

STATUS UPDATE #15

October 31, 2011

Re: **Louis J. Pearlman, Debtor**
– Case No. 6-07-bk-00761-ABB
Trans Continental Airlines, Inc., Debtor
– Case No. 6:07-bk-00762-ABB
Trans Continental Records, Debtor
– Case No. 6-07-bk-00832-ABB
Trans Continental Studios, Debtor
– Case No. 6-07-bk-01504-ABB
Louis J. Pearlman Enterprises, Inc., Debtor
– Case No. 6:07-bk-01505-ABB
Louis J. Pearlman Enterprises, LLC, Debtor
– Case No. 6:07-bk-01779-ABB
Trans Continental Television Productions, Debtor
– Case No. 6-07-bk-01856-ABB
Trans Continental Aviation, Debtor
– Case No. 6:07-bk-02431-ABB
Trans Continental Management, Debtor
– Case No. 6:07-bk-02432-ABB
Trans Continental Publishing, Debtor
– Case No. 6-07-bk-04160-ABB
Trans Continental Leasing, Debtor
– Case No. 6:07-bk-04161-ABB

**United States Bankruptcy Court
Middle District of Florida
Orlando Division**

Dear Investors and Potential Creditors:

This is an interim update to my previous communiqués, all of which can be viewed at www.pearlmantranscon.com – click on **Status Reports**.

Assets Recovered

The Trustee has recovered in total, gross proceeds of approximately \$11.6 million which includes the sale of real estate, auction proceeds, royalty payments, sales of personal property and automobiles and numerous adversary settlements. The aggregate cash balance as of October 31, 2011 was approximately \$4.5 million.

Complaints Filed and Settlements Reached

Investors, Vendors and Others

On April 7, 2011 the Bankruptcy Court ordered the litigating parties to mediate all pending adversary proceedings, except for certain Bank Defendant cases. A copy of the Order Establishing Mediation Procedures may be viewed at www.pearlmantranscon.com – click on Pleadings/Court Filings. A total of 191 proceedings were ordered to mediation. The mediations took place between April 29, 2011 and September 9, 2011. With the assistance of the assigned mediators, the Trustee and defendants were able to settle many of the avoidance actions. During the mediation period, the Trustee settled 71 avoidance actions for agreed settlement payments totaling \$3,000,930. As of October 31, 2011, the Trustee has received approximately \$1.3 million of those settlements. Approximately \$1.8 remains to be collected.

MTV

The MTV litigation involved a breach of contract action relating to a joint venture between Trans Continental Television Productions, Inc. and MTV in connection with the television series “Making the Band”. The litigation was recently settled for \$7.5 million and approved by the court on October 27, 2011 together with the fees and expenses of the litigation counsel. The gross proceeds and cash balance listed above do not include the proceeds from MTV nor do they reflect the related fees and costs. The estate will receive a net of approximately \$4.2 million after payment of court approved legal fees and out of pocket costs of \$3.3 million.

Remaining Adversary Complaints

There are 114 adversary proceedings remaining including a combination of banks, investors, vendors and others.

The Trustee anticipates that the legal process to bring any remaining adversary proceedings to resolution may be prolonged and will depend on the course of the litigation.

Please be advised that, with regard to the complaints filed, the Trustee, his counsel and his professionals cannot provide legal advice. The adversary party should seek independent legal advice and counsel and not look to the Trustee or his professionals.

Investor Concerns

Many investors have inquired as to the potential for any distribution from the Estate and the timing of such distribution. Because of the significant level of litigation currently in progress, the case is not likely to conclude in the near future. The Trustee is optimistic about some level of distribution at a later date; however he cannot say how much or give a timeframe with any degree of certainty.

Claims Bar Date

The Claims Bar date of January 31, 2008 has passed and all claims should now be of record in this case.

Information Relating to Assets

If you believe you have information or leads which would be of help to the Trustee to investigate for potential asset recovery, please forward these facts via email to: Pearlman@kapilaco.com.

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Yours sincerely,

Soneet R. Kapila

Soneet R. Kapila
Chapter 11 Trustee