documents shall have no rights against the Debtor, Reorganized Debtor, or the Creditors' Trust arising from or relating to such instruments and other documents or the cancellation thereof, except the rights provided pursuant to the Plan.

Notwithstanding anything to the contrary in the Plan, the DFC Notes Indenture, the AFICA Trust Agreements, the CT Trust Agreements, and the Loan Agreements (to the extent applicable) shall be cancelled and discharged except with respect to the rights of the respective Indenture Trustee (i) to make distributions to the holders of Debt Instruments as contemplated by the Plan and each relevant indenture, trust agreement, or Loan Agreement and (ii) to enforce such Indenture Trustee's rights and remedies under its relevant indenture or trust agreement as Indenture Trustee against the holders of the respective Debt Instruments including, without limitation, all rights to compensation and related lien rights, including lien rights with respect to Plan distributions. After the Effective Date, other than with respect to Plan distributions under the terms of the indentures, trust agreements, or Loan Agreements, the Indenture Trustees shall have no continuing duties to the holders of the respective Debt Instruments, including, without limitation, no duty to oversee the Creditors' Trustee, the Committee or the Reorganized Debtor or to file or object to any motion or proceeding in bankruptcy cases or to object to the allowance of claims including administrative expense claims. In connection with distributions under the Plan, the Indenture Trustees under each relevant indenture and/or trust agreement shall have the right to establish one or more payment dates and may require the surrender of Debt Instruments in order to receive distributions in accordance with the indentures or trust agreements.

5. MANNER OF PAYMENTS UNDER PLAN OF REORGANIZATION

Pursuant to Section 8.04 of the Plan, unless the person or entity receiving a payment agrees otherwise, any payment of Cash to be made by the Creditors' Trustee shall be made, at the election of the Creditors' Trustee, by check drawn on a domestic bank or by electronic or wire transfer from a domestic bank; *provided, however*, that no Cash payments shall be required to be made to a holder of an Allowed Claim unless the amount payable thereto is equal to or greater than twenty dollars (\$20.00). The Claim of any holder whose distribution is in an amount less than \$20.00 shall be discharged, and such holder shall be forever barred from asserting such Claim against the Creditors' Trust, the Creditors' Trustee, the Reorganized Debtor or each of their respective assets.

6. COMPLIANCE WITH TAX REQUIREMENTS

Pursuant to Section 8.09 of the Plan, in connection with the Plan, the Reorganized Debtor and/or Creditors' Trustee will comply with all tax withholding and reporting requirements imposed by any governmental unit, and all distributions pursuant to the Plan will be subject to such withholding and reporting requirements. Notwithstanding any other provision of the Plan, each entity receiving a distribution pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on it by any governmental unit on account of such distribution, including income, withholding, and other tax obligations.

C. *Procedures for Resolving Disputed Claims*

1. OBJECTIONS TO AND ESTIMATION OF CLAIMS

Pursuant to Section 9.01 of the Plan, following the Effective Date, the Creditors' Trustee shall object to the allowance of Claims with respect to which the Creditors' Trustee disputes liability, in whole or in part. All objections shall be litigated to a Final Order; *provided, however*, that the Creditors' Trustee may compromise and settle, withdraw or resolve by any other method approved by the Bankruptcy Court, any objections to Claims or Equity Interests. In addition, the Creditors' Trustee may, at any time, request that the Bankruptcy Court estimate any contingent Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtor has previously objected to such Claim. Except as otherwise provided by order of the Bankruptcy Court, the Creditors' Trustee may file an objection to any Claim until the later of: (i) thirty days after the date that such Claim becomes due and payable in accordance with its terms, or (ii) 180 days after the Effective Date.

2. PAYMENTS AND DISTRIBUTIONS ON DISPUTED CLAIMS

Pursuant to Section 9.06 of the Plan, no partial payments and no partial distributions shall be made with respect to a Disputed Claim until the resolution of such disputes by settlement or Final Order. As soon as practicable after a Disputed Claim becomes an Allowed Claim, the holder of such Allowed Claim shall receive all payments and distributions to which such holder is then entitled under the Plan.

D. *Conditions Precedent to Confirmation and Effective Date of the Plan*

1. CONDITIONS TO CONFIRMATION

Section 10.01 of the Plan provides that the confirmation of the Plan by the Bankruptcy Court shall be subject to, and conditioned upon, (i) entry by the Bankruptcy Court of the Disclosure Statement Order in form and substance reasonably acceptable to the Plan Proponents, and (ii) the Plan and Confirmation Order, including any schedules, documents, supplements, and exhibits thereto being in form and substance reasonably acceptable to the Plan Proponents.

2. **CONDITIONS TO EFFECTIVENESS**

Section 10.02 of the Plan provides that the effectiveness of the Plan shall be subject to, and conditioned upon, (i) the Confirmation Order, in form and substance reasonably acceptable to the Plan Proponents, becoming a Final Order, (ii) no request for revocation of the Confirmation Order under section 1144 of the Bankruptcy Code having been made or, if made, remaining pending, (iii) on the Effective Date, the Debtor having sufficient cash to fund the Creditors' Trust such that the Creditors' Trust may fund all distributions required on the initial Distribution Date, (iv) all other actions and documents necessary to implement the Plan shall have been effected or executed, and (v) the Effective Date occurring on or prior to July 29, 2016 or such other date as agreed to by each of the Plan Proponents.

3. **WAIVER OF CONDITIONS TO CONFIRMATION OR THE EFFECTIVE DATE**

Pursuant to Section 10.03 of the Plan, the conditions to confirmation and the conditions to the Effective Date may be waived in whole or part at any time by the Plan Proponents without an order of the Bankruptcy Court.

4. **REVOCAION OF THE PLAN**

Pursuant to Section 10.04 of the Plan, the Plan Proponents reserve the right to seek to vacate the Plan at any time prior to the Effective Date. If the Confirmation Order is vacated, then (i) the Plan will be null and void in all respects and (ii) nothing contained in the Plan will (a) constitute a waiver or release of any claims by or against, or any interest in, the Debtor or (b) prejudice in any manner the rights of the Debtor, the Committee, or any other party in interest.

E. *Effect of Plan Confirmation*

1. **BINDING EFFECT**

Pursuant to Section 15.08 of the Plan, the Plan shall be binding upon, and shall inure to the benefit of, the Debtor, holders of all Claims and Equity Interests, and their respective successors and assigns.

2. **DISCHARGE OF CLAIMS**

Pursuant to Article 12 of the Plan, unless otherwise provided in the Plan, confirmation of the Plan shall discharge the Debtor from any debt that arose before the Petition Date, and any debt of a kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) a proof of claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; (ii) a Claim based upon such debt is allowed under section 502 of the Bankruptcy Code; or (iii) the holder of a Claim based upon such debt has accepted the Plan.

3. EXCULPATION

Pursuant to Section 15.07, to the fullest extent permitted by applicable law and approved in the Confirmation Order, none of the Debtor, the Committee (and each of its individual members, in their capacities as members of the Committee), the DFC Notes Trustee, nor any of their respective former or current directors, officers, employees, advisors, affiliates, attorneys, financial advisors, representatives or agents shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with or arising out of, (i) any act, omission, transaction or other occurrence taking place on or after the Petition Date and in any way relating to the Debtor or the Bankruptcy Case, (ii) the formulation, negotiation, confirmation or consummation of the Plan, (iii) the solicitation of acceptances of the Plan, (iv) the administration of the Plan or property to be distributed under the Plan, or (v) the enforcement of the terms of the Plan and the contracts, instruments, releases, agreements and documents delivered thereunder, except for acts or omissions that constitute or are the result of fraud, criminal conduct, gross negligence, or willful misconduct. Exculpated parties shall, in all respects, be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Section 15.07 further provides that nothing in the Plan shall abrogate any applicable attorney disciplinary rule.

4. INJUNCTION

Pursuant to Article 14 of the Plan:

(a) *Injunction Against Asserting Claims of Debtor.* On and after the Confirmation Date, subject to the Effective Date, all Persons will be 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 Debtor for which the Debtor, Reorganized Debtor, the Committee, the Creditors' Trustee, or the Creditors' Trust, as the case may be, retains sole and exclusive authority to pursue in accordance with the Plan or otherwise.

(b) *Injunction Against Interference With 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 or former employees, agents, officers, directors or principals, will be enjoined from taking any actions to interfere with the implementation or consummation of the Plan.

5. TERM OF BANKRUPTCY INJUNCTION OR STAYS

Pursuant to Section 6.11 of the Plan, unless otherwise provided in the Plan or the Confirmation Order, all injunctions or stays in effect pursuant to sections 105 or 362 of the Bankruptcy Code or otherwise and in effect on the Confirmation Date shall remain in full force and effect until the Effective Date.

F. *Retention of Jurisdiction*

Article 13 of the Plan provides that, the Bankruptcy Court shall retain exclusive jurisdiction of these proceedings for the following purposes:

- (a) to hear and determine any and all applications, motions, adversary proceedings and contested or litigated matters arising out of, under, or related to, the Bankruptcy Case, the Tax Attributes, the Creditors' Trust Assets (including the Litigation Claims), or the D&O Claims;
- (b) to hear and determine any and all objections to the allowance of Claims and Equity Interests;
- (c) to hear and determine any and all applications for allowance of compensation and reimbursement of expenses;
- (d) to enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement, or the Confirmation Order;
- (e) with respect to a motion by the Creditors' Trustee, if any, pursuant to Section 7.05(a) of the Plan;
- (f) to effectuate payments under and performance of the provisions of the Plan;
- (g) to enter such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;
- (h) to determine the Plan Proponents' motion, if any, to modify the Plan in accordance with section 1127 of the Bankruptcy Code;
- (i) to issue such orders in aid of execution of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;
- (j) to consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the order confirming the Plan;
- (k) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan and any related documents, including but not limited to the Plan Supplement, the Disclosure Statement, the Confirmation Order, the Creditors' Trust Agreement, or any contract, instrument, release or other agreement or document created in connection with the Plan, the Plan Supplement, the Disclosure Statement, the Confirmation Order, or the Creditors' Trust Agreement, *provided, however*, that any disputes arising under or in connection with the Reorganized Debtor Governing Documents shall be adjudicated in accordance with the provisions of the applicable document;

- (l) to hear and determine any issue for which the Plan or any related document requires a Final Order of the Bankruptcy Court;
- (m) to enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Bankruptcy Case;
- (n) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- (o) to hear and determine all disputes involving the existence, nature, or scope of the Debtor's discharge;
- (p) to hear and determine all matters arising under the Creditors' Trust Agreement or relating to the Creditors' Trustee;
- (q) to enter a final decree closing the Bankruptcy Case; and
- (r) to hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code.

G. *Miscellaneous Provisions*

1. **GOVERNING LAW**

Section 1.07 of the Plan provides that, except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of a contract, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and constructed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

2. **SEVERABILITY**

Section 15.02 of the Plan provides that if, prior to confirmation, any term or provision of the Plan or Plan Documents, is held to be invalid, void, prohibited, or unenforceable the Plan Proponents may amend or modify the Plan to correct the defect, by amending or deleting the offending provision or otherwise, without re-solicitation of any acceptance or rejection of the Plan unless otherwise ordered by the Court, or may withdraw the Plan. Notwithstanding any such holding or alteration, the remainder of the terms and provisions of the Plan and the Plan Documents shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding or alteration. If any term or provision in the Plan or Plan Documents is held to be invalid, void, prohibited, or unenforceable following the Effective Date, such determination shall in no way affect, impair, or invalidate the enforceability and operative effect of any and all other provisions of the Plan or Plan Documents.

H. *Notices*

Pursuant to Section 15.10 of the Plan, Any notice required or permitted to be provided under the Plan shall be in writing and served by: (i) certified mail, return receipt requested, postage prepaid; (ii) hand delivery; or (iii) reputable overnight carrier service, freight prepaid, to be addressed as follows:

If to the Debtor, to:

Ropes & Gray LLP
1211 Avenue of the Americas
New York, NY 10036-8704
Attn: Mark I. Bane
Facsimile: (212) 596-9090
mark.bane@ropesgray.com

Ropes & Gray LLP
Prudential Tower
800 Boylston Street
Boston, MA 02446
Attn: James A. Wright III
Facsimile: (617) 235-9542
james.wright@ropesgray.com

-and -

If to the Committee, to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Attn: Brian D. Pfeiffer
Attn: Taejin Kim
Facsimile: (212) 593-5955
brian.pfeiffer@srz.com
tae.kim@srz.com

3. EXEMPTION FROM TRANSFER TAXES

Pursuant to Section 15.06 of the Plan and section 1146(c) of the Bankruptcy Code, none of (i) the issuance, transfer or exchange of any security under, in furtherance of, or in connection with, the Plan, (ii) the assignment or surrender of any lease or sublease, or the delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale or assignments executed in connection with any disposition of assets contemplated by the Plan (including real and personal property), (iii) transfers from the Debtor to the Creditors' Trust, or (iv) the disposition and/or encumbrance of assets in connection with any transactions contemplated hereunder (including any subsequent sale of property pursuant to the Plan), shall be subject to any stamp, real estate transfer, mortgage recording sales, use or other similar tax.

4. DISSOLUTION OF STATUTORY COMMITTEES.

Pursuant to Section 15.11 of the Plan, except as otherwise provided in any order of the Bankruptcy Court, on the Effective Date, the members of the Committee will thereupon be released and discharged of and from all further authority, duties, responsibilities and obligations related to and arising from and in connection with the Bankruptcy Case, *provided, however*, that

following the Effective Date, the Committee shall continue in existence and have standing and a right to be heard for the following limited purposes: (i) Claims and/or applications for compensation by Professionals and requests for allowance of Administrative Claims for substantial contribution pursuant to section 503(b)(3)(D) of the Bankruptcy Code; (ii) any adversary proceedings or contested matters as of the Effective Date to which the Committee is a party; (iii) any settlement, dispute, litigation, or resolution with respect to the D&O Claims; and (iv) responding to creditor inquiries for sixty (60) days following the Effective Date. Following the completion of the Committee's remaining duties set forth above, the Committee shall be dissolved, and the retention or employment of the Committee's respective attorneys, accountants and other agents shall terminate.

X. CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES (FOREIGN, FEDERAL, STATE AND LOCAL) OF THE PLAN TO THEM. THE PLAN PROPONENTS ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE CONFIRMATION AND CONSUMMATION OF THE PLAN AS TO ANY SPECIFIC HOLDER OF A CLAIM AGAINST THE DEBTORS, NOR ARE THE PLAN PROPONENTS RENDERING ANY FORM OF LEGAL OPINION AS TO SUCH TAX CONSEQUENCES.

The following discussion summarizes certain material U.S. federal income tax consequences of (i) the implementation of the Plan to Holders of Allowed General Unsecured Claims and (ii) the ownership and sale, exchange or other disposition of the consideration to be received pursuant to the Plan by the Holders in exchange for their Allowed General Unsecured Claims. This summary does not address the U.S. federal income tax consequences to Holders of any Claims other than General Unsecured Claims.

This discussion is based on existing provisions of the Internal Revenue Code of 1986, as amended (the "IRC"), existing and proposed Treasury Regulations promulgated thereunder, and current administrative rulings and court decisions. Legislative, judicial, or administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with respect to the U.S. federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly affect the U.S. federal income tax consequences of the Plan.

The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties. No ruling has been (or will be) requested or obtained from the Internal Revenue Service (the "IRS") or any other taxing authority with respect to any tax aspects of the Plan, and no opinion of counsel has been (or will be) sought or obtained with respect thereto. This discussion assumes that the Plan will be consummated in accordance with its terms. Events occurring after the date of the Disclosure Statement, including amendments or modifications to the Plan and changes in law and/or administrative positions, could affect the U.S. federal income tax consequences of the Plan. No representations are being made regarding the particular U.S. federal income tax consequences of the confirmation and consummation of the Plan to the Debtor or any Holders. This discussion is not binding on the IRS, and no assurance can be given

that the IRS would not assert, or that a court would not sustain, a different position from any discussed herein.

This summary does not address any estate, gift, Puerto Rico, state, local, or foreign law tax consequences of the Plan to the Debtor or to any Holder. Furthermore, this discussion does not address all tax considerations that might be relevant to particular Holders in light of their personal circumstances. In addition, this summary does not address the tax treatment of special classes of Holders, such as financial institutions, regulated investment companies, real estate investment trusts, tax-exempt entities, insurance companies, persons holding debt as part of a hedging, integrated or conversion transaction, constructive sale or “straddle,” U.S. expatriates, persons subject to the alternative minimum tax, and dealers or traders in securities or currencies.

For purposes of this discussion, a “U.S. Holder” is a Holder that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over the trust’s administration and one or more United States persons have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a “Non-U.S. Holder” is any Holder that is not a U.S. Holder other than any partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a Holder, the tax treatment of a partner (or other owner) generally will depend upon the status of the partner (or other owner) and the activities of the entity. Partners (or other owners) of partnerships (or other pass-through entities) that are Holders should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

A. *U.S. Federal Income Tax Consequences of the Plan to Holders of Allowed General Unsecured Claims*

1. *In General*

As mentioned above, the U.S. federal income tax consequences of the Plan to Holders of Allowed General Unsecured Claims are complex and subject to significant uncertainties. Such consequences may depend, among other things, on (1) the manner in which a Holder acquired a Claim; (2) the length of time the Claim has been held; (3) whether the Claim was acquired at a discount; (4) whether the Holder has taken a bad debt deduction with respect to the Claim (or any portion thereof); (5) whether the Holder has previously included in income accrued but unpaid interest with respect to the Claim; and (6) the Holder’s method of tax accounting.

EACH HOLDER OF AN ALLOWED GENERAL UNSECURED CLAIM IS STRONGLY URGED TO CONSULT SUCH HOLDER’S OWN TAX ADVISOR

REGARDING THE SPECIFIC TAX CONSEQUENCES TO SUCH HOLDER OF THE
TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

2. *U.S. Federal Income Tax Consequences of the Plan to U.S. Holders*

a. *In General*

Pursuant to the Plan, the Holders of Allowed General Unsecured Claims will exchange directly with the Debtor their Allowed Claims for the consideration specified in the Plan (the “Exchanges”).

The Exchanges should be treated as fully taxable transactions, subject to the discussion below regarding the treatment of accrued but unpaid interest in section X.A.2.b, “—*Accrued but Unpaid Interest*”, and the “market discount” rules described below in section X.A.2.c, “—*Market Discount*.” A U.S. Holder of Allowed General Unsecured Claims will recognize gain or loss for U.S. federal income tax purposes on an Exchange equal to the difference between (i) the sum of (A) any cash received in the Exchange and (B) the fair market value of any interests in the Creditors’ Trust received in the Exchange, and (ii) such U.S. Holder’s adjusted tax basis in the Allowed General Unsecured Claims surrendered, determined immediately prior to the Effective Date. Such gain or loss should be capital gain or loss if the Allowed General Unsecured Claims surrendered were capital assets to such U.S. Holder and, if so, should be long-term capital gain or loss, if the Allowed General Unsecured Claims were held for more than one year by the U.S. Holder on the Effective Date. Currently, long-term capital gains of an individual taxpayer generally are taxed at preferential rates, but the deductibility of capital losses is limited.

Additionally, if the Exchange is treated as a fully taxable transaction, a U.S. Holder’s initial tax basis in any interests in the Creditors’ Trust received in the Exchange will equal the fair market value of such interests in the Creditors’ Trust on the Effective Date.

As mentioned above, this discussion is not binding on the IRS, and no assurance can be given that the IRS would not assert, or that a court would not sustain, a different position from any discussed herein including as to the characterization of an Exchange for U.S. federal income tax purposes. U.S. Holders of Allowed General Unsecured Claims should consult their respective tax advisors regarding the appropriate treatment of an Exchange for U.S. federal income tax purposes, including whether Holders may recognize any gain or loss realized upon the Exchange.

b. *Accrued but Unpaid Interest*

A portion of the consideration received by U.S. Holders of Allowed General Unsecured Claims may be attributable to accrued but unpaid interest with respect to such Allowed General Unsecured Claims. Such amount should be taxable to a U.S. Holder as ordinary interest income if the accrued interest has not been previously included in the Holder’s gross income for U.S. federal income tax purposes. Conversely, a U.S. Holder may recognize a loss to the extent that any accrued interest was previously included in income and is not paid in full. Pursuant to Section 8.09 of the Plan, the Debtor will allocate all distributions in respect of any Allowed General Unsecured Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest. However, no assurance can be given that the IRS will respect such allocation.

If a distribution with respect to an Allowed General Unsecured Claim is allocated entirely to the principal amount of such Claim, a U.S. Holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on such Claim that was previously included in the U.S. Holder's gross income. U.S. Holders of Allowed General Unsecured Claims should consult their respective tax advisors regarding the proper allocation of the consideration received pursuant to the Plan and the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

c. *Market Discount*

The market discount provisions of the IRC may apply to U.S. Holders of Allowed General Unsecured Claims. In general, a debt obligation acquired by a U.S. Holder in the secondary market is a "market discount bond" as to that U.S. Holder if the debt obligation's stated redemption price at maturity (or, in the case of a debt obligation having original issue discount, its adjusted issue price) exceeds, by more than a statutory *de minimis* amount, the debt obligation's tax basis in the U.S. Holder's hands immediately after its acquisition. A U.S. Holder that realizes gain upon the Exchange may be required to treat such gain as ordinary income to the extent of any accrued market discount with respect to such U.S. Holder's Allowed General Unsecured Claims.

3. *U.S. Federal Income Tax Consequences of Sale, Exchange or Other Taxable Disposition of Interests in Creditors' Trust to U.S. Holders*

As a preliminary matter, Section 7.04(b) of the Plan provides that interests in the Creditors' Trust will not be transferable absent prior written consent of the Creditors' Trustee.

Assuming such consent is granted to a transfer of interests in the Creditors' Trust, and unless a nonrecognition provision applies, upon the sale, exchange or other disposition of interests in the Creditors' Trust, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between (i) the amount of cash and the fair market value of any property received and (ii) such U.S. Holder's adjusted tax basis in the interests in the Creditors' Trust, as the case may be. A U.S. Holder's adjusted tax basis in interests in the Creditors' Trust will, in general, be such U.S. Holder's initial tax basis in such interests, reduced by any distributions paid to such U.S. Holder from the Creditors' Trust. Any gain or loss recognized on the sale, exchange or other disposition of interests in the Creditors' Trust should be capital gain or loss. Such gain or loss will be long-term capital gain or loss if the applicable U.S. Holder has a holding period in the interests in the Creditors' Trust, as the case may be, of more than one year at the time of the sale, exchange or retirement. Currently, long-term capital gains of individual taxpayers generally are taxed at preferential rates, but the deductibility of capital losses is limited.

4. *U.S. Federal Income Tax Consequences of the Plan to Non-U.S. Holders*

The rules governing the U.S. federal income tax consequences to Non-U.S. Holders are complex. Each Non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state and local and the foreign tax consequences to such Non-U.S. Holder of the restructuring and transactions proposed in the Plan.

Subject to the discussion below in section X.A.6, “—*Information Reporting and Backup Withholding*,” a Non-U.S. Holder should not be subject to U.S. federal income tax on gain realized in connection with the Plan, unless: (i) the gain is effectively connected with such Non-U.S. Holder’s conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment), in which case the gain or loss will be treated in the manner described in section X.A.5.c, “—*Effectively Connected Income and Loss*,” below (such gain or loss “ECI” and such U.S. federal income tax treatment, “ECI Treatment”), (ii) the Non-U.S. Holder is an individual who is a “non-resident” and who is present in the United States for 183 days or more during the taxable year of the Restructuring, and certain other conditions are met (the “183-Day Test”), in which case the gain (as may be reduced by any U.S.-source capital losses) will be subject to 30% tax (or such lower rate as may be provided by an applicable income tax treaty) (the “Exempt Individual Treatment”), or (iii) a portion of the consideration received by such Non-U.S. Holder is attributable to accrued but unpaid interest, in which case such amounts will be subject to the rules governing interest discussed in section X.A.2.b, “—*Accrued but Unpaid Interest*,” above.

5. *U.S. Federal Income Tax Consequences to Non-U.S. Holders of Sale, Exchange or Other Taxable Disposition of interests in the Creditors’ Trust*
 - a. *U.S. Federal Income Tax Consequences of Sale, Exchange or Other Taxable Disposition of Interests in the Creditors’ Trust*

As a preliminary matter, Section 7.04(b) of the Plan provides that interests in the Creditors’ Trust will not be transferable absent prior written consent of the Creditors’ Trustee.

Assuming such consent is granted to a transfer of interests in the Creditors’ Trust, and subject to the discussion below under section X.A.5.c, “—*FATCA*” and under section X.A.6, “—*Information Reporting and Backup Withholding*,” in general, a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax on gain realized upon such Non-U.S. Holder’s sale, exchange or other taxable disposition of interests in the Creditors’ Trust, unless (i) such gain is ECI, in which case the ECI Treatment will apply; or (ii) such Non-U.S. Holder is an individual who meets the 183-Day Test, in which case the Exempt Individual Treatment will apply.

- b. *Effectively Connected Income and Loss*

If a Non-U.S. Holder is engaged in a trade or business in the United States, and if gain or loss realized on the disposition of interests in the Creditors’ Trust is ECI, any such gain or loss recognized by a Non-U.S. Holder will be subject to taxation in the same manner as if such Non-U.S. Holder were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, such Non-U.S. Holder may be subject to a 30% “branch profits tax” on earnings and profits effectively connected with such U.S. trade or business (subject to certain adjustments). Notwithstanding the foregoing, taxation on income that is ECI may be reduced or eliminated by an applicable income tax treaty. Non-U.S. Holders should consult their respective tax advisors regarding the applicability of the ECI rules.

c. *FATCA*

Under the Foreign Account Tax Compliance Act (“FATCA”), which was enacted in 2010, foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding on the receipt of “withholdable payments”. For this purpose, “withholdable payments” are generally U.S.-source payments of fixed or determinable, annual or periodical income, and also include gross proceeds from the sale of any equity or debt instruments of U.S. issuers. FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding tax.

Each Non-U.S. Holder should consult its own tax advisor regarding the possible impact of these rules on such Non-U.S. Holder’s ownership of interests in the Creditors’ Trust.

6. *Information Reporting and Backup Withholding*

Unless certain exceptions apply, an issuer must report annually to the IRS and to each applicable Holder any interest or dividends paid during the taxable year, and copies of these information returns may be made available pursuant to a treaty or other agreement to the tax authorities of the country in which an applicable Non-U.S. Holder resides.

In addition, U.S. federal backup withholding may apply to such payments unless, in the case of a U.S. Holder, such U.S. Holder provides a properly executed IRS Form W-9 and, in the case of Non-U.S. Holder, such Non-U.S. Holder provides a properly executed applicable IRS Form W-8 (or otherwise establishes such Non-U.S. Holder’s eligibility for an exemption). In general, corporations are exempt from these requirements, provided that their exemptions are properly established. The current backup withholding rate is 28%. Backup withholding is not an additional tax. Any amounts withheld from a payment to a Holder under the backup withholding rules will be allowed as a credit against such Holder’s U.S. federal income tax liability and may entitle the Holder to a refund, provided that such Holder timely furnishes the required information to the IRS.

Each Holder should consult its own tax advisor regarding the application of information reporting and backup withholding in such Holder’s particular situation, the availability of an exemption from backup withholding and the procedures for obtaining any such exemption or for obtaining a refund of any such backup withholding that may be imposed.

B. *Importance of Obtaining Professional Tax Assistance*

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE RESTRUCTURING AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES OF THE RESTRUCTURING ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER’S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT THEIR RESPECTIVE TAX ADVISORS ABOUT THE U.S.

FEDERAL, PUERTO RICO, STATE AND LOCAL AND APPLICABLE FOREIGN AND OTHER TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

XI. CONFIRMATION

Capitalized terms used in this Article XI but not otherwise defined in Annex I shall have the meanings assigned such terms in the Plan.

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing to consider confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a chapter 11 plan.

The Bankruptcy Court has scheduled a Confirmation Hearing on [--], 2016 to consider whether the Plan satisfies the various requirements of the Bankruptcy Code. At that time, the Debtor will submit a report to the Bankruptcy Court concerning the vote for acceptance or rejection of the Plan by the parties entitled to vote thereon. Confirmation Hearing Notices are being provided to all Holders of Claims and Equity Interests as required by the Bankruptcy Rules. Objections to confirmation must be filed with the Bankruptcy Court by [--], 2016 and are governed by Bankruptcy Rules 3020(b) and 9014 and the local rules of the Bankruptcy Court. ANY OBJECTION TO CONFIRMATION OF THE PLAN NOT TIMELY SERVED AND FILED IN ACCORDANCE WITH THE CONFIRMATION HEARING NOTICE MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

B. Requirements for Confirmation

At the Confirmation Hearing, the Bankruptcy Court will determine whether the provisions of section 1129 of the Bankruptcy Code have been satisfied by the Plan. If all of the provisions of section 1129 of the Bankruptcy Code are found to have been met, the Bankruptcy Court may enter an order confirming the Plan. The Plan Proponents believe that all of the requirements of section 1129 of the Bankruptcy Code will be found to have been satisfied.

C. Class Acceptance of the Plan

As a condition to confirmation, the Bankruptcy Code requires that each impaired class of claims or interests accept a plan, subject to the exceptions described in the section entitled “cram down” below. At least one impaired class of claims must accept a plan in order for the plan to be confirmed.

For a class of claims to accept a chapter 11 plan, section 1126 of the Bankruptcy Code requires acceptance by creditors that hold at least two-thirds in dollar amount and a majority in number of the allowed claims of such class, in both cases counting only those claims actually voting to accept or reject the plan. The holders of claims who fail to vote are not counted as either accepting or rejecting a chapter 11 plan.

For a class of interests to accept a chapter 11 plan, section 1126 of the Bankruptcy Code requires acceptance by interest holders that hold at least two-thirds in amount of the allowed interests of such class, counting only those interests actually voting to accept or reject the plan. The holders of interests who fail to vote are not counted as either accepting or rejecting a chapter 11 plan.

If the Plan is confirmed, the Plan will be binding on all Holders of Claims and Equity Interests of each Class, including Classes and members of such Classes that did not vote or that voted to reject the Plan.

The Plan Proponents believe that the Plan satisfies all of the statutory requirements of chapter 11 of the Bankruptcy Code, that the Plan Proponents have complied or will have complied with all of the requirements of chapter 11 and that the Plan has been proposed and made in good faith.

D. *Cram Down*

A court may confirm a chapter 11 plan not accepted by all impaired classes, if the plan has been accepted by at least one impaired class of claims and the plan meets the “cram down” requirements set forth in section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code requires the court to find that the plan is “fair and equitable” and does not “discriminate unfairly” against any nonaccepting impaired class of claims or interests. With respect to a dissenting class of claims, the “fair and equitable” standard requires, among other things, that, pursuant to the plan, either (i) each holder of a claim in such dissenting class will receive or retain property having a value, as of the effective date of the plan, equal to the allowed amount of its claim, or (ii) no holder of allowed claims or interests in any junior class will receive or retain any property on account of such claims or interests. With respect to a dissenting class of interests, the “fair and equitable” standard requires that pursuant to the Plan, either (i) each holder of an interest in the dissenting class will receive or retain property having a value, as of the effective date, equal to the greater of the allowed amount of any fixed liquidation preference to which such holder is entitled, or the value of such interests or (ii) no holder of an interest in any junior class will receive or retain any property on account of such interests. The strict requirement of the allocation of full value to dissenting classes before junior classes can receive a distribution is known as the “absolute priority rule.”

The Plan has Impaired Classes that will be deemed to have rejected the Plan. The Plan Proponents will be requesting that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code. See Article II. “RISK FACTORS.” The Plan Proponents believe that the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code with respect to each Impaired Class.

E. *Plan Meets Requirements for Confirmation*

1. **BEST INTERESTS OF CREDITORS—LIQUIDATION ANALYSIS**

To confirm a chapter 11 plan, the Bankruptcy Court must determine that the plan meets the requirements of section 1129(a)(7) of the Bankruptcy Code, that is, that the plan is in the best interests of each holder of a claim or equity interest in an impaired class that has not voted to

accept the plan. To satisfy this “best interests” test, the Bankruptcy Court must find that the plan provides each non-consenting holder in such impaired class with a recovery, on account of such holder’s claim or equity interest, that has a value at least equal to the value of the distribution that each such holder would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code.

The Plan Proponents believe that confirmation of the Plan is in the best interests of the Holders of Claims and Equity Interests because the Plan provides distributions to such Holders having a present value, as of the Effective Date, of not less than the value such Holders likely would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. See Article VII. “REORGANIZED VALUE ANALYSIS” and Article VIII. “LIQUIDATION ANALYSIS.”

To estimate what members of each Impaired Class of Claims or Equity Interests would receive if the Debtor were liquidated pursuant to chapter 7 of the Bankruptcy Code, the Plan Proponents must first determine the aggregate dollar amount that would be available to such members for distribution if the Chapter 11 Case were converted to cases under chapter 7 of the Bankruptcy Code and the Debtor’s assets were liquidated by a chapter 7 trustee. The resulting Liquidation Value of the Debtor would consist of the net proceeds from the disposition of assets of the Debtor, augmented by any cash held by the Debtor.

The Plan Proponents believe that chapter 7 liquidation would result in a diminution in the value to be realized by Holders of Claims and Equity Interests due primarily to the loss of the Tax Attributes, increased expenses, and delays in distributions. Consequently, the Plan Proponents believe that the Plan will provide a greater ultimate return to Holders of Claims than would a chapter 7 liquidation.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Holders of Claims in Impaired Classes will receive distributions under the Plan that are at least as great as the distributions that such Holders would receive upon a liquidation of the Debtor pursuant to chapter 7 of the Bankruptcy Code.

2. FEASIBILITY OF THE PLAN

The Plan Proponents believe that confirmation of the Plan is not likely to be followed by a liquidation of the Reorganized Debtor or a need for a further financial reorganization of the Reorganized Debtor. Following the Effective Date, the Reorganized Debtor’s assets will be limited principally to the Tax Attributes and the Reorganized Debtor will be 100% owned by the Creditors’ Trust. The Plan Proponents believe that the Creditors’ Trust will have more than sufficient cash and other assets to administer the remaining assets in the Creditors’ Trust, administer the claims resolution process, and preserve the Reorganized Debtor for the benefit of the Creditors’ Trust Beneficiaries. Accordingly, the Plan Proponents believe the Plan as proposed is feasible and that no further reorganization of the Reorganized Debtor will be necessary following confirmation of the Plan.

F. *Alternatives to Confirmation and Consummation of the Plan*

If the Plan is not confirmed by the Bankruptcy Court and then consummated, the alternatives available to the Debtor would include (i) confirmation of an alternative plan under chapter 11 of the Bankruptcy Code or (ii) liquidation under chapter 7 of the Bankruptcy Code. If the Plan is not confirmed, the Plan Proponents will decide which alternative to pursue by weighing each of the available options and choosing the alternative or alternatives that are in the best interests of the Debtor, its stakeholders, and other parties in interest.

1. ALTERNATIVE PLANS OF REORGANIZATION

If the Plan is not confirmed, the Debtor or another party in interest could attempt to formulate a different plan of reorganization. Such a plan might involve either a reorganization or continuation of the Company's operations or an orderly liquidation of the Debtor's assets.

The Plan Proponents believe that the Plan is a significantly more attractive alternative than those alternatives, because the Plan will result in a larger distribution to creditors than would other types of reorganizations under chapter 11 of the Bankruptcy Code or a liquidation under chapter 7 or chapter 11 of the Bankruptcy Code and will avoid the disruptions and increased costs that would result from a protracted and contested bankruptcy case.

2. DISMISSAL OF THE DEBTOR'S CHAPTER 11 CASE

Dismissal of the Debtor's Chapter 11 Case would have the effect of restoring (or attempting to restore) all parties to the *status quo* as of the commencement of the Chapter 11 Case on March 11, 2015. Upon dismissal of the Debtor's Chapter 11 Case, the Debtor would lose the protections afforded by the Bankruptcy Code, thereby requiring, at the very least, an extensive and time-consuming process of negotiation with the Company's creditors to fairly distribute assets and possibly resulting in costly and protracted litigation in various jurisdictions. Therefore, the Plan Proponents believe that dismissal of the Chapter 11 Case is not a viable alternative to the Plan.

3. LIQUIDATION UNDER CHAPTER 7 OR CHAPTER 11

If no plan of reorganization is confirmed (and in certain other circumstances), the Chapter 11 Case may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtor for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. A discussion of the potential effects that a chapter 7 liquidation would have on the recovery of Holders of Claims and Equity Interests is set forth under Article VIII. "LIQUIDATION ANALYSIS." The Plan Proponents believe that liquidation under chapter 7 would result in smaller distributions to Holders of Claims in certain Classes as compared to those provided for in the Plan primarily due to the loss of the Tax Attributes and increased expenses in a chapter 7 liquidation. A chapter 7 liquidation might also result in substantial litigation and delays in ultimate distributions to creditors. See Article VIII. "LIQUIDATION ANALYSIS."

RECOMMENDATION AND CONCLUSION

The Plan Proponents believe that confirmation of the Plan is in the best interests of creditors and that the Plan should be confirmed. The Plan Proponents recommend that all Holders of Claims that are entitled to vote on the Plan vote to accept the Plan.

Dated: June 1, 2016

Respectfully Submitted,

DORAL FINANCIAL CORPORATION

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF DORAL FINANCIAL
CORPORATION

By: /s/ Carol Flaton
Carol Flaton
Chief Restructuring Officer

By: /s/ Mark Erickson
Name: Mark Erickson
Title: Eton Park Master Fund, Ltd.,
Co-Chair of the Official Committee of
Unsecured Creditors

ANNEX I

Terms

“183-Day Test” shall have the meaning given in ARTICLE X.A.4.

“1451 FDR Ave.” is defined in ARTICLE III.D.2.

“1999 AFICA Bonds” is defined in ARTICLE III.D.2.

“1999 Loan Agreement Claims” shall have the meaning ascribed in the Plan.

“2002 AFICA Bonds” is defined in ARTICLE III.D.2.

“2002 Loan Agreement Claims” shall have the meaning ascribed in the Plan.

“2006 Closing Agreement” is defined in ARTICLE III.C.

“2007 Closing Agreement” is defined in ARTICLE III.C.

“2009 Closing Agreement” is defined in ARTICLE III.C.

“2012 Closing Agreement” is defined in ARTICLE III.C.

“Abbey” is defined in ARTICLE IV.D.

“Administrative Claim” shall have the meaning ascribed in the Plan.

“AFICA” is defined in ARTICLE III.D.2.

“AFICA Bonds” is defined in ARTICLE III.D.2.

“Allowed” shall have the meaning ascribed in the Plan.

“Bankruptcy Code” shall have the meaning ascribed in the Plan.

“Bankruptcy Court” shall have the meaning ascribed in the Plan.

“Bankruptcy Rules” shall have the meaning ascribed in the Plan.

“Bar Date” is defined in ARTICLE IV.E.

“Best Interests Test” shall have the meaning given in ARTICLE VIII.

“Business Day” shall have the meaning ascribed in the Plan.

“Cash” shall have the meaning ascribed in the Plan.

“Charging Lien” shall have the meaning ascribed in the Plan.

“Claim” shall have the meaning ascribed in the Plan.

“Class” shall have the meaning ascribed in the Plan.

“Class 4 Trigger Event” shall have the meaning given in ARTICLE VI.D.1.

“Class 5 Trigger Event” shall have the meaning given in ARTICLE VI.D.1.

“Class Period” is defined in ARTICLE III.G.

“Committee” shall have the meaning ascribed in the Plan.

“Commonwealth” means the Commonwealth of Puerto Rico.

“Common Stock” shall have the meaning ascribed in the Plan.

“Complaint” is defined in ARTICLE III.G.

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“Confirmation Hearing” means the hearing regarding confirmation of the Plan pursuant to Bankruptcy Code section 1129.

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“Cure Claims” shall have the meaning ascribed in the Plan.

“D&O Claims” is defined in ARTICLE VI.E.6.

“Debtor” shall have the meaning ascribed in the Plan.

“DFC Notes” is defined in ARTICLE III.D.

“DFC Notes Indenture” shall have the meaning ascribed in the Plan.

“Disclosure Statement” means this Disclosure Statement.

“Disputed” shall have the meaning ascribed in the Plan.

“District Court” is defined in ARTICLE III.G.

“Doral Bank” is defined in ARTICLE III.A.

“Doral Group” is defined in ARTICLE III.C.

“Doral Insurance” is defined in ARTICLE IV.C.1.

“Doral Properties” is defined in ARTICLE IV.C.3.

“ECI” shall have the meaning given in ARTICLE X.A.4.

“ECI Treatment” shall have the meaning given in ARTICLE X.A.4.

“Effective Date” shall have the meaning ascribed in the Plan.

“Equity Interests” shall have the meaning ascribed in the Plan.

“Exchanges” shall have the meaning given in ARTICLE X.A.2.a.

“Exempt Individual Treatment” shall have the meaning given in ARTICLE X.A.4.

“Fannie Mae” is defined in ARTICLE IV.E.

“FATCA” means the Foreign Account Tax Compliance Act.

“FDIC” is defined in ARTICLE III.A.

“FDIC-R” is defined in ARTICLE III.A.

“Final Order” shall have the meaning ascribed in the Plan.

“FIRREA” means the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

“FirstBank” is defined in ARTICLE IV.F.

“General Unsecured Claims” shall have the meaning ascribed in the Plan.

“Greengift” is defined in ARTICLE IV.C.2.

“Hacienda” is defined in ARTICLE III.C.

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“Impaired” shall have the meaning ascribed in the Plan.

“Indenture Trustees” shall have the meaning ascribed in the Plan.

“Intercompany Claims” shall have the meaning ascribed in the Plan.

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“IRS” means the Internal Revenue Service.

“Lead Plaintiffs” is defined in ARTICLE III.G.

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“Litigation Claims” shall have the meaning ascribed in the Plan.

“Nominee” means a holder in street name of CT Notes and AFICA Notes, including brokers, banks, dealers, or other agents or nominees.

“Non-U.S. Holder” shall have the meaning given in ARTICLE X.

“OCIF” is defined in ARTICLE III.A.

“Other Assets” is defined in ARTICLE VII.A.

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“Plan Supplement” shall have the meaning ascribed in the Plan.

“Priority Tax Claims” shall have the meaning ascribed in the Plan.

“Professional Fee Claim” shall have the meaning ascribed in the Plan.

“Pro Rata” shall have the meaning ascribed in the Plan.

“Receivership” is defined in ARTICLE III.A.

“REO” is defined in ARTICLE IV.C.2.

“Reorganized Debtor” shall have the meaning ascribed in the Plan.

“Reorganized Debtor Common Stock” means “Common Stock” as defined in the Plan.

“RNPM” is defined in ARTICLE IV.C.2.

“Secretary” is defined in ARTICLE IV.F.

“Secured Claims” shall have the meaning ascribed in the Plan.

“Securities Litigation” is defined in ARTICLE III.G.

“Securities Litigation Settlement” is defined in ARTICLE III.G.

“Securities Litigation Settling Defendants” is defined in ARTICLE III.G.

“Solicitation” means the solicitation of votes to accept or reject the Plan pursuant to this Disclosure Statement.

“Tax Attributes” is defined in ARTICLE III.B.

“Tax Refund” is defined in ARTICLE III.B.

“U.S. Holder” shall have the meaning given in ARTICLE X.

“United States Trustee” shall have the meaning ascribed in the Plan.

“Voting Agent” means Garden City Group, LLC, in its capacity as the voting and tabulation agent for the Solicitation.

“Voting Deadline” means [--], 2016 unless extended.

“Voting Instructions” means the voting instructions described in Article I hereof, together with the instructions contained in the Ballot and Master Ballot.

“Voting Record Date” means the close of business on [--], 2016 unless extended.

“Zolfo Cooper” means Zolfo Cooper LLC and Zolfo Cooper Management, LLC.

Exhibit D

Changed Pages Redline of Amended Disclosure Statement

THIS DISCLOSURE STATEMENT IS SUBJECT TO THE APPROVAL OF THE BANKRUPTCY COURT AND IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN. ACCEPTANCES OR REJECTIONS OF THE PLAN MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X		
In re	:	Chapter 11
	:	
Doral Financial Corporation, <i>et al.</i> , ¹	:	Case No. 15-10573 (SCC)
	:	
Debtors.	:	Jointly Administered
-----X		

AMENDED DISCLOSURE STATEMENT PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE FOR PLAN OF REORGANIZATION PROPOSED BY DORAL FINANCIAL CORPORATION AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF DORAL FINANCIAL CORPORATION

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Counsel to the Debtors

¹ The last four digits of the taxpayer identification number of the Debtors are: Doral Financial Corporation (2162); Doral Properties, Inc. (2283).

Dated: ~~April 28~~June 1, 2016

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ANNEXES I

EXHIBITS

Exhibit A: Proposed Chapter 11 Plan of Reorganization

Exhibit B: Liquidation Analysis

<u>Name</u>	<u>Position(s) held</u>
Carol Flaton	Chief Restructuring Officer
Enrique R. Ubarri	General Counsel

G. *Certain Securities Litigation*

The following language was added to the Disclosure Statement at the request of counsel to the Lead Plaintiffs:

On November 6, 2014, Jensine Andresen, Ken M. Nimmons and Mordechai Hakim (collectively, the “Lead Plaintiffs”) filed, on behalf of themselves and on behalf of all other similarly situated purchasers of the common stock of Doral Financial Corporation between April 2, 2012 and May 1, 2014, inclusive (the “Class Period”), the *Consolidated Amended Complaint for Violations of the Federal Securities Laws* (the “Complaint”) in the United States District Court for the District of Puerto Rico (the “District Court”), thereby commencing the consolidated class action styled *Robert Blue, Individually and on Behalf of All Others Similarly Situated vs. Doral Financial Corporation, Glenn R. Wakeman, Robert E. Wahlman, Penko Ivanov, David Hooston, Enrique R. Ubarri-Baragano and Christopher C. Poulton*, Case No. 3:14-cv-01393 (GAG) (D.P.R.) (the “Securities Litigation”). The Complaint alleges, among other things, violations of federal securities laws in connection with materially false and misleading statements in various financial statements issued during the Class Period.

The Lead Plaintiffs have reached an agreement (the “Securities Litigation Settlement”) with certain non-Debtor Defendants in the Securities Litigation (the “Securities Litigation Settling Defendants”) to settle the claims and causes of action asserted against the Securities Litigation Settling Defendants in the Securities Litigation for \$7 million. The Bankruptcy Court entered an order on March 31, 2016 authorizing, to the extent necessary, the funding of the Securities Litigation Settlement through certain directors’ and officers’ liability insurance proceeds. The District Court entered an Order preliminarily approving the Securities Litigation Settlement on April 21, 2016 and scheduled a hearing to consider final approval of the Securities Litigation Settlement for August 8, 2016 at 9:00 a.m. (ET).

IV. EVENTS DURING THE CHAPTER 11 CASE

A. Early Relief

On the first day of the Chapter 11 Case, the Company requested and later received relief that enabled the Debtor to enter bankruptcy with minimal impact on its day-to-day operations. With this relief, the Debtor transitioned into operating in bankruptcy.

would not or cannot promptly be made to the beneficial holders of the CT Notes and AFICA Bonds

12. ESTABLISHMENT OF ADMINISTRATIVE BAR DATE

Pursuant to Section 2.06 of the Plan, except as otherwise provided in the Plan, any requests for payment of Administrative Claims (other than Professional Fee Claims) must be filed and served on the Creditors' Trustee in accordance with the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order no later than the Administrative Claims Bar Date. The Administrative Claims Bar Date is the date that is thirty (30) days after entry of the Confirmation Order. Holders of Administrative Claims that are required to, but fail to, file and serve a request for payment of such Administrative Claims by the Administrative Claims Bar Date shall be forever barred, estopped and enjoined from asserting such Administrative Claims against the Debtor or its property and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests, if any, must be filed and served on the Creditors' Trustee and the requesting party no later than [--], 2016, the Administrative Claims Objection Deadline.

All requests for payment of Professional Fee Claims must be filed and served on the Creditors' Trustee and the United States Trustee pursuant to the procedures specified in the Confirmation Order no later than forty-five (45) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to such requests, if any, must be filed and served on the Creditors' Trustee, the United States Trustee, and the requesting party no later than twenty (20) days (or such longer period as may be allowed by order of the Bankruptcy Court or agreed upon between the requesting party and the United States Trustee) after the date on which the applicable request for payment was served.

VII. REORGANIZED VALUE ANALYSIS

A. *Value of Reorganized Debtor*

As one of the conditions of confirmation of a chapter 11 plan, the Bankruptcy Code requires that the holder of any claim that is junior to an impaired class of claims not receive or retain any property under the plan on account of such junior claim or interest. This requirement is known as the absolute priority rule. Similarly, under the absolute priority rule, a senior class of creditors may not receive or retain property of a value worth more than 100% of the amount of its claims.

Under the Plan, other than in limited circumstances discussed below, the Classes of holders receiving no distribution in accordance with the absolute priority rule are Class 3 (Intercompany Claims), Class 4 (Subordinated Claims), and Class 5, the Debtor's prepetition Equity Interests (which includes both preferred and common stock in the Debtor). As discussed below, the Plan Proponents submit that the Intercompany Claims, Subordinated Claims and Equity Interests are not entitled to a recovery under the Plan.

The Debtor's remaining assets fall into four categories: cash, the Tax Attributes, Litigation Claims, and other unliquidated non-cash assets (such as the I/O Strips). According to the most recently filed monthly operating report, which provides information as of March

E. *Effect of Plan Confirmation*

1. **BINDING EFFECT**

Pursuant to Section 15.08 of the Plan, the Plan shall be binding upon, and shall inure to the benefit of, the Debtor, holders of all Claims and Equity Interests, and their respective successors and assigns.

2. **DISCHARGE OF CLAIMS**

Pursuant to Article 12 of the Plan, unless otherwise provided in the Plan, confirmation of the Plan shall discharge the Debtor from any debt that arose before the Petition Date, and any debt of a kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) a proof of claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; (ii) a Claim based upon such debt is allowed under section 502 of the Bankruptcy Code; or (iii) the holder of a Claim based upon such debt has accepted the Plan.

3. **EXCULPATION**

Pursuant to Section 15.07, to the fullest extent permitted by applicable law and approved in the Confirmation Order, none of the Debtor, the Committee (and each of its individual members, in their capacities as members of the Committee), the DFC Notes Trustee, nor any of their respective former or current directors, officers, employees, advisors, affiliates, attorneys, financial advisors, representatives or agents shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with or arising out of, (i) any act, omission, transaction or other occurrence taking place on or after the Petition Date and in any way relating to the Debtor or the Bankruptcy Case, (ii) the formulation, negotiation, confirmation or consummation of the Plan, (iii) the solicitation of acceptances of the Plan, (iv) the administration of the Plan or property to be distributed under the Plan, or (v) the enforcement of the terms of the Plan and the contracts, instruments, releases, agreements and documents delivered thereunder, except for acts or omissions that constitute or are the result of fraud, criminal conduct, gross negligence, or willful misconduct. Exculpated parties shall, in all respects, be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. [Section 15.07 further provides that nothing in the Plan shall abrogate any applicable attorney disciplinary rule.](#)

4. **INJUNCTION**

Pursuant to Article 14 of the Plan:

(a) *Injunction Against Asserting Claims of Debtor.* On and after the Confirmation Date, subject to the Effective Date, all Persons will be 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 Debtor for which the Debtor, Reorganized Debtor, the Committee, the

Dated: ~~April 28~~June 1, 2016

Respectfully Submitted,

DORAL FINANCIAL CORPORATION

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF DORAL FINANCIAL
CORPORATION

By: /s/ Carol Flaton
Carol Flaton
Chief Restructuring Officer

By: /s/ Mark Erickson
Name: Mark Erickson
Title: Eton Park Master Fund, Ltd.,
Co-Chair of the Official Committee of
Unsecured Creditors

“Claim” shall have the meaning ascribed in the Plan.

“Class” shall have the meaning ascribed in the Plan.

“Class 4 Trigger Event” shall have the meaning given in ARTICLE VI.D.1.

“Class 5 Trigger Event” shall have the meaning given in ARTICLE VI.D.1.

| “Class Period” is defined in ARTICLE III.G.

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“Commonwealth” means the Commonwealth of Puerto Rico.

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“Intercompany Claims” shall have the meaning ascribed in the Plan.

“IRC” means the Internal Revenue Code of 1986, as amended.

“IRS” means the Internal Revenue Service.

“Lead Plaintiffs” is defined in ARTICLE III.G.

“Liquidation Value” means the aggregate dollar amount that would be available for distribution if the Chapter 11 Case were converted to cases under chapter 7 of the Bankruptcy Code and the Debtor’s assets were liquidated by a chapter 7 trustee.

“Litigation Claims” shall have the meaning ascribed in the Plan.

“Nominee” means a holder in street name of CT Notes and AFICA Notes, including brokers, banks, dealers, or other agents or nominees.

“Non-U.S. Holder” shall have the meaning given in ARTICLE X.

“OCIF” is defined in ARTICLE III.A.

“Other Assets” is defined in ARTICLE VII.A.

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“REO” is defined in ARTICLE IV.C.2.

“Reorganized Debtor” shall have the meaning ascribed in the Plan.

“Reorganized Debtor Common Stock” means “Common Stock” as defined in the Plan.

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“Secretary” is defined in ARTICLE IV.F.

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| “Securities Litigation Settlement” is defined in ARTICLE III.G.

| “Securities Litigation Settling Defendants” is defined in ARTICLE III.G.

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“Tax Attributes” is defined in ARTICLE III.B.

“Tax Refund” is defined in ARTICLE III.B.

“U.S. Holder” shall have the meaning given in ARTICLE X.

| “United States Trustee” shall have the meaning ascribed in the Plan.

“Voting Agent” means Garden City Group, LLC, in its capacity as the voting and tabulation agent for the Solicitation.

“Voting Deadline” means [--], 2016 unless extended.

“Voting Instructions” means the voting instructions described in Article I hereof, together with the instructions contained in the Ballot and Master Ballot.

“Voting Record Date” means the close of business on [--], 2016 unless extended.

“Zolfo Cooper” means Zolfo Cooper LLC and Zolfo Cooper Management, LLC.