Zev Shechtman (Bar No. 266280)
zev.shechtman@saul.com
Jeffrey Hampton (admitted pro hac vice)
*jeffrey.hampton@*saul.com
Turner N. Falk (admitted pro hac vice)
*turner.falk@*saul.com
Mariam Khoudari (admitted *pro hac vice*)
mariam.khoudari@saul.com
SAUL EWING LLP
1888 Century Park East, Suite 1500
Los Angeles, California 90067
Telephone: (310) 255-6100
Facsimile: (310) 255-6200

Attorneys for Hronis, Inc. and
affiliated Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
FRESNO DIVISION

In re

HRONIS, INC., a California corporation, et al.,

Debtors in Possession

Affects:
☒ ALL DEBTORS
☐ HRONIS, INC., a California corporation
☐ HRONIS CAPITAL ASSETS, LP, a California limited partnership
☐ HRONIS CAPITAL MANAGEMENT, LLC, a California limited liability company
☐ HRONIS CITRUS, LLC, a California limited liability company
☐ HRONIS FARMING, LP, a California limited partnership
☐ HRONIS FRUIT COMPANY LLC, a California limited liability company
☐ HRONIS LAND COMPANY, a California general partnership
☐ HRONIS RANCH, LLC, a California limited liability company
☐ HRONIS RESOURCE MANAGEMENT, LLC, a California limited liability company
☐ THE HRONIS FAMILY LIMITED PARTNERSHIP, a California limited partnership

Case No. 1:26-bk-10978

Chapter 11

SE - 26

(Jointly Administered with Case Nos. 1:26-bk-10979, 1:26-bk-10980, 1:26-bk-10981, 1:26-bk-10982, 1:26-bk-10983, 1:26-bk-10984, 1:26-bk-10986, 1:26-bk-10987, and 1:26-bk-10988)

DEBTORS' COMBINED CHAPTER 11 PLAN OF LIQUIDATION AND DISCLOSURE STATEMENT

Notice, Exhibits, and Declaration of Allen Soong Filed Concurrently

Date: August 11, 2026
Time: 9:30 a.m. (PT)
Place: U.S. Bankruptcy Court
2500 Tulare Street
Fresno, CA 93721
Courtroom 13 (5th Floor)
Judge: Hon. René Lastreto II

SAUL EWING LLP
1888 Century Park East, Suite 1500
Los Angeles, California 90067
(310) 255-6100

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

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LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

SAUL EWING LLP
1888 Century Park East, Suite 1500
Los Angeles, California 90067
(310) 255-6100

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DISCLAIMER

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS COMBINED CHAPTER PLAN AND DISCLOSURE STATEMENT.[1] THIS PLAN WAS COMPILED FROM INFORMATION OBTAINED FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE DEBTORS' KNOWLEDGE, INFORMATION AND BELIEF. NO GOVERNMENTAL AUTHORITY HAS PASSED ON, CONFIRMED OR DETERMINED THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN.

NOTHING STATED HEREIN SHALL BE DEEMED OR CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR EQUITY INTERESTS. CERTAIN STATEMENTS CONTAINED HEREIN, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL REFLECT ACTUAL OUTCOMES.

THE STATEMENTS CONTAINED HEREIN ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED. THE DELIVERY OF THIS PLAN SHALL NOT BE DEEMED OR CONSTRUED TO CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME AFTER THE DATE HEREOF.

HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS PLAN AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. THEREFORE, EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

[1] Any reference to this "Plan" or this "Disclosure Statement" means this Combined Chapter 11 Plan and Disclosure Statement.

CONCERNING THE PLAN AND THE TRANSACTIONS CONTEMPLATED HEREBY.

EACH HOLDER OF A CLAIM OR EQUITY INTEREST SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS PLAN, INCLUDING THE RISK FACTORS DESCRIBED IN GREATER DETAIL HEREIN.

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

IMPORTANT NOTICE REGARDING COMBINED PLAN AND DISCLOSURE STATEMENT, CONFIRMATION HEARING AND OBJECTION DEADLINE

<u>Combined Confirmation and Disclosure Statement Hearing</u>. A hearing before the Honorable René Lastreto II has been scheduled for August 11, 2026 at 9:30 a.m. (PT), at the Bankruptcy Court, U.S. Bankruptcy Court, 2500 Tulare Street, Fresno, CA 93721, Courtroom 13 (5th Floor), to (A) approve the Disclosure Statement as providing adequate information pursuant to Section 1125 of the Bankruptcy Code (applicable to approval of adequacy of disclosure statements) on a final basis, and (B) consider confirmation of the Plan pursuant to Section 1129 of the Bankruptcy Code (applicable to confirmation of plans). The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing or by filing a notice with the Bankruptcy Court.

<u>Objection Deadline</u>. Any objection to confirmation of this Plan must: (i) be in writing; (ii) state the name and address of the objecting party and the nature of the Claim or Equity Interest of such party; (iii) state with particularity the legal and factual basis and nature of any objection; and (iv) be filed with the Bankruptcy Court and served so as to be actually received on or before July 28, 2026, by:

(a) counsel to the Debtors, Jeffrey C. Hampton (jeffrey.hampton@saul.com), Zev Shechtman (zev.shechtman@saul.com), and Turner N. Falk (turner.falk@saul.com);

(b) the Office of the United States Trustee for the Eastern District of California, Michael Fletcher (michael.fletcher@usdoj.gov);

(c) counsel to the Official Committee of Unsecured Creditors, Robert Marticello (rmarticello@raineslaw.com) and Mark S. Melickian (mmelickian@raineslaw.com); and

(d) counsel to Conterra, Marc Hirschfield (MHirschfield@rccblaw.com), Marc Skapof (MSkapof@rccblaw.com), Bernie Kornberg (bernie.kornberg@millernash.com), and Andy Morton (andy.morton@millernash.com)

Unless an objection is timely filed and served by the Confirmation Objection Deadline, such objection may not be considered by the Bankruptcy Court at the Confirmation Hearing.

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

I. INTRODUCTION

Hronis, Inc., a California corporation, Hronis Capital Assets, LP, a California limited partnership, Hronis Capital Management, LLC, a California limited liability company, Hronis Citrus, LLC, a California limited liability company, Hronis Farming, LP, a California limited partnership, Hronis Fruit Company LLC, a California limited liability company, Hronis Land Company, a California general partnership, Hronis Ranch, LLC, a California limited liability company, Hronis Resource Management, LLC, a California limited liability company, and The Hronis Family Limited Partnership, a California limited partnership (collectively, the "**Debtors**") hereby propose the Debtors' Combined Chapter 11 Plan of Liquidation and Disclosure Statement (collectively, the "**Plan**") pursuant to Sections 1125 and 1129 of the Bankruptcy Code. The Debtors are the proponents of the Plan within the meaning of Section 1129 of the Bankruptcy Code. The Plan is the culmination of a sale and liquidation process pursuant to which the Debtors have sold substantially all of their assets.

The Plan constitutes a liquidating chapter 11 plan for the Debtors and provides for the consolidation of the Debtors for Plan purposes only and the Distribution of assets of the Debtors, which have already been liquidated or will be liquidated in the future, to Holders of Allowed Claims in accordance with the terms of the Plan. Except as otherwise provided by Order of the Bankruptcy Court, Distributions will occur on the Effective Date or as soon thereafter as is practicable and at various intervals thereafter.

The Plan incorporates, as modified herein, the Bankruptcy Court approved (D.I. 424) Stipulation in resolution of the Committee's Challenge to the Liens and Claims of Conterra (as well as any other Challenge (as defined in the Final DIP Order) that could have been brought by the Committee pursuant to the terms of the Final DIP Order), as described in Article IV(D) herein.

Subject to the restrictions set forth in Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, the Debtors expressly reserve the right to alter, amend or modify the Plan, including the Plan Supplement, one or more times before substantial consummation thereof.

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LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

ALTHOUGH RECIPIENTS OF THIS PLAN ARE STRONGLY ENCOURAGED TO REVIEW THE ENTIRE PLAN, INCLUDING EXHIBITS, IN DETAIL, A SUMMARY OF THE TREATMENT OF CLAIMS AND EQUITY INTERESTS AND ESTIMATED RECOVERIES IS SET FORTH IN ARTICLES V AND VI HEREOF.

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

EXECUTIVE SUMMARY OF PLAN

This Plan classifies Claims against the Debtors into the following classes. The proposed treatment and estimated recovery for each class is included in summary form, for convenience only. Parties are encouraged to consult the Plan for a more extensive description of the treatment of their Claims.

The Debtors and Official Committee of Unsecured Creditors support confirmation of this Plan. No other plan or outcome is likely to yield a better recovery for creditors, and is likely to increase administrative costs leading to a lower or no recovery for creditors. The Debtors and Official Committee of Unsecured Creditors urge all creditors to vote to accept this Plan.

Class	***Estimated Recovery & Treatment***
Class 1- Priority Non-Tax Claims	Allowed Priority Non-Tax Claim will be paid in full on the Effective Date or the date such Claims is Allowed. Anticipated recovery: 100%
Class 2 - PACA Claims	Allowed PACA Claims are assumed liabilities under the APA, to be paid by Conterra. Anticipated recovery: 100%
Class 3 - Prepetition Lender Secured Claim	The Prepetition Lender will receive the cash proceeds of sale, the assets subject to its credit bid as a Successful Bidder, and collections from pre-confirmation accounts receivable on account of its lien, with any deficiency treated as a General Unsecured Claim in Class 5. Anticipated recovery: ~100%
Class 4(a) - Undersecured Claims – Sun Pacific	Confirmation of the Plan constitutes a determination that all Class 4(a) Claims are not secured by any collateral owned by the Debtors or their estates, pursuant to 11 U.S.C. § 506(a)(1), and must be treated like unsecured claims. Each Holder of an Allowed Class 4(a) Claim shall receive a Pro Rata Share of any Distributable Proceeds. Anticipated recovery: Less than 5%
Class 4(b) - Undersecured Claims – DLP	If DLP Funding is determined to have a secured claim, DLP Funding will retain its lien on the collateral securing its Allowed Secured Claim, and will have an Allowed Secured Claim to the extent of the value of that collateral, with the balance of its Allowed Claim treated as an unsecured claim which shall receive a Pro Rata Share of any Distributable Proceeds Anticipated recovery: Less than 5%
Class 4(c) - Undersecured Claims – Peter Hronis	Confirmation of the Plan constitutes a determination that all Class 4(c) Claims are not secured by any collateral owned by the Debtors or their estates, pursuant to 11 U.S.C. § 506(a)(1), and must be treated like unsecured claims. Each Holder of an Allowed Class 4(c) Claim shall receive a Pro Rata Share of any Distributable Proceeds. Anticipated recovery: Less than 5%

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LOS ANGELES, CALIFORNIA 90067
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Class	*Estimated Recovery & Treatment*
Class 5 - General Unsecured Claims	The Holder of an Allowed Unsecured Claim shall receive a Pro Rata Share of any Distributable Proceeds. Anticipated recovery: Less than 5%
Class 6 - Intercompany Claims	Holders of Intercompany Claims shall not receive a Distribution on account of their Intercompany Claims. Anticipated recovery: 0%.
Class 7 - Equity Interests	All Equity Interests shall be deemed canceled, extinguished and discharged and of no further force or effect, and the Holders of Equity Interests shall not be entitled to receive or retain any property on account of such Equity Interests. Anticipated recovery: 0%

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

II. DEFINITIONS AND CONSTRUCTION OF TERMS

A. Definitions

As used herein, the following terms have the respective meanings specified below, unless the context otherwise requires:

1. **"Administrative Expense Bar Date"** means the first Business Day that is thirty (30) days after the Effective Date.

2. **"Administrative Expense Claim"** means any right to payment constituting a cost or expense of administration of the Chapter 11 Cases under Sections 503(b) and 507(a)(2) of the Bankruptcy Code, including (a) any actual and necessary costs and expenses of preserving the Estates (including Claims under section 365(d)(3) of the Bankruptcy Code) and (b) any fees or charges assessed against the Estates under Section 1930 of title 28 of the United States Code, and (c) all Claims arising under Section 503(b)(9) of the Bankruptcy Code, but excluding Professional Fee Claims.

3. **"Allowed"** means, with respect to Claims: (a) any Claim, proof of which was timely filed (or for which Claim, under the Plan, the Bankruptcy Code, or a Final Order of the Bankruptcy Court, a proof of claim is not or shall not be required to be filed); (b) any Claim that has been or hereafter is listed by the Debtors in the Schedules as liquidated in amount and not disputed or contingent and for which no proof of claim has been filed; or (c) any Claim allowed pursuant to the Plan or a Final Order of the Bankruptcy Court; provided that any Claim described in clauses (a) and (b) shall be considered Allowed only if and to the extent that with respect to such Claim, no objection to the allowance thereof has been interposed within the applicable period fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court, or such objection is interposed and the Claim is subsequently Allowed by a Final Order.

4. **"Auction"** shall have the meaning set forth in Article IV(D) of this Plan.

5. **"Avoidance Actions"** means, excluding the Insider Chapter 5 Claims, any and all rights to recover and/or avoid transfers or liens under chapter 5 of the Bankruptcy Code or otherwise, including Bankruptcy Code Sections 506(d), 522, 541, 542, 543, 544, 545, 547, 548, 549, 550, or 553, or otherwise under the Bankruptcy Code or under similar or related state or federal

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statutes and common law, including all preference, fraudulent conveyance, fraudulent transfer, and/or other similar avoidance claims, rights and causes of action, whether or not litigation has been commenced as of the Effective Date to prosecute such Avoidance Actions.

6. **“Balloting Agent”** means Donlin, Recano, & Company, LLC (a subsidiary of Angeion Group, LLC), in its capacity as the Bankruptcy Court-approved solicitation, claims and noticing agent.

7. **“Bankruptcy Code”** means title 11 of the United States Code, as amended from time to time.

8. **“Bankruptcy Court”** means the United States Bankruptcy Court for the Eastern District of California or such other court having jurisdiction over the Chapter 11 Cases.

9. **“Bankruptcy Rules”** means the Federal Rules of Bankruptcy Procedure, as amended from time to time, together with the Local Rules, as amended from time to time.

10. **“Bar Dates”** has the meaning set forth in Article IV(B) of this Plan.

11. “**Bid Deadline**” means 5:00 p.m. prevailing Pacific Time on June 18, 2026.

12. **“Bidding Procedures”** means the bidding procedures governing the sale of the Debtors’ assets, as defined in the Bidding Procedures Order.

13. **“Bidding Procedures Order”** means the *Order Approving Debtors’ Motion for Entry of an Order (I) Approving Bidding Procedures; (II) Approving Form of Asset Purchase Agreement; (III) Approving Bid Protections; (IV) Approving Form of Notice of Auction and Sale of Substantially All of the Debtors’ Assets; (V) Establishing Certain Assumption and Assignment Procedures; (VI) And Granting Related Relief*, entered in the Chapter 11 Cases by the Bankruptcy Court on April 24, 2026 [D.I. 253].

14. **“Books and Records**” has the meaning set forth in Article XVI(A) of this Plan.

15. **“Business Day”** means any day other than a Saturday, Sunday or any other day on which commercial banks in New York, New York or Fresno, California are required or authorized to close by law or executive order.

16. **“Cash”** means legal tender of the United States of America and equivalents thereof.

17. **"Causes of Action"** means the Avoidance Actions and, except for Insider Commercial Tort Claims, all other claims, actions, causes of action, choses in action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, third-party claims, counterclaims, and crossclaims of any Debtor and/or any of the Estates against any Entity, based in law or equity, including under the Bankruptcy Code, whether direct, indirect, derivative, or otherwise, and whether asserted or unasserted, and any and all commercial tort claims against any party, including the Debtors' current and former directors and officers; and subject, however, to any releases or exculpation provisions provided in this Plan, the Confirmation Order or any other Final Order of the Bankruptcy Court. Without limitation of the foregoing, Causes of Action include those claims and actions set forth on **Exhibit A** hereto.

18. **"Challenge Deadline"** means 11:59 p.m. (prevailing Pacific Time) on May 18, 2026.

19. **"Chapter 11 Cases"** means the jointly administered chapter 11 cases of the Debtors, styled as *In re Hronis Inc., et al.*, under lead Case No. 26-bk-10978, currently pending in the Bankruptcy Court.

20. **"Claim"** has the meaning set forth in Section 101(5) of the Bankruptcy Code.

21. **"Claims Objection Deadline"** means the first Business Day that is one hundred and eighty (180) days after the Effective Date or such later date as may be approved by Order of the Bankruptcy Court upon motion of the Liquidating Trustee; provided, however, that the filing of a motion to extend the Claims Objection Deadline shall automatically extend the Claims Objection Deadline until a Final Order is entered on such motion; provided, further, that in the event a motion to extend the Claims Objection Deadline is denied, the Claims Objection Deadline shall be the later of the then-current Claims Objection Deadline or thirty (30) days after the Bankruptcy Court's entry of an order denying the motion to extend the Claims Objection Deadline.

22. **"Class"** means any group of substantially similar Claims or Equity Interests classified by this Plan pursuant to Sections 1122 and 1123(a)(1) of the Bankruptcy Code.

23. **"Clerk"** means the clerk of the Bankruptcy Court.

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1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

24. **"<u>Confirmation Date</u>"** means the date on which the Confirmation Order is entered on the Docket.

25. **"<u>Confirmation Hearing</u>"** means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to Section 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

26. **"<u>Confirmation Objection Deadline</u>"** means July 28, 2026 or such later date as may be established by the Bankruptcy Court.

27. **"<u>Confirmation Order</u>"** means the Order of the Bankruptcy Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.

28. **"<u>Conterra</u>"** means Conterra Agricultural Capital, LLC.

29. **"<u>Conterra Acquired Real Estate</u>"** means the Debtors' real estate as to which Conterra was the successful bidder.

30. **"<u>Creditor</u>"** means any Entity that is the Holder of a Claim against any of the Debtors.

31. "**<u>Committee</u>**" means and refers to the Official Committee of Unsecured Creditors appointed by the UST on March 20, 2026 in the Chapter 11 Cases [D.I. 103].

32. **"<u>Debtors</u>"** means, collectively, Hronis, Inc., Hronis Capital Assets, LP, Hronis Capital Management, LLC, Hronis Citrus, LLC, Hronis Farming, LP, Hronis Fruit Company LLC, Hronis Land Company, Hronis Ranch, LLC, Hronis Resource Management, LLC, and The Hronis Family Limited Partnership**.**

33. "**<u>Debtors' Cash</u>**" means the Cash of the Debtors immediately prior to the Effective Date.

34. "**<u>Debtors' Cash Accounts</u>**" means the accounts containing the Debtors' Cash.

35. **"<u>Debtors-in-Possession</u>"** means the Debtors in their capacity as debtors-in-possession in the Chapter 11 Cases pursuant to Sections 1101, 1107(a) and 1108 of the Bankruptcy Code.

36. "**<u>DIP Motion</u>**" means and refers to the *First Day Motion for Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Senior Secured Postpetition Financing, (B) Use*

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

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1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

Cash Collateral, and (C) Grant Liens and Provide Superpriority Administrative Expense Claims; (II) Granting Adequate Protection to Certain Prepetition Secured Parties; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing; and (V) Granting Related Relief [D.I. 38], as amended by the *Motion to Amend Final DIP Order* [D.I. 402].

37. **"Disallowed"** means, with reference to any Claim, (a) a Claim, or any portion thereof, that has been disallowed by a Final Order, (b) a Claim, or any portion thereof, that is expressly disallowed under the Plan, or (c) unless scheduled by the Debtors as a liquidated, non-contingent, and undisputed Claim, a Claim as to which a Bar Date has been established by the Bankruptcy Code, Bankruptcy Rules, or Final Order but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order.

38. "**Disputed**" means with reference to any Claim, a Claim or any portion thereof that is neither an Allowed Claim nor a Disallowed Claim.

39. "**Distributable Proceeds**" means Cash in the Distribution Account that the Liquidating Trustee determines is available for Distribution to Holders of Allowed Class 4(a), Allowed Class 4(b), Allowed Class 4(c), and Allowed Class 5 Claims, in accordance with the terms of the Plan.

40. **"Distribution"** means any distribution to the Holders of Allowed Claims made pursuant to the Plan.

41. **"Distribution Account"** means the account of the Hronis Liquidating Trust into which Cash from the Post-Effective Date Reserve Account is to be deposited pursuant to the terms of the Plan to fund Distributions to Holders of Allowed Claims.

42. **"Distribution Record Date"** means the date of entry of the Confirmation Order or such other date designated in the Confirmation Order.

43. **"DLP Adversary"** means *DLP Funding LLC v. Hronis, Inc. et al.,* Adv. Proc. No. 26-01017, commenced by DLP Funding, and including counterclaims filed by the Debtors against DLP Funding.

44. **"Docket"** means the docket in the Chapter 11 Cases maintained by the Clerk.

45. **"Effective Date"** means the date on which all of the conditions specified in Article XIV(B) of the Plan have been satisfied or (to the extent permitted by the Plan) waived.

46. **"Entity"** means an entity as defined in Section 101(15) of the Bankruptcy Code.

47. **"Equity Interests"** means any equity interests in any of the Debtors, including all authorized and issued or unissued membership interests or stock interests together with any warrants, options or contract rights to acquire such interests at any time.

48. **"Estates"** means the estates of the Debtors created upon the commencement of the Chapter 11 Cases pursuant to Section 541 of the Bankruptcy Code.

49. **Exculpated Parties"** means (a) the Debtors, (b) the Debtors' Co-Chief Restructuring Officers, (c) Paladin Management Group, LLC, (d) the Debtors' post-petition professionals, officers, directors, employees, advisors, representatives, financial advisors, investment bankers, or agents, (d) with respect to any person named in (a)-(d), such person's successors and assigns, (e) the Committee, (f) the members of the Committee (but solely in their capacity as such), (g) the Committee's professionals, (h) Conterra, (i) the professionals of Conterra, (j) Magnetar Capital and its affiliates, and (k) the professionals of Magnetar Capital and its affiliates. For the avoidance of doubt, members of the Hronis family are not Exculpated Parties.

50. **"Executory Contract"** means any executory contract or unexpired lease as of the Petition Date between any of the Debtors and any other Person or Persons, specifically excluding contracts and agreements entered into pursuant to this Plan.

51. **"Face Amount"** means (a) when used in reference to a Disputed Claim, the asserted amount of the Disputed Claim, and (b) when used in reference to an Allowed Claim, the Allowed Claim amount.

52. **"Federal Judgment Rate"** means the federal judgment rate, calculated in accordance with 28 U.S.C. § 1961, as in effect as of the Petition Date, or such other interest rate that, as determined by the Bankruptcy Court at the Confirmation Hearing, will cause the Plan to conform to, and meet, the requirements of applicable law.

53. "**Final DIP Order**" means and refers to the *Final Order (I) Authorizing the Debtors to (A) Obtain Postpetition Operational Cash Flow Financing and (B) Use Cash Collateral; (II)*

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Granting (A) Liens and Providing Superpriority Administrative Claims and (B) Adequate Protection to Prepetition Secured Parties; (III) Modifying the Automatic Stay; and (IV) Granting Related Relief entered in the Chapter 11 Cases by the Bankruptcy Court on April 24, 2026 [D.I. 258].

54. **"<u>Final Distribution Date</u>"** means the date on which the final distribution of Distributable Proceeds is made to Holders of Allowed Class 4(a), Allowed Class 4(b), Allowed Class 4(c), and Allowed Class 5 Claims entitled to receive Distributions under the Plan, as determined by the Liquidating Trustee in consultation with the Plan Oversight Committee.

55. **"<u>Final Fee Application</u>"** means an application for final allowance of a Professional's aggregate Professional Fee Claim.

56. **"<u>Final Order</u>"** means an Order of the Bankruptcy Court or a court of competent jurisdiction to hear appeals from the Bankruptcy Court that has not been reversed, stayed, modified or amended, and as to which the time to appeal, petition for certiorari or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending; <u>provided</u>, <u>however</u>, that the possibility that a motion under Rule 59 or 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or applicable state court rules of civil procedure, may be filed with respect to such order shall not cause such order not to be a Final Order.

57. "**<u>General Bar Date</u>**" means July 14, 2026.

58. **"<u>General Unsecured Claim</u>"** means any Claim against any of the Debtors that arose or is deemed by the Bankruptcy Code or Bankruptcy Court, as the case may be, to have arisen before the Petition Date and that is not (i) an Administrative Expense Claim, (ii) a Priority Tax Claim, (iii) a Secured Claim, (iv) a Priority Non-Tax Claim, or (v) an Intercompany Claim.

59. **"<u>Governmental Bar Date</u>**" means September 2, 2026.

60. **"<u>Governmental Unit</u>"** has the meaning set forth in Section 101(27) of the Bankruptcy Code.

61. **"<u>GUC Carveout</u>"** means the carveout from the Estates for the sole benefit of the holders of Allowed General Unsecured Claims comprised of the assets identified in the Stipulation.

62. **"<u>Holder</u>"** means the beneficial holder of any Claim or Equity Interest.

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LOS ANGELES, CALIFORNIA 90067
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63. **"Impaired"** means "impaired" as the term is used in Section 1124 of the Bankruptcy Code.

64. **"Initial Distribution Date"** means the date upon which initial Distributable Proceeds from the Distribution Account are made to Holders of Allowed Class 4(a), Allowed Class 4(b), Allowed Class 4(c), and Allowed Class 5 Claims entitled to receive Distributions under the Plan, as determined by the Liquidating Trustee in consultation with the Plan Oversight Committee.

65. **"Insider Chapter 5 Claims"** means all claims or causes of action of the Debtors or their estates against current or former insiders of the Debtors and any family members of such insiders arising under Chapter 5 of the Bankruptcy Code and the proceeds or products thereof, including claims to recover fraudulent transfers and preferential transfers.

66. "**Insider Commercial Tort Claims**" means any commercial tort claim of the Debtors or their estates against (i) current or former insiders of the Debtors who are current officers or directors, or any other insider or employee of the Debtors subject to or covered by available directors' and officers' liability insurance or (ii) any family members of such insiders.

67. **"Insurance Policies"** means any issued policy of insurance and any agreements relating thereto covering one or more of the Debtors, the Debtors' Estates, or their assets, directors, officers, members, managers, employees and fiduciaries, or that may be available to provide coverage for Claims against any Debtor or any of the foregoing, including any general liability, property, workers compensation, casualty, umbrella or excess liability policy(ies), errors and omissions, director and officer or similar executive, fiduciary and organization liability policy(ies) (A, B or C coverage), and any tail or extended reporting requirement with respect thereto.

68. **"Intercompany Claims"** means (i) any account reflecting intercompany book entries by one Debtor with respect to the other Debtor, or (ii) any Claim that is not reflected in such book entries and is held by a Debtor against another Debtor, in each case accruing before or after the Petition Date through the Effective Date, including any Claim for reimbursement, payment as guarantor or surety, or any Claim for contribution or expenses that were allocable between or among more than one of the Debtors.

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69. **"Lien"** means any mortgage, pledge, deed of trust, assessment, properly perfected and unavoidable security interest, lease, lien, adverse claim, levy, charge or other encumbrance of any kind, including any "lien" as defined in Section 101(37) of the Bankruptcy Code, or a conditional sale contract, title retention contract or other contract to give any of the foregoing.

70. **"Liquidating Trust"** means the grantor trust created by the Liquidating Trust Agreement into which Cash, Causes of Action, and other assets of the Estates shall be assigned to be administered by the Liquidating Trustee pursuant to the Plan.

71. "**Liquidating Trust Agreement**" means an agreement in substantially the form as the agreement attached hereto as **Exhibit B**.

72. "**Liquidating Trustee"** means the person appointed pursuant to Article IX(A) of this Plan to serve as trustee of the Liquidating Trust, and to carry out the duties and responsibilities set forth herein, in the Liquidating Trust Agreement, and any applicable engagement letter, on behalf of the Estates and the Post-Effective Date Debtors, whose identity will be disclosed in the Plan Supplement.

73. "**Local Rules**" means the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Eastern District of California.

74. "**Notice Parties**" shall have the meaning set forth in Article VII(A)(2) of this Plan.

75. "**Hronis Liquidating Trust**" shall have the meaning set forth in the Liquidating Trust Agreement.

76. **"Order"** means an order or judgment of the Bankruptcy Court as entered on the Docket.

77. "**PACA Claims**" mean claims arising under Section 5(c) of the Perishable Agricultural Commodities Act of 1930, 7 U.S.C. § 499e(c).

78. **"Person"** means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, an estate, a trust, an unincorporated association or organization, a governmental unit or any agency or subdivision thereof, or any other Entity.

79. **"Petition Date"** means March 6, 2026.

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80. **“Plan”** means this combined disclosure statement and chapter 11 plan of liquidation, including, without limitation, all exhibits, supplements, appendices and schedules hereto, either in their present form or as the same may be altered, amended or modified from time to time through the Effective Date.

81. **“Plan Documents”** means this Plan, the Plan Supplement and all of the exhibits and schedules attached to any of the foregoing and any amendments or modifications made thereto.

82. “**Plan Oversight Committee**” means the committee appointed pursuant to Article IX(C) of this Plan.

83. **“Plan Supplement”** means any appendix of schedules and exhibits or other documents deemed by the Debtors to be necessary or appropriate for the Court’s or parties’ consideration of the Plan prior to the Effective Date.

84. “**Post-Effective Date Debtors**” means the Debtors after the Effective Date.

85. “**Post-Effective Date Expenses**” means any and all reasonable post-Effective Date costs and expenses of the Post-Effective Date Debtors and the Hronis Liquidating Trust including: (i) Taxes; (ii) the costs and expenses expected to be incurred in connection with the implementation of the Plan (including in connection with any appeal of the Confirmation Order and the prosecution of Final Fee Applications); (iii) reasonable compensation and reimbursement of expenses paid to the Liquidating Trustee and professionals and consultants retained by the Liquidating Trustee (whether in connection with the litigation and/or settlement of Causes of Action, or otherwise); (iv) the costs and expenses to administer the Chapter 11 Cases and the Liquidating Trust, including all statutory fees; (v) the costs and expenses related to the storage or destruction of Books and Records; and (vi) the costs and expenses incurred in connection with dissolving the Post-Effective Date Debtors.

86. “**Post-Effective Date Reserve Account”** means a segregated reserve account of the Hronis Liquidating Trust funded from cash made available to the Committee by Conterra pursuant to the Stipulation, on or as soon as practicable after the Effective Date and, unless otherwise specifically provided hereunder, from any Cash obtained by the Post-Effective Date Debtors or the Liquidating Trustee after the Effective Date from whatever source, for the purpose of paying Post-

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Effective Date Expenses and funding, in accordance with the terms of the Plan, the Distribution Account. On the Effective Date, the Post-Effective Date Reserve Account shall be funded in the amount set forth on **Exhibit C** attached hereto or as otherwise provided in the Plan Supplement or Confirmation Order.

87. "**Prepetition Credit Agreements**" shall have the meaning set forth in Article III(C)(1) of this Plan.

88. "**Prepetition Lender**" means Conterra Agricultural Capital, LLC.

89. "**Prepetition Lender Secured Claim**" has the meaning set forth in Article IV(A)(2) of this Plan.

90. **"Prepetition Lender Deficiency Claim"** has the meaning set forth in Article IV(D) of this Plan.

91. "**Priority Non-Tax Claim**" means a Claim that is accorded priority in right of payment under Section 507 of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Expense Claim.

92. **"Priority Tax Claim"** means a Claim that is entitled to priority under Section 507(a)(8) of the Bankruptcy Code.

93. **"Pro Rata Share"** means, with respect to any Distribution on account of any Allowed Claim, the ratio that the amount of such Allowed Claim bears to the aggregate amount of all Allowed Claims in Class 4(a), Class 4(b), Class 4(c), and Class 5.

94. **"Professional"** means any professional person employed in the Chapter 11 Cases pursuant to Sections 327, 328 or 1103 of the Bankruptcy Code or otherwise pursuant to an Order of the Bankruptcy Court.

95. **"Professional Fee Claim"** means a Claim under Sections 330(a), 331 or 503 of the Bankruptcy Code for compensation of a Professional or other Entity for services rendered or expenses incurred in the Chapter 11 Cases.

96. **"Professional Fee Claims Reserve"** means a segregated reserve account of the Hronis Liquidating Trust, funded from cash made available to the Committee by Conterra pursuant to the Stipulation, on or as soon as practicable after the Effective Date in accordance with the Plan,

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(310) 255-6100

in the amount set forth on **Exhibit C** attached hereto or as otherwise provided in the Plan Supplement or Confirmation Order.

97. "**Rejection Bar Date**" means the deadline to file a proof of claim for damages relating to the rejection of an executory contract or unexpired lease. If the executory contract or unexpired lease is rejected via a motion, the Rejection Bar Date is set by that motion; if the executory contract or unexpired lease is rejected pursuant to this Plan, the Rejection Bar Date is 30 days from the Effective Date.

98. "**Reserve Accounts**" means the Professional Fee Reserve Account, the SAP Claims Reserve Account and the Post-Effective Date Reserve Account.

99. "**Sale Hearing**" means the hearing on June 30, 2026, whereby the Bankruptcy Court approved the Sales of substantially all of the Debtors' remaining assets.

100. "**Sale Motion**" means the *Debtors' Motion for Entry of an Order (I) Approving the Sale of Substantially All of the Debtors' Assets Free and Clear of Liens, Claims, Interests and Encumbrances; (II) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (III) Granting Related Relief* [D.I. 278].

101. "**Sales**" shall have the meaning set forth in Article III(D)(1) of this Plan.

102. "**SAP Claims Reserve Account**" means the reserve account of the Hronis Liquidating Trust funded from the Debtors' Cash Account, on or as soon as practicable after the Effective Date, in the Face Amount of all (i) Administrative Claims asserted against any of the Debtors, (ii) Priority Tax Claims asserted against any of the Debtors, (iii) Class 1 Priority Non-Tax Claims asserted against any of the Debtors, and (iv) the amount of Administrative Claims that the Debtors and the Liquidating Trustee anticipate will be filed prior to the Administrative Claim Bar Date, to the extent not included within subsection (i) of this definition.

103. "**Schedules**" means the schedules of assets and liabilities and the statement of financial affairs filed by each Debtor on April 3, 2026 and any and all amendments and modifications thereto. The Schedules for all Debtors are available on the Balloting Agent's website, at: https://bankruptcy.angeiongroup.com/Clients/hro/Static/SOALS.

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

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1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

104. **"<u>Secured Claim</u>"** means a Claim (i) that is secured by a Lien on property in which any of the Estates has an interest, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law, or a Claim that is subject to a valid right of the Creditor of setoff against amounts owed to any of the Debtors; (ii) to the extent of the value of the Holder's interest in any of the Estate's interest in such property or to the extent of the amount subject to a valid right of setoff, as applicable; and (iii) the amount of which (A) is undisputed by the Debtors or (B) if disputed by the Debtors, such dispute is settled by written agreement between the Debtors or the Liquidating Trustee and the Holder of such Claim, or determined, resolved or adjudicated by Final Order.

105. **"<u>Statutory Fees</u>"** means any and all fees payable pursuant to Section 1930 of title 28 of the United States Code and any interest thereupon.

106. **"<u>Stipulation</u>"** means the *Stipulation Setting Forth Settlement Resolving Committee's Challenge to Conterra's Credit Bidding Rights under Section 363(k) and Other Disputes* filed June 11, 2026 [Docket No. 389] and approved June 25, 2026 [Docket No. 446].

107. **"<u>Subsequent Distribution Date</u>"** means any date (other than the Final Distribution Date) on which Distributable Proceeds are Distributed to Holders of Allowed Class 4(a), Allowed Class 4(b), Allowed Class 4(c), and Allowed Class 5 Claims following the Initial Distribution Date, as determined by the Liquidating Trustee in consultation with the Plan Oversight Committee.

108. **"<u>Tax</u>"** or **"<u>Taxes</u>"** means any and all taxes, levies, imposts, assessments or other charges of whatever nature imposed at any time by any governmental authority or by any political subdivision or taxing authority thereof or therein, and all interest, penalties or similar liabilities with respect thereto.

109. **"<u>Unclaimed Distribution Deadline</u>"** means ninety (90) days from the date the Liquidating Trustee makes a Distribution of Cash or other property under the Plan to a Holder of an Allowed Claim.

110. **"<u>Unclaimed Distribution</u>"** means a Distribution that is either returned as undeliverable or that is unclaimed by a Holder of an Allowed Claim on or prior to the Unclaimed Distribution Deadline. For the avoidance of doubt, the term "Unclaimed Distribution" shall include,

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(310) 255-6100

without limitation, any Distribution made by a check that is not returned as undeliverable but which remains unnegotiated as of the Unclaimed Distribution Deadline.

111. **"Undersecured Claims"** means the Claims of Sun Pacific, Peter Hronis, and DLP Funding.

112. **"Unimpaired"** means not Impaired.

113. **"UST"** means the Office of the United States Trustee for Region 17, Eastern District of California.

B. Interpretation; Application of Definitions and Rules of Construction

Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. Unless otherwise specified, all section, article, schedule or exhibit references in this Plan are to the respective section in, Article of, Schedule to, or Exhibit to the Plan. The words "herein," "hereof," "hereto," "hereunder" and other words of similar import refer to this Plan as a whole and not to any particular section, subsection or clause contained in the Plan. The word "including" as used in this Plan shall mean "including without limitation" or "including but not limited to" and shall not be limiting in nature. The rules of construction contained in Section 102 of the Bankruptcy Code shall apply to the construction of this Plan. A term used herein that is not defined herein, but that is used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of this Plan.

III. BACKGROUND AND DISCLOSURES

A. Business of the Debtors

1. Generally

The Debtors are part of a single business enterprise that has farmed in the San Joaquin Valley since 1945 (the "**Business**"), operating out of a headquarters complex located at 10443 Hronis Road in Delano, California. Kosta Hronis and Peter Hronis are the principal shareholders of the Business. Kosta Hronis was, until January 13, 2026, the Chief Executive Officer and

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President of Hronis, Inc. Peter Hronis was, until January 13, 2026, the Secretary and Senior Vice President of Sales and Marketing of Hronis, Inc.

The Business grows, harvests, and markets more than 80 million pounds of table grapes annually, with major and regional retailers and supermarket chains and other commercial accounts comprising its primary customer base. Most of the Business's fruit is harvested from approximately 6,000 acres of owned and leased land.

As a vertically integrated producer, the Business cultivates permanent vines of several varieties that yield fruit at different times during the summer and autumn months (typically July through November), harvests and packs those grapes into boxes by hand, stores those packed boxes in cold storage for a period of up to 45 days, and then sells and ships those boxes of grapes to third party customers who, in turn, sell them to consumers. The Business also purchasers grapes from other producers, and stores, sells and ships those grapes to third party customers.

In the late 1980s, the Hronis family began growing citrus, which is harvested in winter and spring, enabling the Business to harvest fruit year-round. In 2024, the Business signed an agreement with a third party to harvest and sell the citrus and remit net proceeds back to the Business.

The approximately 3,700 acres of farmland currently owned by the Debtors is zoned A, Exclusive Agriculture and AE, Intensive Agriculture, 10 to 40 acres minimum. Permitted uses are agricultural and rural in nature. The Debtors' owned properties comprise 26 mostly non-contiguous ranches, each of which is internally identified by a number. The Ranches are located in relative proximity to each other in Kern County and Tulare County, allowing for operational cost efficiencies from economies of scale.

The main complex at the Delano headquarters includes the cold storage facility which encompasses over 164,000 refrigerated square feet (the "**Cold Storage Facility**") and includes 16 cold storage rooms, six pre-cooling rooms, and a pack room. Offices, shops, supply yards, storage buildings, and other support buildings support the Business.

2. <u>The Debtors</u>

Kosta Hronis and Pete Hronis each hold a 50% ownership interest in the Debtors, with three exceptions: (i) Hronis Ranch, LLC is wholly owned by Demetri Hronis, the son of Kosta Hronis, (ii) Hronis Citrus, LLC is owned by Kosta Hronis, Pete Hronis, and six trusts in the names of third-generation Hronis family members, and (iii) The Hronis Family Limited Partnership has a general partner, Hronis Capital Management, LLC, and the limited partners are six trusts in the names of third-generation Hronis family members.

Hronis family members (directly or through trusts) hold all equity interests in the Debtors.

Hronis, Inc. is the primary business entity of the Debtors and is the customer-facing entity through which sales occur and which operates the Cold Storage Facility.

Hronis Capital Assets, LP has no business operations. It owns 1,042 acres of farmland, which are farmed by Hronis Farming, LP.

Hronis Capital Management, LLC ("**HCM**") acts as the general partner of Hronis Farming, LP and Hronis Family Limited Partnership, in which HCM also possesses a 1.05% interest. HCM also has a 1% interest in Hronis Capital Assets, LP.

Hronis Citrus, LLC owns a citrus packhouse which is currently inactive.

Hronis Farming, LP ("**Hronis Farming**") carries out all the farming operations of the Business. Hronis Farming contracts with an affiliated non-debtor entity, Grapeco Farm Management, Inc., a California corporation ("**Grapeco**"), that contracts with independent contractors to provide labor for the Business during harvest season.

Hronis Fruit Company LLC was previously used as an additional procurement outlet for outside growers. It has no current activity.

Hronis Land Company is a general partnership in which Kosta Hronis and Peter Hronis are equal partners. Hronis Land Company owns 800 acres of farmland and also owns the largest improvement of the Debtors' properties, the Cold Storage Facility.

Hronis Ranch, LLC owns 999 acres of farmland.

Hronis Resource Management, LLC is the employer of record for all year-round personnel at Hronis, Inc. and Hronis Farming, LP. Non-Debtor Grapeco contracts with independent contractors to provide both year-round labor as well as seasonal labor for the harvest.

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LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

The Hronis Family Limited Partnership has no operations but owns 767 acres of farmland and a 19.54-acre shop/boxyard at the Debtors' Delano headquarters.

Peter Hronis, Kosta Hronis and their relatives hold interests in several other entities which are not Debtors in these Chapter 11 Cases.

3. Events Leading to the Commencement of the Chapter 11 Cases

The Business, like many other agricultural companies in the San Joaquin Valley, was impacted by rising input costs and increasingly frequent extreme weather events. Additionally, in 2017, the Debtors were audited by the Internal Revenue Service, which determined that the Debtors had an unpaid Federal tax obligation of $12 million. The Debtors believe this oversight was due to negligence on the part of their outside accounting firm. The Debtors immediately took out a loan to pay this amount and commenced litigation against that accounting firm but recovered only $1 million. This left the Debtors particularly vulnerable to industry-wide external shocks.

In 2023, Hurricane Hilary struck the San Joaquin Valley. The storm set new rainfall records and decimated the grape crop, leading most grape growers to invoke force majeure and cancel deliveries, which drove prices to historic highs. The Debtors attempted to take advantage of the price environment and capture new accounts from competitors by filling their commitments to existing customers as well as many orders as possible for customers who had been abandoned by their usual suppliers. The strategy was successful in opening new doors, but it obligated the Debtors to deliver fruit when the operational cost for doing so had significantly increased with the storm damage. With lower yields overall and a higher labor component per unit, margins dissipated, and the Business lost money at the operating level even though revenue increased more than 21%.

Left in a weaker financial position, in 2024, the Debtors could not access enough working capital to harvest as much fruit from contract growers or leverage the spot market as extensively as in previous years. Additionally, while the 2024 season featured more favorable weather conditions than 2023, it ultimately ended with an excess of red table grapes in the market, just after the Debtors had entered into a new working capital credit facility with Conterra, as described more fully below. Prices for red grapes collapsed from $24 to $8 per 19-pound box. Liquidity

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1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

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1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

became so tight that more than $30 million in payables owed to trade vendors and contract growers, which would typically be settled in full by season-end, remained outstanding in January 2025. The Debtors were in default with Conterra and negotiated a forbearance agreement and also began exploring strategic alternatives with an investment banker, Ducera Partners LLC.

In 2025, rather than surpass 2024, total shipments for the industry for 2025 decreased. The Debtors were unable to consummate a strategic sale or recapitalization transaction that would have resolved the Debtors' overburdened balance sheet, despite many months of effort, including the contribution of personal funds by the shareholders.

By April 2025, the Debtors were in default of their credit facility with Conterra, and Conterra provided the Debtors notice of this default, reserving the right to seek foreclosure or the appointment of a receiver. By letter agreements in April and June 2025, Conterra increased the maximum amount under the existing credit facility by over $30 million. In part, Conterra's willingness to provide this additional lending was premised upon a commitment of Peter Hronis to provide funding to the Debtors in the amount of $8 million. Peter Hronis did not fulfill his commitment to provide this additional funding.

Starting in May 2025, the Debtors employed Paladin Management Group ("**Paladin**") to provide financial advisory services. On June 27, 2025, in conjunction with negotiations with Conterra, the Debtors retained Allen Soong and Scott Avila as the Debtors' co-Chief Restructuring Officers (each, a "**co-CRO**," and collectively, along with Paladin, the "**CRO**") to, among other things, review the Debtors' books and records and provide transparent financial reporting to Conterra.

In and around December 2025 and January 2026, the Debtors and Conterra began discussing and negotiating for a possible consensual bankruptcy filing supported by debtor-in-possession financing (the "**DIP Facility**") from Conterra.

To avoid receivership and foreclosure, and as required by the forbearance agreement with Conterra, Peter and Kosta Hronis, along with Peter N. Hronis and Demetri Hronis, resigned from their positions as directors and officers of the Debtors on or about January 13, 2026.

On January 14, 2026, each of the Debtors appointed Matthew English ("**Mr. English**") as an independent director and/or independent manager of the Debtors, and the CRO became the sole corporate officer of the Debtors, under the exclusive direction of the independent director.

B. Summary of Prepetition Indebtedness

1. Secured Debt

a. AgAmerica Land Loan

On or about December 29, 2023, five of the Debtors (Hronis Ranch, LLC, The Hronis Family Limited Partnership, Hronis Land Company, Hronis Citrus, LLC, and Hronis Capital Assets, LP) and two non-debtors (Peter John Hronis and Kosta James Hronis) (collectively, the "**AgAmerica Borrowers**") entered into a Term Loan Agreement (the "**Land Loan**") with AgAmerica Lending LLC, ("**AgAmerica**"), pursuant to which AgAmerica made two loans in the aggregate principal amount of $70,000,000. Hronis, Inc, Hronis Farming, LP, Hronis Capital Management, LLC, and Hronis Racing LLC were guarantors of the Land Loan.

To provide for repayment, the AgAmerica Borrowers signed two promissory notes (one in the principal amount of $50,000,000, and another in the principal amount of $20,000,000), each bearing 11% annual cash interest, paid quarterly. The Land Loan was secured by senior deeds of trust on the real property of the Debtors, recorded on or about December 29, 2023 with the recorder's offices of Kern County and Tulare County, respectively.

AgAmerica assigned all its rights under the Land Loan to Ag REIT Two, LLC ("**Ag REIT**"). On or about February 6, 2026, Conterra acquired the Land Loan from Ag REIT and became the successor in interest. As of the Petition Date, the total amount due on the Land Loan was approximately $71.95 million, consisting of approximately $70 million in principal and interest of $1.95 million.

b. Conterra Operating Loan

Originally, each of the Debtors entered into a Loan and Security Agreement, dated October 29, 2024 (the "**Operating Loan**" and together with the Loan Documents, collectively, the "**Prepetition Credit Agreements**"), with Conterra, which provided for a revolving line of credit with a maximum draw amount of $55,000,000. To provide for repayment, the Debtors signed a Promissory Note, dated October 29, 2024, in favor of Conterra in the amount of $55,000,000.

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

Peter and Kosta Hronis are guarantors on the Operating Loan.

To secure the repayment of the Operating Loan: (a) eight of the Debtors (all Debtors except for Hronis Ranch LLC and Hronis Resource Management, LLC) granted a security interest in all personal property; and (b) five of the Debtors (Hronis Ranch, LLC, The Hronis Family Limited Partnership, Hronis Land Company, Hronis Citrus, LLC, and Hronis Capital Assets, LP) executed: (i) a Deed of Trust, Security Agreement, Assignment of Rents, and Fixture Filing for real property located in Kern County; and (ii) a Deed of Trust, Security Agreement, Assignment of Rents, and Fixture Filing for real property located in Tulare County.

The deeds of trust granted to Conterra are junior in priority to the deeds of trust originally granted to AgAmerica, pursuant to an Intercreditor Agreement between Conterra and Ag REIT made as of October 29, 2024.

By letter agreements, dated April 9, 2025, and June 27, 2025, the maximum amount of the line of credit under the Operating Loan was increased to $85,850,000.

c. <u>DLP Funding MCA</u>

Four of the Debtors (Hronis Fruit Company, Hronis, Inc., Hronis Ranch LLC, and Hronis Citrus LLC) and seven non-debtor entities (collectively, the "**Merchants**") entered into a Merchant and Security Agreement ("**MCA Agreement**") with DLP Funding LLC ("**DLP Funding**"), dated as of November 14, 2025, whereunder the Merchants purported to sell, assign, and transfer to DLP certain future receipts. In the agreement, the Merchants also granted a security interest in all accounts, inventory, equipment, and general intangibles.

DLP Funding filed a UCC-1 financing statement with the Office of the California Secretary of State, on November 25, 2025, covering certain future receipts (UCC File No. U250213981733).

Shortly after the Merchants entered into the MCA with DLP Funding, DLP Funding asserted a default by the Merchants. On December 8, 2025, DLP Funding filed a complaint in the Supreme Court of the State of New York for breach of contract and to recover on account of personal guarantees, demanding judgment in the amount of $3,948,760.77 plus interest, costs and attorneys' fees. The Merchants thereafter entered into a stipulation of settlement with DLP

Funding. That stipulation of settlement required payment to DLP Funding of $3,325,000 by December 19, 2026, absent which DLP Funding would be entitled to judgment in the amount of $4,935,950.96 plus interest and costs. Thereafter, based on its assertion that it did not receive the settlement amount, DLP Funding submitted the stipulation of settlement to the state court, and thereupon, on January 6, 2026, the court entered judgment against the Merchants in the amount of $5,0145,160.16.

The Debtors later filed a motion against DLP Funding for alleged violation of the automatic stay. The Court denied that motion but, based on the agreement of DLP Funding and Conterra, the Court ordered the establishment of an account of up to $3,644,482.52 in disputed accounts receivable that would be held in trust by the Debtors subject to further Court order or resolution in an adversary proceeding filed by DLP Funding to adjudicate the ownership of those funds [D.I. 287].

DLP Funding filed the DLP Adversary on April 21, 2026, seeking, among other things, a declaratory judgment that it had purchased certain of the Debtors' accounts receivable prior to the Petition Date, so these accounts were not property of the Debtors' bankruptcy estates.

The Debtors filed counterclaims in the adversary proceeding, asserting, among other things, that the MCA was disguised secured financing and not a true sale, that DLP Funding released its liens under the stipulation, that DLP Funding's rights under the MCA merged into the judgment, and that any lien or interest of DLP Funding in the accounts receivable is junior to that of Conterra.

d. <u>Sun Pacific Loan</u>

On or about December 17, 2025, Sun Pacific Farming Cooperative, Inc. and Evans AG GP, Inc. (collectively "**Sun Pacific**") issued a loan to the Debtors and certain non-debtors (Hronis Racing, LLC, Kosta James Hronis, and Peter John Hronis) in the amount of $10,045,000 (the "**Sun Pacific Loan**"). The funds were used to pay off five merchant cash advance loans (not including DLP Funding) that various Debtors had taken out during 2025. To provide for repayment, the borrowers executed an Amended and Restated Secured Promissory Note, due September 1, 2026.

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

Sun Pacific filed a UCC-1 financing statement with the Office of the California Secretary of State, on January 5, 2026, listing all Debtors (and the three non-debtor borrowers) and covering substantially all personal property.

As of the Petition Date, the amount due Sun Pacific was approximately $10.2 million including interest.

e. <u>Peter Hronis Loan</u>

On September 26, 2025, the Debtors executed a Secured Line of Credit Promissory Note promising to pay Peter Hronis a principal sum not to exceed $8,000,000 or so much thereof as shall be from time to time advanced.

Between September 26, 2025, and the Petition Date, Peter Hronis transferred $2,960,000 to the Debtors. Peter Hronis filed a UCC-1 financing statement with the Office of the California Secretary of State, on October 29, 2025, listing all Debtors and covering all assets (UCC file number U250204995328).

The Debtors dispute whether this loan is enforceable. The Debtors' obligations under this loan are subject to potential objection and/or equitable subordination.

2. <u>Unsecured Debt and PACA Debt</u>

According to the Debtors' books and records, the Debtors had approximately $30 million in aggregate unsecured claims as of the Petition Date. This amount includes approximately $1 million in inter-Debtor payables. To date, Proofs of Claim totaling approximately $20 million have been filed against the Debtors. Almost all of these claims are asserted against Hronis, Inc. or Hronis Farming, LP.

The Debtors filed a motion to establish procedures for the submission of claims pursuant to PACA. The Bankruptcy Court entered an order on April 15, 2026 [D. I. 225] approving these procedures as the exclusive procedures for asserting a PACA Claim, including the form of a PACA proof of claim and setting a deadline of May 14, 2026 at 5:00 p.m. (PT) for the assertion of a PACA Claim. The Debtors have acknowledged valid PACA Claims in the amount of $117,840.00.

IV.

THE CHAPTER 11 CASES

A. Commencement of the Chapter 11 Cases

On the Petition Date, each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Court. The Chapter 11 Cases have been jointly administered for procedural purposes only.

1. First Day Relief

On the Petition Date, the Debtors sought various types of "first day" relief intended to facilitate the transition of the Debtors' ordinary business operations into chapter 11. The Bankruptcy Court entered several "first day" orders, which authorized, among other things:

- the joint administration of the Debtors' related bankruptcy cases [D.I. 85];
- the Debtors to maintain their bank accounts and cash management system [D.I. 82];
- adequate assurances of future performance for utility companies, and established procedures for requests for additional assurance [D.I. 92];
- the Debtors to (A) pay certain prepetition benefits and other compensation, and (B) continue employee compensation and employee benefits programs [D.I. 91]; and
- the appointment of Donlin, Recano, & Company as claims and noticing agent [D.I. 88].

2. The DIP Facility

In the time leading up to the Petition Date, the Debtors undertook soliciting offers for and negotiating a debtor-in-possession financing facility. Specifically, the Debtors, with the assistance of Paladin, made inquiries into alternatives for financing and solicited proposals for debtor-in-possession financing from several financial institutions. The Debtors evaluated the prospective lenders and their proposals on a number of factors, including economic terms, impact on the Business, restrictions on the use of proceeds and the collateral and security packages requested. The Debtors also considered the possibility of seeking a "priming" loan pursuant to section 364(d) of the Bankruptcy Code (i.e., a loan secured by liens higher in priority than Conterra's liens). Given their financial condition, financing arrangements and capital structure, and given the significant risks and uncertainty of prevailing in what the Debtors believed would be an almost certain dispute with Conterra over any proposed priming debtor-in-possession loan, the Debtors

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

concluded that obtaining financing from Conterra was in the best interests of the Debtors' estates (the "Estates"). Additionally, because it was the Debtors' prepetition secured lender, Conterra was familiar with the Debtors, their businesses and their capital structure. This familiarity enabled Conterra to act more quickly and limit diligence risk, both of which were crucial in light the Debtors' critical need for liquidity.

In one of their first day motions, the Debtors sought interim approval, which the Court granted on March 12, 2026 [D.I. 79] (the "**Interim DIP Order**"), to enter into a postpetition financing arrangement with Conterra, the Debtors' first priority secured lender. The Interim DIP Order permitted the Debtors to access a DIP facility consistent with the approved DIP Budget, and has allowed the Debtors to continue to operate, uninterrupted, since the Petition Date.

On April 24, 2026, the Court entered an order approving the same financing arrangement on a final basis [D.I. 258] (the "**Final DIP Order**"), with certain revisions responsive to the Committee's requests and which the Debtors and Conterra accepted, including a $100,000 increase in the amount budgeted for the Committee's professionals, a $25,000 increase to the Committee's budget for investigating potential claims against Conterra, and a reservation as to the Court's determination of whether Conterra should be granted liens on chapter 5 claims until the sale hearing.

The Interim DIP Order and Final DIP Order set certain Milestones the Debtors must meet to maintain their access to the DIP Facility. The Milestones included those relating to the sale of substantially all of the Debtors' assets through an auction. The Milestones also required that Conterra be designated as the stalking horse bidder, but contemplated the potential designation of an alternative stalking horse bidder if the Debtors received an acceptable higher and better bid.

Conterra funded the DIP Facility in the approximate amount of $30 million as of July 10, 2026. In total, as of that date, Conterra had a secured claim on account of the amount owed on the DIP Facility, Operating Loan and Land Loan (the "**Prepetition Lender Secured Claim**"), in the approximate amount of $176 million.

3. Representation of the Debtors

On April 6, 2026 the Debtors filed (1) an application to employ Saul Ewing LLP as bankruptcy counsel [D.I. 179], which was approved by the Bankruptcy Court on April 27, 2026 [D.I. 263]; (2) an application to retain the Balloting Agent as administrative advisor [D.I. 192], which was approved by the Bankruptcy Court on April 24, 2026 [D.I. 261]; (3) an application to retain GBB Advisors & Graham and Associates ("**GBB Advisors**") as their investment banker to market and sell the Debtors' assets [D.I. 184], which was approved by the Bankruptcy Court on April 24, 2026 [D.I. 260]; and (4) a motion for authority to employ professionals in the ordinary course of business [D.I. 198], which was approved by the Bankruptcy Court on April 24, 2026 [D.I. 262].

4. Formation and Representation of the Committee

On March 20, 2026, the UST appointed the following unsecured creditors to be members of the Committee [D.I. 103]: (1) Buttonwillow Warehouse Company, Inc.; (2) Batth Brothers Farm; (3) Robinhood Logistics, Inc.; (4) Wescott Agri Products, Inc.; (5) Nutrien Ag Solutions, Inc.; (6) LMG Logistics, LLC; and (7) Bloom Fresh International Limited. Pursuant to an amended notice of appointment file April 30, 2026, Wescott Agri Products, Inc. ceased to be a member of the Committee [D.I. 268].

By order dated May 20, 2026 [D.I. 327], the Court approved the Committee's application to retain the law firm of Raines Feldman Littrell LLP as its counsel as of March 23, 2026. In addition, on June 17, 2026, the Court entered an order approving the Committee's application to retain Dundon Advisers LLC as its financial advisor [D.I. 422].

B. Schedules and Bar Date, PACA Claims

On March 23, 2026, the Court filed the notice of Notice of Chapter 11 Bankruptcy Case (the "**Notice of Commencement**") establishing the general claims bar date as July 14, 2026 (the "**General Bar Date**"), and the governmental unit claims bar date as September 2, 2026 (the "**Governmental Bar Date**") [D.I. 116]. The Court served the Notice of Commencement on all known creditors and parties in interest [D.I. 127].

On April 3, 2026, the Debtors filed their Schedules [D.I. 173-174].

On March 30, 2026, the Debtors filed the motion to establish exclusive procedures and a bar date of May 14, 2026 at 5:00 p.m. (Pacific Time) for claims arising under § 5(c) of the

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

Perishable Agricultural Commodities Act of 1930 [D.I. 140], which was approved by the Court on April 15, 2026 [D.I. 225].

As of the filing of this Disclosure Statement, over 100 proofs of claim (the "**Proofs of Claim**") have been filed in these Chapter 11 Cases, which claims are recorded on the official claims register maintained by the Balloting Agent. Certain claims may be subject to objection, including claims that are inconsistent with the Debtors' books and records or are not supported by documentation accompanying the claims. Substantive and non-substantive claim objections may be asserted as appropriate.

On April 15, the Court entered an order establishing exclusive procedures for the assertion of PACA Claims and setting a May 14, 2026 deadline for the assertion of PACA Claims consistent with those procedures. [D.I. 225]. The Debtors filed a report on June 15, 2026, acknowledging some PACA Claims as valid in whole or in part, and disputing others. [D.I 401].

A summary description of the treatment afforded in the Plan on account of Allowed Claims and Interests is set forth in Article VI.

C. Matters Relating to Unexpired Leases and Executory Contracts

On March 10, 2026, the Debtors filed a motion to reject certain executory contracts and unexpired leases [D.I. 46], which was approved by the Court on April 14, 2026 [D.I. 224]. Pursuant to the Bidding Procedures Order (as defined below)—which, among other things, established procedures for the assumption and assignment of executory contracts and unexpired leases—the Debtors filed notices of (i) potential assumption and assignment of executory contracts and unexpired leases and (ii) cure amounts [D.I. 270 & 284].

D. Sale of the Debtors' Assets

1. The Bidding Procedures Order

On March 20, 2026, the Debtors filed a motion [D.I. 114] for approval of procedures relating to the sale of the Debtors' assets (the "**Bidding Procedures Motion**"). On April 24, 2026, the Bankruptcy Court entered an order [D.I. 253] granting the Bidding Procedures Motion (the "**Bidding Procedures Order**"), which, among other things, (a) approved bidding procedures (the "**Bidding Procedures**") with respect to the sale or sales (collectively, the "**Sales**") of all or substantially all of the Debtors' assets or any portion thereof and approved the form and manner of notice thereof; (b) authorized, but not directed, the Debtors to designate Conterra, or an entity to be formed by Conterra, as the stalking horse bidder (the "**Stalking Horse Bidder**") in accordance with the Bidding Procedures; (c) subject to the Bankruptcy Court's entry of a further order authorizing the Debtors to consummate the Sales, authorized and approved the Debtors' entry into and performance under an asset purchase agreement (the "**APA**") consistent with the Bidding Procedures; (d) scheduled an auction (the "**Auction**"), if necessary, and a sale hearing (the "**Sale Hearing**") in connection with the Sales; and (e) established procedures for the assumption and assignment of executory contracts and unexpired leases and approved the form and manner of notice thereof. The Court's order also established deadlines regarding the Sales, including bid and objection deadlines, as well as an auction date and a hearing date for the Sales.

Pursuant to the Bidding Procedures, the sale timeline would be automatically extended if the Committee filed or asserted a challenge (a "**Challenge**") to Conterra's ability to credit bid all or any portion of its asserted secured debt. *See* [D.I 253 at ¶ 26].

2. <u>The Sale Motion and the Committee's Challenge</u>

On May 5, 2026, the Debtors filed a motion [D.I. 278] to approve (i) the Sales of substantially all of the Debtors' assets free and clear of liens, claims, interests, and encumbrances, and (ii) the assumption and assignment of executory contracts and unexpired leases (the "**Sale Motion**").

On April 28, 2026, the Debtors filed and served their original Notice of Auction and Sale Hearing [D.I. 266] in the form and manner approved by the Bidding Procedures Order.

Thereafter, on May 18, 2026, the Committee filed a motion [D.I. 302] for standing to assert a Challenge to Conterra's ability to credit bid. On that same date, the Committee commenced an adversary proceeding styled as *The Official Committee of Unsecured Creditors of Hronis, Inc. and its Affiliated Debtors vs. Conterra Agricultural Capital, LLC*, Adv. Pro. No. 26-01028 (the "**Adversary Proceeding**") against Conterra, requesting (i) equitable subordination of Conterra's secured claim(s) to the claims of the general unsecured creditors and the transfer of any lien(s) securing such subordinated claim(s) to the Estates; (ii) declaratory judgment that the

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

personal property of Hronis Ranch, LLC, and Hronis Resource Management, LLC, are not subject to any enforceable security interests or liens asserted by Conterra and, alternatively, are avoidable; (iii) avoidance of preferential transfers with respect to Hronis Fruit Company, LLC, and Hronis Resource Management, LLC; (iv) declaratory judgment that Conterra is not entitled to credit bid its asserted secured claim(s) for cause; (v) declaratory judgment that commercial tort claims of the Debtors are not subject to any security interests or liens asserted by Conterra; (vi) declaratory judgment that the security interests of Conterra in the Debtors' prepetition property do not extend to proceeds, profits, offspring, or products thereof based on the equities of the case; and (vii) an order disallowing Conterra's claim(s) in the Chapter 11 Cases.

The Committee also filed an objection [D.I. 322] to the Sale Motion, objecting to the proposed sale on the grounds (i) that Conterra allegedly lacked an allowed claim and held liens subject to bona fide dispute, rendering its proposed credit bid improper under section 363(k); (ii) that the Debtors failed to demonstrate the sale satisfied the standards for a chapter 11 sale of substantially all assets outside a plan, including showing that the transaction served a legitimate business purpose, benefited the estates and unsecured creditors, or provided a viable path to reorganization; (iii) that the proposed transaction would effectively operate as a de facto foreclosure for Conterra's benefit while leaving unsecured creditors without meaningful recovery and potentially rendering the estates administratively insolvent; and (iv) that any sale proceeds should not be distributed to Conterra pending resolution of disputes regarding its claims and liens and consideration of whether the equities of the case warranted preserving value for unsecured creditors.

Due to the Committee's Challenge and pursuant to paragraph 26 of the Bidding Procedures Order, the deadlines established therein were extended. Accordingly, on May 22, 2026, the Debtors filed and served their amended Notice of Auction and Sale Hearing [D.I. 266] in the form and manner approved by the Bidding Procedures Order (the "**Amended Sale Notice**"), establishing revised dates and deadlines for the Sale and Auction. Pursuant to the Amended Sale Notice, the Auction was rescheduled from May 27, 2026, to June 24, 2026, at 10:00 a.m. (PT); the Bid Deadline was extended from May 22, 2026, to June 18, 2026, at 5:00 p.m. (PT); and the Sale

Hearing was continued from June 2, 2026, to June 30, 2026, at 9:30 a.m. (PT).

Additionally, objections to the assumption and assignment of any executory contract or unexpired lease identified on the Cure Schedule were required to be filed with the Bankruptcy Court no later than June 22, 2026 (previously May 22, 2026), at 4:00 p.m. (PT). Any written replies in support of the Sale were required to be filed and served on the Notice Parties on or before June 23, 2026. Objections relating solely to the conduct of the Auction, the identity of Conterra as the Successful Bidder, or adequate assurance of future performance by any Successful Bidder other than the Stalking Horse Bidder were required to be filed with the Bankruptcy Court and served on the Notice Parties so as to be received no later than June 29, 2026 (previously June 1, 2026), at 12:00 p.m. (PT).

On May 28, 2026, Conterra filed a motion [D.I. 351] to bifurcate and partially advance the Sale Hearing with respect to Conterra's credit bidding rights and the Committee's Challenges thereto.

On June 11, 2026, after reaching an agreement with Conterra and the Committee, the Debtors filed a motion [D.I. 390] (the "**Settlement Motion**") under section 9019 of the Bankruptcy Code to approve the Stipulation resolving the disputes between Conterra and the Committee concerning the disposition of avoidance actions, and all claims the Committee may have against Conterra. The Stipulation provides for the establishment, on the Effective Date ,of the GUC Carveout for the sole benefit of holders of allowed general unsecured claims. Specifically, the GUC Carveout includes the following assets (as conditioned therein) as set forth in Section 1 of the Stipulation, which is incorporated in its entirety into this Plan:

1. Avoidance Actions (excluding the Insider Chapter 5 Claims, which are assigned to Conterra);
2. Commercial Tort Claims (excluding Insider Commercial Tort Claims, which are assigned to Conterra);
3. An initial cash contribution of $500,000 from Conterra;
4. An additional cash carveout of up to $3 million of (A) 0.5% of any recovery by Conterra against insiders or family of insiders, including recovery on the

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

guarantees given to or in favor of Conterra on the Land Loan and/or the Operating Loan, so long as Conterra has a Prepetition Lender Deficiency Claim greater than $13 million; and (B) once the Prepetition Lender Deficiency Claim equals or is less than $13 million after all payments made to Conterra from all sources, then 20% of all payments or recoveries that Conterra receives thereafter from all sources (inclusive of the amounts in in satisfaction of the Land Loan or Operating Loan or guarantees thereof, and/or the Insider Chapter 5 Claims); and

5. Any of the Debtors' assets that are not sold pursuant to the Sale Motion and are not encumbered by a lien held by Conterra.

In consideration of these benefits, the Committee agreed to resolve and withdraw the Adversary Proceeding, its objection to the Sale Motion, and its Challenge to Conterra's credit bid, and, upon receipt of the initial cash carveout, to release all claims against Conterra. The Stipulation further provides that Conterra may participate as a general unsecured creditor to the extent it holds a deficiency claim (the "**Prepetition Lender Deficiency Claim**") following the Sale. In addition, Conterra's liens on the assets of Hronis Fruit Company LLC and Hronis Resource Management, LLC arising under the Operating Loan are avoided, while Conterra retains any lien rights arising under the Land Loan, and the DIP Facility. The Debtors must propose a liquidating chapter 11 plan consistent with the terms of the Stipulation, and both the Committee and Conterra have agreed to support confirmation of such plan. On June 18, 2026, the Bankruptcy Court approved the Settlement Motion [D.I. 424]. The Debtors submit that this Plan is consistent with the Stipulation.

On June 24, 2026, the Auction was conducted and concluded, with Conterra designated as the Successful Bidder for the majority of the Debtors' assets and each of SSJMD, Mark Kovacevich, Louis Pandol, SE Land Company, and Malley designated as a Successful Bidder for certain other assets (together with Conterra, collectively, the "**Successful Bidders**"). *See Notice of Successful Bidders and Backup Bidders and Auction Report* [D.I. 448]. On June 30, 2026, the Bankruptcy Court conducted the Sale Hearing and entered an order approving the sale of the Debtors' assets to the Successful Bidders. Based upon the outcome of the auction, and pursuant to

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

the Stipulation, Conterra must fund an initial cash carve-out of $500,000, with the potential for additional carve-out amounts up to $3 million.

Pursuant to the asset purchase agreement with Conterra (the "**APA**"), Conterra or its designee will take assignment of certain assets, including the Conterra Acquired Real Estate, and assume certain liabilities of the Debtors.

E. The Confirmation Schedule

After consultation with the Committee and Conterra, the Debtors proposed at the hearing on June 30, 2026, and the Court approved a schedule, subject to notice and opportunity for all parties to be heard, as follows:

Event	Date
Plan Filing and Solicitation Deadline	July 10, 2026
Motion for Approval of Plan, Solicitation and Voting Procedures, and any Confirmation Brief Deadline	July 14, 2026
Confirmation and Disclosure Statement Objection Deadline	July 28, 2026.
Reply Deadline	August 4, 2026.
Voting Deadline	August 5, 2026.
Deadline to File Voting Report	August 7, 2026.
Confirmation Hearing Date	August 11, 2026 at 9:30 a.m., prevailing Pacific Time.

F. Alternate Plan

If this Plan is not confirmed, the Debtors could attempt to formulate a different plan, but there is no assurance that the Prepetition Lender would continue to provide access to the DIP Facility as set forth herein. Further, the additional costs, including, among other amounts, additional professional fees or asserted substantial contribution claims, all of which could constitute Administrative Expense Claims (subject to allowance), could be so significant that one or more parties in interest could request that the Chapter 11 Cases be converted to chapter 7. Accordingly, the Debtors believe this Plan enables Creditors to realize the best return under the

SAUL EWING LLP
1888 Century Park East, Suite 1500
Los Angeles, California 90067
(310) 255-6100

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

circumstances.

The allowance, classification and treatment of Allowed Claims and Allowed Equity Interests provided for herein takes into account the relative priority and rights of such Claims and Equity Interests in connection with any contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, Section 510 of the Bankruptcy Code or otherwise.

The Debtors believe this Plan is beneficial to all of the Debtors' Creditors, as the Plan avoids costly and protracted litigation between the Committee and the Prepetition Lender, permits the payment of all Allowed Administrative Expense Claims, Priority Tax Claims, Priority Non-Tax Claims and Professional Fee Claims, provides a mechanism and some initial funding for the pursuit of Causes of Action and should provide greater recoveries to Holders of Allowed Claims than any other possible alternative.

For all these reasons, the Debtors believe this Plan is in the best interests of their Estates.

G. <u>Best Interests Test</u>

Section 1129(a)(7) of the Bankruptcy Code requires that each Holder of an Impaired claim or interest either (a) accept this Plan or (b) receive or retain under this Plan property of a value, as of the Effective Date, that is not less than the value such Holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

Here, as reflected in the analysis attached hereto as **<u>Exhibit D</u>**, the value of any Distributions to Holders of Claims if the Debtors' Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code would be less than the value of Distributions under this Plan. This is because conversion of the Chapter 11 Cases to chapter 7 cases would require the appointment of a chapter 7 trustee, and in turn, such chapter 7 trustee's likely retention of new professionals. The "learning curve" that the trustee and new professionals would face comes with potential additional costs to the Estates. A chapter 7 trustee would also be entitled to a statutory commission based on disbursements.

As a result, the Debtors believe that the Estates would have fewer funds available for distribution on account of Allowed Claims in a hypothetical chapter 7 liquidation than they would if this Plan is confirmed and that, as such, Holders of Allowed Claims would recover less in hypothetical chapter 7 cases. Accordingly, the Debtors believe that the "best interest" test of Bankruptcy Code Section 1129 is satisfied.

H. Certain Risk Factors to be Considered

Holders of Claims and Equity Interests should read and consider carefully the risk factors below, as well as the other information set forth in this Plan, the documents attached to this Plan, and the documents referred to or incorporated by reference in this Plan. These factors should not be regarded as constituting the only risks present in connection with this Plan and its implementation.

1. Risk Factors that May Affect the Debtors' Ability to Consummate this Plan

a. Debtors May Not Be Able to Secure Confirmation of this Plan

As is described in greater detail below, Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan. While, as set forth below, the Debtors believe that this Plan complies with or will comply with all such requirements, there can be no guarantee that the Bankruptcy Court will agree.

b. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date will occur and may occur quickly after the Confirmation Date, there can be no assurance as to such timing, or as to whether the Effective Date will, in fact, occur.

c. Parties May Object to the Classification of Claims and Equity Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code. Nevertheless, there can be no assurance the Bankruptcy Court will reach the same conclusion.

2. Risk Factors that may Affect Distributions under this Plan

The estimates of Allowed Claims and recoveries for Holders of Allowed Claims set forth in this Plan are based on various assumptions. Should one or more of the underlying assumptions

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary significantly from the estimated Allowed Claim amounts contained in this Plan. Moreover, the Debtors cannot determine with any certainty at this time the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the recoveries to Holders of Allowed Claims under this Plan.

I. Certain Federal Income Tax Consequences

The confirmation and execution of this Plan may have tax consequences to Holders of Claims and Equity Interests. The Debtors do not offer an opinion as to any federal, state, local or other tax consequences to Holders of Claims and Equity Interests as a result of the confirmation of this Plan. All Holders of Claims and Equity Interests are urged to consult their own tax advisors with respect to the federal, state, local and foreign tax consequences of this Plan. This Plan is not intended, and should not be construed, as legal or tax advice to any Creditor, Equity Interest Holder or other party in interest.

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1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

V. TREATMENT OF UNCLASSIFIED CLAIMS

A. Administrative Expense Claims

Requests for Allowance of Administrative Expense Claims arising under Section 503(b)(9) of the Bankruptcy Code were required to be filed or asserted by the General Bar Date. Requests for Allowance of all other Administrative Expense Claims, other than Claims arising under 28 U.S.C. § 1930 and Administrative Expense Claims described in sections 503(b)(1)(B) or (C) of the Bankruptcy Code, must be filed by no later than the Administrative Expense Bar Date.

Each Holder of an Allowed Administrative Expense Claim, if any, shall receive Cash from the SAP Claims Reserve Account in an amount equal to such Allowed Administrative Expense Claim on, or as soon as reasonably practicable after, the later of (i) the Effective Date, if the Administrative Expense Claim is an Allowed Administrative Expense Claim on the Effective Date, or (ii) the date such Claim becomes an Allowed Administrative Expense Claim.

Unpaid, Allowed Administrative Expense Claims are projected to be less than $250,000.

B. Priority Tax Claims

Each Holder of an Allowed Priority Tax Claim, if any, shall receive Cash from the SAP

Claims Reserve Account in an amount equal to such Allowed Priority Tax Claim on, or as soon as reasonably practicable after, the later of (i) the Effective Date, if the Priority Tax Claim is an Allowed Priority Tax Claim on the Effective Date, or (ii) the date such Claim becomes an Allowed Priority Tax Claim.

Unpaid, Allowed Priority Tax Claims are projected to be less than $100,000.

C. <u>Professional Fee Claims</u>

All final requests for Professional Fee Claims incurred prior to the Effective Date shall be filed and served on the Notice Parties by no later than forty-five (45) days after the Effective Date, unless otherwise agreed by the Debtors or the Liquidating Trustee. On the Effective Date, any requirement that Professionals comply with Sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date terminates, and Professionals may be employed and paid in the ordinary course of business without any further notice to, or action, Order, or approval of, the Bankruptcy Court.

On or as soon as reasonably practicable after the later of (i) the Effective Date or (ii) the date a Professional Fee Claim becomes an Allowed Professional Fee Claim, a Holder of an Allowed Professional Fee Claim shall receive Cash from the Professional Fee Claims Reserve equal to the unpaid portion of the Allowed Professional Fee Claim; provided, however, with respect to Professional Fee Claims incurred prior to the Effective Date, the Allowed Professional Fee Claim shall not exceed the "carve out" agreed upon with respect to such Professional Fee Claim by and among the Prepetition Lender, the Debtors and the Committee.

Unpaid, Allowed Professional Fee Claims are projected to be less than $100,000.

D. <u>Payment of Statutory Fees</u>

All Statutory Fees incurred prior to the Effective Date shall be paid by the Debtors on the Effective Date. After the Effective Date, the Liquidating Trustee shall pay any and all such fees when due and payable, and shall file with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the UST. Notwithstanding the limited procedural consolidation of the Debtors called for in this Plan, each of the Debtors remains obligated to pay quarterly fees to the UST until the earliest of that particular Debtor's case being closed, dismissed or converted to a

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

case under chapter 7 of the Bankruptcy Code.

VI. SUMMARY OF TREATMENT OF CLAIMS AND EQUITY INTERESTS AND ESTIMATED RECOVERIES

The following chart provides a summary of the treatment of each Class of Claims and Equity Interests (other than Administrative Expense Claims, Professional Fee Claims and Priority Tax Claims) and an estimate of the recoveries of each Class.[2] The actual Allowed amount of Claims may differ from the amounts set forth in the summary chart below.

Class	*Class Name*	*Amounts of Filed and Scheduled Claims*	*Estimated Allowed Claim Amounts*	*Voting Status*	*Estimated Recovery & Treatment*
1	Priority Non-Tax Claims	$0	$0	Unimpaired / Deemed to Accept	Except to the extent that a Holder of an Allowed Priority Non-Tax Claim against the Debtors has been paid prior to the Effective Date or agrees to a different treatment, on or as soon as reasonably practicable after the later of (i) the Effective Date, if the Priority Non-Tax Claim is an Allowed Priority Non-Tax Claim on the Effective Date, or (ii) the date such Claim becomes an Allowed Priority Non-Tax Claim, the Liquidating Trustee shall pay to each Holder of an Allowed Priority Non-Tax Claim, Cash from the SAP Claims Reserve Account in an amount equal to such Allowed Priority Non-Tax Claim.

[2] The amounts set forth below represent estimated Allowed Claims, and do not represent amounts actually asserted by the Creditors in proofs of claim or otherwise. The Debtors have not completed their analysis of Claims in the Chapter 11 Cases and objections to such Claims have not been fully litigated. Therefore, there can be no assurances of the exact amount of the Allowed Claims at this time. Rather, the actual amount of the Allowed Claims may be more or less than estimated.

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

Class	*Class Name*	*Amounts of Filed and Scheduled Claims*	*Estimated Allowed Claim Amounts*	*Voting Status*	*Estimated Recovery & Treatment*
					Anticipated recovery: 100%
2	PACA Claims	N/A	$117,840.00	Unimpaired / Deemed to Accept	Allowed PACA Claims are assumed liabilities under the APA, to be paid by Conterra. Except to the extent that a Holder of an Allowed PACA Claim against the Debtors has been paid prior to the Effective Date or agrees to a different treatment, on or as soon as reasonably practicable after the later of (i) the Effective Date, if the PACA Claim is an Allowed PACA Claim on the Effective Date, or (ii) the date such Claim becomes an Allowed PACA Claim, Conterra shall pay to each Holder of an Allowed PACA Claim, in full. Anticipated recovery: 100%
3	Prepetition Lender Secured Claim	$146,125.916 (excluding DIP)	$136,716,724.17	Impaired / Entitled to Vote	The Prepetition Lender has a secured claim to the extent of its collateral, in the amount of the cash proceeds of sales to the Successful Bidders, the Prepetition Lender's credit bid as a Successful Bidder, and collection of the Debtors' pre-confirmation accounts receivable (subject to resolution of the dispute with DLP Funding). By agreement, the Prepetition Lender will receive the cash

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Class	***Class Name***	***Amounts of Filed and Scheduled Claims***	***Estimated Allowed Claim Amounts***	***Voting Status***	***Estimated Recovery & Treatment***
					proceeds of the Sale, the assets for which the Prepetition Lender was the Successful Bidder, including the Conterra Acquired Real Estate, plus pre-confirmation accounts receivable, on account of its existing liens. To the extent that the Prepetition Lender's Claim is not satisfied by the amount of the Prepetition Lender's credit bid, plus payment from Sale proceeds, plus collections on pre-confirmation accounts receivable, the Prepetition Lender Deficiency Claim is bifurcated pursuant to 11 U.S.C. § 506(a) and treated as a General Unsecured Claim in Class 5. Anticipated recovery: ~100%
4(a)	Undersecured Claims – Sun Pacific	N/A	Unknown	Impaired / Entitled to Vote	Confirmation of the Plan constitutes a determination that all Class 4(a) Claims are not secured by any valuable collateral owned by the Debtors or their estates, pursuant to 11 U.S.C. § 506(a)(1), and must be treated like unsecured claims. Except to the extent that a Holder of an Allowed Class 4(a) Claim against the Debtors agrees to a different treatment, each Holder of an Allowed Class 4(a) Claim shall receive a Pro Rata Share

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Class	Class Name	Amounts of Filed and Scheduled Claims	Estimated Allowed Claim Amounts	Voting Status	Estimated Recovery & Treatment
					of any Distributable Proceeds. Notwithstanding anything to the contrary set forth herein (i) no Holder of an Allowed Class 4(a) Claim shall be entitled to receive Cash under the Plan in excess of 100% of such Holder's Allowed Class 4(a) Claim plus interest thereon accrued after the Petition Date at the Federal Judgment Rate; and (ii) the Liquidating Trustee may delay any Distribution otherwise payable hereunder to Holders of Allowed Class 4(a) Claims if the Liquidating Trustee determines, in consultation with the Plan Oversight Committee, that the cost of making such Distribution is not cost-effective, in relation to the amount of the Distribution. Anticipated recovery: Less than 5%
4(b)	Undersecured Claims – DLP	$5,145,160.16	Unknown	Impaired / Entitled to Vote	DLP Funding's treatment is subject to the outcome of the Adversary Proceeding. If the outcome of the Adversary Proceeding provides DLP Funding with an Allowed Secured Claim which is partially or completely secured pursuant to 11 U.S.C. § 506(a), DLP Funding will retain its lien on the

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Class	*Class Name*	*Amounts of Filed and Scheduled Claims*	*Estimated Allowed Claim Amounts*	*Voting Status*	*Estimated Recovery & Treatment*
					collateral securing its Allowed Secured Claim, and will have an Allowed Secured Claim to the extent of the value of that collateral, with the balance of its claim treated as an unsecured claim. If the outcome of the Adversary proceeding does not provide DLP Funding with an Allowed Secured Claim which is partially or completely secured pursuant to 11 U.S.C. § 506(a), DLP Funding's Allowed Claim will be treated like other unsecured claims. Except to the extent that a Holder of an Allowed Class 4(b) Claim against the Debtors agrees to a different treatment, each Holder of an Allowed Class 4(b) Claim shall receive a Pro Rata Share of any Distributable Proceeds solely on account of the Allowed unsecured portion of the Claim. Notwithstanding anything to the contrary set forth herein (i) no Holder of an Allowed Class 4(b) Claim shall be entitled to receive Cash under the Plan in excess of 100% of such Holder's Allowed Class 4(b) Claim plus interest thereon accrued after the Petition Date at the Federal Judgment Rate; and (ii) the Liquidating

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1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

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1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
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Class	***Class Name***	***Amounts of Filed and Scheduled Claims***	***Estimated Allowed Claim Amounts***	***Voting Status***	***Estimated Recovery & Treatment***
					Trustee may delay any Distribution otherwise payable hereunder to Holders of Allowed Class 4(b) Claims if the Liquidating Trustee determines, in consultation with the Plan Oversight Committee, that the cost of making such Distribution is not cost-effective, in relation to the amount of the Distribution. Anticipated recovery: Less than 5%
4(c)	Undersecured Claims – Peter Hronis	N/A	Unknown	Impaired / Entitled to Vote	Confirmation of the Plan constitutes a determination that all Class 4(c) Claims are not secured by any valuable collateral owned by the Debtors or their estates, pursuant to 11 U.S.C. § 506(a)(1), and must be treated like unsecured claims. Except to the extent that a Holder of an Allowed Class 4(c) Claim against the Debtors agrees to a different treatment, each Holder of an Allowed Class 4(c) Claim shall receive a Pro Rata Share of any Distributable Proceeds. Notwithstanding anything to the contrary set forth herein (i) no Holder of an Allowed Class 4(c) Claim shall be entitled to receive Cash under the Plan in excess of 100% of such Holder's Allowed Class

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Class	*Class Name*	*Amounts of Filed and Scheduled Claims*	*Estimated Allowed Claim Amounts*	*Voting Status*	*Estimated Recovery & Treatment*
					4(c) Claim plus interest thereon accrued after the Petition Date at the Federal Judgment Rate; and (ii) the Liquidating Trustee may delay any Distribution otherwise payable hereunder to Holders of Allowed Class 4(c) Claims if the Liquidating Trustee determines, in consultation with the Plan Oversight Committee, that the cost of making such Distribution is not cost-effective, in relation to the amount of the Distribution. Anticipated recovery: Less than 5%
5	General Unsecured Claims	$70.3 million	~$65 million (For the avoidance of doubt, Class 5 includes the Allowed Prepetition Lender Deficiency Claim.)	Impaired / Entitled to Vote	Except to the extent that a Holder of an Allowed General Unsecured Claim against the Debtors agrees to a different treatment, each Holder of an Allowed Unsecured Claim shall receive a Pro Rata Share of any Distributable Proceeds. Notwithstanding anything to the contrary set forth herein (i) no Holder of an Allowed General Unsecured Claim shall be entitled to receive Cash under the Plan in excess of 100% of such Holder's Allowed General Unsecured Claim plus interest thereon accrued after the Petition Date at the Federal Judgment Rate; and (ii) the

Class	*Class Name*	*Amounts of Filed and Scheduled Claims*	*Estimated Allowed Claim Amounts*	*Voting Status*	*Estimated Recovery & Treatment*
					Liquidating Trustee may delay any Distribution otherwise payable hereunder to Holders of Allowed General Unsecured Claims if the Liquidating Trustee determines, in consultation with the Plan Oversight Committee, that the cost of making such Distribution is not cost-effective, in relation to the amount of the Distribution. Anticipated recovery: Less than 5%
6	Intercompany Claims	N/A	N/A	Impaired / Deemed to Reject	Holders of Intercompany Claims shall not receive a Distribution on account of their Intercompany Claims. Anticipated recovery: 0%.
7	Equity Interests	N/A	N/A	Impaired / Deemed to Reject	On the Effective Date, all Equity Interests shall be deemed canceled, extinguished and discharged and of no further force or effect, and the Holders of Equity Interests shall not be entitled to receive or retain any property on account of such Equity Interests. Anticipated recovery: 0%

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1888 Century Park East, Suite 1500
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VII. CONFIRMATION PROCEDURES

A. Confirmation Procedure

1. Confirmation Hearing

A hearing before the Honorable René Lastreto II has been scheduled for **August 11, 2026 at 9:30 a.m. (PT)**, at the United States Bankruptcy Court for the Eastern District of California, Robert E. Coyle United States Courthouse, 2500 Tulare Street, Fresno, CA 93721, Courtroom 13 (5th Floor) to (A) approve the Plan as providing adequate information pursuant to Section 1125 of the Bankruptcy Code on a final basis and (B) consider confirmation of the Plan pursuant to Section 1129 of the Bankruptcy Code. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing or by filing a notice with the Bankruptcy Court.

2. Procedure for Objections

Any objection to confirmation of this Plan must: (i) be in writing; (ii) state the name and address of the objecting party and the nature of the Claim or Equity Interest of such party; (iii) state with particularity the legal and factual basis and nature of any objection; and (iv) be filed with the Bankruptcy Court and served so as to be actually received on or before **July 28, 2026**, by (a) counsel for the Debtors, Saul Ewing LLP, 1888 Century Park East, Suite 1500, Los Angeles, California 90067 (Attn: Jeffrey C. Hampton, Zev Shechtman, and Turner N. Falk, Esq.) (Jeffrey.hampton@saul.com, zev.shechtman@saul.com, and turner.falk@saul.com); (b) counsel for the Committee, Raines Feldman Littrell, LLP, 4675 MacArthur Court, Suite 1550 Newport Beach, CA 92660 (Attn: Robert S. Marticello and Stephen M. Mott, Esq.) (rmarticello@raineslaw.com and smott@raineslaw.com) and 30 North LaSalle Street, Suite 3100 Chicago, IL 60602 (Attn: Mark S. Melickian, Esq.) (mmelickian@raineslaw.com); (c) counsel to the Prepetition Lender, Miller Nash LLP, 340 Golden Shore, Suite 450 Long Beach, California 90802 (Attn: Bernie Kornberg, Brianna Morrison, and Andrew Morton, Esq.) (bernie.kornberg@millernash.com, brianna.morrison@millernash.com, and andy.morton@millernash.com), and Royer Cooper Cohen Braunfeld LLC, 1120 Avenue of the Americas, 4th Floor New York, NY 10036 (Attn: Marc Hirschfield and Marc F. Skapof) (mhirschfield@rccblaw.com and mskapof@rccblaw.com); and (d) the UST, 2500 Tulare Street, Suite 1401 Fresno, CA 93720 (Attn: Peter C. Anderson, Gregory S. Powell, Michael J. Fletcher, and Jared A. Day, Esq.) (Peter.C.Anderson@usdoj.gov, Greg.Powell@usdoj.gov, michael.fletcher@usdoj.gov, and Jared.A.Day@usdoj.gov) (collectively, the "Notice Parties"). **Unless an objection is timely filed and served by the Confirmation Objection Deadline, such objection may not be considered by the Bankruptcy Court at the Confirmation Hearing.**

3. Requirements for Confirmation

The Bankruptcy Court will confirm the Plan only if it meets all the applicable requirements of Section 1129 of the Bankruptcy Code. Among the requirements for confirmation in these Chapter 11 Cases is that the Plan: (i) be accepted by all Impaired Classes of Claims and Equity Interests or, if rejected by an Impaired Class, that the Plan "does not discriminate unfairly" against, and is "fair and equitable" with respect to, such Class; and (ii) be feasible. The Bankruptcy Court must also find that:

a. the Plan has classified Claims and Equity Interests in a permissible manner;

b. the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code; and

c. the Plan has been proposed in good faith.

The Debtors believe that the Plan complies, or will comply, with all such requirements.

4. Classification of Claims and Equity Interests

Section 1122 of the Bankruptcy Code requires the Plan to 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 in such Class. The Plan creates separate Classes to deal respectively with the Prepetition Lender Secured Claim, Priority Non-Tax Claims, Undersecured Claims, General Unsecured Claims, Intercompany Claims, and Equity Interests. The Debtors believe that the Plan's classifications place substantially similar Claims or Equity Interests in the same Classes

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and thus meet the requirements of Section 1122 of the Bankruptcy Code.

5. Impaired Claims or Equity Interests

Pursuant to Section 1124 of the Bankruptcy Code, a Class of Claims or Equity Interests may be Impaired if the Plan alters the legal, equitable or contractual rights of the Holders of such Claims or Equity Interests treated in such Class. The Holders of Claims not Impaired by the Plan are deemed to accept the Plan and do not have the right to vote on the Plan. The Holders of Intercompany Claims and Equity Interests are deemed to reject this Plan and do not have the right to vote on the Plan. Finally, the Holders of Claims whose Claims are not classified under the Plan are not entitled to vote on the Plan.

6. Elimination of Vacant Classes

Any Class of Claims or Equity Interests that does not contain, as of the date of commencement of the Confirmation Hearing, a Holder of an Allowed Claim or Equity Interest, shall be deemed deleted from the Plan for all purposes.

VIII. TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. Treatment of Claims

1. Class 1 –Priority Non-Tax Claims

a. Classification

Class 1 consists of Priority Non-Tax Claims.

b. Impairment and Voting

Class 1 is Unimpaired by the Plan. Holders of Allowed Priority Non-Tax Claims are deemed to have accepted the Plan and therefore, are not entitled to vote to accept or reject the Plan.

c. Treatment

Except to the extent that a Holder of an Allowed Priority Non-Tax Claim against the Debtors has been paid prior to the Effective Date or agrees to a different treatment, on or as soon as reasonably practicable after the later of (i) the Effective Date, if the Priority Non-Tax Claim is an Allowed Priority Non-Tax Claim on the Effective Date, or (ii) the date such Claim becomes an Allowed Priority Non-Tax Claim, the Liquidating Trustee shall pay to each Holder of an Allowed

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Priority Non-Tax Claim, Cash from the SAP Claims Reserve Account in an amount equal to such Allowed Priority Non-Tax Claim.

2. Class 2 – PACA Claims

a. Classification

Class 2 consists of all Allowed PACA Claims.

b. Impairment and Voting

Class 2 is Unimpaired by the Plan. Holders of Class 2 Other Secured Claims are deemed to have accepted the Plan and therefore, are not entitled to vote to accept or reject the Plan.

c. Treatment

Allowed PACA Claims are assumed liabilities under the APA, to be paid by Conterra. Except to the extent that a Holder of an Allowed PACA Claim against the Debtors has been paid prior to the Effective Date or agrees to a different treatment, on or as soon as reasonably practicable after the later of (i) the Effective Date, if the PACA Claim is an Allowed PACA Claim on the Effective Date, or (ii) the date such Claim becomes an Allowed PACA Claim, Conterra shall pay to each Holder of an Allowed PACA Claim, in full.

3. Class 3 – Prepetition Lender Claim

a. Classification

Class 3 consists of the Prepetition Lender Secured Claim.

b. Impairment and Voting

Class 3 is Impaired. The Prepetition Lender is entitled to vote on the Plan.

c. Treatment

The Prepetition Lender has a secured claim to the extent of its collateral, in the amount of the cash proceeds of sales to the Successful Bidders, the Prepetition Lender's credit bid as a Successful Bidder, and collection of the Debtors' pre-confirmation accounts receivable (subject to resolution of the dispute with DLP Funding).

By agreement, the Prepetition Lender will receive the cash proceeds of the Sale, the assets

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for which the Prepetition Lender was the Successful Bidder, including the Conterra Acquired Real Estate, plus pre-confirmation accounts receivable (including, without limitation, the accounts receivable subject to the dispute with DLP Funding), on account of its existing liens. To the extent that the Prepetition Lender's Claim is not satisfied by the amount of the Prepetition Lender's credit bid, plus payment from Sale proceeds, plus collections on pre-confirmation accounts receivable, the Prepetition Lender Deficiency Claim is bifurcated pursuant to 11 U.S.C. § 506(a) and treated as a General Unsecured Claim in Class 5.

4. <u>Class 4(a) - Undersecured Claims – Sun Pacific</u>

a. <u>Classification</u>

Class 4(a) consists of the Claim of Sun Pacific.

b. <u>Impairment and Voting</u>

This Class is Impaired, and entitled to vote on the Plan.

c. <u>Treatment</u>

Confirmation of the Plan constitutes a determination that all Class 4(a) Claims are not secured by any collateral owned by the Debtors or their estates, pursuant to 11 U.S.C. § 506(a)(1), and must be treated like unsecured claims.

Except to the extent that a Holder of an Allowed Class 4(a) Claim against the Debtors agrees to a different treatment, each Holder of an Allowed Class 4(a) Claim shall receive a Pro Rata Share of any Distributable Proceeds.

Notwithstanding anything to the contrary set forth herein (i) no Holder of an Allowed Class 4(a) Claim shall be entitled to receive Cash under the Plan in excess of 100% of such Holder's Allowed Class 4(a) Claim plus interest thereon accrued after the Petition Date at the Federal Judgment Rate; and (ii) the Liquidating Trustee may delay any Distribution otherwise payable hereunder to Holders of Allowed Class 4(a) Claims if the Liquidating Trustee determines, in consultation with the Plan Oversight Committee, that the cost of making such Distribution is not cost-effective, in relation to the amount of the Distribution.

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LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

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5. Class 4(b) - Undersecured Claims – DLP Funding

a. Classification

Class 4(b) consists of the Claim of DLP Funding.

b. Impairment and Voting

This Class is Impaired, and entitled to vote on the Plan.

c. Treatment

DLP Funding's treatment is subject to the outcome of the Adversary Proceeding.

If the outcome of the Adversary Proceeding provides DLP Funding with an Allowed Secured Claim which is partially or completely secured pursuant to 11 U.S.C. § 506(a), DLP Funding will retain its lien on the collateral securing its Allowed Secured Claim, and will have an Allowed Secured Claim to the extent of the value of that collateral, with the balance of its claim treated as an unsecured claim.

If the outcome of the Adversary proceeding does not provide DLP Funding with an Allowed Secured Claim which is partially or completely secured pursuant to 11 U.S.C. § 506(a), DLP Funding's Allowed Claim will be treated like other unsecured claims.

Except to the extent that a Holder of an Allowed Class 4(b) Claim against the Debtors agrees to a different treatment, each Holder of an Allowed Class 4(b) Claim shall receive a Pro Rata Share of any Distributable Proceeds solely on account of the Allowed unsecured portion of the Claim.

Notwithstanding anything to the contrary set forth herein (i) no Holder of an Allowed Class 4(b) Claim shall be entitled to receive Cash under the Plan in excess of 100% of such Holder's Allowed Class 4(b) Claim plus interest thereon accrued after the Petition Date at the Federal Judgment Rate; and (ii) the Liquidating Trustee may delay any Distribution otherwise payable hereunder to Holders of Allowed Class 4(b) Claims if the Liquidating Trustee determines, in consultation with the Plan Oversight Committee, that the cost of making such Distribution is not cost-effective, in relation to the amount of the Distribution.

6. Class 4(c) - Undersecured Claims – Peter Hronis

a. Classification

Class 4(c) consists of the Claim of Peter Hronis.

b. Impairment and Voting

This Class is Impaired, and entitled to vote on the Plan.

c. Treatment

Confirmation of the Plan constitutes a determination that all Class 4(c) Claims are not secured by any collateral owned by the Debtors or their estates, pursuant to 11 U.S.C. § 506(a)(1), and must be treated like unsecured claims.

Except to the extent that a Holder of an Allowed Class 4(c) Claim against the Debtors agrees to a different treatment, each Holder of an Allowed Class 4(c) Claim shall receive a Pro Rata Share of any Distributable Proceeds.

Notwithstanding anything to the contrary set forth herein (i) no Holder of an Allowed Class 4(c) Claim shall be entitled to receive Cash under the Plan in excess of 100% of such Holder's Allowed Class 4(c) Claim plus interest thereon accrued after the Petition Date at the Federal Judgment Rate; and (ii) the Liquidating Trustee may delay any Distribution otherwise payable hereunder to Holders of Allowed Class 4(c) Claims if the Liquidating Trustee determines, in consultation with the Plan Oversight Committee, that the cost of making such Distribution is not cost-effective, in relation to the amount of the Distribution.

7. Class 5 – General Unsecured Claims

a. Classification

Class 5 consists of General Unsecured Claims other than the claims addressed in Classes 4(a), (b) and (c) but including the Prepetition Lender Deficiency Claim).

b. Impairment and Voting

Class 5 is Impaired. Holders of Allowed General Unsecured Claims in Class 5 are entitled to vote on the Plan.

c. Treatment

Except to the extent that a Holder of an Allowed Class 5 General Unsecured Claim against

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

the Debtors agrees to a different treatment, each Holder of an Allowed Class 5 General Unsecured Claim shall receive a Pro Rata Share of any Distributable Proceeds.

Notwithstanding anything to the contrary set forth herein (i) no Holder of an Allowed Class 5 General Unsecured Claim shall be entitled to receive Cash under the Plan in excess of 100% of such Holder's Allowed Class 5 General Unsecured Claim plus interest thereon accrued after the Petition Date at the Federal Judgment Rate; and (ii) the Liquidating Trustee may delay any Distribution otherwise payable hereunder to Holders of Allowed Class 5 Claims if the Liquidating Trustee determines, in consultation with the Plan Oversight Committee, that the cost of making such Distribution is not cost-effective, in relation to the amount of the Distribution.

8. Class 6 – Intercompany Claims

a. Classification

Class 6 consists of all Intercompany Claims.

b. Impairment and Voting

Class 6 is impaired and deemed to reject the Plan.

c. Treatment

Allowed Intercompany Claims shall not receive a Distribution under the Plan.

9. Class 7 – Equity Interests

a. Classification

Class 7 consists of all Equity Interests.

b. Impairment and Voting

Class 7 is impaired and deemed to reject the Plan.

c. Treatment

On the Effective Date, all Equity Interests shall be deemed canceled, extinguished and discharged and of no further force or effect, and the Holders of Equity Interests are not entitled to receive or retain any property on account of such Equity Interests.

B. Modification of Treatment of Claims

The Liquidating Trustee reserves 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

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LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

the consent of the Holder of the Claim whose Allowed Claim is being adversely affected.

C. Cramdown and No Unfair Discrimination

With respect to the Impaired Classes of Claims and Equity Interests that reject or that are deemed to have rejected the Plan, the Debtors hereby request, without any delay in the occurrence of the Confirmation Hearing or Effective Date, that the Bankruptcy Court confirm the Plan in accordance with Section 1129(b) of the Bankruptcy Code with respect to such non-accepting Classes, in which case the Plan shall constitute a motion for such relief.

Confirming the Plan under such a circumstance is what is known as a "cramdown." Among other things, a "cramdown" is appropriate where the Bankruptcy Court finds that such plan does not unfairly discriminate against the objecting class, is fair and equitable with respect to such objecting class, and at least one class of impaired creditors has voted to accept the plan. A plan unfairly discriminates against a class if another class of equal rank in priority will receive greater value under the plan than the non-accepting class without reasonable justification. A plan is fair and equitable if no claim or interest junior to the objecting class shall receive or retain any claim or interest under the plan.

IX. PROVISIONS REGARDING THE POST-CONFIRMATION LIQUIDATING TRUST

A. Appointment of the Liquidating Trustee

On the Effective Date, all assets of the Debtors will be transferred to the Hronis Liquidating Trust and the Liquidating Trustee shall be appointed and thereafter serve in accordance with this Plan and the Liquidating Trust Agreement. The Liquidating Trustee shall not be required to give any bond or surety or other security for the performance of his duties unless otherwise directed by the Bankruptcy Court. The material terms of the Liquidating Trustee's compensation are included in the Liquidating Trust Agreement.[3] On the Effective Date, and without any further action of any Person or Entity, the board of directors or managing members of each Post-Effective Date Debtor is comprised solely of the Liquidating Trustee. On the Effective Date, and without any further action or any Person or Entity, the members of the board of directors

[3] A copy of the proposed form of Liquidating Trust Agreement is attached hereto as **Exhibit B**.

or the managing members of each Debtor prior to the Effective Date, in their capacities as such, have no continuing obligations to any of the Post-Effective Date Debtors on or after the Effective Date. On the Effective Date, the sole officer of each Post-Effective Date Debtor is the Liquidating Trustee.

B. Rights and Powers of the Liquidating Trustee

Subject to the rights and duties of the Plan Oversight Committee set forth below, the Liquidating Trustee shall, in addition to any powers and authority specifically set forth in other provisions of the Plan or in the Liquidating Trust Agreement, be empowered to act on behalf of the Estates, the Post-Effective Date Debtors and the Hronis Liquidating Trust to (i) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan or the Liquidating Trust Agreement, (ii) establish and maintain the Distribution Account and the Reserve Accounts, (iii) make Distributions in accordance with the Plan, (iv) object to and/or settle Claims, as appropriate, (v) employ and compensate professionals to represent the Liquidating Trustee with respect to his responsibilities, (vi) assert any of the Debtors' claims, Causes of Action, rights of setoff, or other legal or equitable defenses, and (vii) exercise such other powers as may be vested in the Post-Effective Date Debtors and/or the Liquidating Trustee by Order of the Bankruptcy Court, pursuant to this Plan, by the Liquidating Trust Agreement, or as deemed by the Liquidating Trustee to be necessary and/or desirable to implement the provisions hereof. The Liquidating Trustee may take any and all actions that he deems reasonably necessary or appropriate to defend against any Claim, including the right to: (a) exercise any and all judgment and discretion with respect to the manner in which to defend against or settle any Claim, including the retention of professionals, experts and consultants; and (b) enter into a settlement agreement or agreements without approval of the Bankruptcy Court. Post-Effective Date Expenses shall be paid by the Liquidating Trustee from the Post-Effective Date Reserve Account.

C. Plan Oversight Committee

On the Effective Date, there shall be established a Plan Oversight Committee consisting of three members, one of whom shall be the Prepetition Lender and two of whom shall be selected by

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(310) 255-6100

the Committee after consulting with the Debtors. The Plan Oversight Committee shall have the responsibility to oversee and advise the Liquidating Trustee with respect to the liquidation and distribution of the Debtors' assets in accordance with the Plan, as specified below. A member of the Plan Oversight Committee shall recuse him/herself from considering any matter in which he/she is not disinterested; provided, however, such member shall not be considered non-disinterested solely as a result of such member's affiliation with or employment by the Holder of a Claim (including the Prepetition Lender or any member of the Committee). The proposed members of the Plan Oversight Committee are identified on Exhibit E attached hereto or will otherwise be identified in the Plan Supplement. Vacancies on the Plan Oversight Committee shall be filled by a Person designated by the remaining member or members of the Plan Oversight Committee from among the holders of General Unsecured Claims; provided, however, that any vacancy with respect to any member appointed by the Prepetition Lender shall be filled by a Person designated by the Prepetition Lender. A majority of the Plan Oversight Committee may remove or replace members of the Plan Oversight Committee for cause, and any party-in-interest shall have the authority to seek an order from the Bankruptcy Court removing or replacing members of the Plan Oversight Committee for cause. Any successor appointed pursuant to this Section shall become fully vested with all of the rights, powers, duties and obligations of his or her predecessor. For the avoidance of doubt, no member of the Plan Oversight Committee shall be compensated for serving as a member of the Plan Oversight Committee; provided, however, that such members may be reimbursed by the Liquidating Trustee, from funds in the Post-Effective Date Reserve Account, for documented reasonable out-of-pocket costs and expenses related to service on the Plan Oversight Committee.

The rights, powers and duties of the Plan Oversight Committee shall be as follows:

(i) To terminate by majority vote the Liquidating Trustee for cause, and upon such termination (or upon the resignation, death or incapacity of the Liquidating Trustee), appoint a successor Liquidating Trustee in accordance with the terms of the Plan;

(ii) To approve any release or indemnity in favor of any third party granted or agreed to by the Liquidating Trustee, other than as set forth in the Plan;

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

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LOS ANGELES, CALIFORNIA 90067
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(iii) To authorize the Liquidating Trustee to commence or continue to prosecute any Cause of Action;

(iv) To approve the settlement of any Cause of Action or dispute, for which the amount in controversy exceeds $100,000;

(v) To approve the allowance of any Disputed Claim if the proposed Allowed amount of such Claim exceeds $50,000;

(vi) To approve the sale of any assets by the Liquidating Trustee;

(vii) To approve any budget in connection with the administration of the Plan and the winding down of the Debtors' affairs prepared by the Liquidating Trustee at the request of the Plan Oversight Committee;

(viii) To approve the Initial Distribution Date, the Subsequent Distribution Dates and the Final Distribution Date;

(ix) To review and object to fees and expenses of professionals retained by the Liquidating Trustee in accordance with the terms of the Plan; and

(x) To consider and, if appropriate, approve any action proposed by the Liquidating Trustee that is not specifically authorized by the Plan that would have a material effect upon the administration of the Estates and/or the Hronis Liquidating Trust, provided, however, nothing contained herein shall be deemed to authorize the Liquidating Trustee to take any action that is inconsistent with the terms of the Plan.

D. Post Confirmation Date Expenses of the Liquidating Trustee and the Post-Effective Date Debtors

Without further order of the Bankruptcy Court, the Liquidating Trustee shall, from the Post-Effective Date Reserve Account, receive reasonable compensation for services rendered to the Estates, the Post-Effective Date Debtors and/or the Hronis Liquidating Trust pursuant to the Plan and/or the Liquidating Trust Agreement.

In addition, the Liquidating Trustee may pay, from the Post-Effective Date Reserve Account, all reasonable fees and expenses incurred by the Liquidating Trustee on or after the Effective Date (including but subject to the rights of the Plan Oversight Committee as set forth above, reasonable attorney and professional fees and expenses) without further order of the Bankruptcy Court.

X. PROVISIONS GOVERNING DISTRIBUTIONS UNDER THE PLAN

A. Method of Payment

Unless otherwise expressly agreed in writing, all Cash payments to be made pursuant to the Plan shall be made by check drawn on a domestic bank or an electronic wire.

B. Objections to and Resolution of Claims

Subject to the rights and duties of the Plan Oversight Committee noted above, the Liquidating Trustee shall have the right to file objections and/or motions to estimate any and all Claims after the Effective Date. The Liquidating Trustee shall have the authority to compromise, settle, otherwise resolve or withdraw any objections, without approval of the Bankruptcy Court. The Liquidating Trustee shall further have the authority to resolve and settle any and all Claims without approval of the Bankruptcy Court.

C. Claims Objection Deadline

Subject to the rights and duties of the Plan Oversight Committee noted above, the Liquidating Trustee, and any other party in interest to the extent permitted pursuant to Section 502(a) of the Bankruptcy Code, shall file and serve any objection to any Claims, including Administrative Expense Claims, no later than the Claims Objection Deadline, as such Claims Objection Deadline may be extended from time to time upon motion by the Liquidating Trustee in accordance with the terms of this Plan.

D. No Distribution Pending Allowance

Notwithstanding any other provision of the Plan, no payment or Distribution of Cash or other property shall be made with respect to any portion of a Disputed Claim unless and until all objections to such Claim are resolved by Final Order or as otherwise permitted by this Plan.

E. Claims Reserve

On any date that Distributions are to be made under the terms of the Plan, the Liquidating Trustee shall reserve Cash or property equal to one-hundred percent (100%) of the Cash or property that would be Distributed on such date on account of Disputed Claims as if each such

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1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

Disputed Claim were an Allowed Claim, unless otherwise Ordered by the Bankruptcy Court following notice to the affected Claim Holder. Such Cash or property, as the case may be, shall be held in reserve for the benefit of the Holders of all such Disputed Claims pending determination of their entitlement thereto.

F. Adjustments to Claims Without Objection

After the Effective Date, upon 10 days' written notice to the affected Claimant, any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be marked as satisfied, adjusted or expunged on the register of Claims in the Chapter 11 Cases by the Balloting Agent at the direction of the Liquidating Trustee without a Claims objection having to be filed.

G. Late Claims and Amendments to Claims

Except as provided herein or otherwise agreed, any and all Holders of proofs of claim filed after the applicable Bar Date shall not be treated as Creditors for purposes of Distribution pursuant to Bankruptcy Rule 3003(c)(2) unless, on or before the Confirmation Date, such late Claim has been deemed timely filed by a Final Order.

H. Distribution Record Date

Except as otherwise provided in a Final Order of the Bankruptcy Court, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Distribution Record Date will be treated as the Holders of those Claims for all purposes. The Liquidating Trustee shall have no obligation to recognize any transfer of any Claim occurring after the Distribution Record Date. In making any Distribution with respect to any Claim, the Liquidating Trustee shall be entitled instead to recognize and deal with, for all purposes hereunder, only the Entity that is listed on the proof of claim filed with respect thereto or on the Schedules as the Holder thereof as of the close of business on the Distribution Record Date and upon such other evidence or record of transfer or assignment that are actually known to the Liquidating Trustee as of the Distribution Record Date.

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

I. <u>Delivery of Distributions</u>

Except as provided herein, Distributions to Holders of Allowed Claims shall be made: (1) at the addresses set forth on the respective proofs of claim filed by such Holders; (2) at the addresses set forth in any written notices of address changes delivered to the Liquidating Trustee after the date of any related proof of claim; or (3) at the address reflected in the Schedules if no proof of claim is filed and the Liquidating Trustee has not received a written notice of a change of address.

If the Distribution to the Holder of any Claim is returned to the Liquidating Trustee as undeliverable, no further Distribution shall be made to such Holder unless and until the Liquidating Trustee is notified in writing of such Holder's then current address. Undeliverable Distributions shall remain in the possession of the Liquidating Trustee until the earlier of (i) such time as a Distribution becomes deliverable or (ii) such time as an undeliverable Distribution becomes an Unclaimed Distribution.

The Liquidating Trustee shall make reasonable efforts to update or correct contact information for recipients of undeliverable Distributions; <u>provided</u>, <u>however</u>, nothing contained in the Plan shall require the Liquidating Trustee to locate any Holder of an Allowed Claim.

J. <u>Unclaimed Distributions</u>

Any Unclaimed Distributions that are not claimed on or before the Unclaimed Distribution Deadline shall revert to the Hronis Liquidating Trust; provided, however, the Hronis Liquidating Trust shall thereafter, and within one hundred twenty (120) days after the Final Distribution Date, donate such Unclaimed Distributions to a 501(c)(3) charity to be selected by the Liquidating Trustee in consultation with the Plan Oversight Committee.

K. <u>*De Minimis* Distributions</u>

The Liquidating Trustee shall not distribute cash to the Holder of an Allowed Claim in an Impaired Class if the amount of Cash to be distributed on account of such Claim is less than $100.00 in the aggregate. Any holder of an Allowed Claim on account of which the amount of Cash to be distributed is less than $100.00 in the aggregate will be forever barred from asserting its claim for such distribution against the Liquidating Trustee, the Debtors or their property. Any

Cash not distributed pursuant to this Article X(K) of the Plan will be property of the Estates and transferred to the Hronis Liquidating Trust.

L. <u>Setoff</u>

The Liquidating Trustee shall have and retain the right to reduce any Claim by way of setoff in accordance with the Debtors' Books and Records.

XI. IMPLEMENTATION AND EFFECT OF CONFIRMATION OF COMBINED PLAN AND DISCLOSURE STATEMENT

A. <u>Means for Implementation of the Plan</u>

In addition to the provisions set forth elsewhere in the Plan, the following provisions of this Article constitute the means for implementation of the Plan.

B. <u>Limited Consolidation</u>

The Plan provides for the limited consolidation of the Debtors' Estates, but solely for the purposes of this Plan, including making any Distributions to Holders of Allowed Claims. The Debtors propose limited consolidation to promote efficient administration and effectuation of the Plan, including for purposes of Distributions to be made under the Plan, and to avoid the inefficiency of proposing Entity-specific Claims for which there would be little to no impact on Distributions. On the Effective Date, (i) all assets and liabilities of the Debtors shall, solely for Distribution purposes, be treated on a aggregated basis, (ii) each Claim against any of the Debtors shall be deemed a single Claim against and a single obligation of all of the Debtors, (iii) any Claims scheduled, filed or to be filed in the Chapter 11 Cases shall be deemed single Claims against the Debtors, (iv) all guarantees of one Debtor of the payment, performance, or collection of obligations of another Debtor shall be eliminated and canceled, (v) all transfers, disbursements and Distributions on account of Claims made by or on behalf of any of the Debtors' Estates hereunder will be deemed to be made by or on behalf of all of the Debtors' Estates, and (vi) any obligation of the Debtors as to Claims will be deemed to be one obligation of all of the Debtors. Holders of Allowed Claims entitled to Distributions under this Plan shall be entitled to their share of assets available for Distribution to such Claims without regard to which Debtor was originally liable for such Claims. Except as set forth herein, such limited consolidation shall not (other than

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

for purposes related to this Plan) affect the legal and corporate structures of the Debtors. Moreover, notwithstanding the limited consolidation provided for herein, each and every Debtor shall remain responsible for the payment of quarterly fees pursuant to the provisions of 28 U.S.C. §1930(a)(6) until the earlier of such time that a particular case is closed, dismissed, or converted.

Absent such deemed consolidation, it would be necessary to (i) allocate the purchase price received from various purchasers for the assets of the various Estates, (ii) allocate the expenses of administration of the Chapter 11 Cases across the various Estates, and (iii) reconcile intercompany balances, indemnity, and contribution rights, if any, between the Debtors, all before it would be possible to determine the appropriate amount to be distributed to creditors of each Estate. The Debtors believe that the administrative costs of taking these measures would consume, if not totally exhaust, the limited assets available for distribution in these Chapter 11 Cases, to the detriment of all creditors.

This Plan serves as a motion seeking entry of an order consolidating the Debtors, as described and to the limited extent set forth above. Unless an objection to such consolidation is made in writing by any creditor affected by the Plan, filed with the Bankruptcy Court and served in accordance with the objection procedures established by the Bankruptcy Court, the consolidation order (which may be the Confirmation Order) may be entered by the Bankruptcy Court. In the event any such objections are timely filed, a hearing with respect thereto shall occur at or before the Confirmation Hearing.

C. <u>Implementation of Settlement with the Committee</u>

As described above, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, the Plan incorporates a compromise and settlement of the Committee's Challenge to the Liens and Claims of the Prepetition Lender as reflected in the Stipulation, as well as any other Challenges (as defined in the Final DIP Order) that could have been brought by the Committee pursuant to the terms of the Final DIP Order pursuant to the Stipulation, which is incorporated herein.

D. <u>Establishment of the Liquidating Trust; Transfer of Assets</u>

On the Effective Date, the Liquidating Trust shall be established. Except as otherwise specifically provided in the Plan or the Confirmation Order, any assets that are property of any of the Debtors' Estates on the Effective Date, including any Causes of Action and other assets of the Estates (including all assets included in the GUC Carveout), shall transfer to and vest in the Liquidating Trust, free and clear of any Liens, Claims, encumbrances and interests of any kind. Thereafter, the Liquidating Trust (at the direction of the Liquidating Trustee) may use, acquire and dispose of such property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules or Bankruptcy Court approval, except as otherwise provided in the Plan.

E. Funding of the Reserve Accounts

1. Professional Fee Claims Reserve. On or as soon as practicable after the Effective Date, the Liquidating Trustee shall fund the Professional Fee Claims Reserve from cash made available to the Committee by Conterra pursuant to the Stipulation, subject to the cap set forth therein, in the amount set forth in the Plan Supplement or as otherwise provided in the Confirmation Order. There shall be deposited into the Professional Fee Claims Reserve an amount sufficient for the payment of all Professional Fee Claims that are anticipated to be Allowed.

Any Cash remaining in the Professional Fee Claims Reserve after payment of all Allowed Professional Fee Claims shall be transferred by the Liquidating Trustee to the Post-Effective Date Reserve Account.

The Professional Fee Claims Reserve shall be established, and at all times be maintained, as a segregated account.

2. Post-Effective Date Reserve Account. On or as soon as practicable after the Effective Date, the Liquidating Trustee shall fund the Post-Effective Date Reserve Account from cash made available to the Committee by Conterra pursuant to the Stipulation, subject to the cap set forth therein, in the amount set forth in the Plan Supplement or as otherwise provided in the Confirmation Order. The Liquidating Trustee, in consultation with the Plan Oversight Committee, may at any time increase or decrease the amount of the Post-Effective Date Reserve Account.

The Post-Effective Date Reserve Account shall at all times be maintained by the Liquidating Trustee in a segregated account.

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Unless otherwise specifically provided hereunder, all Cash obtained by the Post-Effective Date Debtors or the Liquidating Trustee after the Effective Date from whatever source shall be deposited by the Liquidating Trustee into the Post-Effective Date Reserve Account.

The Liquidating Trustee shall, in consultation with the Plan Oversight Committee, transfer Cash in the Post-Effective Date Reserve Account to the Distribution Account only after full payment of, or other provision for, all actual and anticipated Post-Effective Date Expenses.

3. <u>SAP Claims Reserve Account</u>. On or as soon as practicable after the Effective Date, the Liquidating Trustee shall establish the SAP Claims Reserve Account and fund such account from the Debtors' Cash Account, the Face Amount of: (i) all Administrative Claims asserted against any of the Debtors; (ii) all Priority Tax Claims asserted against any of the Debtors, and (iii) all Priority Non-Tax Claims asserted against any of the Debtors. If and to the extent any such Administrative Claims, Priority Tax Claims, or Priority Non-Tax Claims become Disallowed, withdrawn or reduced, the Liquidating Trustee shall reduce the amount in the SAP Claims Reserve Account in a corresponding amount and shall transfer such amount from the SAP Claims Reserve Account to the Post-Effective Date Reserve Account.

The SAP Claims Reserve Account shall be established, and at all times be maintained, as a segregated account.

Notwithstanding anything to the contrary set forth herein, the SAP Claims Reserve Account shall not be funded multiple times with respect to the same Claim.

F. <u>Funding of the Distribution Account</u>

<u>Distribution Account</u>. On or as soon as practicable after the Effective Date, and as Distributable Proceeds become available, the Liquidating Trustee shall transfer such Distributable Proceeds to the Distribution Account in accordance with the terms of the Plan.

The Distribution Account shall be established, and at all times be maintained, as a segregated account.

G. <u>Implementing Actions</u>

Unless otherwise provided in the Plan, on the Effective Date or as soon thereafter as practicable, the following shall occur in implementation of the Plan: (i) all actions, documents and

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agreements necessary to implement the Plan shall have been effected or executed; (ii) the Debtors shall have received all authorizations, consents, regulatory approvals, rulings, opinions or other documents, if any, that are determined by the Debtors to be necessary to implement the Plan; (iii) the Liquidating Trustee shall make all Distributions, if any, required to be made on the Effective Date pursuant to the Plan; and (iv) the Professional Fee Claims Reserve Account, the Post-Effective Date Reserve Account and the SAP Claims Reserve Account, shall be established and funded in a manner consistent with Article X(A)(3) of the Plan. All Cash in such accounts shall be deposited or invested in accordance with section 345 of the Bankruptcy Code.

H. Corporate Action; Effectuating Documents; Further Transactions

From and after the Effective Date, the Post-Effective Date Debtors shall continue in existence for all purposes contemplated or required by the Plan, including (i) winding up their affairs as expeditiously as reasonably possible, (ii) filing appropriate tax returns, and (iii) dissolution. Upon the Effective Date, all transactions and other actions provided for under the Plan shall be deemed to be authorized and approved by the Debtors without any requirement of further action by the Debtors, the Debtors' members, the Debtors' shareholders or the Debtors' boards of directors. As of the Effective Date, the Liquidating Trustee shall be deemed to be the sole equity holder and the only duly authorized, board-appointed officer, director or manager of each of the Post-Effective Date Debtors and all by-laws, articles or certificates of incorporation or agreements and related corporate documents of the Post-Effective Date Debtors shall be deemed to have been amended by the Plan to permit and authorize such sole appointment.

After the Effective Date, the Liquidating Trustee shall be authorized to take, in his or her sole discretion, all actions reasonably necessary to dissolve one or more of the Debtors under applicable law, and, from the Post-Effective Date Reserve, to pay all reasonable costs and expenses in connection with such dissolution, including the costs of preparing or filing any necessary paperwork or documentation. Upon the Final Distribution Date, any Post-Effective Date Debtors that have not been previously dissolved shall be deemed dissolved for all purposes without the necessity for other or further actions to be taken by or on behalf of the Post-Effective Date Debtors, and the Liquidating Trustee shall be authorized to file any documents as he may

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deem necessary or desirable in connection with such dissolution. Further, upon the entry of a final decree or other order of the Bankruptcy Court, the Liquidating Trustee shall be authorized to discard or destroy any and all of the Post-Effective Date Debtors' Books and Records except to the extent that such books relate to open tax years, are necessary for the completion and filing of tax returns or the analysis or prosecution of Causes of Action, or are required to be retained pursuant to an agreement of sale approved by a Sale Order and any ancillary documents or agreements entered in connection therewith.

I. <u>Dissolution of the Committee</u>

On the Effective Date, the Committee shall be dissolved and the members thereof shall be released and discharged of and from all further authority, duties, responsibilities and obligations related to, arising from or in connection with the Chapter 11 Cases, and the retention or employment of the Committee's attorneys, accountants, and other agents, if any, shall terminate, except for purposes of filing and prosecuting Final Fee Applications or any appeal of the Confirmation Order.

J. <u>Treatment of DLP Adversary</u>

On the Effective Date, Conterra or its designee, as purchaser under the APA, shall be responsible for defending the claims against the Debtors in the DLP Adversary. The Post-Effective Date Debtors and/or the Liquidating Trust (as applicable) shall be responsible for prosecuting the counterclaims made by the Debtors against DLP Funding. Conterra, its designee, the Post-Effective Date Debtors and/or the Liquidating Trustee may take appropriate action to substitute themselves as parties to the DLP Adversary.

K. <u>Rule 2004 Discovery</u>

On and after the Effective Date, Conterra or its designee, as purchaser under the APA, the Post-Effective Date Debtors and/or the Liquidating Trust have the right to take discovery pursuant to Bankruptcy Rule 2004.

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

XII. EXCULPATION, RELEASES AND INJUNCTIONS

A. Exculpation and Limitation of Liability

EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED HEREIN, EACH OF THE EXCULPATED PARTIES SHALL NOT BE LIABLE FOR ANY CLAIM, ACTION, PROCEEDING, CAUSE OF ACTION, SUIT, ACCOUNT, CONTROVERSY, AGREEMENT, PROMISE, RIGHT TO LEGAL REMEDIES, RIGHT TO EQUITABLE REMEDIES, RIGHT TO PAYMENT OR CLAIM (AS DEFINED IN SECTION 101(5) OF THE BANKRUPTCY CODE), WHETHER KNOWN, UNKNOWN, REDUCED TO JUDGMENT, NOT REDUCED TO JUDGMENT, LIQUIDATED, UNLIQUIDATED, FIXED, CONTINGENT, MATURED, UNMATURED, DISPUTED, UNDISPUTED, SECURED OR UNSECURED AND WHETHER ASSERTED OR ASSERTABLE DIRECTLY OR DERIVATIVELY, IN LAW, EQUITY OR OTHERWISE TO ONE ANOTHER OR TO ANY HOLDER OF A CLAIM OR EQUITY INTEREST, OR ANY OTHER PARTY IN INTEREST, OR ANY OF THEIR RESPECTIVE AGENTS, EMPLOYEES, REPRESENTATIVES, FINANCIAL ADVISORS, ATTORNEYS, OR ANY OF THEIR SUCCESSORS OR ASSIGNS, FOR ANY ACT OR OMISSION ORIGINATING OR OCCURRING ON OR AFTER THE PETITION DATE THROUGH AND INCLUDING THE EFFECTIVE DATE IN CONNECTION WITH, RELATING TO, OR ARISING OUT OF THE CHAPTER 11 CASES, THE NEGOTIATION AND FILING OF THE PLAN OR ANY PRIOR PLANS, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THE PLAN OR ANY PRIOR PLANS, ANY SALE ORDER, THE CONSUMMATION OF THE PLAN, OR THE ADMINISTRATION OF THE PLAN OR THE PROPERTY TO BE LIQUIDATED AND/OR DISTRIBUTED UNDER THE PLAN, EXCEPT FOR WILLFUL MISCONDUCT, GROSS NEGLIGENCE OR FRAUD AS DETERMINED BY A FINAL ORDER OF A COURT OF COMPETENT JURISDICTION.

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LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

B. Releases

1. Prepetition Lender Pursuant to Settlement and Stipulation

ON THE EFFECTIVE DATE, PURSUANT TO THE SETTLEMENT, THE DEBTORS (ON BEHALF OF THEMSELVES AND THEIR ESTATES), THE COMMITTEE, THE HRONIS LIQUIDATING TRUST, THE LIQUIDATING TRUSTEE, AND ANY OTHER PERSON SEEKING TO EXERCISE THE DERIVATIVE RIGHTS OF THE ESTATES SHALL RELEASE UNCONDITIONALLY, AND HEREBY ARE DEEMED TO FOREVER RELEASE UNCONDITIONALLY, THE PREPETITION LENDER, MAGNETAR CAPITAL AND ITS AFFILIATES , AND THE PREPETITION LENDER'S AND MAGNETAR CAPITAL'S CURRENT AND FORMER EMPLOYEES, AGENTS, ATTORNEYS, FINANCIAL ADVISORS, OFFICERS DIRECTORS, AND THEIR AFFILIATES, SUBSIDIARIES, PREDECESSORS, SUCCESSORS AND ASSIGNS, AND SUCH ENTITIES' RESPECTIVE HEIRS, EXECUTORS, ESTATES, SERVANTS AND NOMINEES, IN EACH CASE, FROM ANY AND ALL CLAIMS (INCLUDING CLAIMS UNDER CHAPTER 5 OF THE BANKRUPTCY CODE), OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, RIGHTS, CAUSES OF ACTION AND LIABILITIES WHATSOEVER (OTHER THAN THE RIGHT TO ENFORCE THE PERFORMANCE OF THEIR RESPECTIVE OBLIGATIONS, IF ANY, TO THE DEBTORS UNDER THE PLAN, AND THE CONTRACTS, INSTRUMENTS, RELEASES AND OTHER AGREEMENTS DELIVERED UNDER THE PLAN), WHETHER LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, DIRECTLY OR DERIVATIVELY, THEN EXISTING OR THEREAFTER ARISING, IN LAW, EQUITY OR OTHERWISE THAT ARE BASED IN WHOLE OR IN PART ON ANY ACT OR OMISSION, TRANSACTION, EVENT OR OTHER OCCURRENCE TAKING PLACE ON OR PRIOR TO THE EFFECTIVE DATE IN ANY WAY RELATING TO THE DEBTORS, THE CHAPTER 11 CASES, THE PLAN, THE PREPETITION CREDIT AGREEMENT, THE PREPETITION LOAN DOCUMENTS; PROVIDED, HOWEVER,

THAT NOTWITHSTANDING THE FOREGOING, NOTHING CONTAINED HEREIN IS INTENDED TO OR SHALL OPERATE AS A RELEASE OF ANY CLAIMS FOR WILLFUL MISCONDUCT OR FRAUD, AS DETERMINED BY A FINAL ORDER OF A COURT OF COMPETENT JURISDICTION.

2. Other Parties

ON THE EFFECTIVE DATE, THE DEBTORS, ON BEHALF OF THEMSELVES AND THEIR ESTATES, SHALL RELEASE UNCONDITIONALLY, AND HEREBY ARE DEEMED TO FOREVER RELEASE UNCONDITIONALLY THE DEBTORS' RESPECTIVE ADVISORS EMPLOYED OR RETAINED POSTPETITION (INCLUDING THE DEBTORS' CO-CHIEF RESTRUCTURING OFFICERS AND PALADIN), PROFESSIONALS, CONSULTANTS, AND ATTORNEYS, SOLELY IN THEIR RESPECTIVE CAPACITIES AS SUCH, FROM ANY AND ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, RIGHTS, CAUSES OF ACTION AND LIABILITIES WHATSOEVER (OTHER THAN THE RIGHT TO ENFORCE THE PERFORMANCE OF THEIR RESPECTIVE OBLIGATIONS, IF ANY, UNDER THE PLAN, AND THE CONTRACTS, INSTRUMENTS, RELEASES AND OTHER AGREEMENTS DELIVERED UNDER THE PLAN), WHETHER LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, DIRECTLY OR DERIVATIVELY, THEN EXISTING OR THEREAFTER ARISING, IN LAW, EQUITY OR OTHERWISE THAT ARE BASED IN WHOLE OR IN PART ON ANY ACT OR OMISSION, TRANSACTION, EVENT OR OTHER OCCURRENCE TAKING PLACE ON OR PRIOR TO THE EFFECTIVE DATE IN ANY WAY RELATING TO THE DEBTORS, THE CHAPTER 11 CASES, THE PLAN, THE PREPETITION CREDIT AGREEMENT, THE PREPETITION LOAN DOCUMENTS; PROVIDED, HOWEVER, THAT NOTWITHSTANDING THE FOREGOING, NOTHING CONTAINED HEREIN IS INTENDED TO OR SHALL OPERATE AS A RELEASE OF ANY CLAIMS FOR WILLFUL MISCONDUCT, GROSS NEGLIGENCE OR FRAUD, AS DETERMINED BY

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1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

A FINAL ORDER OF A COURT OF COMPETENT JURISDICTION.

C. <u>Injunction</u>

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, FROM AND AFTER THE EFFECTIVE DATE, ALL PERSONS WHO HAVE HELD, HOLD OR MAY HOLD CLAIMS AGAINST OR INTERESTS IN ANY OF THE DEBTORS ARE PERMANENTLY ENJOINED FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST ANY OF THE DEBTORS OR THEIR ESTATES, ANY DEBTOR'S PROPERTY, THE HRONIS LIQUIDATION TRUST, THE LIQUIDATING TRUSTEE, THE PREPETITION LENDER, MAGNETAR CAPITAL AND ITS AFFILIATES, OR THE EXCULPATED PARTIES, ON ACCOUNT OF ANY SUCH CLAIMS OR INTERESTS: (A) ENFORCING, ATTACHING, COLLECTING OR RECOVERING IN ANY MANNER ANY JUDGMENT, AWARD, DECREE OR ORDER; (B) CREATING, PERFECTING OR ENFORCING ANY LIEN OR ENCUMBRANCE; (C) ASSERTING A SETOFF OR RIGHT OF SUBROGATION OF ANY KIND AGAINST ANY DEBT, LIABILITY OR OBLIGATION DUE TO ANY DEBTOR; (D) COMMENCING OR CONTINUING, IN ANY MANNER OR IN ANY PLACE, ANY ACTION THAT DOES NOT COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN; AND (E) TAKING ANY ACTION WHICH INTERFERES WITH THE IMPLEMENTATION OR CONSUMMATION OF THE PLAN; PROVIDED, HOWEVER, THAT NOTHING CONTAINED IN THE PLAN SHALL PRECLUDE SUCH PERSONS FROM EXERCISING AND/OR ENFORCING THEIR RIGHTS PURSUANT TO AND CONSISTENT WITH THE TERMS OF THE PLAN OR THE CONFIRMATION ORDER.

XIII. <u>EXECUTORY CONTRACTS AND UNEXPIRED LEASES</u>

A. <u>Rejection of Executory Contracts and Unexpired Leases</u>

On the Effective Date, all Executory Contracts not assumed before the Effective Date, or subject to a pending motion to assume as of the Effective Date, are deemed rejected. The Confirmation Order constitutes an Order approving such rejection as of the Effective Date.

B. <u>Deadline for Filing Proofs of Claim Relating to Executory Contracts and Unexpired</u>

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

SAUL EWING LLP
1888 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

Leases Rejected Pursuant to the Plan

If the rejection by the Debtors of an Executory Contract pursuant to the Plan gives rise to a Claim, a proof of claim must be submitted to the **Hronis, Inc., et al. Claims Processing c/o Donlin, Recano & Company, LLC, P.O. Box 2053, New York, NY 10272-2042 (hronisinfo@angeiongroup.com)**, by no later than thirty (30) days after service of the notice of the Effective Date. Any proofs of claim not filed and served within such time period will be forever barred from assertion against the Debtors and their Estates. Unless otherwise Ordered by the Bankruptcy Court, all Claims arising from the rejection of Executory Contracts shall be treated as Class 5 General Unsecured Claims under the Plan. For the avoidance of doubt, any Claims arising from the rejection of an Executory Contract pursuant to a separate motion or order are subject to the applicable Rejection Bar Date.

C. Debtors' Insurance Policies

Notwithstanding anything to the contrary contained in the Plan, all Insurance Policies shall remain in full force and effect unless otherwise validly terminated, and issuers of such Insurance Policies shall remain responsible for Claims, in accordance with the terms and provisions of such Insurance Policies. The Debtors do not consider Insurance Policies that have expired as of the Effective Date (whether or not entered into prior or subsequent to the Petition Date) to be executory contracts subject to assumption or rejection. However, the issuers of Insurance Policies shall be responsible for continuing coverage obligations thereunder, regardless of the payment status of any retrospective or other insurance premiums. Nothing in the Plan shall constitute or be deemed to be a waiver of any Cause of Action that the Debtors may hold against Persons, including any issuer under any Insurance Policy of the Debtors.

Nothing in the Plan and/or the Confirmation Order alters the rights and obligations of the Debtors (and their Estates) and the Debtors' insurers (and third-party claims administrators) under the Insurance Policies or modifies the coverage or benefits provided thereunder or the terms or conditions thereof or diminishes or impairs the enforceability of the Insurance Policies.

XIV. CONDITIONS PRECEDENT TO AND OCCURRENCE OF CONFIRMATION AND THE EFFECTIVE DATE

A. Conditions Precedent to Confirmation

The following are conditions precedent to Confirmation that must be satisfied or waived:

(i) The Confirmation Order is reasonably acceptable in form and substance to the Debtors, in consultation with the Committee; and

(ii) The Plan Supplement and any other exhibits or schedules incorporated as part of the Plan are reasonably acceptable in form and substance to the Debtors, in consultation with the Committee.

B. Conditions Precedent to the Effective Date

The Plan will not become effective unless and until the following conditions shall have been satisfied or, solely with respect to item (ii) below, waived:

(iii) Entry of the Confirmation Order;

(iv) The Confirmation Order becomes a Final Order;

(v) The Sale of the Conterra Acquired Real Estate has closed and all documents and instruments necessary to effect the conveyance of the Conterra Acquired Real Estate have been made, delivered, and filed as required by law or practice; and

(vi) The Debtors shall have sufficient Cash available to fund the Reserve Accounts in accordance with the terms of the Plan.

C. Establishing the Effective Date

The Effective Date shall be a Business Day on or promptly following the satisfaction or waiver of all conditions to the Effective Date, which date will be selected by the Debtors. On or within two (2) Business Days after the Effective Date, the Liquidating Trustee shall file and serve a notice of occurrence of the Effective Date. Such notice shall contain, among other things, notice of the Administrative Expense Bar Date, the deadline by which Professionals must file and serve any Professional Fee Claims and the deadline to file a proof of claim relating to damages from the rejection of any Executory Contract pursuant to the terms of the Plan.

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D. Effect of Failure of Conditions

In the event the Effective Date does not occur, the Plan shall be null and void in all respects.

E. Waiver of Conditions to Confirmation and Effective Date

Each of the conditions to the Effective Date that is subject to waiver may be waived, in whole or in part, by the Debtors, in consultation with the Committee, without notice to or an order of the Bankruptcy Court.

XV. RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, following the Effective Date, the Bankruptcy Court retains such jurisdiction over the Chapter 11 Cases, and all proceedings arising in or related to the Chapter 11 Cases, as is legally permissible, including such jurisdiction as is necessary to ensure that the interests and purposes of the Plan are carried out. Without limiting the generality of the foregoing, the Bankruptcy Court shall have jurisdiction of all matters arising out of, and related to, the Chapter 11 Cases and the Plan pursuant to, and for the purposes of, Sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(i) To hear and determine any objections to Claims and to address any issues relating to Disputed Claims;

(ii) To hear and determine Causes of Action (including the Causes of Action identified in **Exhibit A** hereto);

(iii) To enter and implement such Orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

(iv) To issue such Orders in aid of execution and consummation of the Plan, to the extent authorized by Section 1142 of the Bankruptcy Code;

(v) To consider any amendments to or modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any Order of the Bankruptcy Court, including the Confirmation Order;

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(vi) To hear and determine all requests for compensation and reimbursement of expenses to the extent Allowed by the Bankruptcy Court under Sections 330 or 503 of the Bankruptcy Code;

(vii) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

(viii) To hear and determine matters concerning state, local and federal taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code (including any request by the Debtors or the Liquidating Trustee for an expedited determination of tax under Section 505(b) of the Bankruptcy Code);

(ix) To hear any other matter not inconsistent with the Bankruptcy Code;

(x) To enter a final decree closing the Chapter 11 Cases (or any of them);

(xi) To ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

(xii) To decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving the Debtors that may be pending on the Effective Date;

(xiii) To issue injunctions, enter and implement other Orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the occurrence of the Effective Date or enforcement of the Plan, except as otherwise provided herein;

(xiv) To determine any other matters that may arise in connection with or related to the Plan, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created or implemented in connection with the Plan;

(xv) To enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, exculpations, and rulings entered in connection with the Chapter 11 Cases (whether or not the Chapter 11 Cases have been closed);

(xvi) To resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof;

(xvii) To resolve any disputes concerning whether a Person or Entity had sufficient notice of the Chapter 11 Cases, the General Bar Date, the Governmental Unit Bar Date, the Rejection Bar

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Date, the Administrative Expense Bar Date, and/or the hearing on the approval of the Plan for the purpose of determining whether a Claim, or Equity Interest is discharged and/or enjoined hereunder or for any other purpose; and

(xviii) To resolve any other matter or for any purpose specified in the Plan, the Confirmation Order, or any other document entered into in connection with any of the foregoing.

XVI. MISCELLANEOUS PROVISIONS

A. Books and Records

On the Effective Date, a copy of the Debtors' remaining books and records (the "**Books and Records**") shall made available to Conterra and the Liquidating Trustee to administer the Plan.

B. Injunctions or Stays

All injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the Confirmation Date, remain in full force and effect.

C. Amendment or Modification of the Plan

Alterations, amendments or modifications of the Plan may be proposed in writing by the Debtors at any time before the Confirmation Date, provided that the Plan, as altered, amended or modified, satisfies the conditions of Sections 1122 and 1123 of the Bankruptcy Code and the Debtors shall have complied with Section 1125 of the Bankruptcy Code.

D. Severability

In the event the Bankruptcy Court determines, before the Confirmation Date, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the Holder or Holders of such Claims or Equity Interests as to which the provision is determined to be invalid, void or unenforceable. The invalidity, voidability or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

E. Revocation or Withdrawal of the Plan

The Debtors, in consultation with the Committee, reserve the right to revoke or withdraw

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LOS ANGELES, CALIFORNIA 90067
(310) 255-6100

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(310) 255-6100

the Plan before the Confirmation Date. If the Debtors revoke or withdraw the Plan before the Confirmation Date, then the Plan shall otherwise be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims by or against the Debtors.

F. Binding Effect

The Plan shall be binding upon and inure to the benefit of the Debtors, the Holders of Claims and the Holders of Equity Interests, and their respective successors and assigns.

G. Notices

All notices, requests and demands to or upon the Liquidating Trustee or the Debtors, as applicable, to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as shall be set forth in the Confirmation Order.

H. Governing Law

Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit to the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of California, without giving effect to the principles of conflicts of law of such jurisdiction.

I. Withholding and Reporting Requirements

In connection with the consummation of the Plan, the Post-Effective Date Debtors and Liquidating Trustee shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements. Notwithstanding the above, each Holder of an Allowed Claim that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such Holder by any Governmental Unit, including income, withholding and other tax obligations, on account of such Distribution. The Debtors and the Liquidating Trustee have the right, but not the obligation, to not make a Distribution until such Holder has made arrangements satisfactory to any disbursing party for payment of any such tax obligations.

The Post-Effective Date Debtors and/or Liquidating Trustee may require, as a condition to receipt of a Distribution, that the Holder of an Allowed Claim complete and return a Form W-9. If the Post-Effective Date Debtors and/or Liquidating Trustee make such a request and the Holder fails to comply before the date that is ninety (90) days after the request is made, the amount of such Distribution shall irrevocably revert to the Liquidating Trustee and any Claim in respect of such Distribution shall be disallowed and forever barred from assertion against the Post-Effective Date Debtors or the Liquidating Trustee, or their respective property.

J. Exhibits/Schedules

All exhibits and schedules to the Plan are incorporated into and are a part of the Plan as if set forth in full herein.

K. Filing of Additional Documents

On or before substantial consummation of the Plan, the Debtors shall file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

L. No Admissions

Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed as an admission by any Entity with respect to any matter set forth herein.

M. Successors and Assigns

The rights, benefits and obligations of any Person or Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign of such Person or Entity.

N. Reservation of Rights

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or provision contained herein, or the taking of any action by the Debtors with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors or

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Holders of Claims or Equity Interests before the Effective Date.

O. Implementation

The Debtors and the Liquidating Trustee shall take all steps, and execute all documents, necessary to effectuate the provisions contained in this Plan.

P. Inconsistency

In the event of any inconsistency among the Plan and any other instrument or document created or executed pursuant to the Plan, the provisions of the Plan govern. In the event of any inconsistency between the Plan and the Confirmation Order, the Confirmation Order governs.

Q. Final Decrees

Following the occurrence of the Effective Date and upon the filing of a certification of the Liquidating Trustee's counsel, after consultation with the Office of the United States Trustee, the Court shall enter final decrees and orders closing the Chapter 11 Cases of all Debtors except Hronis, Inc. (the "**Non-Lead Debtors**"). Following closure of the Non-Lead Debtors' Chapter 11 Cases, any and all recourse for any Claims, Interests, or equitable relief with respect to the Non-Lead Debtors shall proceed exclusively in the Chapter 11 Case of Hronis, Inc., in accordance with the Plan and any Final Orders entered in the Chapter 11 Cases.

R. Termination of the Liquidating Trust and Release of Trustee

After the Chapter 11 Cases are closed and the Liquidating Trustee has completed all of the tasks necessary to fully and completely wind down, dissolve and/or terminate the Debtors and to otherwise comply with its obligations under the terms of the Plan, the Liquidating Trustee shall have fully completed its duties under the Plan and thereby shall be fully released and discharged of his duties and obligations to carry out the terms of the Plan, and the Liquidating Trust shall terminate.

S. Compromise of Controversies

Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided under the Plan, the provisions of this Plan shall constitute a good faith compromise and settlement of all Claims or controversies resolved pursuant to the Plan and in these Chapter 11 Cases. The entry of the Confirmation Order shall constitute the Bankruptcy

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Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan and the Chapter 11 Cases, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors and their Estates.

T. Request for Expedited Determination of Taxes

The Debtors and the Liquidating Trustee shall have the right to request an expedited determination under Section 505(b) of the Bankruptcy Code with respect to tax returns filed, or to be filed, for any and all taxable periods ending after the Petition Date through the Effective Date.

Dated: July 10, 2026

HRONIS, INC., a California corporation
HRONIS CAPITAL ASSETS, LP, a California limited partnership
HRONIS CAPITAL MANAGEMENT, LLC, a California limited liability company
HRONIS CITRUS, LLC, a California limited liability company
HRONIS FARMING, LP, a California limited partnership
HRONIS FRUIT COMPANY LLC, a California limited liability company
HRONIS LAND COMPANY, a California general partnership
HRONIS RANCH, LLC, a California limited liability company
HRONIS RESOURCE MANAGEMENT, LLC, a California limited liability company
THE HRONIS FAMILY LIMITED PARTNERSHIP, a California limited partnership

By: Paladin Management Group, in its capacity as financial advisor and co-chief restructuring officers to each of the foregoing Debtors

By: /s/ Allen Soong
Name: Allen Soong
Title: Co-CRO

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(310) 255-6100

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<u>Exhibit A</u>

Causes of Action Include the Following:

- Claims or causes of action (excluding the Insider Chapter 5 Claims and the Insider Commercial Tort Claims) against present or former officers, directors, members or managers of the Debtors that are not otherwise released under the Plan, including, but not limited to, unreleased claims or causes of action (i) arising under federal bankruptcy or applicable state fraudulent conveyance laws on account of any transfers to or for the benefit of such persons, or payments of debts owed to such persons; (ii) arising under applicable common law for fraud, for breaches of contractual obligations or fiduciary duties owed to the Debtors, or for aiding and abetting any of the foregoing, in connection with the management of the Debtors (including specifically, without limitation, in connection with the valuation of any Debtor's inventory); and (iii) arising under applicable state laws on account of any wrongful dividends paid by the Debtors, or for aiding and abetting any of the foregoing;
- Claims or causes of action under Chapter 5 of the Bankruptcy Code, including claims against any recipient of a payment listed in response to items 3 and/or 4 in any of the Debtors' Statements of Financial Affairs, and causes of action to equitably subordinate any Allowed Claim pursuant to 11 U.S.C. § 510(c).

Exhibit B

Liquidating Trust Agreement

[forthcoming]

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(310) 255-6100

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Exhibit C

Amount in Professional Fee Reserve Account - [forthcoming]

Amount in Post-Effective Date Reserve Account - [forthcoming]

<u>Exhibit D</u>

Liquidation Analysis

[forthcoming]

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<u>Exhibit E</u>

Proposed Members of the Plan Oversight Committee

[forthcoming]