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DIVISION OF CORPORATION

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TALLAHASSEE, FLORIDA

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**CT CORPORATION**

November 14, 2002

Secretary of State, Florida  
409 East Gaines Street  
N/A  
Tallahassee FL 32399

Re: Order #: 5722657 SO  
Customer Reference 1: 48999.008  
Customer Reference 2:

Dear Secretary of State, Florida:

Please file the attached:

SERVICO NORTHWOODS, INC. (FL)  
Misc - Domestic Corporate Filing - Filing Third Amended and Restated Articles of  
Incorporation  
Florida

Enclosed please find a check for the requisite fees. Please return evidence of filing(s) to my attention.

If for any reason the enclosed cannot be filed upon receipt, please contact me immediately at  
(850) 222-1092. Thank you very much for your help.

Sincerely,

Connie R Bryan  
Manager Fulfill Ctr  
Connie\_Bryan@cch-lis.com

660 East Jefferson Street  
Tallahassee, FL 32301  
Tel. 850 222 1092  
Fax 850 222 7615

**THIRD AMENDED AND RESTATED  
ARTICLES OF INCORPORATION**

**OF**

**SERVICO NORTHWOODS, INC.**

FILED  
2002 NOV 14 PM 12:50  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

SERVICO NORTHWOODS, INC., (hereinafter called the "Corporation"), a corporation organized and existing under and by virtue of the Business Corporation Act of the State of Florida, does hereby certify:

FIRST: The present name of the Corporation is SERVICO NORTHWOODS, INC., which is the name under which the Corporation was originally incorporated; and the filing date of the original Articles of Incorporation of the Corporation with the Secretary of State of the State of Florida is July 8, 1994.

SECOND: Pursuant to Sections 607.1007 and 607.1008 of the Business Corporation Act of the State of Florida, a plan of reorganization of the Corporation entitled Joint Plan of Reorganization of Lodgian, Inc., *et al.* Together With the Official Committee of Unsecured Creditors (Other than the CCA Debtors) Under Chapter 11 of the Bankruptcy Code (the "Plan") having been filed pursuant to Chapter 11 of Title 11 of the United States Code in a proceeding under the United States Bankruptcy Code entitled In re: Lodgian, Inc., *et al.*, Case No. 01-16345 (the "Proceeding"), and confirmed by an order dated November 5, 2002 by the United States Bankruptcy Court for the Southern District of New York, a court having jurisdiction over the Proceeding (the "Order"), and such Order providing for the making and filing of these Third Amended and Restated Articles of Incorporation, these Third Amended and Restated Articles of Incorporation restate and integrate and further amend the provisions of the articles of incorporation of the Corporation.

THIRD: The articles of incorporation of the Corporation are hereby amended and restated in their entirety to read as set forth in the Third Amended and Restated Articles of Incorporation hereinafter provided for.

FOURTH: The provisions of the articles of incorporation of the Corporation as heretofore amended and/or supplemented, and as herein amended, are hereby restated and integrated into the single instrument which is hereinafter set forth, and which is entitled Third Amended and Restated Articles of Incorporation of Servico Northwoods, Inc. without any further amendments other than the amendments herein certified and without any discrepancy between the provisions of the articles of incorporation as heretofore amended and supplemented and the provisions of the said single instrument hereinafter set forth.

FIFTH: The amendments and the restatement of the Third Amended and Restated Articles of Incorporation herein certified have been duly adopted and executed in accordance with the provisions of Sections 607.1007 and 607.1008 of the Business Corporation Act of the State of Florida, as authorized by the Order, it being necessary to put into effect and carry out the Plan by amending the Corporation's articles of incorporation as set forth herein.

SIXTH: The articles of incorporation of the Corporation, as amended and restated herein, shall at the effective time of these Third Amended and Restated Articles of Incorporation read as follows:

## ARTICLE I

The name of the Corporation is **SERVICO NORTHWOODS, INC.** The address of the principal office and the mailing address of the Corporation is 3445 Peachtree Road, N.E., Two Live Oak Center, Suite 700, Atlanta, GA 30326.

## ARTICLE II

A. Notwithstanding anything to the contrary in this document or in any other document governing the formation, management or operation of the Corporation, until the Loan (as defined herein) is repaid in full, the sole purpose to be conducted or promoted by the Corporation is to engage exclusively in the following activities:

- (i) to acquire, own, hold, lease, operate, manage, maintain, develop and improve, the real property described in the mortgage, deed of trust or deed to secure debt executed by the Corporation in favor of the Lender (as defined herein) (the "Property");
- (ii) to enter into and perform its obligations under the applicable Loan Documents (as defined herein);
- (iii) to sell, transfer, service, convey, dispose of, pledge, assign, borrow money against, finance or otherwise deal with the Property to the extent permitted under the applicable Loan Documents;
- (iv) to refinance the Property in connection with a permitted repayment of the Loan; and
- (v) to engage in any lawful act or activity and to exercise any powers permitted to corporations organized under the laws of the State of Florida that are related or incidental to and necessary, convenient or advisable for the accomplishment of the above-mentioned purposes.

B. Notwithstanding any other provision in these Third Amended and Restated Articles of Incorporation (these "Articles") and any provision of law that otherwise so empowers the Corporation, until such time as all obligations of the Corporation represented by that certain loan (the "Loan") from Merrill Lynch Mortgage Lending, Inc. (the "Lender," which term includes its transferees, successors and assigns) secured by, among other things, a mortgage, deed of trust, or deed to secure debt (collectively, the "Instruments") on the Property and such other properties as are more particularly described in the Loan Documents and by other related loan documents, in each case in favor of Lender (collectively with the Instruments, the "Loan Documents"), shall be discharged or the lien of the Instruments and the other Loan Documents shall be released from the Property:

1. The Corporation shall not do any of the following, without (i) the affirmative vote of 100% of the members of its Board of Directors, which Board of Directors (always containing two Independent Directors (as defined herein)) is required to consider the interests of creditors of the Corporation when conducting such vote, and, (ii) except with respect to subparagraph (a), the consent of the Lender:

(a) file or consent to the filing of any bankruptcy, insolvency or reorganization case or proceeding; institute any proceedings under any applicable insolvency law or otherwise seek relief under any laws relating to the relief from debts or the protection of debtors generally;

(b) seek or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian or any similar official for the Corporation or a substantial portion of its Property;

(c) make any assignment for the benefit of the creditors of the Corporation;

(d) admit in writing its inability to pay its debts generally as they become due; or

(e) take any action in furtherance of the foregoing subparagraphs (a) through (d).

2. The Corporation shall not do any of the following

(a) dissolve, liquidate, consolidate, merge or sell all or substantially all of the assets of the Corporation;

(b) engage in any business activity unrelated to the Property;

(c) own any assets other than those related to, or derived from, the Property;

(d) engage in transactions with affiliates except on a commercially reasonable basis;

(e) take any action that is reasonably likely to cause the Corporation to become insolvent;

(f) incur any indebtedness other than the debt secured by the Instruments and Permitted Indebtedness (as defined in the Loan Documents); or

(g) transfer, or consent to the transfer of, more than 49% of any direct or indirect ownership interest in the Corporation such that the transferee owns, in the or aggregate with the ownership interests of its affiliates and family members, more than a 49% interest in the Corporation unless (a) such transfer is conditioned upon the delivery of an acceptable non-consolidation opinion to the holder of the Loan and to any applicable Rating Agency (as defined in the Loan Documents)

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concerning, as applicable, the Corporation, the new transferee and/or their respective owners and (b) the applicable Rating Agencies, if any, confirm the transfer will not result in a qualification, withdrawal or downgrade of the rating of any securities that are backed in whole or in part by the Loan.

C. The Corporation's Board of Directors shall at all times have at least two members who are each an "Independent Director."

An "Independent Director" shall mean a natural person who is not at the time of initial appointment, or at any time while serving as a director of the Corporation, and has not been at any time during the preceding five (5) years: (i) a stockholder, director (with the exception of serving as the Independent Director of the Corporation), officer, employee, partner, member, attorney or counsel of the Corporation or any affiliate; (ii) a creditor, customer, supplier or other person who derives any of its purchases or revenues from its activities with the Corporation or any affiliate; (iii) a person or other entity controlling or under common control with any such stockholder, partner, member, creditor, customer, supplier or other person; or (iv) a member of the immediate family of any such stockholder, director, officer, employee, partner, member, creditor, customer, supplier or other person. (As used herein, the term "affiliate" means any person controlling, under common control with, or controlled by the person in question; and the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of management, policies or activities of a person or entity, whether through ownership of voting securities, by contract or otherwise.)

A natural person who satisfies the foregoing definition other than subparagraph (ii) shall not be disqualified from serving as an Independent Director of the Corporation if such individual is an independent director provided by a nationally-recognized company that provides professional independent directors and that also provides other corporate services in the ordinary course of its business.

A natural person who otherwise satisfies the foregoing definition except for being the independent director of a "special purpose entity" affiliated with the Corporation that does not own a direct or indirect equity interest in the Corporation or any co-borrower shall not be disqualified from serving as an Independent Director of the Corporation if such individual is at the time of initial appointment, or at any time while serving as an Independent Director of the Corporation, an Independent Director of a "special purpose entity" affiliated with the Corporation (other than any entity that owns a direct or indirect equity interest in the Corporation or any co-borrower) if such individual is an independent director provided by a nationally-recognized company that provides professional independent directors. For purposes of this paragraph, a "special purpose entity" is an entity, whose organizational documents contain restrictions on its activities substantially similar to those set forth in the Corporation's organizational documents.

In the event of the death, incapacity, resignation or removal of an Independent Director, the Corporation's Board of Directors shall promptly appoint a replacement Independent Director.

D. Notwithstanding any other provision of these Articles or any provision of law to the contrary, no obligation of the Corporation to indemnify its directors and/or officers shall constitute a claim against the Corporation until such time as all obligations of the Corporation under the Loan are discharged or any lien of the Instruments and the other Loan Documents are released from the Property.

E. Notwithstanding any other provision in these Articles and any provision of law that otherwise so empowers the Corporation, until such time as all obligations of the Corporation under the Loan Documents shall be discharged or the lien of the Instruments and the other Loan Documents shall be released from the Property, the Corporation shall at all times:

- (i) maintain books and records separate from any other person or entity;
- (ii) except as permitted in the Loan Documents, maintain its bank accounts and other accounts separate from any other person or entity;
- (iii) except as permitted by the Loan Documents, not commingle its assets with those of any other person or entity and hold all of its assets in its own name;
- (iv) conduct its own business in its own name;
- (v) except as permitted in the Loan Documents, maintain separate financial statements, showing its assets and liabilities separate and apart from those of any other person or entity and shall not have its assets listed on the financial statement of any other entity; provided, however, that the Corporation's assets may be included in a consolidated financial statement of its Affiliate provided that (i) appropriate notation shall be made on such consolidated financial statements to indicate the separateness of the Corporation from such Affiliate and to indicate that the Corporation's assets and credit are not available to satisfy the debts and other obligations of such Affiliate or any other Person and (ii) such assets shall also be listed on the Corporation's own separate balance sheet;
- (vi) except as permitted in the Loan Documents, pay its own liabilities and expenses only out of its own funds;
- (vii) observe all corporate and other organizational formalities;
- (viii) maintain an arm's length relationship with its affiliates and enter into transactions with affiliates only on a commercially reasonable basis;
- (ix) pay the salaries of its own employees, if any, from its own funds;
- (x) maintain a sufficient number of employees, if any, in light of its contemplated business operations;

- (xi) except as permitted by the Loan Documents, not guarantee or become obligated for the debts of any other entity or person;
- (xii) except as permitted in the Loan Documents, file its tax returns separate from those of any other entity and not file a consolidated federal income tax return with any other entity;
- (xiii) except as permitted in the Loan Documents, not hold out its credit as being available to except as permitted in the Loan Documents, satisfy the obligations of any other person or entity;
- (xiv) except as permitted in the Loan Documents, not acquire the obligations or securities of its affiliates, shareholders or partners;
- (xv) not make loans to any other person or entity or buy or hold evidence of indebtedness issued by any other person or entity (other than cash and investment-grade securities);
- (xvi) allocate fairly and reasonably any overhead expenses that are shared with an affiliate or any other person or entity, including paying for office space and services performed by any employee of an affiliate or any other person or entity;
- (xvii) use stationery, invoices and checks bearing its own name;
- (xviii) except as permitted by the Loan Documents, not pledge its assets for the benefit of any other person or entity;
- (xix) hold itself out as a separate entity;
- (xx) promptly correct any known misunderstanding regarding its separate identity;
- (xxi) not identify itself as a division of any other person or entity;
- (xxii) maintain adequate capital in light of its contemplated business operations;  
and
- (xxiii) not form, hold or acquire any subsidiaries.

### ARTICLE III

A. The number of shares the Corporation is authorized to issue is One Thousand (1,000) each with the par value of Zero Dollars and One Cent (\$0.01). The Board of Directors shall fix the consideration to be received for each share. Such consideration shall consist of any tangible or intangible property or benefit to the Corporation, including cash, promissory notes, services performed or written promises to perform such services and shall have a value, in the judgment of the directors, equivalent to or greater than the full par value of the shares.



B. Notwithstanding anything herein to the contrary, the Corporation shall not be authorized to issue non-voting equity securities of any class, series or other designation to the extent prohibited by Section 1123(a)(6) of Title 11 of the United States Code (the "Bankruptcy Code"); provided, however, that the foregoing restriction shall (i) have no further force and effect beyond that required under Section 1123(a)(6) of the Bankruptcy Code, (ii) only have such force and effect for so long as such Section 1123(a)(6) is in effect and applies to the Corporation and (iii) be deemed void or eliminated if required by applicable law.

#### **ARTICLE IV**

The Board of Directors of the Corporation is expressly authorized to adopt, alter, amend or repeal the Bylaws of the Corporation subject to the limitations set forth in these Amended Articles. Election of directors need not be by written ballot unless and to the extent provided in the Bylaws of the Corporation.

#### **ARTICLE V**

No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duties as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not on good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 607.144 of the Florida General Corporation Act, or (iv) for any transaction from which the director derived an improper personal benefit. If the Florida General Corporation Act is amended after the date of these Amended Articles to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Florida General Corporation Act, as so amended.

The rights and authority conferred in this Article V shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of these Amended Articles or Bylaws of the Corporation, agreement, vote of stockholders or disinterested directors, or otherwise.

#### **ARTICLE VI**

The Corporation shall indemnify any officer or director, or any former officer or director of the Corporation, to the fullest extent permitted by law. The foregoing right of indemnification shall not be exclusive of any other rights to which any director, officer, employee or agent may be entitled as a matter of law or which he may be lawfully granted. The Corporation's obligation to indemnify its officers and directors pursuant to this Article shall be subordinate in all respects to the obligations of the Corporation arising out of the Loan Documents and shall not constitute a claim against the Corporation to the extent that the Corporation is unable to pay any amounts it is obligated to pay under the Loan Documents..

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## **ARTICLE VII**

When the Loan has been paid in full and all obligations of the Corporation under the Instruments have been satisfied, the Corporation may amend these Articles without notice to or consent from the Lender or any rating agency.

## **ARTICLE VIII**

Notwithstanding anything to the contrary in these Articles, until the Corporation's payment obligations under the Loan have been paid in full and all other obligations of the Corporation under the Loan Documents have been satisfied in full or the lien of the Instruments and the other Loan Documents shall be released from the Property, the Corporation shall not amend the provisions specified in Articles II, VII or VIII of this document without the consent of the Lender, its successors or assigns, or, after the securitization of the Loan only if the Corporation receives (i) confirmation from each of the applicable rating agencies that such amendment would not result in the qualification, withdrawal or downgrade of any securities rating and (ii) approval of such amendment by the Lender, its successor or assigns.

IN WITNESS WHEREOF, the Corporation has caused these restated articles of incorporation to be executed as of the [7] day of November, 2002.

SERVICO NORTHWOODS, INC.

By:   
Daniel E. Ellis  
Vice President and Secretary

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re

LODGIAN, INC., *et al.*,

Debtors.

Chapter 11

Case No. 01-16345 (BRL)

(Jointly Administered)

**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER UNDER  
11 U.S.C. § 1129(a) AND (b) AND FED. R. BANKR. P. 3020 CONFIRMING  
THE FIRST AMENDED JOINT PLAN OF REORGANIZATION OF  
LODGIAN, INC., ET AL., (OTHER THAN THE CCA DEBTORS),  
TOGETHER WITH THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**



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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re

LODGIAN, INC., *et al.*,

Debtors.

Chapter 11

Case No. 01-16345 (BRL)

(Jointly Administered)

**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER UNDER  
11 U.S.C. § 1129(a) AND (b) AND FED. R. BANKR. P. 3020 CONFIRMING  
THE FIRST AMENDED JOINT PLAN OF REORGANIZATION OF  
LODGIAN, INC., ET AL., (OTHER THAN THE CCA DEBTORS),  
TOGETHER WITH THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

**INTRODUCTION**

Lodgian, Inc. and certain of its direct and indirect subsidiaries (other than the CCA Debtors<sup>1</sup>), as debtors and debtors in possession (collectively, "Lodgian" or the "Debtors")<sup>2</sup> in the above-captioned chapter 11 cases (the "Chapter 11 Cases") and the Official Committee of Unsecured Creditors (the "Committee" and, together with the Debtors, the "Plan Proponents") have proposed the Joint Plan Of Reorganization Of Lodgian, Inc., et al., (Other Than The CCA Debtors), Together With The Official Committee Of Unsecured Creditors Under Chapter 11 Of The Bankruptcy Code, dated as of September 25, 2002 (the "Initial Plan"), as modified by that certain First Amended Joint Plan Of Reorganization Of Lodgian, Inc., et al., (Other Than The CCA Debtors), Together With The Official Committee Of Unsecured Creditors Under Chapter

<sup>1</sup> Impac Hotels II, L.L.C. and Impac Hotels III, L.L.C.

<sup>2</sup> The Confirmation Hearing with respect to the Debtor Raleigh-Downtown Enterprises, Inc. (Case No. 01-16405) is being adjourned. Accordingly, this Order shall not apply to Raleigh-Downtown Enterprises, Inc.'s Chapter 11 Case.



11 Of The Bankruptcy Code, dated as of November 1, 2002 a true and correct copy of which is annexed hereto as Exhibit "A" (as amended, the "Plan").<sup>3</sup>

### **DISCLOSURE STATEMENT AND SOLICITATION**

After hearings held on September 24, 2002 and September 26, 2002 (together, the "Disclosure Statement Hearing"), the Disclosure Statement in support of the Plan, dated as of September 25, 2002 (as transmitted to parties in interest, the "Disclosure Statement") was approved by an order this Court<sup>4</sup> as containing "adequate information" pursuant to section 1125 of the Bankruptcy Code (the "Disclosure Statement Approval Order").

On or before October 8, 2002, the Debtors having mailed or caused to be mailed, by first class mail, the solicitation packages (the "Solicitation Packages") containing copies of, inter alia, (1) the Disclosure Statement Approval Order, (2) the Disclosure Statement Approval Notice, setting forth, among other things, (a) notice of entry of the Disclosure Statement Approval Order, (b) the Voting Deadline for the submission of Ballots to accept or reject the Plan, (c) the time fixed for filing objections to confirmation of the Plan, and (iv) the time, date and place of the Confirmation Hearing, (3) a Ballot or Notice of Non-Voting Status, as applicable, and (4) the approved form of the Disclosure Statement (together with the Plan annexed thereto as Exhibit "A") to (i) the parties in interest listed on the Master Service List (as defined in this Court's Order Establishing Notice Procedures, dated December 21, 2001),

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<sup>3</sup> Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Plan and/or the Disclosure Statement Approval Order. Any capitalized term not defined in the Plan, the Disclosure Statement Approval Order, or this Confirmation Order, but is used in title 11 of the United States Code, as amended (the "Bankruptcy Code") or the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules.

<sup>4</sup> This Court entered an order approving the Disclosure Statement on September 26, 2002 and a Corrected Order on October 2, 2002, to reflect a revised address to which administrative proofs of claim should be mailed.



(ii) attorneys for the Committee, (iii) the U.S. Trustee, (iv) all persons or entities that filed proofs of claim on or before the date of the Disclosure Statement Notice, except to the extent that a claim was paid pursuant to, or expunged by, prior order of this Court, (v) all persons or entities listed in the Debtors' Schedules as holding liquidated, noncontingent, and undisputed claims in an amount greater than zero, (vi) the transfer agent(s) and registered holders of the Debtors' Class 4 senior subordinated note claims, Class 7 CRESTS claims, and Class 8 Equity Interests, (vii) all other parties in interest that have filed a request for notice pursuant to Bankruptcy Rule 2002 in the Debtors' chapter 11 cases, (viii) the Securities and Exchange Commission, (ix) the Internal Revenue Service, (x) the Department of Justice, (xi) the Pension Benefit Guaranty Corporation, and (xii) any entity that has filed with the Court a notice of transfer of a claim under Bankruptcy Rule 3001(e) prior to date of the Disclosure Statement Notice, and (xiii) any other known holders of claims against the Debtors.

The Debtors filed the certificates of publication of Gary Morris, Advertising Clerk of the Publisher of *The Wall Street Journal* sworn to on September 5, 2002; Cathy Zike, Principal Clerk of the Publisher of *The New York Times*, sworn to on September 18, 2002; and Cheryl Rothlein, Principal Clerk of *USA Today*, sworn to on August 29, 2002, attesting to the fact that notice of the Confirmation Hearing was published on August 26, 2002 in accordance with this Court's scheduling order dated August 21, 2002.

The Debtors filed the Declaration of Debra L. Reyes Certifying the Acceptances and Rejections of the Plan, sworn to on November 4, 2002, (the "Reyes Affidavit") attesting and certifying the method and results of the ballot tabulation for the Classes of Claims entitled to vote to accept or reject the Plan (the "Voting Report").



### **PLAN CONFIRMATION**

Six (6) objections or purported objections to confirmation of the Plan were timely filed and served (the "Objections"). Five (5) of the Objections have been withdrawn or resolved on the terms and conditions described on the record of the Confirmation Hearing (collectively, the "Resolved Objections"), and the remaining Limited Objection of PCG/Macon Investment Corp. and PCG Development Partners L.L.C. dated October 28, 2002 (the "PCG Objection") is overruled on the merits pursuant to this Confirmation Order.

The Debtors filed (i) a memorandum of law in support of confirmation of the Plan dated November 1, 2002 (the "Confirmation Memorandum"), (ii) the Plan Supplement dated October 23, 2002 (as may be amended, the "Plan Supplement"); (iii) a response to the PCG Objection dated November 4, 2002 (the "Response"); (iv) the Declaration of David Hawthorne in Support of Confirmation of Plan dated November 1, 2002 (the "Hawthorne Affidavit"); and (v) the Declaration of Matthew Rosenberg of Chilmark Partners LP in Support of Confirmation of the Plan dated November 1, 2002 (the "Chilmark Affidavit", and together with the Hawthorne Affidavit and Reyes Affidavit, the "Confirmation Affidavits").

The provisions of the Plan are amended to reflect the various amendments to the Plan all as set forth in the various modifications filed with this Court and by the Plan Proponents on the record at the Confirmation Hearing.

The Plan is a separate plan for each Debtor's estate. Accordingly, the provisions of the Plan, including without limitation the definitions and distributions to creditors and equity interest holders, shall apply to the respective assets of, claims against, and equity interests in, such Debtor's separate estate.

Based upon the Bankruptcy Court's review of the Disclosure Statement, Plan, Plan Supplement, Voting Report, Confirmation Affidavits, Response, and Confirmation



Memorandum; and upon (a) all the evidence proffered or adduced at, memoranda and Objections filed in connection with, and arguments of counsel made at, the Confirmation Hearing, and (b) the entire record of these Chapter 11 Cases; and after due deliberation thereon and good cause appearing therefore,

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

IT IS HEREBY FOUND AND DETERMINED THAT:<sup>5</sup>

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

(B) Judicial Notice. This Bankruptcy Court takes judicial notice of the docket of the Chapter 11 Cases maintained by the Clerk of the Bankruptcy Court and/or its duly-appointed agent, including, without limitation, all pleadings and other documents filed, all orders entered, and evidence and argument made, proffered, or adduced at the hearings held before the Bankruptcy Court during the pendency of the Chapter 11 Cases, including, but not limited to, the hearings to consider the adequacy of the Disclosure Statement.

(C) Burden of Proof. The Debtors have the burden of proving the elements of sections 1129(a) and (b) of the Bankruptcy Code by a preponderance of evidence.

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<sup>5</sup> Pursuant to Bankruptcy Rule 7052, findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate.



(D) Transmittal and Mailing of Materials; Notice. The Disclosure Statement, the Plan, the Ballots or Notice of Non-Voting Status, as the case may be, the Disclosure Statement Approval Order, and the Disclosure Statement Approval Notice, which were transmitted and served as set forth in the Reyes Affidavit, shall be deemed to have been transmitted and served in compliance with the Disclosure Statement Approval Order and the Bankruptcy Rules, and such transmittal and service were adequate and sufficient, and no other or further notice is or shall be required.

(E) Voting. Votes to accept and reject the Plan have been solicited and tabulated fairly, in good faith, and in a manner consistent with the Bankruptcy Code, the Bankruptcy Rules, the Disclosure Statement Approval Order, and industry practice.

(F) Classes deemed to have accepted the Plan. Classes 2, 9 (Lodgian Subclasses) and 10-C are unimpaired and are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

(G) Classes deemed to have rejected the Plan. Classes 3 (Liquidating Subclasses), 9 (Liquidating Subclasses), and 11 will not receive any property under the Plan and, with respect to Class 8, will not receive any property from the Debtors under the Plan, and therefore are all deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

(H) Plan Compliance with Bankruptcy Code (11 U.S.C. § 1129(a)(1)). The Plan complies with the applicable provisions of the Bankruptcy Code, thereby satisfying section 1129(a)(1) of the Bankruptcy Code.

(I) Proper Classification (11 U.S.C. §§ 1122, 1123(a)(1)). In addition to the Administrative Expense Claims (consisting of Claims under the headings Compensation and Reimbursement Claims, DIP Financing Facility Claims and Indenture



Trustee Claims) and Priority Tax Claims listed in Section 2 of the Plan, which need not be designated, the Plan designates 10 Classes of Claims and Equity Interests.<sup>6</sup> Each Secured Claim, General Unsecured Claim, Debtor Owned Old Subsidiary Equity Interest, and Third Party Old Subsidiary Equity Interest shall be deemed to be separately classified in a subclass of Classes 1, 3, 9 and 10, respectively, and shall have all rights associated with separate classification under the Bankruptcy Code. The Claims and Equity Interests placed in each Class are substantially similar to other Claims and Equity Interests, as the case may be, in each such Class. Valid business, factual, and legal reasons exist for separately classifying the various Classes of Claims and Equity Interests created under the Plan, and such Classes do not unfairly discriminate between holders of Claims and Equity Interests. The Plan satisfies sections 1122 and 1123(a)(1) of the Bankruptcy Code.

(2) Specified Unimpaired Classes (11 U.S.C. § 1123(a)(2)). Section 4 of the Plan specifies that Classes 2, 9 (Lodgian Subclasses), and 10-C are unimpaired under the Plan, thereby satisfying section 1123(a)(2) of the Bankruptcy Code.

(3) Specified Treatment of Impaired Classes (11 U.S.C. § 1123(a)(3)). Section 4 of the Plan designates Classes 1, 3, 4, 5, 7, 8, 9 (Liquidating Subclasses), 10-A, 10-B, 10-D and 11 as impaired and specifies the treatment of Claims and Equity Interests in those Classes, thereby satisfying section 1123(a)(3) of the Bankruptcy Code.

(4) No Discrimination (11 U.S.C. § 1123(a)(4)). The Plan provides for the same treatment by the Debtors for each Claim or Equity Interest in each respective Class unless the holder of a particular Claim or Equity Interest has agreed to a less

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<sup>6</sup> The Plan excludes the designation of Classes 6 and 6A which are expressly reserved and do not provide for any treatment of Claims or Equity Interests under the Plan.



favorable treatment of such Claim or Equity Interest, thereby satisfying section 1123(a)(4) of the Bankruptcy Code.

(5) Implementation of Plan (11 U.S.C. § 1123(a)(5)). The Plan provides adequate and proper means for the Plan's implementation, including, among other things, (i) the Exit Financing Agreements; (ii) the issuance of Plan Securities; (iii) the execution and delivery of Warrant Agreements; (iv) the waiver of subordination rights; (v) the execution and delivery of Registration Rights Agreement; (v) the listing of the Plan Securities; (vi) the adoption and implementation of the New Equity Incentive Plan; (vii) the cancellation of existing securities, instruments, and other documentation; (viii) the selection of directors and officers for the Reorganized Debtors, as disclosed on the Debtors' website; (ix) the amendment of the certificates of incorporation, bylaws and similar reorganizational documents; (x) the approval and implementation of the Class 4 Compromise; (xi) the issuance of Class 1 Amended Notes, the Subclass 1-H Note and the Subclass 1-O Note and the related financing documents; (xii) the liquidation and dissolution of the Liquidating Debtors; (xiii) the transfer of assets; and (ix) the establishment of new entities.

(6) Non-Voting Equity Securities (11 U.S.C. § 1123(a)(6)). Section 6.10 of the Plan provides that the Amended Organization Documents shall prohibit the issuance of nonvoting equity securities. Thus, the requirements of section 1123(a)(6) of the Bankruptcy Code are satisfied.

(7) Designation of Directors (11 U.S.C. § 1123(a)(7)). Section 6.9 of the Plan contains provisions with respect to the manner of selection of directors of the Reorganized Debtors that are consistent with the interests of creditors, equity security holders, and public policy in accordance with section 1123(a)(7).





(8) Additional Plan Provisions (11 U.S.C. § 1123(b)). The Plan's provisions are appropriate and not inconsistent with the applicable provisions of the Bankruptcy Code.

(9) Bankruptcy Rule 3016(a). The Plan is dated and identifies the entities submitting it as the Plan Proponents, thereby satisfying Bankruptcy Rule 3016(a).

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

(i) The Debtors are proper debtors under section 109 of the Bankruptcy Code.

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

(iii) The Debtors have complied with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Disclosure Statement Approval Order in transmitting the Plan, the Disclosure Statement, the Ballots or Notice of Non-Voting Status, as the case may be, and related documents in soliciting and tabulating votes on the Plan.

(J) Plan Proposed in Good Faith (11 U.S.C. § 1129(a)(3)). The Plan Proponents have proposed the Plan in good faith and not by any means forbidden by law, thereby satisfying section 1129(a)(3) of the Bankruptcy Code. The Plan Proponents' good faith is evident from the facts and records of these Chapter 11 Cases, the Disclosure Statement and the hearings thereon, and the record of the Confirmation Hearing and other proceedings held in these Chapter 11 Cases. The Plan was proposed with the legitimate and honest purpose of maximizing



the value of the Debtors' estates and to effectuate a successful reorganization of the Debtors, and with respect to the Liquidating Debtors, a successful wind-down.

(K) Payments for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4)).

Any payment made or to be made by any of the Debtors for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable, thereby satisfying section 1129(a)(4) of the Bankruptcy Code.

(L) Directors, Officers, and Insiders (11 U.S.C. § 1129(a)(5)). The Plan proponents have complied with section 1129(a)(5) of the Bankruptcy Code. The identity and affiliations of the persons proposed to serve as initial directors or officers of the Reorganized Debtors and, to the extent necessary, the Liquidating Debtors after confirmation of the Plan have been fully disclosed in the Plan Supplement, and the appointment to, or continuance in, such offices of such persons is consistent with the interests of holders of Claims against and Equity Interests in the Debtors and with public policy. The identity of any insider that will be employed or retained by the Reorganized Debtors or the Liquidating Debtors and the nature of such insider's compensation have also been fully disclosed.

(M) No Rate Changes (11 U.S.C. § 1129(a)(6)). After confirmation of the Plan, the Debtors' businesses will not involve rates established or approved by, or otherwise subject to, any governmental regulatory commission. Thus, section 1129(a)(6) of the Bankruptcy Code is not applicable in these Chapter 11 Cases.

(N) Best Interests of Creditors (11 U.S.C. § 1129(a)(7)). The Plan satisfies section 1129(a)(7) of the Bankruptcy Code. The liquidation analyses provided in the Disclosure Statement, Plan Supplement, the Confirmation Affidavits, and other evidence proffered or adduced at or prior to the Confirmation Hearing (a) are persuasive and credible, (b) have not



been controverted by other evidence, and (c) establish that each holder of an impaired Claim or Equity Interest either has accepted the Plan or will receive or retain under the Plan, on account of such Claim or Equity Interest, property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

(O) Acceptance of Certain Classes (11 U.S.C. § 1129(a)(8)). Classes 2, 9 (Lodgian Subclasses) and 10-C of the Plan are Classes of unimpaired Claims that are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code and the accepting Classes as set forth in the Reyes Affidavit have voted to accept the Plan in accordance with sections 1126(c) and (d) of the Bankruptcy Code (the “Accepting Classes”) and therefore satisfy section 1129(a)(8) of the Bankruptcy Code. Although section 1129(a)(8) has not been satisfied with respect to (i) Classes 3 (Liquidating Subclasses), 9 (Liquidating Subclasses) and 11, which will not receive any property under the Plan and, therefore, are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code, (ii) Class 8, which will not receive any property from the Debtors under the Plan, and, therefore, is deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and (iii) the Class 3 rejections against the Debtors Servico, Inc., McKnight Motel, Inc. and Servico Hotels I, Inc., as set forth in the Reyes Affidavit, (all of the foregoing, the “Rejecting Classes”), the Plan is confirmable because the Plan satisfies section 1129(b) of the Bankruptcy Code with respect to the Rejecting Classes identified above.

(P) Treatment of Administrative and Tax Claims (11 U.S.C. § 1129(a)(9)). The treatment of Administrative Expense Claims and Priority Non-Tax Claims pursuant to Sections 2.1 and 4.2 of the Plan satisfies the requirements of sections 1129(a)(9)(A) and (B) of the Bankruptcy Code, and the treatment of Priority Tax Claims pursuant to Section 2.3 of the



Plan satisfies the requirements of section 1129(a)(9)(C) of the Bankruptcy Code. Allowed Priority Tax Claims only constitute unsecured Claims against the applicable Debtor's estate and the holder of such Allowed Priority Tax Claim shall not have any lien securing such Claim or otherwise be permitted to assert any other encumbrance against property of the applicable Debtor relating to such Claim. Except to the extent that a holder of an Allowed Priority Tax Claim and the applicable Debtor agree to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, in full satisfaction of such Claim, payment in Cash of the Allowed Amount of such Claim over a period not exceeding six (6) years after the date of assessment of such Claim, with interest at a rate equal to the Federal Judgment Rate as of the Confirmation Date, payable monthly, in periodic payments having a value, as of the Effective Date, equal to the amount of such Allowed Priority Tax Claim. The treatment of Allowed Priority Tax Claims will be memorialized in a tax note (the "Tax Note"), substantially in the form annexed hereto as Exhibit "B", which shall be given to each holder of an Allowed Priority Tax Claim.

(Q) Treatment of Secured Tax Claims. In connection with any Allowed Secured Claim relating to a tax claim that is not an Allowed Priority Tax Claim and which is treated as a Secured Claim under Class 1-P of the Plan, except to the extent that a holder of such an Allowed Secured Claim and the applicable Debtor agree to a different treatment, each holder of such an Allowed Secured Claim shall receive a Tax Note pursuant to section 4.1 of the Plan.

(R) Acceptance By Impaired Classes (11 U.S.C. § 1129(a)(10)). At least one Class of Claims against each of the Debtors that is impaired under the Plan has accepted the Plan, determined without including any acceptance of the Plan by any insider, thus satisfying the requirements of section 1129(a)(10) of the Bankruptcy Code.

(S) Feasibility (11 U.S.C. § 1129(a)(11)). The Disclosure Statement, Plan, Plan Supplement, Voting Report, Confirmation Affidavits, Response, Confirmation



Memorandum, and all evidence proffered or adduced at the Confirmation Hearing (a) is persuasive and credible, (b) has not been controverted by other evidence, and (c) establishes that confirmation of the Plan is not likely to be followed by the liquidation (except with respect to the Liquidating Debtors), or the need for further financial reorganization, of the Reorganized Debtors, thus satisfying the requirements of section 1129(a)(11) of the Bankruptcy Code.

(T) Payment of Fees (11 U.S.C. § 1129(a)(12)). All fees payable under section 1930 of title 28, United States Code, as determined by the Bankruptcy Court on the Confirmation Date, have been paid or will be paid pursuant to Section 13.7 of the Plan on the Effective Date, thus satisfying the requirements of section 1129(a)(12) of the Bankruptcy Code.

(U) Continuation of Retiree Benefits (11 U.S.C. § 1129(a)(13)). Section 13.1 of the Plan provides that, on and after the Effective Date, the Reorganized Debtors will continue to pay all “retiree benefits” (as defined in section 1114(a) of the Bankruptcy Code), at the level established pursuant to section 1114 of the Bankruptcy Code at any time prior to confirmation of the Plan, for the duration of the period the Debtors have obligated themselves to provide such benefits. Thus, the requirements of section 1129(a)(13) of the Bankruptcy Code are satisfied.

(V) Fair and Equitable; No Unfair Discrimination (11 U.S.C. § 1129(b)). Based upon the Confirmation Affidavits and the evidence proffered, adduced, or presented by the Debtors at the Confirmation Hearing, the Plan does not discriminate unfairly and is fair and equitable with respect to the Rejecting Classes as required by section 1129(b)(1) of the Bankruptcy Code. Thus, the Plan may be confirmed notwithstanding the Debtors’ failure to satisfy section 1129(a)(8) of the Bankruptcy Code. Accordingly, upon confirmation and the occurrence of the Effective Date, the Plan shall be binding upon the members of the Rejecting Classes.



(W) Principal Purpose of the Plan (11 U.S.C. § 1129(d)). The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of Section 5 of the Securities Act of 1933.

(X) Modifications to the Plan. The modifications to the Plan as set forth in the plan modifications filed with this Court and on the record at the Confirmation Hearing constitute technical changes and/or changes with respect to particular Claims by agreement with holders of such Claims, and do not materially adversely affect or change the treatment of any Claims or Equity Interests. Accordingly, pursuant to Bankruptcy Rule 3019, these modifications do not require additional disclosure under section 1125 of the Bankruptcy Code or resolicitation of votes under section 1126 of the Bankruptcy Code, nor do they require that holders of Claims or Equity Interests be afforded an opportunity to change previously cast acceptances or rejections of the Plan.

(Y) Good Faith Solicitation (11 U.S.C. § 1125(e)). Based on the record before the Bankruptcy Court in these Chapter 11 Cases, the Debtors and their directors, officers, employees, shareholders, members, agents, advisors, accountants, investment bankers, consultants, attorneys, and other representatives have acted in “good faith” within the meaning of section 1125(e) of the Bankruptcy Code in compliance with the applicable provisions of the Bankruptcy Code and Bankruptcy Rules in connection with all their respective activities relating to the solicitation of acceptances to the Plan and their participation in the activities described in section 1125 of the Bankruptcy Code, and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and the exculpation provisions set forth in Section 11.7 of the Plan.

(Z) Assumption and Rejection. Section 9 of the Plan governing the assumption and rejection of executory contracts and unexpired leases satisfies the requirements



of section 365(b) of the Bankruptcy Code. Pursuant to Section 9.2 of the Plan, except as may otherwise be agreed to by the parties, within thirty (30) days after the Confirmation Date, the Debtors file and serve a statement with the Bankruptcy Court listing the cure amounts of all executory contracts or unexpired leases to be assumed. The parties to such executory contracts or unexpired leases to be assumed by the applicable Debtor shall have fifteen (15) days from service to object to the cure amounts listed by the applicable Debtor. If there are any objections filed which are not resolved consensually by the applicable Debtor, then, upon request of the applicable Debtor, the Bankruptcy Court shall hold a hearing. Prior to and after the Effective Date, the applicable Debtor shall retain its right to reject any of its executory contracts or unexpired leases, including contracts or leases that are subject to a dispute concerning amounts necessary to cure any defaults. Notwithstanding the foregoing, at all times through the date that is five (5) Business Days after the Bankruptcy Court enters an order resolving and fixing the amount of a disputed cure amount, the Debtors shall have the right to reject such executory contract or unexpired lease.

(AA) Class 4 Compromise. The Class 4 Compromise embodied in the Plan as a settlement of certain issues between the Debtors and the holders of the Senior Subordinated Notes Claims, including the amount of Allowed Senior Subordinated Notes Claims against each Senior Subordinated Notes Guarantor Debtor, the determination of the Debtors that are liable as Senior Subordinated Notes Guarantor Debtors, as well as the valuation of the Debtors on which recoveries on account of Allowed Claims and Allowed Equity Interests should be based, is hereby approved pursuant to Bankruptcy Rule 9019 as a fair, prudent, and reasonable compromise of the controversies resolved by such settlement and is binding upon all entities affected thereby.



(BB) Satisfaction of Confirmation Requirements. The Plan satisfies the requirements for confirmation set forth in section 1129 of the Bankruptcy Code.

(CC) Retention of Jurisdiction. The Bankruptcy Court may properly retain jurisdiction over the matters set forth in Section 12 of the Plan and section 1142 of the Bankruptcy Code.

### **DECREES**

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND  
DECREED THAT:

1. Confirmation. The Plan, as modified, is approved and confirmed under section 1129 of the Bankruptcy Code. The terms of the Plan and the Plan Supplement are incorporated by reference into and are an integral part of the Plan and this Confirmation Order.

2. Amendments. The modifications of the Plan as reflected on the record at the Confirmation Hearing meet the requirements of sections 1127(a) and (c), such modifications do not adversely change the treatment of the Claim of any creditor or Equity Interest of any equity security holder within the meaning of Bankruptcy Rule 3019, and no further solicitation or voting is required.

3. Objections. All Objections that have not been withdrawn, waived, or settled, and all reservations of rights pertaining to confirmation of the Plan included therein, are overruled on the merits.

4. Plan Classification Controlling. The classifications of Claims and Equity Interests for purposes of the distributions to be made under the Plan shall be governed solely by the terms of the Plan. The classifications set forth on the Ballots tendered to or returned by the Debtors' creditors in connection with voting on the Plan (a) were set forth on the Ballots solely





for purposes of voting to accept or reject the Plan, (b) do not necessarily represent, and in no event shall be deemed to modify or otherwise affect, the actual classification of such Claims and Equity Interests under the Plan for distribution purposes, and (c) shall not be binding on the Debtors (the Lodgian and Liquidating Debtors) or the Reorganized Debtors.

5. Binding Effect. The Plan and its provisions shall be binding upon the Debtors (the Lodgian and Liquidating Debtors), the Reorganized Debtors, the Disbursing Agent, the Committee, any entity acquiring or receiving property or a distribution under the Plan, and any holder of a Claim against or Equity Interest in the Debtors, including all governmental entities (including without limitation all taxing authorities), whether or not the Claim or Equity Interest of such holder is impaired under the Plan, whether or not the Claim or Equity Interest is Allowed, and whether or not such holder or entity has accepted the Plan.

6. Vesting of Assets (11 U.S.C. § 1141(b) and (c)). Pursuant to Section 11.1 of the Plan, except as otherwise provided in the Plan, each Debtor will, as a Reorganized Debtor or Liquidating Debtor, as applicable, continue to exist after the Effective Date as a separate corporate entity, with all the powers of a corporation under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution, or otherwise) under applicable state law. Except as otherwise expressly provided in the Plan, upon the Effective Date all property of the Debtors' estates shall vest in the Reorganized Debtors, or the Liquidating Debtors, as applicable, free and clear of all Claims, liens, encumbrances, charges, and other interests, and all such Claims, liens, encumbrances, charges, and other interests shall be extinguished. From and after the Effective Date, each Reorganized Debtor may operate its business and may use, acquire, and dispose of property, and compromise or settle any Claims and Equity Interests without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly



imposed by the Plan or this Confirmation Order. From and after the Effective Date, each Liquidating Debtor shall continue in existence for the purpose of (i) winding up their affairs, (ii) liquidating, by conversion to Cash or other methods, assets of their estates, (iii) enforcing and prosecuting of claims, interests, rights and privileges of the Liquidating Debtors without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or this Confirmation Order, (iv) administering this Plan, including, without limitation, objecting to Disputed Claims, and (v) filing appropriate tax returns.

7. Assumption or Rejection of Executory Contracts and Unexpired Leases (11 U.S.C. § 1123(b)(2)). Except as otherwise provided for herein, pursuant to Section 9.1 of the Plan, on the Effective Date, all executory contracts and unexpired leases to which each Debtor is a party shall be deemed rejected as of the Effective Date, except for an executory contract or unexpired lease that (i) has been assumed or rejected pursuant to a Final Order of the Bankruptcy Court, (ii) is specifically designated as a contract or lease to be assumed on the Schedule of Assumed Contracts set forth in the Plan Supplement, provided however, that the Debtors reserve the right to amend the Plan Supplement at any time on or before the Effective Date to amend the Schedule of Assumed Contracts to add or delete any executory contract or unexpired lease, thus providing for its assumption, assumption and assignment, or rejection; or (iii) is the subject of a separate motion to assume, assume and assign, or reject filed under section 365 of the Bankruptcy Code by the applicable Debtor on or before the Effective Date.

8. Bar Date for Rejection Damage Claims. Pursuant to Section 9.4 of the Plan, if the rejection of an executory contract or unexpired lease by any of the Debtors pursuant to Section 9.1 of the Plan results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not heretofore evidenced by a filed proof of claim, shall be forever



barred and shall not be enforceable against the Debtors, or their respective properties or interests in property as agents, successors, or assigns, unless a proof of claim is filed with the Bankruptcy Court and served upon counsel for the Debtors on or before the date that is twenty (20) days after the Effective Date or such later rejection date that occurs as a result of a dispute concerning amounts necessary to cure any defaults.

9. General Authorizations. Each of the Debtors (the Lodgian and Liquidating Debtors) and the Reorganized Debtors are authorized to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, including without limitation any notes or securities issued pursuant to the Plan. The Debtors (the Lodgian and Liquidating Debtors) and the Reorganized Debtors and their respective directors, officers, members, agents, and attorneys, are authorized and empowered to issue, execute, deliver, file, or record any agreement, document, or security, including, without limitation, the documents contained in the Plan Supplement, as modified, amended, and supplemented, in substantially the form included therein, and to take any action necessary or appropriate to implement, effectuate, and consummate the Plan in accordance with its terms, or take any or all corporate actions authorized to be taken pursuant to the Plan, and any release, amendment, or restatement of any bylaws, certificates of incorporation, or other organization documents of the Debtors, whether or not specifically referred to in the Plan or the Plan Supplement, without further order of the Court, and any or all such documents shall be accepted by each of the respective state filing offices and recorded in accordance with applicable state law and shall become effective in accordance with their terms and the provisions of state law.

10. Authorization in connection with Exit Financing Agreements. Without limitation on the general authorizations provided for in this Order and the Plan, each of the



Lodgian Debtors and the Reorganized Debtors are authorized to take all actions necessary or desirable in furtherance of the consummation and implementation of the Exit Financing Agreements, including without limitation, as follows:

(a) Impac Hotel Group, LLC. Impac Hotel Group, LLC is authorized to create Impac Hotel Group Mezzanine, LLC ("Impac Mezzanine") and to transfer to Impac Mezzanine 100% of the equity interest in Dedham Beverage Management, Inc. and Impac SPE #3, Inc. and all of Impac Hotel Group, LLC's 99% equity interest in the Debtor Dedham Lodging Associates I, L.P. in exchange for the equity interest in Impac Mezzanine, as set forth on Schedule A-1 hereto.

(b) Servico Operations Corp. Servico Operations Corp., a non-debtor, is authorized to create Servico Operations Mezzanine, LLC ("Servico Mezzanine") and transfer to Servico Mezzanine 100% of the equity interests in the following Debtors: Island Motel Enterprises, Inc., Lodgian AMI, Inc., Penmoco, Inc., and Servico Lansing, Inc., and the equity interest in the non-debtor Servico Columbia II, Inc. in exchange for the equity interest in Servico Mezzanine, as set forth on Schedule A-2 hereto.

(c) Lodgian Financing Corp. Lodgian Financing Corp. is authorized to create Lodgian Financing Mezzanine, LLC ("Lodgian Mezzanine", and together with Impac Mezzanine and Servico Mezzanine, the "Mezzanine Borrowers") and to transfer to Impac Mezzanine all of the equity interests as set forth on Schedule A-3 hereto. Further, Lodgian Mezzanine is authorized to create two entities: Lodgian Hartford Property Owner, LLC ("Lodgian Hartford") and Lodgian Memphis Property Owner, LLC ("Lodgian Memphis"). Lodgian Mezzanine is authorized to cause (i) Debtor AMI Operating Partners, L.P. to transfer its interest in the Holiday Inn East Hartford, together with its interest in all related contracts, licenses and personal property, to Lodgian Hartford, and (ii) Debtor Impac Hotels I, L.L.C. to transfer its interest in the



Memphis French Quarter Suites to Lodgian Memphis. Such property interest shall be deemed to have been transferred to Lodgian Mezzanine and contributed to Lodgian Mezzanine to Lodgian Hartford, and Lodgian Memphis.

11. Authorization to enter into certain Stipulations. In addition to the general authorization given to each of Debtors and the Reorganized Debtors through this Order and the Plan, each of the Debtors (the Lodgian and Liquidating Debtors) and Reorganized Debtors are authorized to execute and take such actions as may be necessary or appropriate to effectuate and implement the various stipulations relating to the treatment of holders of Allowed Secured Claims under Class 1 of the Plan, including as set forth in the Exit Financing Agreements. Further, nothing in the Plan or this Order shall modify or affect (i) the terms of any stipulations entered into by and between the applicable Debtor(s) and their franchisors relating to the assumption of the applicable franchise agreements by the applicable Debtor(s), including (A) that certain stipulation and order, dated as of October 30, 2002, among each of the affiliates and subsidiaries of Lodgian, Inc. listed therein, on the one hand, and Holiday Hospitality Franchising, Inc., an affiliate of Six Continents Hotels, Inc., on the other hand, as approved by this Court, (B) that certain stipulation and order, dated as of August 8, 2002, among Servico Pensacola 7330, Inc., Dothan Hospitality, 3071, Inc., Sioux City Hospitality, LP, Fort Wayne Hospitality Associates II, L.P, Servico Columbia, Inc., NH Motel Enterprises, Inc., and Impac Hotels I, L.L.C., on the one hand, and Hilton Hotels Corporation, Promus Hotels, Inc., Doubletree Hotel Systems, Inc., and Hilton Inns, Inc., on the other hand, as approved by this Court, and (C) that certain stipulation, dated as of October 30, 2002, among each of the affiliates and subsidiaries of Lodgian, Inc. listed therein, on the one hand, and Marriott International, Inc., on the other hand, as approved by this Court, and (ii) that certain Order Pursuant to Sections 362 and 363(b) of the Bankruptcy Code and Rule 9019(a) of the Federal Rules of Bankruptcy



Procedure Approving a Settlement Agreement Between Certain of the Debtors and The Capital Company of America LLC, entered on October 31, 2002 (the “CCA Settlement Agreement”), including the obligations of the Reorganized Debtors under the CCA Settlement Agreement as approved by this Court, all of which such stipulations and orders shall remain valid and binding upon the parties thereto. In the event of any conflict between this Order and any of the foregoing stipulations, the terms of such stipulations shall control.

12. Authorization of Liquidating Debtors. Subject to the Liquidating Debtors entering into acceptable agreements with the applicable secured lenders (the “Liquidating Debtor Stipulations”), the Liquidating Debtors are hereby authorized to take all actions necessary and in furtherance of the liquidation and orderly wind-down of their Estates, including without limitation, the transfer of all or substantially all of the Liquidating Debtors’ assets constituting the secured creditors’ collateral to the applicable secured creditors (or their designees) or such other sale or transfer of the Liquidating Debtors’ assets in furtherance of such liquidation and orderly wind-down, as and to the extent set forth in Liquidating Debtor Stipulations. Notwithstanding anything in this Order to the contrary, the Effective Date of the Plan for each Liquidating Debtor shall be subject to the applicable Liquidating Debtor entering into a Liquidating Debtor Stipulation. In the event of any conflict between this Order and Liquidating Debtor Stipulations, the terms of such stipulations shall control.

13. Lennar Debtors. Subject to the Debtors McKnight Motel, Inc., East Washington Associates, L.P, Servico Hotels I, Inc., Servico Hotels II, Inc., Servico Hotels III, Inc., Servico Fort Wayne, Inc., New Orleans Airport Hotel Associates, Inc., Servico Hotels IV, Inc., Moon Airport Motel, Inc., Washington Motel Enterprises, Inc., and Hilton Head Motel Enterprise, Inc. (the “Lennar Debtors”) entering into acceptable agreements with the applicable secured lenders (the “Lennar Debtor Stipulations”), the Lennar Debtors are hereby authorized to



take all actions necessary and in furtherance of the confirmation and consummation of the Plan as it relates to the Lennar Debtors. Notwithstanding anything in this Order to the contrary, the Effective Date of the Plan for each Lennar Debtor shall be subject to the applicable Lennar Debtor entering into a Lennar Debtor Stipulation. In the event of any conflict between this Order and Lennar Debtor Stipulations, the terms of such stipulations shall control.

14. Corporate Action. The Reorganized Debtors shall file Amended Organizational Documents, including, but not limited to, an Amended Certificate of Incorporation with the Office of the Secretary of State for the applicable State on the Effective Date. The Amended Certificate of Incorporation and the certificates of incorporation for each of the Reorganized Debtors that are corporations shall prohibit the issuance of nonvoting equity securities, subject to further amendment of such certificates of incorporation as permitted by applicable law. The Amended Bylaws shall be deemed adopted by the board of directors of the Reorganized Debtors as of the Effective Date. The Liquidating Debtors may (but shall not be required to) file with the Office of the Secretary of State for the applicable State a certificate of dissolution.

15. Issuance of New Securities. Pursuant to Section 6.2 of the Plan, based upon the record of the Chapter 11 Cases, including the instruments included in the Plan Supplement (and any amendments thereto), the issuance of the Plan Securities by Reorganized Lodgian is hereby authorized without further act or action under applicable law, regulation, order, or rule.

16. Securities Laws Exemption. The offering, issuance, and distribution by Reorganized Lodgian of the Plan Securities is exempt from the provisions of section 5 of the Securities Act of 1933, as amended, and any state or local law requiring registration for the offer, issuance, distribution, or sale of a security by reason of section 1145(a) of the Bankruptcy Code. The Plan Securities will be freely tradable by the recipients thereof subject only to the provisions



of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in Section 2(11) of the Securities Act of 1933, as amended, and compliance with any applicable rules and regulations of the Securities Exchange Commission.

17. DIP Financing Facility. Notwithstanding anything that may be contained herein to the contrary, on the Effective Date, the applicable Debtors shall pay or arrange for the payment of all allowed amounts outstanding under the DIP Financing Facility. Once such payments have been made, the DIP Financing Facility, except to the extent that any letters of credit remain outstanding thereunder as provided herein, shall be deemed terminated (subject in all respects to any carve-out approved by the Bankruptcy Court in the Final Order approving the DIP Financing Facility), and the DIP Lenders shall take all reasonable action to confirm the removal of any liens on the properties of the applicable Debtors securing the DIP Financing Facility. On the Effective Date, any outstanding letters of credit issued under the DIP Financing Facility shall be either replaced or cash collateralized under the Exit Financing Agreements. The DIP Financing Facility shall be continued through the Effective Date.

18. Exit Financing Agreements.

(a) The Debtors, the Mezzanine Borrowers, Lodgian Hartford and Lodgian Memphis (together, the "Exit Financing Borrowers") are authorized to enter into new financing arrangements (the "Exit Financing Agreements") with the Exit Financing Agreements to be entered into on the Effective Date among the Exit Financing Lender, Reorganized Lodgian, and the Exit Financing Borrowers and, in the case of the principal agreements, substantially in the form set forth in the Plan Supplement (subject to such modifications that are consistent with the terms of the Plan as the Plan Proponents may approve). All Cash necessary for the Reorganized Debtors to make payments pursuant to the Plan will be obtained from the Reorganized Debtors' cash balances, operations and borrowings under the Exit Financing Agreements.





(b) On the Effective Date, all the liens and security interests to be created under the Exit Financing Agreements shall be deemed approved. In furtherance of the foregoing, the Reorganized Debtors and the other Persons granting such liens and security interests are authorized to make all filings and recordings, and to obtain all governmental approvals and consents necessary to establish and perfect such liens and security interests under the provisions of state, provincial, federal, or other law (whether domestic or foreign) that would be applicable in the absence of this Confirmation Order, and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such liens and security interests to third parties.

19. Plan Supplement. The documents contained in the Plan Supplement and any amendments, modifications, and supplements thereto (to the extent consistent with the terms of the Plan as the Plan Proponents may approve), and all documents and agreements introduced into evidence by the Debtors at the Confirmation Hearing (including all exhibits and attachments thereto and documents referred to therein), and the execution, delivery, and performance thereof by the Reorganized Debtors, are authorized and approved, including, but not limited to, (i) the Amended Organizational Documents, (ii) the New Preferred Stock Certificate of Designation, (iii) the Warrant Agreements, (iv) the Registration Rights Agreement, (v) the New Equity Incentive Plan, (vi) the Exit Financing Agreements, (vii) the Class 1 Amended Notes, (viii) the Subclass 1-H Note and (ix) the Subclass 1-O Note. Without need for further order or authorization of the Bankruptcy Court, the Debtors (the Lodgian and Liquidating Debtors) and Reorganized Debtors are authorized and empowered to make any and all modifications to any and all documents included as part of the Plan Supplement that do not materially modify the terms of such documents and are consistent with the Plan (subject to the approval of the Committee). The Debtors are authorized to implement the New Equity Incentive Plan without



the necessity of shareholder approval required under any applicable law, including, without limitation, Sections 162(m) and 422(b)(1) of the Internal Revenue Code.

20. Governmental Approvals Not Required. This Confirmation Order shall constitute all approvals and consents required, if any, by the laws, rules, or regulations of any state or any other governmental authority with respect to the implementation or consummation of the Plan and any documents, instruments, or agreements, and any amendments or modifications thereto, and any other acts referred to in or contemplated by the Plan, the Disclosure Statement, and any documents, instruments, or agreements, and any amendments or modifications thereto.

21. Exemption From Certain Taxes. Pursuant to section 1146(c) of the Bankruptcy Code: (a) the issuance, transfer, or exchange of notes or equity securities under the Plan; (b) the creation or recording of any mortgage, deed of trust, lien, pledge, or other security interest in connection with the Exit Financing Agreements or otherwise; (c) the making or assignment of any lease or sublease, or the making, delivery or recording of any deed or other instrument of transfer; and (d) the revesting, transfer or sale of any real or personal property (including any direct or indirect equity interest in the Exit Financing Borrowers) of the Debtors, their Estates or the Reorganized Debtors, under, in furtherance of, or in connection with, the Plan, including, without limitation, the Exit Financing Agreements, the Liquidating Debtor Stipulations, agreements of consolidation, restructuring, disposition, liquidation, or dissolution, as well as any mortgages, pledges, financing statements, deeds, bills of sale, stock powers, and transfers of property, or any assignments executed in connection with any of the transactions contemplated under the Plan or the Exit Financing Agreements, will not be subject to any stamp tax, recording tax, personal property transfer tax, real estate transfer tax, sales or use tax, or other similar tax.



22. Distributions. Pursuant to Section 7.3 of the Plan, on the Effective Date or as soon thereafter as is practicable, the Disbursing Agent shall distribute to the applicable agent and/or recordholder for the individual holders of the applicable Allowed Claims and Equity Interests (i) the Cash allocable to Classes 1 and 2, and Class 5; and (ii) the New Preferred Stock and New Common Stock allocable to the Class 3 Lodgian Subclasses and Classes 4, 7 and 8. Solely for the purpose of calculating the amount of shares of New Preferred Stock and New Common Stock to be initially distributed to holders of Allowed Claims in any Class 3 Lodgian Subclass, all Disputed Claims in such Subclass will be treated as though such Claims will be Allowed Claims in the amounts asserted, or as estimated by the Bankruptcy Court, as applicable; provided, however, that nothing herein shall be construed to deem a Disputed Claim an Allowed Claim absent an agreement between the applicable Debtor and the applicable claimant, or by further order of this Court. On the Final Distribution Date, each holder of an Allowed Claim in any Class 3 Lodgian Subclass shall receive, if applicable to such Subclass, a Catch-up Distribution of New Preferred Stock and New Common Stock. After the Effective Date but prior to the Final Distribution Date, the applicable Reorganized Lodgian Debtor, in its sole discretion, may direct the Disbursing Agent to distribute shares of New Preferred Stock and New Common Stock to a holder of a Disputed Claim in a Class 3 Lodgian Subclass, which becomes an Allowed Claim after the Effective Date such that the holder of such Claim receives the same amount of shares of New Preferred Stock and New Common Stock that such holder would have received had its Claim been an Allowed Claim in such amount on the Effective Date.

23. Waiver of Subordination. The distributions under the Plan take into account the relative priority of the Claims in each Class in connection with any contractual subordination provisions relating thereto or, in the case of the distributions to be made on account of Allowed Claims of holders of Claims in Class 7, represent a reallocation of Plan Securities from the



holders of Claims in Class 4. Accordingly, the distributions under the Plan to any holder of an Allowed Claim shall not be subject to levy, garnishment, attachment or other legal process by any holder of indebtedness senior by reason of claimed contractual subordination rights to the indebtedness of the holders of such Allowed Claim. On the Effective Date, all creditors shall be deemed to have waived any and all contractual subordination rights which they may have with respect to distributions under the Plan to any holder of an Allowed Claim, and the Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons from enforcing or attempting to enforce any such rights with respect to the distributions under the Plan; provided, however, that nothing herein shall affect the classification or treatment of Subordinated Claims in Class 11 of the Plan.

24. Final Fee Applications. Pursuant to Section 2.2 of the Plan, all entities seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under section 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code (i) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is forty-five (45) days after the Effective Date, and (ii) shall be paid in full in such amounts as are allowed by the Bankruptcy Court (A) upon the later of (i) the Effective Date and (ii) the date upon which the order relating to any such Administrative Expense Claim is entered, or (B) upon such other terms as may be mutually agreed upon between the holder of such an Administrative Expense Claim and the Plan Proponents or, on and after the Effective Date, the Reorganized Debtors. Each Debtor is authorized to pay compensation for services rendered or reimbursement of expenses incurred after the Confirmation Date and until the Effective Date in the ordinary course of business and without the need for Bankruptcy Court approval.



25. Discharge of Claims and Termination of Equity Interests. Pursuant to Section 11.2 of the Plan, except as otherwise provided in the Plan or the Confirmation Order, the rights afforded in the Plan and the entitlement to receive payments and distributions to be made hereunder shall discharge all existing Claims, of any kind, nature or description whatsoever against each of the Debtors or any of their assets or properties. Except as provided in the Plan, on the Effective Date, all existing Claims against each of the Debtors and Equity Interests in the Debtors shall be, and shall be deemed to be, discharged or canceled and all holders of Claims and Equity Interests shall be precluded and enjoined from asserting against the Debtors and/or the Reorganized Debtors, or any of their assets or properties, any other or further Claim or Equity Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a proof of claim or equity interest.

26. Discharge of Debtors. Pursuant to Section 11.3 of the Plan, upon the Effective Date and in consideration of the distributions to be made under the Plan, except as otherwise expressly provided in the Plan, each holder (as well as any trustees and agents on behalf of each holder) of a Claim or Equity Interest of such holder shall be deemed to have forever waived, released and discharged each of the Debtors, of and from any and all Claims, Equity Interests, rights and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such Persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or canceled Equity Interest in each of the Debtors.

27. Indenture Trustees' Fees and Expenses. Pursuant to Section 2.5 of the Plan, Deutsche Bank Trust Company of America, the Indenture Trustee for the Senior Subordinated Notes, and Wilmington Trust Company, the Indenture Trustee for the CRESTS shall be granted,



pursuant to section 503(b) of the Bankruptcy Code, an Administrative Claim for their reasonable fees and expenses in performing their duties as Indenture Trustees from the Commencement Date through the Effective Date to the extent that such fees and expenses are either (i) not in dispute by the Plan Proponents or (ii) in the event of any dispute, determined by a Final Order of the Bankruptcy Court.

28. Survival of Corporate Indemnitees. Pursuant to Section 9.5 of the Plan, any obligations of any of the Debtors pursuant to the applicable Debtor's corporate charters and bylaws or agreements entered into any time prior to the Effective Date, to indemnify any Releasee, with respect to all present and future actions, suits and proceedings against such Debtor or such Releasee, based upon any act or omission for or on behalf of such Debtor, shall not be discharged or impaired by confirmation of the Plan. Such obligations shall be deemed and treated as executory contracts to be assumed by the applicable Debtor pursuant to the Plan, and shall continue as obligations of the applicable Reorganized Debtor.

29. Releases, Exculpations, and Injunctions. The release, exculpation, and injunction provisions contained in the Plan are fair and equitable, are given for valuable consideration, and are in the best interests of the Debtors and their chapter 11 estates, and such provisions shall be effective and binding upon all persons and entities.

30. Termination of Injunctions and Automatic Stay. Pursuant to Section 11.5 of the Plan, unless otherwise provided in the Plan, all injunctions or stays arising under section 105 or 362 of the Bankruptcy Code, any order entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in such order.



31. Disallowance of Adequate Protection Claims. As of the Effective Date, all Adequate Protection Claims (as hereinafter defined) shall be deemed to be disallowed. As used herein, "Adequate Protection Claims" shall mean any and all claims for (a) adequate protection arising under §§ 361, 362, 363 or 364 of the Bankruptcy Code, or (b) any diminution in the value of a creditor's interest in property of the Debtor's estates, from the Petition Date through and including the Effective Date, whether such claim arises by stipulation, agreement, statute, court order or otherwise.

32. Termination of Adequate Protection Liens. As of the Effective Date, all liens, charges or other encumbrances on property of the Debtors' estates securing the payment of any Adequate Protection Claim shall be deemed to be discharged and released, without the need for the filing of any releases or termination statements or similar documents or taking any further action whatsoever.

33. Cancellation of Existing Securities and Agreements. Except as otherwise expressly provided for in the Plan and pursuant to Section 6.8 of the Plan, except for purposes of evidencing a right to distributions under the Plan or otherwise provided hereunder, on the Effective Date, all the agreements and other documents evidencing (i) any Claims or rights of any holder of a Claim against the applicable Debtor, including all indentures and notes evidencing such Claims and (ii) any options or warrants to purchase Equity Interests, obligating the applicable Debtor to issue, transfer or sell Equity Interests or any other capital stock of the applicable Debtor, shall be canceled.

34. Chilmark Fees. The Lodgian Debtors are authorized to pay Chilmark Partners LP ("Chilmark") a restructuring fee in the amount of \$4.3 million less fifty percent of Chilmark's total monthly fees earned in these Chapter 11 Cases in full satisfaction of the services it has provided to the Debtors in connection with these Chapter 11 Cases. The Court shall retain



jurisdiction to resolve any dispute between the Debtors, the Committee and Chilmark regarding the calculation of such restructuring fee.

35. Evercore Fees. The Lodgian Debtors are authorized to pay Evercore Partners LP ("Evercore") a restructuring fee in the amount of \$1,000,000, less 50% of the aggregate amount of monthly fees received by Evercore, but in no event less than \$300,000 in full satisfaction of the services it has rendered to the Committee in connection with these Chapter 11 Cases. The Court shall retain jurisdiction to resolve any dispute between the Debtors, the Committee and Evercore regarding the calculation of such restructuring fee.

36. Nonoccurrence of Effective Date. In the event that the Effective Date does not occur, then (i) the Plan, (ii) assumption or rejection of executory contracts or unexpired leases pursuant to the Plan, (iii) any document or agreement executed pursuant to the Plan, and (iv) any actions, releases, waivers, or injunctions authorized by this Confirmation Order or any order in aid of consummation of the Plan shall be deemed null and void. In such event, nothing contained in this Confirmation Order, any order in aid of consummation of the Plan, or the Plan, and no acts taken in preparation for consummation of the Plan, (a) shall be deemed to constitute a waiver or release of any Claims or Equity Interests by or against the Debtors or any other persons or entities, to prejudice in any manner the rights of the Debtors or any person or entity in any further proceedings involving the Debtors or otherwise, or to constitute an admission of any sort by the Debtors or any other persons or entities as to any issue, or (b) shall be construed as a finding of fact or conclusion of law in respect thereof.

37. Notice of Entry of Confirmation Order. On or before the tenth (10th) Business Day following the date of entry of this Confirmation Order, the Debtors shall electronically file with the Court and serve notice of entry of this Confirmation Order on the parties identified in the Master Service List as defined in this Court's Order Establishing Notice





Procedures, dated December 21, 2001 by causing notice of entry of the Confirmation Order (the "Notice of Confirmation"), to be delivered to such parties by first-class mail, postage prepaid. The notice described herein is adequate under the particular circumstances and no other or further notice is necessary. The Debtors also shall cause the Notice of Confirmation to be published as promptly as practicable after the entry of this Confirmation Order once in each of *The New York Times* (National Edition), *The Wall Street Journal* (National Edition), and *USA Today*.

38. Notice of Effective Date. Within five (5) Business Days following the occurrence of the Effective Date, the Reorganized Debtors shall file notice of the occurrence of the Effective Date and shall serve a copy of same on the parties identified in the Master Service List as defined in this Court's Order Establishing Notice Procedures, dated December 21, 2001.

39. Authorization to File Conformed Plan. The Debtors are authorized to file a conformed Plan, dated on the date hereof, which incorporates the amendments to the Plan within thirty (30) days of the entry at this Confirmation Order.

40. Binding Effect. Pursuant to sections 1123(a) and 1142(a) of the Bankruptcy Code and the provisions of this Confirmation Order, the Plan, the Plan Supplement, and the Plan Documents shall apply and be enforceable notwithstanding any otherwise applicable nonbankruptcy law.

41. Severability. Each term and provision of the Plan, as it may have been altered or interpreted by the Bankruptcy Court in accordance with Section 13.11 of the Plan, is valid and enforceable pursuant to its terms.

42. Conflicts Between Order and Plan. To the extent of any inconsistency between the provisions of the Plan and this Confirmation Order, the terms and conditions contained in this Confirmation Order shall govern. The provisions of this Confirmation Order



are integrated with each other and are nonseverable and mutually dependent unless expressly stated by further order of this Bankruptcy Court.

Dated: November 5, 2002  
New York, New York

/s/Burton R. Lifland  
UNITED STATES BANKRUPTCY JUDGE

I hereby attest and certify on 11/12/02  
that this document is a full, true and correct  
copy of the original filed on the court's  
electronic case filing system.

Clerk, US Bankruptcy Court, SDNY

By: Hender Hauer Deputy Clerk



**EXHIBIT A**  
**AMENDED PLAN**



UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

----- X

|                                |   |                         |
|--------------------------------|---|-------------------------|
| In re                          | : | Chapter 11              |
| LODGIAN, INC., <u>et al.</u> , | : | Case No. 01-16345 (BRL) |
| Debtors.                       | : | Jointly Administered    |

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**FIRST AMENDED JOINT PLAN OF REORGANIZATION OF  
LODGIAN, INC., et al. (OTHER THAN THE CCA DEBTORS), TOGETHER  
WITH THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS UNDER  
CHAPTER 11 OF THE BANKRUPTCY CODE**

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Dated: As of November 1, 2002



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## EXHIBITS

Exhibit A: List of Debtors

Exhibit B: List of Class 10 Subclass Debtors



UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

----- X  
In re : Chapter 11  
LODGIAN, INC., et al., : Case No. 01-16345 (BRL)  
Debtors. : Jointly Administered  
----- X

**DEBTORS' FIRST AMENDED JOINT PLAN OF REORGANIZATION  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

Lodgian, Inc. and the other above-captioned debtors and debtors-in-possession (other than the CCA Debtors), together with the official committee of unsecured creditors appointed in these chapter 11 cases, propose the following joint chapter 11 plan of reorganization pursuant to section 1121(a) of title 11 of the United States Code.

While this is a joint plan for each of the Debtors, it does **NOT** provide that these chapter 11 cases will be substantively consolidated. Accordingly, to the extent applicable to a debtor, all of the provisions of this plan, including without limitation the definitions and distributions to creditors and equity interest holders, shall apply to the respective assets of, claims against, and equity interests in, such debtor's separate estate.

The proponents of this plan reserve the right to proceed with confirmation of this plan as to some but not all of the debtors at the same time.

**SECTION 1. DEFINITIONS AND INTERPRETATION**

**A. Definitions.**

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

1.1 *A Warrants* means warrants, substantially in the form set forth in the A Warrant Agreement, to purchase shares of New Common Stock representing in the aggregate up to 17.75% of the sum of (i) shares of New Common Stock issued on the Effective Date and (ii) shares of New Common Stock issuable upon the exercise of the A



Warrants, to be issued by Reorganized Lodgian pursuant to the Plan and the A Warrant Agreement.

1.2 ***A Warrant Agreement*** means the warrant agreement between Reorganized Lodgian and the warrant agent named therein, substantially in the form set forth in the Plan Supplement.

1.3 ***Administrative Expense Claim*** means any right to payment constituting a cost or expense of administration of the Chapter 11 Cases allowed under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of preserving the applicable Debtor's Estate, any actual and necessary costs and expenses of operating the applicable Debtor's businesses, any indebtedness or obligations incurred or assumed by the applicable Debtor, as a debtor-in-possession, during the Chapter 11 Cases (including, without limitation, for the acquisition or lease of property or an interest in property or the rendition of services), any allowances of compensation and reimbursement of expenses to the extent allowed by a Final Order under section 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the Estate of the applicable Debtor under section 1930 of chapter 123 of title 28 of the United States Code.

1.4 ***Allowed*** means, with reference to any Claim or Equity Interest, (i) any Claim against or Equity Interest in any Debtor which has been listed by such Debtor in the Schedules, as such Schedules may be amended by the applicable Debtor from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and for which no contrary proof of claim or equity interest has been filed, (ii) any timely filed Claim or Equity Interest as to which no objection to allowance has been interposed in accordance with Section 8.3 hereof or such other applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court, or as to which any objection has been determined by a Final Order to the extent that such objection is determined in favor of the respective holder, or (iii) any Claim or Equity Interest expressly allowed by a Final Order or hereunder.

1.5 ***Amended Organizational Documents*** means the corporate, partnership or limited liability company organizational documents, as applicable, of each Debtor as amended and adopted on the Effective Date as necessary to comply with the requirements of the Bankruptcy Code and effect the terms of this Plan (including the implementation of the Exit Financing), substantially in the form set forth in the Plan Supplement for Reorganized Lodgian and, to the extent material, each other Reorganized Debtor.

1.6 ***B Warrants*** means warrants, substantially in the form set forth in the B Warrant Agreement, to purchase shares of New Common Stock representing in the aggregate up to 10.79% of the sum of (i) shares of New Common Stock issued on the



Effective Date and (ii) shares of New Common Stock issuable upon the exercise of the A Warrants and the B Warrants, to be issued by Reorganized Lodgian pursuant to the Plan and the B Warrant Agreement.

1.7 **B Warrant Agreement** means the warrant agreement between Reorganized Lodgian and the warrant agent named therein, substantially in the form set forth in the Plan Supplement.

1.8 **Bankruptcy Code** means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

1.9 **Bankruptcy Court** means the United States District Court for the Southern District of New York having jurisdiction over the Chapter 11 Cases and, to the extent of the reference of the Chapter 11 Cases pursuant to 28 U.S.C. § 157(a), the United States Bankruptcy Court for the Southern District of New York.

1.10 **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases, and any Local Rules of the Bankruptcy Court.

1.11 **BO Agreements** means the Mortgage Financing Agreements dated as of April 26, 1999 between Nationwide and Dedham Lodging Associates I, L.P.

1.12 **BO/Rockbridge Agreements** means the Mortgage Financing Agreements dated as of December 8, 1998 between Nationwide and the following Debtors: Lodgian AMI, Inc., Island Motel Enterprises, Inc. and Penmoco, Inc.

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

1.14 **Cash** means legal tender of the United States of America.

1.15 **Catch-up Distribution** means with respect to each holder of an Allowed Claim in any Class 3 Subclass, the difference between (i) the aggregate number of shares of New Preferred Stock and New Common Stock that such holder would have received if the resolution of all Disputed Claims in such Subclass had been known on the Effective Date, and (ii) the aggregate number of shares of New Preferred Stock and New Common Stock previously received by such holder.

1.16 **CCA** means The Capital Company of America LLC.



1.17 **CCA Debtors** means IMPAC Hotels II, L.L.C. and IMPAC Hotels III, L.L.C., as debtors and debtors in possession in chapter 11 cases No. 01-16367 and No. 01-16375, respectively.

1.18 **Chapter 11 Cases** means individually, the voluntary case commenced by each Debtor under its respective case number as listed in Exhibit A, and collectively, the voluntary cases under chapter 11 of the Bankruptcy Code commenced by each Debtor on the Commencement Date in the United States Bankruptcy Court for Southern District of New York, styled In re Lodgian, Inc., et al., Case No. 01-16345 (BRL), which are currently pending before the Bankruptcy Court.

1.19 **Chase** means JPMorgan Chase Bank, as successor indenture trustee to Texas Commerce Bank National Association.

1.20 **Chase Agreements** means the Mortgage Financing Agreements dated as of January 1, 1997 among Chase, the City of Manhattan, Kansas, the City of Lawrence, Kansas, and the following Debtors: Manhattan Hospitality Associates, L.P. and Lawrence Hospitality Associates, L.P.

1.21 **Claim** means (i) any right to payment from any of the Debtors, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, known or unknown, or (ii) any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from any of the Debtors, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured, known or unknown.

1.22 **Class** means a class of Claims or Equity Interests established pursuant to Section 3.

1.23 **Class 1 Amended Note** means, with respect to any Class 1 Subclass, an amendment and restatement of the applicable Debtor's payment obligations under the applicable Mortgage Financing Agreements, in a principal amount equal to 100% of the amount of the applicable Allowed Claim and, except to the extent otherwise agreed by the holder of the Allowed Claim and the Applicable Debtor, providing for the same interest rate and maturity and periodic debt service payments on the same dates and in the same amounts as provided under the existing Mortgage Financing Agreements, except that the amount of any originally scheduled principal payments overdue as of the Effective Date shall be payable at final maturity, provided that the final maturity of the Class 1 Amended Note for Subclass 1-L shall be extended to November 30, 2005. Except to the extent otherwise agreed by the holder of the Allowed Claim and the Applicable Debtor, each Amended Class 1 Note shall continue to be secured by the



Collateral securing the applicable Allowed Claim. The definitive terms of each Class 1 Amended Note shall be provided in a separate stipulation and order.

1.24 ***Class 3 Liquidating Subclasses*** means Class 3 Subclasses consisting of General Unsecured Claims against a Liquidating Debtor.

1.25 ***Class 3 Lodgian Subclasses*** means Class 3 Subclasses consisting of General Unsecured Claims against a Lodgian Debtor.

1.26 ***Class 3 Lodgian Plan Securities*** means (i) 309,400 shares of New Preferred Stock and (ii) 366,589 shares of New Common Stock.

1.27 ***Class 3 Lodgian Subclass Plan Securities*** means for each Class 3 Lodgian Subclass, the percentage of Class 3 Lodgian Plan Securities specified for the Subclass Debtor in Exhibit A.

1.28 ***Class 4 Compromise*** means the overall compromise and settlement embodied in this Plan of certain issues between the Debtors and the holders of the Senior Subordinated Notes Claims, including the amount of Allowed Senior Subordinated Notes Claims against each Senior Subordinated Notes Guarantor Debtor, the determination of the Debtors that are liable as Senior Subordinated Notes Guarantor Debtors, as well as the valuation of the Debtors on which recoveries on account of Allowed Claims and Allowed Equity Interests should be based.

1.29 ***Class 4 Plan Securities*** means (i) 4,690,600 shares of New Preferred Stock and (ii) 5,557,511 shares of New Common Stock.

1.30 ***Class 7 Plan Securities*** means (i) 868,000 shares of New Common Stock, (ii) 83.33% of the A Warrants and (iii) 24.39% of the B Warrants.

1.31 ***Class 8 Plan Securities*** means (i) 207,900 shares of New Common Stock, (ii) 16.67% of the A Warrants and (iii) 75.61% of the B Warrants.

1.32 ***Collateral*** means any property or interest in property of the Estate of any Debtor subject to a lien, charge or other encumbrance to secure the payment or performance of a Claim, which lien, charge or other encumbrance is not subject to avoidance under the Bankruptcy Code.

1.33 ***Column*** means Column Financial, Inc.

1.34 ***Column Agreements*** means the Mortgage Financing Agreements dated as of June 29, 1995 between Column and East Washington Hospitality Limited Partnership.





1.35 **Column/Crūmi Mae Agreements** means the Mortgage Financing Agreements dated as of January 31, 1995 between Column and McKnight Motel, Inc.

1.36 **Commencement Date** means December 20, 2001 with respect to all of the Debtors; *provided, however*, that "Commencement Date" means (i) December 21, 2001 with respect to Worcester Hospitality, L.P., Lodgian Hotels, Inc., Brecksville Hospitality, L.P. and Sioux City Hospitality, L.P., and (ii) April 17, 2002 with respect to New Orleans Airport Motel Associates, L.P.

1.37 **Committee** means the official committee of general unsecured creditors appointed by the Office of the United States Trustee in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code, as the membership of such Committee may be altered from time to time.

1.38 **Confirmation Date** means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order.

1.39 **Confirmation Hearing** means the hearing to be held by the Bankruptcy Court regarding confirmation of this Plan, as such hearing may be adjourned or continued from time to time.

1.40 **Confirmation Order** means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code.

1.41 **Convenience Claim** means (i) an Allowed General Unsecured Claim against any of the Debtors in an amount equal to \$200 or less, (ii) the Allowed General Unsecured Claim against any of the Debtors of a holder that has irrevocably elected on its ballot to reduce such Claim against such Debtor(s) to the amount of \$200, or (iii) a Disputed Claim against any of the Debtors that becomes an Allowed General Unsecured Claim of \$200 or less with the consent of, and in the amount agreed to by, the applicable Debtor or pursuant to a Final Order.

1.42 **CRESTS** means the 7% Convertible Redeemable Equity Structured Trust Securities issued by LCT I.

1.43 **CRESTS Claims** means, collectively, the Claims of LCT I as holder of the CRESTS Junior Subordinated Debentures and the Claims of the holders of the CRESTS under the CRESTS Guarantee.

1.44 **CRESTS Guarantee** means the guarantee of certain payments in respect of the CRESTS originally made by Servico, Inc., and assumed by Lodgian, Inc., pursuant to the CRESTS Guarantee Agreement.



1.45 **CRESTS Guarantee Agreement** means the Guarantee Agreement dated as of June 17, 1998 by Servico, Inc., Lodgian, Inc. and Wilmington Trust, as the same may be amended or supplemented from time to time to and including the Effective Date.

1.46 **CRESTS Indenture** means the Indenture dated as of June 17, 1998, as supplemented by the First Supplemental Indenture dated as of June 17, 1998, among Servico, Inc., Lodgian, Inc. and Wilmington Trust, as the same may be amended or supplemented from time to time to and including the Effective Date.

1.47 **CRESTS Junior Subordinated Debentures** means the 7% Convertible Junior Subordinated Debentures due 2010 originally issued by Servico, Inc., and assumed by Lodgian, Inc., pursuant to the CRESTS Indenture.

1.48 **DDL Kinser** means DDL Kinser Partners LLC.

1.49 **DDL Kinser Agreements** means the Mortgage Financing Agreements dated as of December 29, 1986 between Kinser Motel Enterprises and Westinghouse Credit Corporation, as modified on May 7, 1992 by order confirming Servico Inc.'s Plan of Reorganization and ultimately assigned to DDL Kinser.

1.50 **Debtors** means, collectively, Lodgian, Inc. and the debtors identified in Exhibit A, including in their capacity as debtors-in-possession pursuant to sections 1101, 1107(a) and 1108 of the Bankruptcy Code.

1.51 **Debtor Owned Old Subsidiary Equity Interest** means an Old Subsidiary Equity Interest held by any Debtor.

1.52 **Deutsche Bank** means Deutsche Bank Trust Company Americas, as Trustee under the Senior Subordinated Notes Indenture.

1.53 **DIP Financing Facility** means that certain Revolving Credit and Guaranty Agreement, dated as of December 31, 2001, among Lodgian, Inc., the other Debtors named therein and the DIP Lenders, together with all other Loan Documents (as defined therein), as each of the foregoing may be amended or modified from time to time to and including the Effective Date.

1.54 **DIP Lenders** means entities from time to time party to the DIP Financing Facility as lenders and MSSF, as administrative agent and collateral agent.

1.55 **Disbursing Agent** means any entity (including any applicable Debtor if it acts in such capacity) in its capacity as a disbursing agent under Section 7.4 hereof.



1.56 **Disputed Claim** means any Claim which has not been Allowed pursuant to this Plan or a Final Order, and

(a) if no proof of claim has been filed by the applicable deadline: (i) a Claim that has been or hereafter is listed on the Schedules as disputed, contingent or unliquidated; or (ii) a Claim that has been or hereafter is listed on the Schedules as other than disputed, contingent or unliquidated, but as to which the applicable Debtor(s) or the Reorganized Debtors or any other party in interest has interposed an objection or request for estimation which has not been withdrawn or determined by a Final Order; *or*

(b) if a proof of claim or request for payment of an Administrative Expense Claim has been filed by the applicable deadline: (i) a Claim for which no corresponding Claim has been or hereafter is listed on the Schedules; (ii) a Claim for which a corresponding Claim has been or hereafter is listed on the Schedules as other than disputed, contingent or unliquidated, but for which the nature or amount of the Claim as asserted in the proof of claim varies from the nature and amount of such Claim as listed on the Schedules; (iii) a Claim for which a corresponding Claim has been or hereafter is listed on the Schedules as disputed, contingent or unliquidated and which has not been resolved by written agreement of the parties or a Final Order; (iv) a Claim for which a timely objection or request for estimation is interposed by the applicable Debtor(s) or the Reorganized Debtors or any other party in interest, which has not been withdrawn or determined by a Final Order; or (v) any Tort Claim.

1.57 **Disputed Equity Interest** means any Equity Interest, or any portion thereof, that has not been Allowed.

1.58 **Distribution Record Date** means the date fixed as the "Distribution Record Date" by order of the Bankruptcy Court approving, *inter alia*, procedures to solicit acceptances or rejections of this Plan.

1.59 **Division** means a division of a Class of Claims or Equity Interests established pursuant to Section 3.

1.60 **DLJ/Column/Criimi Mae Agreements** means the Mortgage Financing Agreements dated as of January 31, 1995 between Column and the following Debtors: Hilton Head Motel Enterprises, Inc., Servico Hotels I, Inc., Servico Hotels II, Inc., Moon Airport Motel, Inc., Servico Fort Wayne, Inc., Washington Motel Enterprises, Inc., Servico Hotels III, Inc., Servico Hotels IV, Inc. and New Orleans Airport Motel Associates, L.P.

1.61 **Effective Date** means a Business Day on or after the Confirmation Date specified by the Plan Proponents on which (i) no stay of the Confirmation Order is in effect and (ii) the conditions to the effectiveness of this Plan specified in Section 10.1



hereof have been satisfied or waived. The Plan Proponents may specify different Effective Dates for one or more Debtors

1.62 **Equity Interest** means the rights of a holder of an Equity Security.

1.63 **Equity Security** means, with respect to any Debtor, its authorized capital stock, membership interests, partnership interests or similar ownership interests, whether or not transferable, including any option, warrant or right, contractual or otherwise, to acquire any such interest.

1.64 **Estate** means, as to each Debtor, the estate created pursuant to section 541 of the Bankruptcy Code upon the commencement of such Debtor's Chapter 11 Case.

1.65 **Exit Financing Agreements** means the Mortgage Financing Agreements to be entered into on the Effective Date among the Exit Financing Lender, Reorganized Lodgian and the Exit Financing Borrowers and, in the case of the principal agreements, substantially in the form set forth in the Plan Supplement.

1.66 **Exit Financing Borrowers** means the Reorganized Debtors to be named as the borrowers under the Exit Financing Agreements.

1.67 **Exit Financing Lender** means the Person(s) named as the lender(s) under the Exit Financing Agreements.

1.68 **Final Distribution Date** means, in the event that there exist on the Effective Date any Disputed Claims or Equity Interests, a date selected by the Plan Proponents, in their sole discretion, on which all such Disputed Claims or Equity Interests have been resolved by Final Order.

1.69 **Final Order** means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in the Chapter 11 Cases, which has not been reversed, vacated or stayed and as to which (i) the time to appeal, petition for *certiorari* or move for a new trial, reargument or rehearing has expired and as to which no appeal, petition for *certiorari* or other proceedings for a new trial, reargument or rehearing shall then be pending, or (ii) if an appeal, writ of *certiorari*, new trial, reargument or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or *certiorari* shall have been denied, or a new trial, reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for *certiorari* or move for a new trial, reargument or rehearing shall have expired; *provided, however*, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed relating to such order shall not cause such order to not be a Final Order.



- 1.70 **First Union** means First Union Bank of North Carolina.
- 1.71 **First Union Agreements** means the Mortgage Financing Agreements dated as of March 18, 1997 between First Union and Atlanta-Boston Lodging L.L.C.
- 1.72 **GMAC** means GMAC Commercial Mortgage Corporation.
- 1.73 **GMAC Agreements** means the Mortgage Financing Agreements dated as of May 9, 1996 between GMAC and Servico Lansing, Inc.
- 1.74 **GMAC-Orix Agreements** means the Mortgage Financing Agreements (i) dated as of July 18, 1996 between GMAC and the following Debtors: Servico Council Bluffs, Inc., Servico West Des Moines, Inc., Servico Omaha, Inc., Servico Omaha Central, Inc. and Servico Wichita, Inc., and (ii) dated as of January 17, 1996 between Loan Services, Inc. and the following Debtors: Brecksville Hospitality, L.P., Sioux City Hospitality, L.P. and 1075 Hospitality, L.P.
- 1.75 **GMAC-Orix Debtors** means Brecksville Hospitality, L.P., Servico Council Bluffs, Inc., Servico Omaha, Inc., Servico Omaha Central, Inc., Servico West Des Moines, Inc., Servico Wichita, Inc., Sioux City Hospitality, L.P. and 1075 Hospitality, L.P.
- 1.76 **General Unsecured Claim** means any Claim against the applicable Debtor that (i) is not an Administrative Expense Claim, a Priority Tax Claim, a Secured Claim, a Priority Non-Tax Claim, a Senior Subordinated Notes Claim, a CRESTS Claim or a Subordinated Claim, or (ii) is otherwise determined by the Bankruptcy Court to be a General Unsecured Claim.
- 1.77 **Inter-Company Claim** means any General Unsecured Claim held by a Debtor against another Debtor.
- 1.78 **LCT I** means Lodgian Capital Trust I, a Delaware statutory business trust.
- 1.79 **LCT I Declaration of Trust** means the Declaration of Trust dated May 15, 1998, as amended by the Amended and Restated Declaration of Trust dated as of June 17, 1998, by and among the Regular Trustees named therein and Wilmington Trust Company, as the Initial Property Trustee and initial Delaware Trustee, as the same may be amended or supplemented from time to time to and including the Effective Date.
- 1.80 **Lehman** means Lehman Brothers Holdings, Inc.



1.81 ***Lehman/Criimi Mae Agreements*** means the Mortgage Financing Agreements (i) dated as of June 30, 1997 between Lehman and the following Debtors: Melbourne Hospitality Associates, L.P. and Fort Wayne Hospitality Associates II, L.P., (ii) dated as of April 11, 1997 between Lehman and Servico Frisco, Inc., and (iii) dated as of October 21, 1996 between Lehman and the following Debtors: Worcester Hospitality, L.P. and Apico Inns of Pittsburgh, Inc.

1.82 ***Liquidating Debtors*** means the GMAC-Orix Debtors and the Roundabout Debtor.

1.83 ***Lodgian Debtors*** means the Debtors other than the Liquidating Debtors.

1.84 ***Mortgage Financing Agreements*** means, with respect to any financing arrangements secured by any Debtor's interest in any hotel property (including any leasehold interest), the applicable loan agreements and all related agreements, instruments and other documents, including all promissory notes, mortgages (including leasehold mortgages), security agreements and assignments of leases and rents, as the same may be amended or modified from time to time.

1.85 ***MSSF*** means Morgan Stanley Senior Funding, Inc.

1.86 ***MSSF Pre-Petition Credit Facility*** means that certain Credit Agreement dated as of July 23, 1999 among Lodgian Finance Corp., Lodgian, Inc., the other Debtors named therein and the Pre-Petition Credit Facility Lenders, together with all other Loan Documents (as defined therein), as each of the foregoing may be amended or modified from time to time to and including the Effective Date.

1.87 ***MSSF Pre-Petition Credit Facility Lenders*** mean entities from time to time party to the MSSF Pre-Petition Credit Facility as lenders and MSSF, as administrative agent and collateral agent.

1.88 ***Nationwide*** means Nationwide Life Insurance Company.

1.89 ***New Common Stock*** means the shares of common stock, par value \$0.01 per share, of Reorganized Lodgian to be authorized pursuant to Reorganized Lodgian's Amended Organizational Documents, including 7,000,000 shares to be issued by Reorganized Lodgian on the Effective Date and additional shares issuable under the New Equity Incentive Plan and upon exercise of the Warrants.

1.90 ***New Equity Incentive Plan*** means the equity incentive plan to be adopted by Reorganized Lodgian on the Effective Date, under which shares of New Common Stock representing in the aggregate up to 10.0% of the New Common Stock on



a fully diluted basis will be available for issuance, substantially in the form set forth in the Plan Supplement.

1.91 ***New Preferred Stock*** means the 5,000,000 shares of 12.25% preferred stock of Reorganized Lodgian, having the rights, powers and preferences set forth in the New Preferred Stock Certificate of Designation, to be issued by Reorganized Lodgian on the Effective Date in an initial aggregate liquidation preference of \$125,000,000.

1.92 ***New Preferred Stock Certificate of Designation*** means the certificate of designation for the New Preferred Stock to be adopted by Reorganized Lodgian on the Effective Date, substantially in the form set forth in the Plan Supplement.

1.93 ***New Subsidiary Equity*** means, with respect to each Reorganized Debtor other than Reorganized Lodgian, the Equity Securities to be authorized pursuant to such Reorganized Debtor's Amended Organizational Documents, including Equity Securities to be issued by such Reorganized Debtor on the Effective Date.

1.94 ***Old Equity Interest*** means an Equity Interest represented by an Old Equity Security.

1.95 ***Old Equity Security*** means an Equity Security of any Debtor issued by such Debtor and outstanding immediately prior to the Effective Date, including Old Lodgian Common Stock.

1.96 ***Old Lodgian Common Stock*** means the authorized common stock, par value \$0.01 per share, of Lodgian, Inc., or any option, warrant or right, contractual or otherwise, to acquire any such common stock, issued by Lodgian, Inc. and outstanding immediately prior to the Effective Date.

1.97 ***Old Lodgian Common Stock Interest*** means an Equity Interest represented by Old Lodgian Common Stock.

1.98 ***Old Subsidiary Equity Interest*** means an Equity Interest represented by an Old Equity Security of any Debtor other than Lodgian, Inc.

1.99 ***Person*** means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, governmental unit or other entity of whatever nature.

1.100 ***Plan*** means this first amended joint chapter 11 plan of reorganization of the Debtors, to the extent applicable to any Debtor, including the Plan Supplement and the exhibits hereto and thereto, as the same may be amended or modified



from time to time in accordance with the provisions of the Bankruptcy Code and the terms hereof.

1.101 **Plan Documents** means the documents to be executed, delivered, assumed or performed in conjunction with the consummation of this Plan on the Effective Date, including (i) the Amended Organizational Documents, (ii) the New Preferred Stock Certificate of Designation, (iii) the Warrant Agreements, (iv) the Registration Rights Agreement, (v) the New Equity Incentive Plan, (vi) the Exit Financing Agreements, (vii) the Class I Amended Notes, (viii) the Subclass I-H Note and (ix) the Subclass I-O Note. Each of the Plan Documents to be entered into or adopted as of the Effective Date will be filed in draft form in the Plan Supplement.

1.102 **Plan Proponents** means each Debtor and the Committee.

1.103 **Plan Securities** means, collectively, the New Preferred Stock, the New Common Stock and the Warrants.

1.104 **Plan Supplement** means a supplemental appendix to this Plan that will contain (i) the draft form of the Plan Documents to be entered into as of the Effective Date and (ii) the Schedule of Assumed Contracts as of the date of the Plan Supplement, to be filed seven (7) days before the date of the Confirmation Hearing, and in any event no later than five (5) days prior to the last date by which votes to accept or reject this Plan must be submitted.

1.105 **Priority Non-Tax Claim** means any Claim other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in payment as specified in section 507(a)(3), (4), (5), (6), (7) or (9) of the Bankruptcy Code.

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

1.107 **Pro Rata Share** means, with respect to:

- (i) an Allowed Claim in a Class 3 Lodgian Subclass, a fractional share of the Class 3 Lodgian Subclass Plan Securities, as the case may be, for that Subclass, equal to (x) the amount of such Allowed Claim divided by (y) the aggregate amount of Allowed Claims in that Subclass;
- (ii) an Allowed Claim in Class 4, a fractional share of the Class 4 Plan Securities equal to (x) the principal amount of Senior Subordinated Notes underlying such Allowed Claim divided by (y) \$200,000,000;





- (iii) an Allowed Claim in Class 7, a fractional share of the Class 7 Plan Securities equal to (x) the number of CRESTS underlying such Allowed Claim divided by (y) 3,500,000; and
- (iv) an Allowed Equity Interest in Class 8, a fractional share of the Class 8 Plan Securities equal to (x) the number of shares of Old Lodgian Common Stock comprising such Allowed Equity Interest divided by (y) 28,479,837.

1.108 **Registration Rights Agreement** means the registration rights agreement between Reorganized Lodgian and certain holders of Plan Securities, substantially in the form set forth in the Plan Supplement.

1.109 **Releasees** means, collectively, (i) any director, officer, agent or employee of any Debtor who was employed or otherwise serving in such capacity on the Confirmation Date, (ii) the Committee and (iii) any member of the Committee, any member, director, officer, agent or employee of a member of the Committee, or any of the Debtors' or the Committee's attorneys or advisors, in each case who were acting, employed or otherwise serving in such capacity on the Confirmation Date.

1.110 **Reorganized Debtor** means each Debtor on or after the Effective Date, including without limitation Reorganized Lodgian.

1.111 **Reorganized Lodgian** means Lodgian, Inc., on and after the Effective Date.

1.112 **Roundabout Debtor** means Raleigh-Downtown Enterprises, Inc.

1.113 **Schedule of Assumed Contracts** means the schedule listing the executory contracts and unexpired leases to be assumed by any Debtor, to be filed in the Plan Supplement.

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

1.115 **Secured Claim** means a Claim to the extent (i) secured by Collateral, the amount of which is equal to or less than the value of such Collateral (A) as set forth in this Plan, (B) as agreed to by the holder of such Claim and the applicable Debtor(s), or (C) as determined by a Final Order in accordance with section 506(a) of the Bankruptcy Code, or (ii) secured by the amount of any rights of setoff of the holder thereof under section 553 of the Bankruptcy Code.



1.116 **Senior Subordinated Notes** means the 12¼% Senior Subordinated Notes due 2009 issued by Lodgian Financing Corp., and guaranteed by Lodgian, Inc. and certain other Debtors, pursuant to the Senior Subordinated Notes Indenture.

1.117 **Senior Subordinated Notes Claim** means, collectively, the Claims of a holder of Senior Subordinated Notes under the Senior Subordinated Notes and the Senior Subordinated Notes Guarantees.

1.118 **Senior Subordinated Notes Guarantees** means the guarantee of the Senior Subordinated Notes by Lodgian, Inc. and the Senior Subordinated Notes Guarantor Debtors pursuant to the Senior Subordinated Notes Indenture.

1.119 **Senior Subordinated Notes Guarantor Debtors** means the Debtors that are party to the Senior Subordinated Notes Guarantees.

1.120 **Senior Subordinated Notes Indenture** means the Indenture dated as of July 23, 1999 between Lodgian Financing Corp., Lodgian, Inc., the other Debtors named therein and Bankers Trust Company, as trustee, as the same may be amended or modified from time to time to and including the Effective Date.

1.121 **Subclass** means a subclass of a Class of Claims or Equity Interests established pursuant to Section 3.

1.122 **Subclass 1-H Note** means a note in the principal amount of the Allowed Claims in Subclass 1-H, with an interest rate of 7.0% per annum and maturing on the fifth anniversary of the Effective Date. Interest on the Subclass 1-H Note will be payable monthly. Beginning after the first anniversary of the Effective Date, the Subclass 1-H Note will require principal payments equivalent to a 48-year straight line amortization schedule, with the unpaid balance payable at final maturity. The Subclass 1-H Note will be secured by the Collateral securing the Allowed Claims in Subclass 1-H.

1.123 **Subclass 1-O Note** means a note in the principal amount of the Allowed Claims in Subclass 1-O, with an interest rate of 7.0% per annum and maturing on the fifth anniversary of the Effective Date. Interest on the Subclass 1-O Note will be payable monthly. Beginning after the first anniversary of the Effective Date, the Subclass 1-O Note will require principal payments equivalent to a 48-year straight line amortization schedule, with the unpaid balance payable at final maturity. The Subclass 1-O Note will be secured by the Collateral securing the Allowed Claims in Subclass 1-O.

1.124 **Subclass Debtor** means, with respect to any Subclass of Claims or Equity Interests, the Debtor against or in which such Claims or Equity Interests are Allowed.



1.125 ***Subordinated Claim*** means any Claim against a Debtor, whether secured or unsecured, for any fine, penalty, forfeiture, attorneys' fees (to the extent that such attorneys' fees are punitive in nature), or for multiple, exemplary or punitive damages, to the extent that such fine, penalty, forfeiture, attorneys' fees or damages are not compensation for actual pecuniary loss suffered by the holder of such Claim and not statutorily prescribed, and all claims against any of the Debtors of the type described in Section 510(b) of the Bankruptcy Code relating to equity interests (including all Equity Interests).

1.126 ***Third Party Owned Old Subsidiary Equity Interest*** means an Old Subsidiary Equity Interest held by any Person other than a Debtor.

1.127 ***Tort Claim*** means any Claim related to personal injury, property damage, products liability, wrongful death, employment litigation or other similar Claims against any of the Debtors arising out of events that occurred, in whole or in part, prior to the Commencement Date, which have not previously been compromised and settled or otherwise resolved.

1.128 ***Warrants*** means the A Warrants and the B Warrants.

1.129 ***Warrant Agreements*** means the A Warrant Agreement and the B Warrant Agreement.

1.130 ***Wells Fargo*** means Wells Fargo Bank Minnesota National Association, formerly known as and successor by merger to Norwest Bank Minnesota, National Association.

1.131 ***Wells Fargo Agreements*** means the Mortgage Financing Agreements dated as of December 22, 1997 between Columbus Hospitality Associates, L.P. and Wells Fargo.

1.132 ***Wilmington Trust*** means Wilmington Trust Company, as Trustee under the CRESTS Indenture, the CRESTS Guarantee and the LCT I Declaration of Trust.

**B. Interpretation; Application of Definitions and Rules of Construction.**

Unless otherwise specified, all section or exhibit references in this Plan are to the respective section in, or exhibit to, this Plan, as the same may be amended, waived or modified from time to time. 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 therein. A term used herein that is not defined herein shall have the meaning assigned to that term in the Bankruptcy Code. The rules of



construction contained in section 102 of the Bankruptcy Code shall apply to this Plan. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof.

## **SECTION 2. ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS**

### **2.1 *Administrative Expense Claims.***

Except to the extent that the applicable Debtor and a holder of an Allowed Administrative Expense Claim agree to a different treatment, each Debtor shall pay to each holder of an Allowed Administrative Expense Claim against such Debtor, in full satisfaction of such Claim, Cash in an amount equal to such Claim on, or as soon thereafter as is reasonably practicable, the later of (i) the Effective Date and (ii) the first Business Day after the date that is thirty (30) calendar days after the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim; provided, however, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by such Debtor, as a debtor-in-possession, or liabilities arising under loans or advances to or other obligations incurred by such Debtor, as debtor-in-possession, whether or not incurred in the ordinary course of business, shall be paid by such Debtor in the ordinary course of business, consistently with past practice and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.

### **2.2 *Compensation and Reimbursement Claims.***

All entities seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under section 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code (i) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is forty-five (45) days after the Effective Date, and (ii) shall be paid in full in such amounts as are allowed by the Bankruptcy Court (A) upon the later of (i) the Effective Date and (ii) the date upon which the order relating to any such Administrative Expense Claim is entered, or (B) upon such other terms as may be mutually agreed upon between the holder of such an Administrative Expense Claim and the Plan Proponents or, on and after the Effective Date, the Reorganized Debtors. Each Debtor is authorized to pay compensation for services rendered or reimbursement of expenses incurred after the Confirmation Date and until the Effective Date in the ordinary course of business and without the need for Bankruptcy Court approval.



### **2.3 *Priority Tax Claims.***

Except to the extent that a holder of an Allowed Priority Tax Claim and the applicable Debtor agree to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, in full satisfaction of such Claim, payment in Cash of the Allowed Amount of such Claim over a period not exceeding six (6) years after the date of assessment of such Claim, with interest at a rate equal to the Federal Judgment Rate as of the Confirmation Date, payable monthly, in periodic payments having a value, as of the Effective Date, equal to the amount of such Allowed Priority Tax Claim. All Allowed Priority Tax Claims that are not due and payable on or before the Effective Date shall be paid in the ordinary course of business as such obligations become due.

### **2.4 *DIP Financing Facility Claims.***

On the Effective Date, the applicable Debtors shall pay or arrange for the payment of all amounts outstanding under the DIP Financing Facility. Once such payments have been made, the DIP Financing Facility, except to the extent that any letters of credit remain outstanding thereunder as provided herein, shall be deemed terminated (subject in all respects to any carve-out approved by the Bankruptcy Court in the Final Order approving the DIP Financing Facility), and the DIP Lenders shall take all reasonable action to confirm the removal of any liens on the properties of the applicable Debtors securing the DIP Financing Facility. On the Effective Date, any outstanding letters of credit issued under the DIP Financing Facility shall be either replaced or cash collateralized under the Exit Financing Agreements.

### **2.5 *Indenture Trustee Claims.***

Each of Deutsche Bank and Wilmington Trust shall be granted, pursuant to section 503(b) of the Bankruptcy Code, an Administrative Claim for their reasonable fees, costs and expenses in performing their duties as Trustee including, but not limited to, reasonable fees, costs and expenses of their respective professionals, from the Commencement Date (including accrued and unpaid trustees fees as of the Commencement Date) through the Effective Date to the extent that such fees and expenses are either (i) not in dispute by the Plan Proponents or (ii) in the event of any dispute, determined by a Final Order of the Bankruptcy Court. The Reorganized Debtors will pay the reasonable fees, costs and expenses of Deutsche Bank and Wilmington Trust incurred after the Effective Date in connection with the making of any distribution under the Plan to the extent that such fees and expenses are either (i) not in dispute by the Plan Proponents or (ii) in the event of any dispute, determined by a Final Order of the Bankruptcy Court.



**SECTION 3. CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS**

This Plan constitutes a separate chapter 11 plan of reorganization for each Debtor. Except for Administrative Expense Claims and Priority Tax Claims, all Claims against and Equity Interests in a particular Debtor are placed in the following Classes for each of the Debtors. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims, as described in Section 2, have not been classified and thus are excluded from the following Classes.

The following tables designate the Classes of Claims against and Equity Interests in each Debtor (as and to the extent that such Class of Claims or Equity Interests is applicable to such Debtor) and specify which of those Classes are (i) impaired or unimpaired by this Plan and (ii) entitled to vote to accept or reject this Plan in accordance with section 1126 of the Bankruptcy Code or deemed to reject this Plan.



### 3.1 *Classes.*

| <i>Class</i>                          | <i>Designation</i>                                                  | <i>Impairment</i>                                                  | <i>Entitled to Vote</i>                    |
|---------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------|
| <b>Class 1</b>                        | Secured Claims                                                      | Impaired                                                           | Yes                                        |
| <b>Subclasses 1-A through 1-P</b>     | See Section 3.2                                                     |                                                                    |                                            |
| <b>Class 2</b>                        | Priority Non-Tax Claims                                             | Unimpaired                                                         | No (deemed to accept)                      |
| <b>Class 3</b>                        |                                                                     |                                                                    |                                            |
| <b>Class 3 Lodgian Subclasses</b>     | General Unsecured Claims against Lodgian Debtors                    | Impaired                                                           | Yes                                        |
| <b>Class 3 Liquidating Subclasses</b> | General Unsecured Claims against Liquidating Debtors                | Impaired                                                           | No (deemed to reject)                      |
| <b>Class 4</b>                        | Senior Subordinated Notes Claims                                    | Impaired                                                           | Yes                                        |
| <b>Class 5</b>                        | Convenience Claims                                                  | Impaired                                                           | Yes                                        |
| <b>Class 6</b>                        | [Reserved]                                                          |                                                                    |                                            |
| <b>Class 6A</b>                       | [Reserved]                                                          |                                                                    |                                            |
| <b>Class 7</b>                        | CRESTS Claims                                                       | Impaired                                                           | Yes                                        |
| <b>Class 8</b>                        | Old Lodgian Common Stock Interests                                  | Impaired                                                           | No (deemed to reject)                      |
| <b>Class 9</b>                        |                                                                     |                                                                    |                                            |
| <b>Class 9 Lodgian Subclasses</b>     | Debtor Owned Old Subsidiary Equity Interests in Lodgian Debtors     | Unimpaired                                                         | No (deemed to accept)                      |
| <b>Class 9 Liquidating Subclasses</b> | Debtor Owned Old Subsidiary Equity Interests in Liquidating Debtors | Impaired                                                           | No (deemed to reject)                      |
| <b>Class 10</b>                       | Third Party Owned Old Subsidiary Equity Interests                   |                                                                    |                                            |
| <b>Divisions 10-A through 10-D</b>    | See Section 3.4                                                     | 10-A Impaired<br>10-B Impaired<br>10-C Unimpaired<br>10-D Impaired | Yes<br>Yes<br>No (deemed to accept)<br>Yes |
| <b>Class 11</b>                       | Subordinated Claims                                                 | Impaired                                                           | No (deemed to reject)                      |

### 3.2 *Subclasses for Class 1.*

For convenience of identification, this Plan classifies the Allowed Claims in Class 1 as a single Class. This Class is actually a group of 16 Subclasses, depending on the Collateral securing such Allowed Claims. Each Subclass is treated under this Plan as a separate class for voting and distribution purposes. The following table identifies the Subclasses for Class 1.



| <i>Subclass</i> | <i>Designation</i>                | <i>Impairment</i>    | <i>Entitled to Vote</i> |
|-----------------|-----------------------------------|----------------------|-------------------------|
| 1-A             | BO Agreements                     | Impaired             | Yes                     |
| 1-B             | BO/Rockbridge Agreements          | Impaired             | Yes                     |
| 1-C             | [Reserved]                        |                      |                         |
| 1-D             | Chase Agreements                  | Impaired             | Yes                     |
| 1-E             | Column/Criimi Mae Agreements      | Impaired             | Yes                     |
| 1-F             | DLJ/Column Agreements             | Impaired             | Yes                     |
| 1-G             | DLJ/Column/Criimi Mae Agreements  | Impaired             | Yes                     |
| 1-H             | DDL Kinser Agreements             | Impaired             | Yes                     |
| 1-I             | First Union Agreements            | Impaired             | Yes                     |
| 1-J             | GMAC Agreements                   | Impaired             | Yes                     |
| 1-K             | GMAC-Orix Agreements              | Impaired             | Yes                     |
| 1-L             | Lehman/Criimi Mae Agreements      | Impaired             | Yes                     |
| 1-M             | MSSF Pre-Petition Credit Facility | Impaired             | Yes                     |
| 1-N             | [Reserved]                        |                      |                         |
| 1-O             | Wells Fargo Agreements            | Impaired             | Yes                     |
| 1-P             | Miscellaneous                     | Depends on treatment | Depends on treatment    |

### 3.3 *Subclasses for Class 3.*

For convenience of identification, this Plan classifies the Allowed Claims in Class 3 as a single Class. This Class is actually a group of 81 Subclasses, one for the Allowed Class 3 Claims against each Debtor. Each Subclass is treated under this Plan as a separate class for voting and distribution purposes.

### 3.4 *Subclasses for Class 10.*

For convenience of identification, this Plan classifies the Allowed Equity Interests in Class 10 as a single Class. This Class is actually a group of 4 Subclasses, one for the Allowed Class 10 Equity Interests in each Debtor identified in Exhibit B. Each Subclass is treated under this Plan as a separate class for voting and distribution purposes.

## SECTION 4. TREATMENT OF CLAIMS AND EQUITY INTERESTS

In full satisfaction and discharge of all of the Claims against or Equity Interests in the Debtors:

### 4.1 *Secured Claims (Class 1).*

(a) On or as soon as reasonably practicable after the Effective Date, each holder of an Allowed Claim in a Class 1 Subclass shall receive (i) the treatment specified for such Subclass in the following table, except to the extent that a holder of an





Allowed Claim in such Subclass and the applicable Debtor have agreed to a different treatment, or (ii) such other treatment as the Bankruptcy Court shall approve in connection with confirmation of applicable Debtor's Plan through a "cram down" of such Subclass under section 1129(b) of the Bankruptcy Code.

| <i>Subclass</i> | <i>Designation</i>                | <i>Treatment</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1-A             | BO Agreements                     | Repaid in full in Cash.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 1-B             | BO/Rockbridge Agreements          | Repaid in full in Cash.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 1-C             | [Reserved]                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 1-D             | Chase Agreements                  | Class 1 Amended Note.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 1-E             | Column/Criimi Mae Agreements      | Class 1 Amended Note.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 1-F             | DLJ/Column Agreements             | Class 1 Amended Note.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 1-G             | DLJ/Column/Criimi Mae Agreements  | Class 1 Amended Note.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 1-H             | DDL Kinser Agreements             | Subclass 1-H Note.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 1-I             | First Union Agreements            | Class 1 Amended Note.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 1-J             | GMAC Agreements                   | At the election of the applicable Debtor (i) repaid in full in Cash or (ii) a Class 1 Amended Note.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 1-K             | GMAC-Orix Agreements              | The Collateral securing the Allowed Claim.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 1-L             | Lehman/Criimi Mae Agreements      | Class 1 Amended Note.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 1-M             | MSSF Pre-Petition Credit Facility | Repaid in full in Cash.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 1-N             | [Reserved]                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 1-O             | Wells Fargo Agreements            | Subclass 1-O Note.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 1-P             | Miscellaneous                     | At the election of the applicable Debtor, holder will receive (i) Cash equal to 100% of the amount of the Allowed Claim; (ii) the net proceeds of sale of collateral up to the amount of Allowed Claim; (iii) the collateral securing the Allowed Claim; (iv) a note with periodic Cash payments having a present value equal to the amount of the Allowed Claim and secured by the existing collateral; (v) such treatment that leaves unaltered the legal, equitable and contractual rights of the holder; or (vi) such other distribution as is necessary to satisfy the requirements of the Bankruptcy Code. In the event that a Debtor treats a Claim as described under clause (i) or (ii), the liens securing the Claim will be deemed released. |

(b) Class 1 Claims are impaired, and the holders of Allowed Claims in Class 1 are entitled to vote to accept or reject this Plan. In the event that any Class 1 Subclass rejects this Plan, the applicable Subclass Debtor(s) reserves the right to (i) request, pursuant to Section 13.10, confirmation of its Plan through a "cram down" of such Subclass under section 1129(b) of the Bankruptcy Code and modification of the



Plan to the extent, if any, confirmation under section 1129(b) requires modification, or (ii) defer confirmation of its Plan and continue with its Chapter 11 Case in order to further analyze its options under the Bankruptcy Code (even though the other Debtors will proceed with confirmation of their Plans and emergence from their Chapter 11 Cases).

#### **4.2 *Priority Non-Tax Claims (Class 2).***

On or as soon as reasonably practicable after the Effective Date, to the extent not already paid, each holder of an Allowed Claim in Class 2 shall receive Cash equal to the amount of the Allowed Claim, except to the extent that a holder of an Allowed Claim in Class 2 and the applicable Debtor have agreed to a different treatment.

#### **4.3 *General Unsecured Claims (Class 3).***

(a) On or as soon as reasonably practicable after the Effective Date, each holder of an Allowed Claim in each Class 3 Lodgian Subclass (other than an Allowed Inter-Company Claim) shall receive its Pro Rata Share of the Class 3 Lodgian Subclass Plan Securities for that Subclass.

(b) No property will be distributed to or retained by the holders of Allowed Claims in any Class 3 Liquidating Subclass on account of such Allowed Claims.

(c) Allowed Inter-Company Claims have been taken into account in determining the distributions to Class 3 Subclasses. No separate distribution will be made on account of Allowed Inter-Company Claims. Each holder of an Allowed Inter-Company Claim will be deemed to have accepted this Plan.

(d) Any Tort Claim determined and liquidated pursuant to a judgment obtained in accordance with Section 8.1(b) and applicable non-bankruptcy law, which is no longer appealable or subject to review, shall be deemed an Allowed Claim in Class 3 against the applicable Debtor in such liquidated amount, *provided* that only the amount of such Allowed Claim that is less than or equal to the Debtor's self-insured retention or deductible in connection with the applicable insurance policy and is not satisfied from proceeds of insurance payable to the holder of such Allowed Claim under the Debtor's insurance policies shall be treated as an Allowed Claim for the purposes of distributions under this Plan.

(e) Plan Securities distributable under this Section 4.3 in respect of Allowed Claims in any Class 3 Lodgian Subclass may be subject to increase or decrease based upon the actual amount of Allowed Claims in such Subclass after resolving all Disputed Claims in such Subclass.



(f) A portion of the distributions to be made hereunder on account of Allowed Claims in Class 3 Lodgian Subclasses represents a reallocation of Plan Securities from the holders of Allowed Claims in Class 4. Pursuant to the Class 4 Compromise, the Plan Securities distributable to holders of Allowed Claims in Class 4 will not be affected by any increase or decrease in the actual amount of Allowed Claims in Class 3 Lodgian Subclasses.

#### 4.4 *Senior Subordinated Notes Claims (Class 4).*

(a) On or as soon as reasonably practicable after the Effective Date, each holder of an Allowed Claim in Class 4 shall receive its Pro Rata Share of the Class 4 Plan Securities.

(b) The distributions to be made hereunder on account of Allowed Claims in Class 4 reflect a reallocation to Class 3 Lodgian Subclasses and Classes 7 and 8 of a portion of the Plan Securities which the holders of Allowed Claims in Class 4 would otherwise have received based on the estimated recovery values of such Class 4 Claims. The reallocated Plan Securities consist of (i) 11.2% of the Class 3 Plan Securities, (ii) 100% of the Class 7 Plan Securities and (iii) 100% of the Class 8 Plan Securities.

#### 4.5 *Convenience Claims (Class 5).*

On or as soon as reasonably practicable after the Effective Date, each holder of an Allowed Claim in Class 5 shall be paid an amount in Cash equal to one-hundred percent (100%) of such Allowed Claim; *provided, however*, that, in the sole discretion of the applicable Debtor, such Cash payment may be made by the Debtors in one or more installment payments over a period not to exceed twelve (12) months after the Effective Date.

#### 4.6 *CRESTS Claims (Class 7).*

(a) On the Effective Date, the CRESTS Claims shall be deemed Allowed in the aggregate amount of \$203,700,640.82, which includes accrued and unpaid interest on the CRESTS claims relating to the period up to, but not including, the Petition Date.

(b) On or as soon as reasonably practicable after the Effective Date, LCT I, the issuer of the CRESTS, will receive the Class 7 Plan Securities, which LCT I will in turn distribute to the holders of the CRESTS their Pro Rata Share.

(c) The distributions to be made hereunder on account of Allowed Claims in Class 7 represent a reallocation of Plan Securities from the holders of Allowed Claims in Class 4.



**4.7     *Old Lodgian Common Stock Interests (Class 8).***

(a)     On or as soon as reasonably practicable after the Effective Date, each holder of an Allowed Equity Interest in Class 8 shall receive its Pro Rata Share of the Class 8 Plan Securities.

(b)     All Old Lodgian Common Stock Interests, and all instruments representing such Equity Interests, shall be deemed canceled on the Effective Date.

(c)     The distributions to be made hereunder on account of Allowed Equity Interests in Class 8 represent a reallocation of Plan Securities from the holders of Allowed Claims in Class 4.

**4.8     *Debtor Owned Old Subsidiary Equity Interests (Class 9).***

(a)     Except as may otherwise be determined by the applicable Debtor, the legal, equitable and contractual rights of holders of Allowed Equity Interests in Class 9 Lodgian Subclasses shall remain unaltered, except as set forth in Exhibit B.

(b)     Allowed Equity Interests in Class 9 Liquidating Subclasses will not receive any distributions on account of such Allowed Equity Interests. The Plan Proponents will request that the Bankruptcy Court make a finding that these Equity Interests have no value for purposes of the "best interest" test under section 1129(a)(7) of the Bankruptcy Code. On the date the Liquidating Debtors are dissolved in accordance with the Plan, the instruments evidencing Allowed Equity Interests in Class 9 Liquidating Subclasses shall be deemed cancelled without further act or action under any applicable agreement, law, regulation, order or rule, and the Equity Interests in the Liquidating Debtors evidenced thereby shall be extinguished.

**4.9     *Third Party Owned Old Subsidiary Equity Interests (Class 10).***

(a)     Except to the extent the applicable Debtor and the holders of Allowed Equity Interests in Subclass A of Class 10 otherwise agree, the holders of Allowed Equity Interests in Subclass A of Class 10 will retain their Old Subsidiary Equity Interests in the Subclass Debtor in the aggregate percentage indicated in Exhibit B and the Debtor holding Equity Interests in such Subclass Debtor will retain the balance of the Old Subsidiary Equity Interests in such Subclass Debtor, provided that, on or as soon as reasonably practicable after the Effective Date, the Old Subsidiary Equity Interests will be amended to provide that, effective as of the Effective Date, the Old Subsidiary Equity Interests held by such Debtor will entitle the holder to a preferred income return and a preferred sale return (including insurance payments and condemnation awards).

(b)     Except to the extent the applicable Debtor and the holders of Allowed Equity Interests in Subclass B of Class 10 otherwise agree, on or as soon as



reasonably practicable after the Effective Date, the holders of Allowed Equity Interests in Subclass B of Class 10 will receive in the aggregate the percentage of the New Subsidiary Equity of the Subclass Debtor indicated in Exhibit B and the Debtor holding Equity Interests in such Subclass Debtor will receive the balance of the New Subsidiary Equity of such Subclass Debtor. All Third Party Owned Old Subsidiary Equity Interests in Subclass B of Class 10, and all instruments representing such Equity Interests, shall be deemed canceled on the Effective Date.

(c) Except to the extent the applicable Debtor and the holders of Allowed Equity Interests in Subclass C of Class 10 otherwise agree, the legal, equitable and contractual rights of holders of Allowed Equity Interests in Subclass C of Class 10 shall remain unaltered.

(d) Except to the extent the applicable Debtor and the holders of Allowed Equity Interests in Subclass D of Class 10 otherwise agree, (i) the holders of Allowed Equity Interests in Subclass D of Class 10 will retain their Old Subsidiary Equity Interests in the Subclass Debtor in the aggregate percentage indicated in Exhibit B and the Debtor holding Equity Interests in such Subclass Debtor will retain the balance of the Old Subsidiary Equity Interests in such Subclass Debtor, (ii) on or as soon as reasonably practicable after the Effective Date, the holders of Allowed Equity Interests in Subclass D of Class 10 will make an aggregate capital contribution to the Subclass Debtor in the amount of \$284,440 and (iii) upon payment in full of such capital contribution, Adversary Proceeding No. 02-03086-brl will be dismissed with prejudice.

#### **4.10 Subordinated Claims (Class 11).**

No property will be distributed to or retained by the holders of Allowed Claims in Class 11 on account of such Allowed Claims. All Allowed Claims in Class 11 shall be discharged as of the Effective Date.

### **SECTION 5. ACCEPTANCE OR REJECTION OF PLAN**

#### **5.1 Voting of Claims or Equity Interests.**

Each holder of an Allowed Claim or Equity Interest in an impaired Class or Subclass of Claims or Equity Interests (other than Class 3 Liquidating Subclasses, Class 8, Class 9 Liquidating Subclasses and Class 11) shall be entitled to vote to accept or reject this Plan. For purposes of calculating the number of Allowed Claims or Equity Interests in a Class of Claims or Equity Interests that have voted to accept or reject this Plan under section 1126(c) of the Bankruptcy Code, all Allowed Claims or Equity Interests in such Class held by one entity or any affiliate thereof (as defined in the Securities Act of 1933 and the rules and regulations promulgated thereunder) shall be aggregated and treated as one Allowed Claim or Equity Interest in such Class.



## **5.2     *Acceptance by a Class.***

(a)     Consistent with section 1126(c) of the Bankruptcy Code and except as provided for in section 1126(e) of the Bankruptcy Code, a Class of Claims shall have accepted this Plan if it is accepted by at least two-thirds in dollar amount, and more than one-half in number of the holders, of Allowed Claims of such Class that have timely and properly voted to accept or reject this Plan.

(b)     Consistent with section 1126(d) of the Bankruptcy Code and except as provided for in section

(c)     1126(e) of the Bankruptcy Code, a Class of Equity Interests shall have accepted this Plan if it is accepted by at least two-thirds in amount of Allowed Equity Interests of such Class that have timely and properly voted to accept or reject this Plan.

## **5.3     *Presumed Acceptance of Plan.***

Any Class that is unimpaired under this Plan is conclusively presumed to accept this Plan.

## **5.4     *Presumed Rejection of Plan.***

In accordance with section 1126 of the Bankruptcy Code, holders of Allowed Equity Interests in Class 8, Class 9 Liquidating Subclasses and holders of Allowed Claims in the Class 3 Liquidating Subclasses and Class 11 are conclusively presumed to reject this Plan and the votes of such holders will not be solicited with respect to such Claims and Equity Interests.

# **SECTION 6.           MEANS FOR IMPLEMENTATION**

## **6.1     *Exit Financing.***

On the Effective Date, the Reorganized Debtors are authorized to enter into the Exit Financing Agreements. All Cash necessary for the Reorganized Debtors to make payments pursuant to this Plan will be obtained from the Reorganized Debtors' cash balances, operations and borrowings under the Exit Financing Agreements.

## **6.2     *Authorization of Plan Securities.***

On the Effective Date, Reorganized Lodgian is authorized to issue the applicable Plan Securities without the need for any further corporate action.



### **6.3     *Warrant Agreements.***

On the Effective Date, Reorganized Lodgian and the warrant agent under the Warrant Agreements will execute and deliver the Warrant Agreements without the need for any further corporate action.

### **6.4     *Waiver of Subordination.***

The distributions under this Plan take into account the relative priority of the Claims in each Class in connection with any contractual, legal and equitable subordination rights or provisions relating thereto or, in the case of the distributions to be made on account of Allowed Claims of holders of Claims in Class 7, represent a reallocation of Plan Securities from the holders of Claims in Class 4. Accordingly, the distributions under this Plan to any holder of an Allowed Claim shall not be subject to levy, garnishment, attachment or other legal process by any holder of indebtedness senior by reason of claimed contractual subordination rights to the indebtedness of the holders of such Allowed Claim. On the Effective Date, all creditors shall be deemed to have waived any and all contractual subordination rights which they may have with respect to distributions under this Plan to any holder of an Allowed Claim, and the Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons from enforcing or attempting to enforce any such rights with respect to the distributions under this Plan.

### **6.5     *Registration Rights Agreement.***

On the Effective Date, Reorganized Lodgian shall execute and deliver the Registration Rights Agreement without the need for any further corporate action.

### **6.6     *Listing of Plan Securities.***

Reorganized Lodgian shall use commercially reasonable efforts to cause the shares of its New Common Stock and, in the sole discretion of the Board of Directors of Reorganized Lodgian, its New Preferred Stock to be listed on a national securities exchange or a qualifying interdealer quotation system. The Reorganized Debtors will have no obligation to list or seek to have listed or qualified the Equity Securities of any other Reorganized Debtor.

### **6.7     *New Equity Incentive Plan.***

On the Effective Date, Reorganized Lodgian is authorized to, and shall, adopt and implement the New Equity Incentive Plan without the need for any further corporate action.



**6.8 Cancellation of Existing Securities and Agreements.**

Except for purposes of evidencing a right to distributions under this Plan or otherwise provided hereunder, on the Effective Date, all the agreements and other documents evidencing (i) any Claims or rights of any holder of a Claim (including Senior Subordinated Notes Claims and CRESTS Claims) against the applicable Debtor, including all indentures and notes evidencing such Claims and (ii) any options or warrants to purchase Equity Interests, obligating the applicable Debtor to issue, transfer or sell Equity Interests or any other capital stock of the applicable Debtor, shall be canceled and terminated and of no further force or effect. Except with respect to the making of any distribution under the Plan, on the Effective Date, Deutsche Bank will be discharged and released from all obligations under the Senior Subordinated Notes Indenture and Wilmington Trust will be discharged and released from all obligations under the CRESTS Indenture and the CRESTS Guarantee. Notwithstanding the foregoing, the provisions of the agreements and other documents relating to Class 4 Claims will govern the relationships of Deutsche Bank and the holders of Class 4 Claims and the agreements and other documents relating to Class 7 Claims will govern the relationships of Wilmington Trust and the holders of Class 7 Claims.

**6.9 Board of Directors and Executive Officers.**

(a) Prior to the confirmation of this Plan, in accordance with section 1129(a)(5) of the Bankruptcy Code, the Debtors shall disclose (i) the identity and affiliations of any individual proposed to serve, after the Effective Date, as a director or officer of the Reorganized Debtors, and (ii) the identity of any "insider" (as such term is defined in section 101(31) of the Bankruptcy Code) who shall be employed and retained by the Reorganized Debtors and the nature of any compensation for such insider.

(b) The Board of Directors of Reorganized Lodgian shall consist initially of nine (9) members, of whom eight (8) (including three (3) independent directors) will be designated by the Committee and one will be the Chief Executive Officer of Reorganized Lodgian.

(c) The officers of the Debtors immediately before the Effective Date shall continue to serve immediately after the Effective Date in their respective capacities as officers of the Reorganized Debtors.

**6.10 Amended Organizational Documents.**

On the Effective Date, the Reorganized Debtors are authorized to, and shall, without the need for any further corporate action, adopt and, as applicable, file their respective Amended Organizational Documents with the applicable Secretary of State. The Amended Organizational Documents shall prohibit the issuance of nonvoting equity





securities, as required by sections 1123(a) and (b) of the Bankruptcy Code, subject to further amendment as permitted by applicable law.

**6.11 *Request for Approval of Class 4 Compromise.***

This Plan constitutes a request for approval of the Class 4 Compromise.

**6.12 *Authorization of Notes.***

On the Effective Date, the applicable Reorganized Debtors are authorized to issue the Class 1 Amended Notes, the Subclass 1-H Note and the Subclass 1-O Note, and execute and deliver all related financing documents without the need for any further corporate action..

**6.13 *Liquidating Debtors.***

(a) The Plan is a chapter 11 Plan of Liquidation for the Liquidating Debtors. Upon the distribution of all assets of the Liquidating Debtors' Estates pursuant to the Plan and the filing by or on behalf of the Liquidating Debtors of a certification to that effect with the Bankruptcy Court, the Liquidating Debtors shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of each of the Liquidating Debtors or payments to be made in connection therewith; provided, however, that Liquidating Debtors may (but shall not be required to) file with the Office of the Secretary of State for the applicable State a certificate of dissolution. From and after the Effective Date, the Liquidating Debtors shall not be required to file any document, or take any other action, to withdraw their business operation from any states in which the Liquidating Debtors previously conducted their business operations.

(b) From and after the Confirmation Date, the Liquidating Debtors shall continue in existence (and shall consult with the Committee as specifically provided for in the Plan) for the purpose of (i) winding up their affairs as expeditiously as reasonably possible, (ii) liquidating, by conversion to Cash or other methods, any remaining assets of their Estates, as expeditiously as reasonably possible, (iii) enforcing and prosecuting claims, interests, rights and privileges of the Liquidating Debtors, including, without limitation, the prosecution of avoidance actions in conjunction with the marshalling of the Liquidating Debtors' assets, as agreed upon by the Plan Proponents (iv) resolving Disputed Claims, (v) administering the Plan, and (vi) filing appropriate tax returns.

(c) From and after the Confirmation Date, and subject to the Effective Date, the then current officers of each of the Liquidating Debtors shall continue to serve in their respective capacities through the earlier of the date such Liquidating Debtor is



dissolved in accordance with the Plan and the date such officer resigns, is replaced or is terminated.

## **SECTION 7. DISTRIBUTIONS**

### **7.1 *Distribution Record Date.***

As of the close of business on the Distribution Record Date, the applicable Debtor's books and records for each of the Classes of Claims or Equity Interests as maintained by such Debtor or its respective agent, or, in the case of the Senior Subordinated Notes and the CRESTS Junior Subordinated Debentures, the indenture trustee therefor, shall be deemed closed, and there shall be no further changes in the record holders of any of the Claims or Equity Interests. The applicable Debtor shall have no obligation to recognize any transfer of Claims or Equity Interests occurring on or after the Distribution Record Date. The applicable Debtor shall be entitled to recognize and deal for all purposes hereunder only with those record holders stated in the books and records of the applicable Debtor or its respective agent, or, in the case of the Senior Subordinated Notes and the CRESTS Junior Subordinated Debentures, the indenture trustee therefor, as of the close of business on the Distribution Record Date, to the extent applicable.

### **7.2 *Date of Distributions.***

Unless otherwise provided herein, any distributions and deliveries to be made hereunder shall be made on the Effective Date or as soon thereafter as is practicable. In the event that any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable on the next succeeding Business Day, but shall be deemed to have been completed as of the initial due date.

### **7.3 *Distributions to Classes.***

The Disbursing Agent shall distribute to the applicable agent and/or recordholder for the individual holders of the applicable Allowed Claims and Equity Interests (i) the Cash allocable to Classes 1 and 2, and Class 5; and (ii) the New Preferred Stock and New Common Stock allocable to the Class 3 Lodgian Subclasses and Classes 4, 7 and 8. For the purpose of calculating the amount of shares of New Preferred Stock and New Common Stock to be initially distributed to holders of Allowed Claims in any Class 3 Lodgian Subclass, all Disputed Claims in such Subclass will be treated as though such Claims will be Allowed Claims in the amounts asserted, or as estimated by the Bankruptcy Court, as applicable. On the Final Distribution Date, each holder of an Allowed Claim in any Class 3 Lodgian Subclass shall receive, if applicable to such



Subclass, a Catch-up Distribution of New Preferred Stock and New Common Stock. After the Effective Date but prior to the Final Distribution Date, the applicable Reorganized Lodgian Debtor, in its sole discretion, may direct the Disbursing Agent to distribute shares of New Preferred Stock and New Common Stock to a holder of a Disputed Claim in a Class 3 Lodgian Subclass, which becomes an Allowed Claim after the Effective Date such that the holder of such Claim receives the same amount of shares of New Preferred Stock and New Common Stock that such holder would have received had its Claim been an Allowed Claim in such amount on the Effective Date.

#### **7.4 Disbursing Agent.**

(a) Lodgian, Inc. will contribute the Plan Securities to be distributed under this Plan to each other Lodgian Debtor as a capital contribution to allow such Lodgian Debtor to discharge the Claims against it. Lodgian, Inc. will act as Disbursing Agent, on behalf of itself and each other Lodgian Debtor with respect to the Plan Securities to be distributed under this Plan.

(b) All distributions under this Plan (other than distribution of Plan Securities) shall be made by the applicable Reorganized Debtor as Disbursing Agent (or such other entity designated by the Reorganized Debtor as a Disbursing Agent on or after the Effective Date).

(c) A Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court, and, in the event that a Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the applicable Reorganized Debtor.

#### **7.5 Rights and Powers of Disbursing Agent.**

The Disbursing Agent shall be empowered to (i) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under this Plan, (ii) make all distributions contemplated hereby, (iii) employ professionals to represent it with respect to its responsibilities and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to this Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

#### **7.6 Surrender of Instruments.**

As a condition to receiving any distribution under this Plan, each holder of an Allowed Claim or Equity Interest represented by a certificated instrument or note must surrender such instrument or note held by it to the Disbursing Agent or its designee, unless such certificated instrument or note is being reinstated or being left unimpaired



under this Plan. Any holder of such instrument or note that fails to (i) surrender such instrument or note or (ii) execute and deliver an affidavit of loss and/or indemnity reasonably satisfactory to the Disbursing Agent and furnish a bond in form, substance and amount reasonably satisfactory to the Disbursing Agent before the first anniversary of the Effective Date, shall be deemed to have forfeited all rights and Claims or Equity Interests and may not participate in any distribution under this Plan in respect of such Claim or Equity Interest. Any other holder of an Allowed Claim or Equity Interest who fails to take such action required by the Disbursing Agent or its designee to receive its distribution hereunder before the first anniversary of the Effective Date, or such earlier time as otherwise provided for in this Plan, may not participate in any distribution under this Plan in respect of such Claim or Equity Interest. Any distribution forfeited hereunder shall become property of the applicable Reorganized Debtor.

#### **7.7     *Delivery of Distributions.***

Distributions to holders of Allowed Claims and Equity Interests shall be made at the address of each such holder as set forth on the Schedules filed with the Bankruptcy Court unless superseded by the address as set forth on the proofs of claim and equity interest filed by such holders or other writing notifying the applicable Reorganized Debtor of a change of address. If any holder's distribution is returned as undeliverable, notice shall be given to the Committee and no further distributions to such holder shall be made unless and until the applicable Reorganized Debtor is notified of such holder's then current address, at which time all missed distributions shall be made to such holder, without interest. All claims for undeliverable distributions shall be made on or before one hundred and twenty (120) days after the date such undeliverable distribution was initially made. After such date, all unclaimed property shall, in the applicable Reorganized Debtor's discretion, be used to satisfy the costs of administering and fully consummating this Plan or become property of the applicable Reorganized Debtor, and the holder of any such Claim or Equity Interest shall not be entitled to any other or further distribution under this Plan on account of such Claim or Equity Interest.

#### **7.8     *Manner of Payment Under Plan.***

(a) All distributions of Cash, New Preferred Stock, New Common Stock and Warrants to the holders of Allowed Claims against and Equity Interests in each of the Debtors under this Plan shall be made by, or on behalf of, the applicable Reorganized Debtor. Any distributions that revert to the applicable Reorganized Debtor or are otherwise canceled (such as pursuant to Section 7.6 or 7.7) shall revert solely in the applicable Reorganized Debtor.

(b) At the option of the applicable Reorganized Debtor, any Cash payment to be made hereunder may be made by a check or wire transfer or as otherwise required or provided in applicable agreements.



**7.9 Fractional Shares and Fractional Warrants.**

No fractional shares of New Common Stock or New Preferred Stock, or fractional Warrants or Cash in lieu thereof, shall be distributed. For purposes of distribution, fractional shares of New Common Stock or New Preferred Stock and fractional Warrants shall be rounded down to the next whole number or zero, as applicable.

**7.10 De Minimis Distributions.**

The applicable Reorganized Debtor as Disbursing Agent or such other entity designated by such Reorganized Debtor as a Disbursing Agent on or after the Effective Date will not be required to distribute Cash to the holder of an Allowed Claim in an impaired Class if the amount of Cash to be distributed on any distribution date under the Plan (including the Effective Date and the Final Distribution Date) on account of such Claim is less than \$50. Any holder of an Allowed Claim on account of which the amount of Cash to be distributed is less than \$50 will have its Claim for such distribution discharged and will be forever barred from asserting any such Claim against the Reorganized Debtors or their respective property. Any Cash not distributed pursuant to this Section 7.10 will become the property of the Reorganized Debtors, free of any restrictions thereon, and any such Cash held by a third-party Disbursing Agent will be returned to the Reorganized Debtors.

**7.11 Exemption from Securities Laws.**

The issuance of the Plan Securities pursuant to this Plan shall be exempt from any securities laws registration requirements to the fullest extent permitted by section 1145 of the Bankruptcy Code.

**7.12 Setoffs.**

Each Debtor may, in accordance with the provisions of this Plan, section 553 of the Bankruptcy Code and applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to this Plan on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), the Claims, rights and causes of action of any nature that such Debtor may hold against the holder of such Allowed Claim; *provided, however*, that neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the applicable Debtor of any such Claims, rights and causes of action that the applicable Debtor may possess against such holder; and *provided further, however*, that any Claims of each Debtor arising before the Commencement Date shall first be setoff against Claims against such Debtor arising before the Commencement Date.



**7.13 *Allocation of Plan Distribution Between Principal and Interest.***

All distributions in respect of any Allowed Claim shall be allocated first to the principal amount of such Allowed Claim, as determined for federal income tax purposes, and thereafter, to the remaining portion of such Allowed Claim, if any.

**7.14 *Withholding and Reporting Requirements.***

In connection with this Plan and all instruments issued in connection therewith and distributed thereon, the applicable Debtor shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under this Plan shall be subject to any such withholding or reporting requirements.

**7.15 *Time Bar to Cash Payments.***

Checks issued by the Reorganized Debtors in respect of Allowed Claims shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for reissuance of any check shall be made to the applicable Reorganized Debtor by the holder of the Allowed Claim to whom such check originally was issued. Any Claim in respect of such a voided check shall be made on or before thirty (30) days after the expiration of the sixty day period following the date of issuance of such check. After such date, all funds held on account of such voided check shall, in the discretion of the applicable Reorganized Debtor, be used to satisfy the costs of administering and fully consummating this Plan or become property of the applicable Reorganized Debtor, and the holder of any such Allowed Claim shall not be entitled to any other or further distribution under this Plan on account of such Allowed Claim.

**7.16 *Transactions on Business Days.***

If the Effective Date or any other date on which a transaction may occur under this Plan shall occur on a day that is not a Business Day, the transactions contemplated by this Plan to occur on such day shall instead occur on the next succeeding Business Day.

**7.17 *Closing of Chapter 11 Cases.***

When all Disputed Claims or Equity Interests filed against the Debtors have become Allowed Claims or Equity Interests or have been disallowed by Final Order, and all distributions in respect of Allowed Claims and Equity Interests have been made in accordance with this Plan, or at such earlier time as the Reorganized Debtors deem appropriate, the Reorganized Debtors shall seek authority from the Bankruptcy Court to close their respective Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.



**SECTION 8. PROCEDURES FOR RESOLVING AND TREATING  
DISPUTED CLAIMS AND EQUITY INTERESTS**

**8.1 *Payments and Distributions with Respect to Disputed Claims and Equity Interests.***

(a) Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim or Equity Interest, no payment or distribution provided hereunder shall be made on account of such Claim or Equity Interest unless and until such Disputed Claim or Equity Interest becomes an Allowed Claim or Equity Interest.

(b) All Tort Claims are Disputed Claims. At the applicable Debtor's option, any unliquidated Tort Claim as to which a proof of claim was timely filed in the Chapter 11 Cases shall be determined and liquidated in the administrative or judicial tribunal(s) in which it is pending on the Effective Date or, if no action was pending on the Effective Date, in any administrative or judicial tribunal of appropriate jurisdiction. Notwithstanding the foregoing, at all times prior to or after the Effective Date, the Bankruptcy Court shall retain jurisdiction relating to Tort Claims, including the applicable Debtor's right to have such Claims determined and liquidated in the Bankruptcy Court. Any Tort Claim determined and liquidated pursuant to a judgment obtained in accordance with this Section 8.1(b) and applicable non-bankruptcy law which is no longer appealable or subject to review shall be deemed an Allowed Claim in Class 3 against the applicable Debtor in such liquidated amount, *provided* that only the amount of such Allowed Claim that is less than or equal to the Debtor's self-insured retention or deductible in connection with the applicable insurance policy and is not satisfied from proceeds of insurance payable to the holder of such Allowed Claim under the Debtors' insurance policies shall be treated as an Allowed Claim for the purposes of distributions under this Plan. Nothing contained in this Section 8.1(b) shall constitute or be deemed a waiver of any Claim, right or cause of action that the applicable Debtor may have against any Person in connection with or arising out of any Tort Claim, including, without limitation, any rights under section 157(b)(5) of title 28 of the United States Code. This entire Section 8.1(b) is subject to the applicable Debtor's right to elect to follow the procedures provided for in Section 8.5.

**8.2 *Preservation of Insurance.***

Nothing in this Plan, including the discharge and release of the Debtors as provided in this Plan, shall diminish or impair the enforceability of any insurance policies that may cover Claims against any Debtor.



### 8.3 *Resolution of Disputed Claims and Equity Interests.*

(a) Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, and except as otherwise expressly provided for below, each Debtor, in coordination and consultation with the Committee, shall have the exclusive right (except as to applications for allowances of compensation and reimbursement of expenses under sections 330 and 503 of the Bankruptcy Code) to make and file objections to Claims and Equity Interests and shall serve a copy of each objection upon the holder of the Claim or Equity Interest to which the objection is made as soon as practicable, but in no event later than one hundred and twenty (120) days after the Effective Date; *provided, however*, that such one hundred and twenty (120) day period may be automatically extended by the applicable Debtor, without any further application to, or approval by, the Bankruptcy Court, for an additional thirty (30) days with the consent of the Committee (not to be unreasonably withheld). The foregoing deadlines for filing objections to Claims shall not apply to Tort Claims and, accordingly, no such deadline shall be imposed by this Plan. Notwithstanding any authority to the contrary, an objection to a Claim or Equity Interest shall be deemed properly served on the holder thereof if the Debtors effect service in any of the following manners: (i) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (ii) to the extent that counsel for the holder is unknown, by first class mail, postage prepaid, on the signatory on the proof of claim or equity interest or other representative identified in the proof of claim or equity interest or any attachment thereto; or (iii) by first class mail, postage prepaid, on any counsel that has appeared on the holder's behalf in the Chapter 11 Cases.

(b) Notwithstanding the foregoing, the Committee shall also have the right to make and file objections to Claims and Equity Interests filed against any Debtor, which objections shall be made in consultation with such Debtor(s) and shall be made within the time frames provided for in this Section 8.3. From and after the Confirmation Date, subject to the Effective Date, all objections shall be litigated to a Final Order except to the extent that the applicable Debtor (with the consent of the Committee not to be unreasonably withheld) or the Committee (with the consent of the applicable Debtor not to be unreasonably withheld), as applicable, elects to withdraw any such objection or the applicable Debtor (with the consent of the Committee not to be unreasonably withheld) or the Committee (with the consent of the applicable Debtor not to be unreasonably withheld), as applicable, and the holder of the Disputed Claim or Equity Interest elect to compromise, settle or otherwise resolve any such objection, in which event they may settle, compromise or otherwise resolve any such Disputed Claim or Equity Interest without approval of the Bankruptcy Court. The applicable Debtor shall prepare, issue and deliver to the Committee, within forty-five (45) days following the end of each month, a report with respect to the status of the resolution of Disputed Claims and Equity Interests, in a form to be agreed upon by the professionals for the applicable Debtor and the Committee.





#### 8.4 *Distributions After Allowance.*

If, on or after the Effective Date, any Disputed Claim or Equity Interest becomes, in whole or in part, an Allowed Claim or Equity Interest, the applicable Reorganized Debtor shall distribute to the holder thereof the distributions, if any, to which such holder is then entitled under this Plan. Any Cash distributions shall be made as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Disputed Claim or Equity Interest (or portion thereof) becomes a Final Order, but in no event more than thirty (30) days thereafter. Any shares of New Preferred Stock, New Common Stock or Warrants distributable to the holder of a Disputed Claim or Equity Interest which becomes an Allowed Claim or Equity Interest (in whole or in part) as a result of the entry of such order or judgment of the Bankruptcy Court allowing such Disputed Claim or Equity Interest (or portion thereof) shall be made in accordance with the next scheduled distribution date to the holders of Allowed Claims and Equity Interests.

#### 8.5 *Estimation of Claims and Equity Interests.*

The applicable Debtor or the Committee may, at any time, and in consultation with each other, request that the Bankruptcy Court estimate any contingent, unliquidated or Disputed Claim or Equity Interest pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the applicable Debtor previously objected to such Claim or Equity Interest or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim or Equity Interest at any time during litigation concerning any objection to any Claim or Equity Interest, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated or Disputed Claim or Equity Interest, the amount so estimated shall constitute either the allowed amount of such Claim or Equity Interest or a maximum limitation on such Claim or Equity Interest, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim or Equity Interest, the applicable Debtor or the Committee may pursue supplementary proceedings to object to the allowance of such Claim or Equity Interest. All of the aforementioned objection, estimation and resolution procedures are intended to be cumulative and not exclusive of one another. On and after the Confirmation Date, subject to the Effective Date, Claims and Equity Interests which have been estimated may be subsequently compromised, settled, withdrawn or otherwise resolved without further order of the Bankruptcy Court.

#### 8.6 *No Recourse.*

No holder of any Disputed Claim or Equity Interest that becomes an Allowed Claim or Equity Interest in any applicable Class shall have recourse against any



Disbursing Agent, the Debtors, the Committee, the Reorganized Debtors or any other holder of an Allowed Claim or Equity Interest in such Class, or any of their respective professional consultants, officers, directors or members of their successors or assigns, or any of their respective property, if the Plan Securities allocated to such Class and not previously distributed are insufficient to provide a distribution to such holder in the same proportion to that received by other holders of Allowed Claims or Equity Interests in such Class. However, nothing in this Plan shall modify any right of a holder of a Claim or Equity Interest under section 502(j) of the Bankruptcy Code.

#### **8.7 *Mediation of Disputed Claims and Equity Interests.***

The automatic stay of section 362 of the Bankruptcy Code shall remain in effect after the Effective Date with respect to all Disputed Claims and Equity Interests. All holders of Disputed Claims (other than Tort Claims) and Equity Interests shall comply with the following procedures:

(a) At its option, the applicable Debtor may (i) request that the holder of a Disputed Claim or Equity Interest provide documentation to evidence the validity and amount of such Claim or Equity Interest, and/or (ii) submit a written counter-proposal to the holder of a Disputed Claim or Equity Interest. In lieu of, or in addition to, the foregoing, the applicable Debtor may file an objection to such Disputed Claim or Equity Interest.

(b) The holder of a Disputed Claim or Equity Interest may accept the applicable Debtor's counter-proposal at any time within fourteen (14) days of the applicable Debtor's mailing of such counter-proposal.

(c) If no settlement is reached pursuant to paragraphs (a) and (b) above, the applicable Debtor, at its discretion (in consultation with the Committee), shall have the option to require the holder of a Disputed Claim or Equity Interest to participate in a non-binding mediation process. All mediation pursuant to this Section 8.7 shall be conducted at the applicable Debtor's option in either Atlanta, Georgia or New York, New York, pursuant to the Local Bankruptcy Rules of the Bankruptcy Court. In the event that a mediation is scheduled and the holder of the Disputed Claim or Equity Interest does not participate in the mediation, the Disputed Claim or Equity Interest shall be disallowed in its entirety.

(d) If the applicable Debtor and the holder of a Disputed Claim or Equity Interest are unable to reach an agreement on a Claim or Equity Interest amount pursuant to the procedures set forth above, the Disputed Claim or Equity Interest shall be submitted to the Bankruptcy Court for resolution. If it is determined that the United States Bankruptcy Court for the Southern District of New York does not have jurisdiction to resolve any Disputed Claim or Equity Interest, then the Disputed Claim or Equity



Interest shall be submitted to the United States District Court for the Southern District of New York for resolution.

(e) The applicable Debtor (with the consent of the Committee not to be unreasonably withheld) and the holder of a Disputed Claim or Equity Interest may seek to settle, compromise or otherwise resolve any Disputed Claim or Equity Interest at any time in accordance with this Plan or any order of the Bankruptcy Court approving a settlement procedure for Disputed Claims and Equity Interests for the applicable Debtor and the Committee.

(f) At its option, the applicable Debtor may require the holder of a Disputed Tort Claim to either (i) comply with the mediation procedures provided for in this Section 8.7 or (ii) comply with any other separate mediation and/or arbitration procedures approved in the Chapter 11 Cases relating to Tort Claims.

#### **8.8 *Interest and Dividends.***

To the extent that a Disputed Claim becomes an Allowed Claim after the Effective Date and is entitled to a Cash distribution under this Plan, the holder of such Claim shall be entitled to a Cash distribution plus interest thereon, calculated at the average rate received by the applicable Debtor in its deposit accounts, from the Effective Date to the date of distribution. In the event that dividend distributions have been made with respect to the New Preferred Stock or the New Common Stock distributable to a holder of a Disputed Claim or Equity Interest that later becomes Allowed, such holder shall be entitled to receive such previously distributed dividends without any interest with respect thereto.

### **SECTION 9. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

#### **9.1 *General Treatment.***

On the Effective Date, all executory contracts and unexpired leases to which each Debtor is a party shall be deemed rejected as of the Effective Date, except for an executory contract or unexpired lease that (i) has been assumed or rejected pursuant to a Final Order of the Bankruptcy Court, (ii) is specifically designated as a contract or lease to be assumed on the Schedule of Assumed Contracts set forth in the Plan Supplement, provided however, that the Debtors reserve the right to amend the Plan Supplement at any time on or before the Effective Date to amend the Schedule of Assumed Contracts to add or delete any executory contract or unexpired lease, thus providing for its assumption, assumption and assignment, or rejection, or (iii) is the subject of a separate motion to assume, assume and assign, or reject filed under section 365 of the Bankruptcy Code by the applicable Debtor on or before the Effective Date.



## 9.2 *Cure of Defaults.*

(a) Except to the extent that a different treatment has been agreed to by the non-Debtor party or parties to any executory contract or unexpired lease to be assumed pursuant to Section 9.1 hereof, the applicable Debtor shall, pursuant to the provisions of sections 1123(a)(5)(G) and 1123(b)(2) of the Bankruptcy Code and consistently with the requirements of section 365 of the Bankruptcy Code, within thirty (30) days after the Confirmation Date, file and serve a pleading with the Bankruptcy Court listing the cure amounts of all executory contracts or unexpired leases to be assumed. The parties to such executory contracts or unexpired leases to be assumed by the applicable Debtor shall have fifteen (15) days from service to object to the cure amounts listed by the applicable Debtor. If there are any objections filed, the Bankruptcy Court shall hold a hearing. The applicable Debtor shall retain its right to reject any of its executory contracts or unexpired leases, including contracts or leases that are subject to a dispute concerning amounts necessary to cure any defaults. Notwithstanding the foregoing, at all times through the date that is five (5) Business Days after the Bankruptcy Court enters an order resolving and fixing the amount of a disputed cure amount, the Debtors shall have the right to reject such executory contract or unexpired lease.

(b) Subject to Section 9.1 of this Plan, the executory contracts and unexpired leases on the Schedule of Assumed Contracts shall be assumed by the respective Debtors as indicated on such Schedule. Except as may otherwise be ordered by the Bankruptcy Court, the Debtors shall have the right to cause any assumed executory contract or unexpired lease to vest in the Reorganized Debtor designated for such purpose by the Debtors.

## 9.3 *Approval of Rejection of Executory Contracts and Unexpired Leases.*

Entry of the Confirmation Order shall constitute the approval, pursuant to section 365(a) of the Bankruptcy Code, of the rejection of any executory contracts and unexpired leases to be rejected as and to the extent provided in Section 9.1 of this Plan.

## 9.4 *Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to Plan.*

Claims arising out of the rejection of an executory contract or unexpired lease pursuant to Section 9.1 of this Plan must be filed with the Bankruptcy Court no later than twenty (20) days after the Effective Date. Any Claims not filed within such time period will be forever barred from assertion against any of the applicable Debtors and/or the Estates.



### **9.5     *Survival of Debtors' Corporate Indemnities.***

Any obligations of any of the Debtors pursuant to the applicable Debtor's corporate charters and bylaws or agreements entered into any time prior to the Effective Date, to indemnify any Releasee, with respect to all present and future actions, suits and proceedings against such Debtor or such Releasee, based upon any act or omission for or on behalf of such Debtor, shall not be discharged or impaired by confirmation of this Plan. Such obligations shall be deemed and treated as executory contracts to be assumed by the applicable Debtor pursuant to this Plan, and shall continue as obligations of the applicable Reorganized Debtor.

## **SECTION 10.           CONDITIONS PRECEDENT TO EFFECTIVE DATE**

### **10.1     *Conditions to Effective Date.***

The following are conditions precedent to the Effective Date:

- (a)     The Bankruptcy Court shall have entered the Confirmation Order, which shall include approval and authorization pursuant to Bankruptcy Rule 9019 of the Class 4 Compromise, in form and substance satisfactory to the Plan Proponents;
- (b)     No stay of the Confirmation Order shall then be in effect; and
- (c)     All documents, instruments and agreements, including, without limitation, the Exit Financing Agreements, in form and substance satisfactory to the Plan Proponents, provided for under or necessary to implement this Plan shall have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the parties benefited thereby.

### **10.2     *Waiver of Conditions.***

The Plan Proponents may waive the conditions to effectiveness of this Plan set forth in Section 10.1(c) of this Plan without leave of or notice to the Bankruptcy Court and without any formal action other than proceeding with confirmation of this Plan

## **SECTION 11.           EFFECT OF CONFIRMATION**

### **11.1     *Vesting of Assets.***

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, except for leases and executory contracts that have not yet been assumed or rejected (which leases and contracts shall be deemed vested when and if assumed), all property of each Debtor's Estate shall vest in the applicable Reorganized Debtor free and clear of all Claims, liens, encumbrances, charges and other interests,



except as provided herein. Each Reorganized Debtor may operate its businesses and may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code, except as provided herein.

#### **11.2 *Discharge of Claims and Cancellation of Equity Interests.***

Except as otherwise provided herein or in the Confirmation Order, the rights afforded in this Plan and the entitlement to receive payments and distributions to be made hereunder shall discharge all existing Claims, of any kind, nature or description whatsoever against each of the Debtors or any of their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as provided in this Plan, on the Effective Date, all existing Claims against each of the Debtors and Equity Interests in the Debtors shall be, and shall be deemed to be, discharged or canceled and all holders of Claims and Equity Interests shall be precluded and enjoined from asserting against then Reorganized Debtors, or any of their assets or properties, any other or further Claim or Equity Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a proof of claim or equity interest.

#### **11.3 *Discharge of Debtors.***

Upon the Effective Date and in consideration of the distributions to be made hereunder, except as otherwise expressly provided herein, each holder (as well as any trustees and agents on behalf of each holder) of a Claim or Equity Interest of such holder shall be deemed to have forever waived, released and discharged each of the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Equity Interests, rights and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such Persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or canceled Equity Interest in each of the Debtors.

#### **11.4 *Binding Effect.***

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, on and after the Confirmation Date, and subject to the Effective Date, the provisions of this Plan shall bind any holder of a Claim against, or Equity Interest in, the applicable Debtor and its respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under this Plan and whether or not such holder has accepted this Plan.



#### **11.5 *Term of Injunctions or Stays.***

Unless otherwise provided herein, all injunctions or stays arising under section 105 or 362 of the Bankruptcy Code, any order entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in such order.

#### **11.6 *Injunction Against Interference with Plan.***

Upon the entry of the Confirmation Order, all holders of Claims and Equity Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors or principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of this Plan.

#### **11.7 *Exculpation.***

None of the Debtors nor any Releasee shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission (and in the case of any director, officer, agent or employee of any Debtor who was employed or otherwise serving in such capacity on the Confirmation Date, any claims against such Persons) in connection with, or arising out of, the Chapter 11 Cases, the pursuit of confirmation of this Plan, transactions or relationships with the applicable Debtor (either prior to or after the Commencement Date), the consummation of this Plan, the administration of this Plan or the property to be distributed under this Plan, except for willful misconduct or gross negligence, and, in all respects, the Plan Proponents and such Persons shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities during the Chapter 11 Cases and under this Plan.

#### **11.8 *Rights of Action.***

On and after the Effective Date, and except as may otherwise be agreed to by the Plan Proponents, the Reorganized Debtors will retain and have the exclusive right to enforce any and all present or future rights, claims or causes of action against any Person and rights of the Reorganized Debtors that arose before or after the Commencement Date, including, but not limited to, rights, claims, causes of action, avoiding powers, suits and proceedings arising under sections 544, 545, 548, 549, 550 and 553 of the Bankruptcy Code. The Reorganized Debtors may pursue, abandon, settle or release any or all such rights of action, as they deem appropriate, without the need to obtain approval or any other or further relief from the Bankruptcy Court. The Reorganized Debtors may, in their discretion, offset any such claim held against a Person against any payment due such Person under this Plan; *provided, however*, that any claims of any of the Reorganized Debtors arising before the Commencement Date shall first be



offset against Claims against any of the Reorganized Debtors arising before the Commencement Date.

#### **11.9 Release by Debtors.**

From and after the Effective Date, the Releasees shall be released by each Debtor from any and all claims (as defined in section 101(5) of the Bankruptcy Code), obligations, suits, judgments, damages, rights, causes of action and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that any Debtor is entitled to assert in its own right or on behalf of the holder of any Claim or Equity Interest or other Person, based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or prior to the Effective Date in any way relating to any Debtor, the Chapter 11 Cases or the negotiation, formulation and preparation of this Plan or any related document, except for (i) claims or causes of action against any Releasee resulting from the willful misconduct or gross negligence of such Releasee and (ii) claims against or liabilities of directors, officers or employees of any Debtor in respect of any loan, advance or similar payment by any Debtor to any such Person or any contractual obligation owed by such Person to any Debtor.

#### **11.10 Release of Releasees by Other Releasees.**

From and after the Effective Date, the Releasees shall release each other from any and all claims (as defined in section 101(5) of the Bankruptcy Code), obligations, suits, judgments, damages, rights, causes of action and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that any Releasee is entitled to assert against any other Releasee, based in whole or in part upon any act or omission, transaction, agreement, event or occurrence taking place on or before the Effective Date in any way relating to any Debtor, the Chapter 11 Cases or the negotiation, formulation and preparation of this Plan or any related document, except for claims or causes of actions against any Releasee resulting from the willful misconduct or gross negligence of such Releasee.

#### **11.11 Claims of the United States Government.**

Nothing in this Plan shall effect a release of any non-Debtor from any claim by the United States Government or any of its agencies; nor shall anything in this Plan enjoin the United States from bringing any claim, suit, action or other proceeding against any non-Debtor; *provided, however*, that this Section 11.11 shall in no way affect or limit the discharge granted to any Debtor under Chapter 11 of the Bankruptcy Code.





## SECTION 12. RETENTION OF JURISDICTION

On and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising in, arising under, or related to the Chapter 11 Cases and this Plan for, among other things, the following purposes:

(a) To hear and determine motions for the assumption or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;

(b) To determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the Confirmation Date;

(c) To ensure that distributions to holders of Allowed Claims and Equity Interests are accomplished as provided herein;

(d) To consider Claims and Equity Interests or the allowance, classification, priority, compromise, estimation or payment of any Claim or Equity Interest, Administrative Expense Claim, Disputed Claim or Equity Interest;

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

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

(g) To hear and determine any application to modify this Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in this Plan, the disclosure statement for this Plan, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

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

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



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

(k) To hear any disputes arising out of, and to enforce, the order approving alternative dispute resolution procedures to resolve personal injury, employment litigation and similar Claims pursuant to section 105(a) of the Bankruptcy Code;

(l) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(m) 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 requests for expedited determinations under section 505(b) of the Bankruptcy Code filed, or to be filed, with respect to tax returns for any and all taxable periods ending after the Commencement Date through, and including, the Final Distribution Date);

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

(o) To recover all assets of any of the Debtors and property of the applicable Debtor's Estate, wherever located; and

(p) To enter a final decree closing the Chapter 11 Cases.

### **SECTION 13. MISCELLANEOUS PROVISIONS**

#### **13.1 *Retiree Benefits.***

On and after the Effective Date, pursuant to section 1129(a)(13) of the Bankruptcy Code, the applicable Reorganized Debtors shall continue to pay any applicable retiree benefits of such Debtors (within the meaning of section 1114 of the Bankruptcy Code), at any such level established in accordance with section 1114 of the Bankruptcy Code, at any time prior to the Confirmation Date, for the duration of the period for which the applicable Debtor had obligated itself to provide any such benefits.

#### **13.2 *Deletion of Classes and Subclasses.***

Any Class or Subclass of Claims or Equity Interests that does not contain as an element thereof an Allowed Claim or Equity Interest or a Claim or Equity Interest temporarily allowed under Bankruptcy Rule 3018 as of the date of the commencement of the confirmation hearing shall be deemed deleted from this Plan for purposes of voting to



accept or reject this Plan and for purposes of determining acceptance or rejection of this Plan by such Class or Subclass under section 1129(a)(8) of the Bankruptcy Code.

### **13.3 *Addition of Classes and Subclasses.***

In the event that Class 1 would contain as elements thereof two or more Secured Claims collateralized by different properties or interests in property or collateralized by liens against the same property or interest in property having different priority, such Claims shall be divided into separate Subclasses of Class 1.

### **13.4 *Committee.***

(a) The Committee shall continue in existence from and after the Effective Date. In addition to the powers and duties ascribed to the Committee in this Plan, from and after the Effective Date, the Committee may perform such other functions as are consistent with discharging its duties to the holders of General Unsecured Claims.

(b) References herein to the "Committee" shall include the Committee from and after the Effective Date.

### **13.5 *Exemption from Transfer Taxes.***

Pursuant to section 1146(c) of the Bankruptcy Code, neither (i) the issuance transfer or exchange of any security under, in furtherance of, or in connection with, this Plan, including the issuance of the Plan Securities, nor (ii) the assignment or surrender of any lease or sublease, or the delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with, this Plan, including any deeds, bills of sale or assignments executed in connection with any disposition of assets contemplated by this Plan (including real and personal property), shall be subject to any stamp, real estate transfer, mortgage recording sales, use or other similar tax.

### **13.6 *Substantial Consummation.***

On the Effective Date, this Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

### **13.7 *Payment of Statutory Fees.***

All fees payable pursuant to chapter 123 of title 28, United States Code, as determined by the Bankruptcy Court on the Confirmation Date, shall be paid on the Effective Date. Any statutory fees accruing after the Confirmation Date shall constitute Administrative Expense Claims and be paid in accordance with Section 2.1 of this Plan.



### 13.8 *Amendments.*

The Plan Proponents reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify this Plan at any time prior to the entry of the Confirmation Order. After the entry of the Confirmation Order, the Plan Proponents may, upon order of the Bankruptcy Court, amend or modify this Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in this Plan in such manner as may be necessary to carry out the purpose and intent of this Plan. A holder of an Allowed Claim or Equity Interest that is deemed to have accepted this Plan shall be deemed to have accepted this Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim or Equity Interest of such holder.

### 13.9 *Revocation or Withdrawal of Plan.*

The Plan Proponents may withdraw or revoke this Plan at any time prior to the Confirmation Date. If the Plan Proponents revoke or withdraw this Plan prior to the Confirmation Date, or if the Confirmation Date does not occur, then this Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claim by or against the respective Debtor or any other Person or to prejudice in any manner the rights of the respective Debtor or any other Person in any further proceedings involving the respective Debtor.

### 13.10 *Cramdown.*

The Plan Proponents request confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any Class that is deemed to have not accepted this Plan pursuant to section 1126(g) of the Bankruptcy Code. The Plan Proponents reserve the right to (i) request confirmation of this Plan under section 1129(b) of the Bankruptcy Code with respect to any Class or Subclass that does not accept this Plan pursuant to section 1126 of the Bankruptcy Code and (ii) to modify this Plan to the extent, if any, that confirmation of this Plan under section 1129(b) of the Bankruptcy Code requires modification.

### 13.11 *Severability.*

In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision of this Plan is invalid, void or unenforceable, the Bankruptcy Court shall, with the consent of the Plan Proponents, have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistently with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the



remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

**13.12 *Request for Expedited Determination of Taxes.***

Each Debtor 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 Commencement Date through and including the Final Distribution Date.

**13.13 *Courts of Competent Jurisdiction.***

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

**13.14 *Governing Law.***

Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, or to the extent that an Exhibit hereto or a Schedule in the Plan Supplement provides otherwise, the rights, duties and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

**13.15 *Time.***

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

**13.16 *Headings.***

Headings are used in this Plan for convenience and reference only and shall not constitute a part of this Plan for any other purpose.



13.17 *Exhibits.*

All Exhibits and Schedules to this Plan are incorporated into and are a part of this Plan as if set forth in full herein.

13.18 *Notices.*

Any notices to or requests of the Plan Proponents by parties in interest under or in connection with this Plan shall be in writing and served either by (i) certified mail, return receipt requested, postage prepaid, (ii) hand delivery or (iii) reputable overnight delivery service, all charges prepaid, and shall be deemed to have been given when received by the following parties:

Lodgian, Inc.  
3445 Peachtree Road -- Suite 700  
Atlanta, Georgia 30326  
Attn: Daniel E. Ellis, Esq.

with copies to:

CADWALADER, WICKERSHAM & TAFT  
Attorneys for the Debtors and Debtors-In-Possession  
100 Maiden Lane  
New York, New York 10038  
(212) 504-6000  
Attn: Adam C. Rogoff, Esq.

-and-

CURTIS, MALLETT-PREVOST, COLT & MOSLE, LLP  
Co-Attorneys for the Debtors and Debtors-In-Possession  
101 Park Avenue  
New York, New York 10178  
(212) 696-6000  
Attn: Steven J. Reisman, Esq.

-and-

DEBEVOISE & PLIMPTON  
Attorneys for the Official Committee of Unsecured  
Creditors  
919 Third Avenue  
New York, New York 10022



(212) 909-6000  
Attn: George E.B. Maguire, Esq.



Dated: New York, New York  
As of November 1, 2002

LODGIAN, INC.

By: s/ David Hawthorne  
Name: David Hawthorne  
Title: Chief Executive Officer

LODGIAN FINANCING CORP.  
1075 HOSPITALITY, L.P.  
ALBANY HOTEL, INC.  
AMI OPERATING PARTNERS, L.P.  
APICO HILLS, INC.  
APICO INNS OF GREEN TREE, INC.  
APICO INNS OF PITTSBURGH, INC.  
ATLANTA-BOSTON HOLDINGS L.L.C.  
ATLANTA-BOSTON LODGING L.L.C.  
ATLANTA-HILLSBORO LODGING, L.L.C.  
BRECKSVILLE HOSPITALITY, L.P.  
BRUNSWICK MOTEL ENTERPRISES, INC.  
COLUMBUS HOSPITALITY ASSOCIATES, L.P.  
DEDHAM LODGING ASSOCIATES I, L.P.  
DOTHAN HOSPITALITY 3053, INC.  
DOTHAN HOSPITALITY 3071, INC.  
EAST WASHINGTON HOSPITALITY LIMITED  
PARTNERSHIP  
FORT WAYNE HOSPITALITY ASSOCIATES II,  
L.P.  
GADSDEN HOSPITALITY, INC.  
HILTON HEAD MOTEL ENTERPRISES, INC.  
IMPAC HOTEL GROUP, L.L.C.  
IMPAC HOTEL MANAGEMENT L.L.C.  
IMPAC HOTELS I, L.L.C.  
ISLAND MOTEL ENTERPRISES, INC.  
KINSER MOTEL ENTERPRISES  
LAWRENCE HOSPITALITY ASSOCIATES, L.P.  
LITTLE ROCK LODGING ASSOCIATES, LIMITED  
PARTNERSHIP  
LODGIAN AMI, INC.  
LODGIAN HOTELS, INC.





LODGIAN MOUNT LAUREL, INC.  
LODGIAN ONTARIO, INC.  
LODGIAN RICHMOND, LLC.  
MANHATTAN HOSPITALITY ASSOCIATES, L.P.  
MCKNIGHT MOTEL, INC.  
MELBOURNE HOSPITALITY ASSOCIATES, L.P.  
MINNEAPOLIS MOTEL ENTERPRISES, INC.  
MOON AIRPORT MOTEL, INC.  
NEW ORLEANS AIRPORT MOTEL ASSOCIATES,  
L.P.  
NH MOTEL ENTERPRISES, INC.  
PENMOCO, INC.  
RALEIGH-DOWNTOWN ENTERPRISES, INC.  
SAGINAW HOSPITALITY, L.P.  
SECOND FAYETTEVILLE MOTEL ENTERPRISES,  
INC.  
SERVICO AUSTIN, INC.  
SERVICO CEDAR RAPIDS, INC.  
SERVICO CENTRE ASSOCIATES, LTD.  
SERVICO COLUMBIA, INC.  
SERVICO COUNCIL BLUFFS, INC.  
SERVICO FORT WAYNE, INC.  
SERVICO FRISCO, INC.  
SERVICO GRAND ISLAND, INC.  
SERVICO HOTELS I, INC.  
SERVICO HOTELS II, INC.  
SERVICO HOTELS III, INC.  
SERVICO HOTELS IV, INC.  
SERVICO HOUSTON, INC.  
SERVICO JAMESTOWN, INC.  
SERVICO LANSING, INC.  
SERVICO MANAGEMENT CORP.  
SERVICO MARKET CENTER, INC.  
SERVICO MARYLAND, INC.  
SERVICO METAIRIE, INC.  
SERVICO NEW YORK, INC.  
SERVICO NIAGARA FALLS, INC.  
SERVICO NORTHWOODS, INC.  
SERVICO OMAHA CENTRAL, INC.  
SERVICO OMAHA, INC.  
SERVICO PENSACOLA 7200, INC.  
SERVICO PENSACOLA 7330, INC.  
SERVICO PENSACOLA, INC.



SERVICO ROLLING MEADOWS, INC.  
SERVICO WEST DES MOINES, INC.  
SERVICO WICHITA, INC.  
SERVICO WINDSOR, INC.  
SERVICO WINTER HAVEN, INC.  
SERVICO, INC.  
SHEFFIELD MOTEL ENTERPRISES, INC.  
SIOUX CITY HOSPITALITY, L.P.  
WASHINGTON MOTEL ENTERPRISES, INC.  
WORCESTER HOSPITALITY, L.P.

By: s/ Daniel Ellis  
Name: Daniel Ellis  
Title: Authorized Officer

OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS

By: Sean Armstrong  
Name:  
Title:



**EXHIBIT A**

| <b>Class 3 Subclass Debtor</b>                  | <b>Case No.</b> | <b>% of Class 3 Plan Securities</b> |
|-------------------------------------------------|-----------------|-------------------------------------|
| Lodgian Financing Corp.                         | 01-16344        | 0.05%                               |
| 1075 Hospitality, L.P.                          | 01-16415        | Liquidating Debtor                  |
| Albany Hotel, Inc.                              | 01-16388        | 2.85%                               |
| AMI Operating Partners, L.P.                    | 01-16414        | 2.42%                               |
| Apico Hills, Inc.                               | 01-16392        | 0.42%                               |
| Apico Inns of Green Tree, Inc.                  | 01-16363        | 1.40%                               |
| Apico Inns of Pittsburgh, Inc.                  | 01-16364        | 1.74%                               |
| Atlanta-Boston Holdings L.L.C.                  | 01-16413        | 0.00%                               |
| Atlanta-Boston Lodging L.L.C.                   | 01-16365        | 0.09%                               |
| Atlanta-Hillsboro Lodging, L.L.C.               | 01-16425        | 0.00%                               |
| Brecksville Hospitality, L.P.                   | 01-16456        | Liquidating Debtor                  |
| Brunswick Motel Enterprises, Inc.               | 01-16385        | 0.47%                               |
| Columbus Hospitality Associates, L.P.           | 01-16427        | 1.40%                               |
| Dedham Lodging Associates I, L.P.               | 01-16412        | 0.93%                               |
| Dothan Hospitality 3053, Inc.                   | 01-16386        | 0.39%                               |
| Dothan Hospitality 3071, Inc.                   | 01-16362        | 0.28%                               |
| East Washington Hospitality Limited Partnership | 01-16421        | 0.19%                               |
| Fort Wayne Hospitality Associates II, L.P.      | 01-16423        | 0.14%                               |
| Gadsden Hospitality, Inc.                       | 01-16378        | 0.15%                               |
| Hilton Head Motel Enterprises, Inc.             | 01-16377        | 1.80%                               |



| <b>Class 3 Subclass Debtor</b>                      | <b>Case No.</b> | <b>% of Class 3 Plan Securities</b> |
|-----------------------------------------------------|-----------------|-------------------------------------|
| Impac Hotel Group, L.L.C.                           | 01-16376        | 0.11%                               |
| Impac Hotel Management L.L.C.                       | 01-16372        | 0.00%                               |
| Impac Hotels I, L.L.C.                              | 01-16402        | 10.38%                              |
| Island Motel Enterprises, Inc.                      | 01-16368        | 0.10%                               |
| Kinser Motel Enterprises                            | 01-16366        | 1.01%                               |
| Lawrence Hospitality Associates, L.P.               | 01-16416        | 0.13%                               |
| Little Rock Lodging Associates, Limited Partnership | 01-16422        | 0.63%                               |
| Lodgian AMI, Inc.                                   | 01-16374        | 8.65%                               |
| Lodgian Hotels, Inc.                                | 01-16454        | 0.14%                               |
| Lodgian, Inc.                                       | 01-16345        | 15.21%                              |
| Lodgian Mount Laurel, Inc.                          | 01-16395        | 0.00%                               |
| Lodgian Ontario, Inc.                               | 01-16391        | 0.00%                               |
| Lodgian Richmond, LLC.                              | 01-16419        | 0.00%                               |
| Manhattan Hospitality Associates, L.P.              | 01-16424        | 0.10%                               |
| McKnight Motel, Inc.                                | 01-16373        | 1.57%                               |
| Melbourne Hospitality Associates, L.P.              | 01-16417        | 1.54%                               |
| Minneapolis Motel Enterprises, Inc.                 | 01-16390        | 1.17%                               |
| Moon Airport Motel, Inc.                            | 01-16389        | 0.67%                               |
| New Orleans Airport Motel Associates, L.P.          | 02-11859        | 0.48%                               |
| NH Motel Enterprises, Inc.                          | 01-16403        | 2.28%                               |



| <b>Class 3 Subclass Debtor</b>              | <b>Case No.</b> | <b>% of Class 3 Plan Securities</b> |
|---------------------------------------------|-----------------|-------------------------------------|
| Penmoco, Inc.                               | 01-16404        | 0.00%                               |
| Raleigh-Downtown Enterprises, Inc.          | 01-16405        | Liquidating Debtor                  |
| Saginaw Hospitality, L.P.                   | 01-16426        | 0.04%                               |
| Second Fayetteville Motel Enterprises, Inc. | 01-16410        | 0.00%                               |
| Servico Austin, Inc.                        | 01-16406        | 1.28%                               |
| Servico Cedar Rapids, Inc.                  | 01-16380        | 1.08%                               |
| Servico Centre Associates, Ltd.             | 01-16418        | 1.21%                               |
| Servico Columbia, Inc.                      | 01-16379        | 1.34%                               |
| Servico Council Bluffs, Inc.                | 01-16371        | Liquidating Debtor                  |
| Servico Fort Wayne, Inc.                    | 01-16370        | 1.86%                               |
| Servico Frisco, Inc.                        | 01-16396        | 0.25%                               |
| Servico Grand Island, Inc.                  | 01-16387        | 0.43%                               |
| Servico Hotels I, Inc.                      | 01-16398        | 1.35%                               |
| Servico Hotels II, Inc.                     | 01-16400        | 1.03%                               |
| Servico Hotels III, Inc.                    | 01-16401        | 0.57%                               |
| Servico Hotels IV, Inc.                     | 01-16384        | 1.26%                               |
| Servico Houston, Inc.                       | 01-16397        | 2.52%                               |
| Servico Jamestown, Inc.                     | 01-16394        | 0.63%                               |
| Servico Lansing, Inc.                       | 01-16411        | 7.44%                               |
| Servico Management Corp.                    | 01-16399        | 0.07%                               |
| Servico Market Center, Inc.                 | 01-16393        | 0.37%                               |



| <u>Class 3 Subclass Debtor</u>     | <u>Case No.</u> | <u>% of Class 3 Plan<br/>Securities</u> |
|------------------------------------|-----------------|-----------------------------------------|
| Servico Maryland, Inc.             | 01-16407        | 1.67%                                   |
| Servico Metairie, Inc.             | 01-16408        | 1.16%                                   |
| Servico New York, Inc.             | 01-16409        | 1.44%                                   |
| Servico Niagara Falls, Inc.        | 01-16369        | 0.38%                                   |
| Servico Northwoods, Inc.           | 01-16381        | 2.89%                                   |
| Servico Omaha Central, Inc.        | 01-16382        | Liquidating Debtor                      |
| Servico Omaha, Inc.                | 01-16383        | Liquidating Debtor                      |
| Servico Pensacola 7200, Inc.       | 01-16420        | 0.56%                                   |
| Servico Pensacola 7330, Inc.       | 01-16360        | 0.22%                                   |
| Servico Pensacola, Inc.            | 01-16359        | 0.22%                                   |
| Servico Rolling Meadows, Inc.      | 01-16358        | 0.47%                                   |
| Servico West Des Moines, Inc.      | 01-16357        | Liquidating Debtor                      |
| Servico Wichita, Inc.              | 01-16356        | Liquidating Debtor                      |
| Servico Windsor, Inc.              | 01-16355        | 0.08%                                   |
| Servico Winter Haven, Inc.         | 01-16354        | 0.45%                                   |
| Servico, Inc.                      | 01-16353        | 4.10%                                   |
| Sheffield Motel Enterprises, Inc.  | 01-16351        | 1.12%                                   |
| Sioux City Hospitality, L.P.       | 01-16459        | Liquidating Debtor                      |
| Washington Motel Enterprises, Inc. | 01-16352        | 0.85%                                   |
| Worcester Hospitality, L.P.        | 01-16453        | 2.73%                                   |



**EXHIBIT B**

**% of New/Old Subsidiary Equity of  
Reorganized Class 10 Subclass Debtor**

| <b><u>Class 10 Subclass Debtor</u></b>        | <b><u>Subclass</u></b> | <b><u>Holders of Class 10<br/>Equity Interests</u></b> | <b><u>Holders of Class 9<br/>Equity Interests</u></b> |
|-----------------------------------------------|------------------------|--------------------------------------------------------|-------------------------------------------------------|
| Columbus Hospitality<br>Associates, L.P.      | D                      | 70.0%                                                  | 30.0%                                                 |
| Melbourne Hospitality<br>Associates, L.P.     | C                      | 50.0%                                                  | 50.0%                                                 |
| New Orleans Airport Motel<br>Associates, L.P. | B                      | 18.0%                                                  | 82.0%                                                 |
| Service Centre Associates,<br>Ltd.            | A                      | 50.0%                                                  | 50.0%                                                 |



**EXHIBIT B**

**PROMISSORY NOTE**

\$ \_\_\_\_\_, 2002  
FOR VALUE RECEIVED, \_\_\_\_\_ ("Payor"), promises to pay to the order of  
\_\_\_\_\_ or its assigns ("Payee"), in lawful money of the United States of America,  
\_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_) (the "Loan") on \_\_\_\_\_ (the "Maturity  
Date") at such place as Payee may from time to time designate in writing.

1. Payment of Principal and Interest. Dated: Payor shall make monthly payments of the principal outstanding under this Promissory Note (this "Note") in an amount, for each such principal payment, equal to 1/180<sup>th</sup> of the original principal amount hereof. Interest on the unpaid principal outstanding on this Note shall accrue at a rate equal to the Federal Judgement Rate as in effect on the Confirmation Date and shall be payable in arrears. Payments of principal and interest hereunder shall be payable on the first day of each month following the date hereof and continuing on the first day of each succeeding month thereafter, to and including the first day of the month immediately preceding the Maturity Date. The entire balance of principal and interest then unpaid shall be due and payable on the Maturity Date. All computations of interest shall be on the basis of a 360-day year composed of twelve 30-day months, provided that interest for any partial month shall be payable for the actual number of days elapsed in the period during which it accrues. Payor may at any time prepay the principal balance of this Note in whole or in part.

2. Waiver of Notice. The makers, endorsers, guarantors and sureties of this Note, and each of them, hereby waive diligence, demand, presentment for payment, notice of non-payment, protest and notice of protest and specifically consent to and waive notice of any renewals or extensions of this Note, whether made to or in favor of the makers or any other person or persons.

3. Governing Law. This Note shall be governed and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, Payor has executed this Promissory Note as of the  
date first written above.

**[NAME OF PAYOR]**

By: \_\_\_\_\_  
Name:  
Title:





Schedule A-1

Mezzanine Entity

Impac Hotel Group Mezzanine, LLC, a Delaware limited liability company

Transferred Interests

100% of Dedham Beverage Management, Inc.

99% of Dedham Lodging Associates I, L.P.

100% of Impac SPE #3, Inc.



Schedule A-2

Mezzanine Entity

Servico Operations Mezzanine, LLC, a Delaware limited liability company

Transferred Interests

100% of Island Motel Enterprises, Inc.

100% of Lodgian AMI, Inc.

100% of Penmoco, Inc.

100% of Servico Lansing, Inc.

100% of Servico Columbia II, Inc.



Schedule A-3

Mezzanine Entity

Lodgian Financing Mezzanine, LLC, a Delaware limited liability company

Transferred Interests

100% of AMIOP Acquisition Corporation  
99% of AMI Operating Partners, L.P.  
100% of Impac SPE #1, Inc.  
99% of Impac Hotels I, L.L.C.  
100% of Albany Hotels Inc.  
100% of Apico Hills, Inc.  
100% of Apico Inns of Green Tree, Inc.  
100% of Brunswick Motel Enterprises, Inc.  
100% of Dothan Hospitality 3053, Inc.  
100% of Dothan Hospitality 3071, Inc.  
100% of Gadsden Hospitality, Inc.  
100% of Minneapolis Motel Enterprises, Inc.  
100% of NH Motel Enterprises, Inc.  
100% of Servico Cedar Rapids, Inc.  
100% of Servico Columbia, Inc.  
100% of Servico Grand Island, Inc.  
100% of Servico Jamestown, Inc.  
100% of Servico Maryland, Inc.  
100% of Servico Metairie, Inc.  
100% of Servico New York, Inc.  
100% of Servico Niagra Falls, Inc.  
100% of Servico Northwoods, Inc.  
100% of Servico Pensacola 7200, Inc.  
100% of Servico Pensacola 7330, Inc.  
100% of Servico Pensacola, Inc.  
100% of Servico Rolling Meadows, Inc.  
100% of Servico Windsor, Inc.  
100% of Servico Winter Haven, Inc.  
100% of Lodgian Richmond SPE, Inc.  
99% of Little Rock Lodging Associates, LP  
100% of Servico Market Center, Inc.  
100% of Servico Austin, Inc.  
100% of Sheffield Motel Enterprises, Inc.  
100% of Servico Houston, Inc.  
100% of Palm Beach Motel Enterprises, Inc.

