

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA

IN RE:)
)
GHOST TOWN PARTNERS, LLC,) Chapter 11
) Case No: 09-10271
)
Debtor)

***DISCLOSURE STATEMENT
& PLAN OF REORGANIZATION FOR GHOST TOWN PARTNERS, LLC***

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Dated:
Asheville, NC
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DISCLAIMER

(sample to be provided as amended with Approved Disclosure Statement)

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT OR THE PLAN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ANNEXED THERETO, AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED IN THE PLAN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(c) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE LAW.

THE DEBTORS ARE DISTRIBUTING THIS DISCLOSURE STATEMENT IN CONNECTION WITH THEIR SOLICITATION OF VOTES ON THE PLAN. THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED WITH, REVIEWED, APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, UNDER ANY STATE SECURITIES OR "BLUE SKY" LAW. NEITHER THE SEC NOR ANY STATE SECURITIES REGULATORY AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE, OR BE CONSTRUED, AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE REORGANIZATION AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTORS.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. THE DESCRIPTIONS SET FORTH HEREIN OF THE ACTIONS, CONCLUSIONS, OR RECOMMENDATIONS OF THE DEBTORS, THE CREDITORS' COMMITTEE, OR ANY OTHER PARTY IN INTEREST HAVE BEEN SUBMITTED TO OR APPROVED BY SUCH PARTY, BUT NO SUCH PARTY MAKES ANY REPRESENTATION REGARDING SUCH DESCRIPTIONS.

Information Regarding Disclosure Statement

On March 11, 2009, Ghost Town Partners, LLC filed a voluntary Chapter 11 petition. Notice and order for relief were filed by the Court on March 13, 2009 with the first meeting pursuant to Section 341 held on April 15, 2009 at 1:00 p.m. in Asheville, North Carolina.

This Disclosure Statement describes the distribution provisions and certain other aspects of the Plan and summarizes the Debtors' business operations, significant events occurring in their Chapter 11 cases, and certain related matters. All holders of Claims against and Interests in the Debtors are urged to read the Disclosure Statement and Plan in full.

The Debtors are distributing this Disclosure Statement in connection with their solicitation of votes on the Plan. This Disclosure Statement has not been filed with, reviewed, approved or disapproved by the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, or by the securities regulatory authority of any state, under any state securities or "blue sky" law. Neither the SEC nor any state securities regulatory authority has passed upon the accuracy or adequacy of the information contained herein. Any representation to the contrary is a criminal offense.

No person has been authorized to give any information or to make any representation in respect of or concerning the Plan which is not contained in this Disclosure Statement. The statements in the Disclosure Statement are made as of the date hereof. Neither the Disclosure Statement's distribution nor the Plan's consummation will, under any circumstance, create any implication that the information herein is correct at any time after the date hereof.

In deciding how to vote, creditors must rely on their own examination of the Debtors and the Plan, including the merits and risks involved. Creditors should not construe the contents of this Disclosure Statement as legal, business, financial, or tax advice, and each creditor should consult its own advisors with respect to those matters.

Unless otherwise indicated, the Debtors' management is the source of the factual information in this Disclosure Statement. The Debtors believe that the information contained herein is accurate based on their experience with the organization but are unable to warrant that it is without any inaccuracy or omission.

Pursuant to 11 USC Section 1125 of the Bankruptcy Code, the debtor/debtor-in-possession has prepared and filed this disclosure statement along with the plan for the Court's approval for submission to the holders of claims or interests with respect to the debtor/debtor-in-possession and its assets.

The purpose of the disclosure statement is to provide the holders of claims against or interests in the debtor/debtor-in-possession with adequate information about the debtor/debtor-in-possession and the plan to make an informed judgment about the merits of approving the plan. **FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THE DISCLOSURE STATEMENT, THE PLAN, THE PLAN SUPPLEMENT (IF ANY), AND ALL EXHIBITS TO THE FOREGOING IN THEIR ENTIRETY.**

1) Background of the Chapter 11 case

a) The Debtors' Corporate Structure

Ghost Town Partners, LLC (Partners) was originally incorporated in the State of Delaware as a Limited Liability Corporation and wholly owned subsidiary of Ghost Town Holdings, LLC (Holdings). As part of our future maximization of value for the property, Holdings has made significant additional investments in Ghost Town Properties, LLC (Properties) that acquired 18 acres strategically located along Fie Top Road and the abutting property. This unique location and assemblage gives us maximum access to the park as well as significant potential future development that will allow us to maximize use, therefore return as much as possible back to all parties of interest as quickly as possible.

No change in Corporate Structure is anticipated at this time and Ghost Town Partners, LLC will remain a wholly owned subsidiary of Ghost Town Holdings, LLC.

b) Over View of the Debtors Business

As of the petition date, the debtor owned and operated Ghost Town in the Sky (the Park) located in Western North Carolina in the Town of Maggie Valley. Currently we operate a much improved facility to include restaurants, retail stores, entertainment venues, rides, games and amusements for all ages. Although we have frontage along US highway 19, a major 5 lane east west corridor, the majority of the Park is situated 4,700 feet atop Buck Mountain accessible by chair-lift or soon to be completed vernacular which will be the only incline-railway in the State of North Carolina. This mode of transportation will be a ride/attraction in and of itself and one of the most unique experiences in the Southern United States having approximately 3,300 feet to travel along grades of up to 75 degrees. The Western Town and theatrical gunfights are a main portion of our attraction thus far as well as world class blue grass and country music. No western themed attraction would be complete without cancan girls and for decades, the Silver Dollar Saloon has been home to this throw back to the 1800's portrayal of a working saloon complete with madam, cancan girls and world class musicians.

We recently completed the repair and improvements to our scenic train that travels 360 degrees around our main street providing all of our guests' scenic views second to none in the Western Carolinas. This is especially a hit for our fall season and peak leaf color season.

We also recently commissioned the much awaited Cliffhanger Roller Coaster which is located some 4,600 feet above sea level and literally goes from 0 to 50 mph within the first few seconds of taking off the side of the cliff. We have had our challenges with this ride in particular having completely redoing the existing track and reconstructed from the ground up the entire (7) car 28 passenger train. We will explain in further detail later in the report the challenges we have had with this vendor and our future actions taken on behalf of the company.

In an effort to branch out and find more revenue opportunities that utilizes our existing infrastructure and scenic beauty, we have added film production, wedding and special events planning and most recently our House of Terror.

Film production began in 2006 on our first full featured film entitled, "*Ghost Town the Movie*." This film was the first of several films to follow including documentaries, commercials, outdoor/sportsman shows just to name a few. We have increasingly been working with site selectors and production companies to utilize our historic Main Street as well as the surrounding scenic beauty only available in Western North Carolina and Ghost Town in the Sky.

We have also been the site of numerous weddings including the ceremonies at our quaint country chapel and receptions for up to 400 guests at one of our three venues depending on party size. Of course there are complete catering opportunities as well as actors and musicians to make your special event truly a one of a kind event available at only Ghost Town in the Sky.

In one of our first joint ventures with a third party production company to house a multi-day special event on site, we partnered with MPoint Productions to bring for the first time, a unique revenue opportunity in the House of Terror (HOT). The HOT is a large enclosed facility complete with all code requirements and permanent improvements including fire suppression, lighting and electrical and perhaps one of Western North Carolina's most frightening Halloween experiences. Your adventure begins with a chairlift ride to the top of Buck Mountain where you can enjoy live entertainment at the new Buck Mountain Saloon or simply enjoy the breath taking views before your slip up to the HOT just beyond the chairlift. The HOT opens at 6pm which provides additional revenue opportunity for food service and retail and the experience is further enhanced by having the Cliffhanger Roller Coaster open and available throughout the night.

Given our current state of financial affairs and the limited resources available for advertising, it has been the position of current management and employees to continue to "shore up" the existing asset. We are also working to improve operational efficiencies as well as our overall guest experience to prepare ourselves for the 2010 season with a complete and fully operational Park as well as adequate resources to properly market and attract guests at levels historically proven in the past.

c) History of the Debtors Business

The Park was originally constructed in 1961 by the late R.B. Coburn, Founder and at that time, nationally acclaimed amusement park entrepreneur. The Park was at one time one of the State of North Carolina's premier family amusement parks attracting well over 350,000 visitors from early May through late October each year consistently. There is overwhelming historical data indicating the positive and impressive economic impact the Park has had on the entire State of North Carolina and more specifically the region of Western North Carolina. It is obvious that the Park has been a vital part of the economic growth of Haywood County and Maggie Valley helping turn this small community into a well identified tourism destination prior to its closure at the end of the 2002 season.

Mr. Coburn enjoyed many years of operation of the Park until selling it to a division of National Linen in 1973. Mr. Coburn stayed in a management capacity with the Park through 1976. At that time, National Linen continued to operate the facility until 1986 when Mr. Coburn and his family bought it back at the end of that season. Although our access to historic data is limited, general recollection of individuals and investors involved with Park operations indicate that Park attendance climbed steadily each year to a high of 404,000 with a three year average of 360,000 guests during the time Mr. Coburn actually

owned and operated the Park. During the final years of operation under National Linen, park attendance began to decline to just over 200,000 and remained at that level for several years until Mr. Coburn reacquired the Park and opened for the 1987 season. At that time, Park attendance levels increased again to approximately 300,000 guests until lack of repair and neglect became more evident and a general decline began until its last year of operation in 2002.

Park operation and success is driven primarily by attendance and EBITA or financial performance is directly correlated to the number of guests and their in Park spending habits. Park attendance is driven primarily by the guest's experience, satisfaction and their perception of value they receive for their very competitive and increasingly limited disposable income.

That said, given the historical attendance data and the corresponding levels of maintenance, upkeep and overall guest satisfaction, we can safely assume that our approach for the 2009 season is a prudent step on our path to success and recovery. By "shoring up" the existing asset, improving operational efficiencies and the significant improvements we have made in our customer satisfaction, we will undoubtedly be able to capture some of the millions of visitors to the Western Carolina Region with proper advertising and continuing with appropriate capital expenditures for expansion and improvement.

There is historical evidence of performance and a strong track record of tourism that continues to be one of the strongest legs of the economic stool for Western North Carolina. The Park sits within the Town of Maggie Valley and Greater Haywood County which has long been a popular destination for tourism largely due to Ghost Town and our surrounding environs. The strategic location of the Town makes for a natural attraction of millions of Western North Carolina Visitors and given historical performance, it is obvious that with proper capitalization and advertising, we will be able to capture a certain percentage of visitors to the area. The Park is located within a short distance from the following;

- (1) Just minutes away from the Blue Ridge Parkway, the nation's most traveled scenic highway which celebrates its XX year anniversary next year.
- (2) 30 minutes away from the entrance to the Great Smoky Mountains National Park, the nations most visited National Park with over 10 million visitors annually and celebrating its 75th year anniversary. The Department of Interior and the private sector have invested significantly in advertising this year long celebration which was kicked off September 3, 2009 by honorary spokeswoman, Dolly Parton.
- (3) Just over 14 miles away from the Cherokee Indian Reservation rich in culture and heritage with numerous recreation and educational activities for tourists both young and old. Cherokee is also home to Harrah's Casino which is currently undergoing an expansion that will double the hotel size and visitor attendance is expected to grow exponentially.

During any given season of operation, we can safely assume that "the market" (Greater Western North Carolina) will have a fare share of visitors given the activities in the region and their proven levels of attendance. With consistent management and the significant investment we have made thus far, we are on the cusp of revival of one of the most unique facilities in the South Eastern United States. With over 270 acres of land available with just over 98 acres currently utilized, there is significant room for enhancing the property through a host of uses. Further, it would be impossible to recreate the Park from raw land given the significant environmental and regulatory laws currently in place. The "grandfathered" status of the improvements and excess land makes for a unique opportunity to contribute to the overall success of the Plan and our respective parties of interest.

d) Acquisition of 2006 and subsequent repairs/renovations

In 2002 Al Harper, owner of the Great Smokey Mountain Railroad in Bryson City, began inquiring about the status of Ghost Town in the Sky. At that time, tourism numbers began to drop and for several years, Mr. Harper and several competing parties began discussions with Mr. Coburn to purchase the Park and excess land. In 2005 or approximately there about, Mr. Coburn executed a contract with a group interested in acquiring the property for residential development and not the continued operation of Ghost Town in the Sky. Needless to say, many in the community and the Western Carolina Region were concerned that the destruction of this unique asset for more residential development would only hurt and continue to denigrate tourism and those many businesses that depend on the traveling public to survive.

Fortunately, there was hope when the deal fell apart with the original group from Florida and Mr. Harper, then joined by Hank Woodburn, Steve Shiver and Peter Hairston "the Sponsors," executed a contract to purchase the property for the sole purpose of renovating and improving the facility for continued operation as a theme park.

On August 15, 2006, Partners paid \$7.5 million for Ghost Town's assets and immediately embarked upon a multi-million dollar program to renovate and improve the Park for an anticipated opening on May 25th, 2007.

During the months that followed, thousands of man-hours and millions of additional dollars were invested to prepare for the grand re-opening with the 2007 season. At that time, Hank Woodburn and Peter Hairston were primarily in charge of day to day activities spending most of their time on site overseeing construction, project management, employees and sub-contractors. In a herculean effort, we were able to undertake a major construction and renovation project that included a new chairlift, completely new restaurant and bathrooms at the Emporium level, renovation and repair on all the main street buildings just to name a few.

Early on, it was obvious that rebuilding and remodeling of the improvements was a greater task than originally realized. To that end, management had already plotted the course for additional funding to bring the Park back to its time tested success. In December of 2007, Al Harper and Hank Woodburn asked Steve Shiver to be part of an additional round of funding and to take a stronger management role to ensure the Park stays on track. After several months of working to establish a proper team, Mr. Shiver was named President/CEO of the organization at a meeting of the Board of Managers in March, 2008. With the 2008 season fast approaching, it was important to focus on getting open as best we could and at the same time, pursue alternative financing that would allow us to work through the additional construction projects necessary to bring the Park back to levels of its historical performance.

Internal efforts were focused on completing projects that were already underway with particular attention being paid to customer satisfaction and guest experience. Construction of a retaining wall was priority at that time as previous management had already entered in to an agreement with a local contractor. This will be discussed further in the section titled "Potential Claims and Causes of Action." Another major focus at that time was the Cliffhanger Roller Coaster. At the time of our acquisition, or soon thereafter, the Park entered into a contract with Rotational Motion, LLC and/or Larry Moyers individually to

repair and refurbish several existing rides. Part of this contract was to construct a new coaster train for the Cliffhanger, one of Ghost Town's premier attractions. Lastly, priority was also given to the refurbishment and repair of the incline railway that would provide additional capacity for getting guests to and from the Park some 4,700 feet above sea level. Both the Cliffhanger and the Incline Rail project were very large capital projects that required a significant investment. Unfortunately, both these projects were hindered by cash flow issues on our part, as well as extreme contractor difficulties which will be discussed further in the "Potential Claims and Causes of Action."

e) **Re-Finance and debt restructuring**

Despite the many challenges we faced, we were successful in getting open for the 2008 season on May 15th, 2008. As mentioned previously, we were simultaneously working with several lenders to restructure and/or provide additional capital for the continued re-development and renovation of the Park. Further, in March of 2008, we engaged an industry expert to assist management in developing a (5) five year capital plan (the Plan) that would allow us to chart a course capitalizing on current assets as well as the historical brand name of Ghost Town in the Sky. The Plan takes into account a host of data both historical and prospective that will allow us to stabilize and continue to attract increasing numbers of visitors to the Park. We will discuss more of this in the section titled the "Plan."

Unfortunately, the 2008 Season proved to be one of the worst tourism seasons in decades. Gas prices nationally soared to over \$4 per gallon and in this region; there were actual gas shortages that had a tremendous negative impact on travel in Western North Carolina. This tourism crisis was compounded by the uncertainty of a heated Presidential election as well as the growing economic crisis within our financial industry. The financial crisis and ultimate collapse of the credit markets stopped negotiations with conventional lenders and at that time, management turned to mezzanine financing as a secondary source. After several months of negotiations with a firm who represented investors from England and made representations that funds were in place and our project was within weeks of funding, we were unable to come to reasonable terms and conditions and were forced discontinue discussions.

With anticipated funding coming at the end February 2009 and given the fact that management and partners were forced to fund maintenance and operations out of pocket for the winter, we were approaching the time in which opening procedures and preparations were necessary. Opening the Park for the season involves many tasks that begin with de-winterizing all facilities, cleaning and trimming the grounds, testing all rides and preparing for the required state inspections and most importantly, marketing the park in advance of opening in a methodical way to drive guests back to Ghost Town in the Sky.

Our efforts in completing all of these tasks to the level commensurate with industry standards were hindered by the fact that BB&I had cancelled our winter credit line. During the 2008 calendar year, Ghost Town's partners were able to raise significant equity through additional funds as well as conversion of existing debt. As required by the terms of our credit line with BB&I, management was able to pay down the credit line of \$250,000 which was to be used for our winter carry and begin our startup for the 2009 season. Unfortunately, the credit crisis forced BB&I not only to refuse us access of our credit line for the winter; they actually canceled the line completely.

As a result of the circumstances outlined above we were forced to focus all available resources on our need to begin opening procedures for the 2009 season. In the best interest of all parties involved and to insure the continuation of a proven entity as a going concern, on March 11, 2009, Ghost Town Partners, LLC filed a voluntary petition for Chapter 11. Subsequently on March 13, 2009 notice and an order for relief were filed by the Court.

2) **Events/Operation under Chapter 11**

a) **Operating as debtor-in-possession**

On March 11, 2009 Ghost Town Partners, LLC filed for voluntary protection under Chapter 11 of the United States Bankruptcy Code. As such, management obtained post petition financing authorized and approved by the Court on March 17, 2009 in the amount of \$100,000. This amount was subsequently increased to \$500,000 and Resurrection Partners, LLC was approved by the Court as an administrative creditor to provide funding for the ongoing operation and preparation for the 2009 season.

In our efforts to open the park and to ensure that all rides and attractions were operable, we focused on our Cliffhanger roller coaster and made substantial payments to Rotational Motion, LLC the vendor contractually responsible for renovating and coordinating the reopening of the attraction. Unfortunately, the vendor proved to be extremely uncooperative and we have since removed him from the Park and as the contractor responsible for commissioning the coaster. This vendor was also responsible for the completion and renovation of our scenic train that circles the historic main street. Again, Rotational Motion and Larry Moyers have been removed from any dealings with the Park and/or its attractions. Management, realizing the Cliffhanger and scenic train to be one of our more significant attractions, took upon itself to complete these projects by hiring and overseeing the appropriate sub contractors to do so and as of this date, with the exception of the incline rail, we have all rides and attractions open and approved by the NC Department of Labor.

While our focus was on the facility and its improvements, we needed to ensure a complete experience for our guests that included food and retail stores expected in our establishment. All food venues were operated and staffed by Ghost Town personnel. As for the retail stores, we entered into a revenue share agreement with The MPoint, LLC to make the initial investment in the appropriate merchandise and stock required to operate all stores. This relationship has proven to be advantageous allowing us to open the park with less resources required and still achieve a revenue share from the sale of retail goods.

Further, to take advantage of any additional revenue share opportunities and at the same time, broadening our appeal, we have entered into a revenue share agreement with MPoint Productions to produce and operate the House of Terror in one of our buildings that was underutilized. The hours of operation are from 6pm to 10pm Thursday through Sunday evenings and do not affect our normal operational schedule. This affiliation has allowed us to have additional advertising for the park as well as the packaging of tickets for both the park and the House of Terror.

These third party agreements have been entered into previously and at this time, we found them to be very helpful.

Unfortunately, the majority of our resources for the 2009 season were allocated to operation and maintenance of rides, grounds, and the overall in-park experience of our guests. Given our limited resources and our need to protect the assets of the Park and the operation as a going concern, we were unable to fund our marketing campaign at the levels previously done or in line with industry standard. In fact, total expenditures for marketing in the 2008 season were approximately \$40,000.00 which resulted in approximately 129,000 visitors. This attendance was slightly skewed by the number of "complimentary" tickets that previous management thought was necessary due to the Coaster and Scenic Train not being operational. As of September, 2009, we have expended **\$202,000.00** for advertising and our attendance is directly correlated to the lack of exposure through an adequate marketing campaign (advertising information is attached).

Even without advertising at a proper level, the good will of an established park and tourism traffic in the market still allows for a goodly volume of guests. With a creative marketing campaign, all attractions and entertainment venues fully functional and the significant traffic expected for this region in the 2010 season, we are confident that Ghost Town in The Sky will begin to see a significant rise in attendance back to levels that have been historically achieved.

b) Employment of Professionals and Retention of Key Employees

Over the past 12 months, we have been able to properly assess the employees that make up our organization and are truly pleased with those that are still part of our team. As a seasonal business, we require a larger workforce during our open months and have a smaller number year round. Finding associates for seasonal employment in this region has been a challenge but fortunately we have been lucky in our efforts. Our primary source for seasonal employment is local residents made up of high school and retirees. We are also fortunate to have many retirees that spend the summer here in the Maggie Valley region that want some form of activity or need to supplement their income.

Introduction

The Debtors hereby transmit this Disclosure Statement in accordance with section 1125 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330, as amended (the "Bankruptcy Code"), for use in the solicitation of votes (the "Solicitation") of acceptances of the Plan. This Disclosure Statement, among other things, (i) contains certain information regarding the Debtors' prepetition history, (ii) describes the Plan, alternatives to the Plan, effects of the Plan confirmation, and distributions under the Plan and (iii) discusses the confirmation process and voting procedures that holders of Claims in impaired Classes must follow for their votes to be counted.

c) Definitions

Unless otherwise defined, capitalized terms used in this Disclosure Statement have the meanings ascribed to them in the Plan.

d) Solicitation Package

Accompanying this Disclosure Statement are copies of, among other things, (i) the Plan (Exhibit A); (ii) for holders of impaired Claims that are entitled to vote on the Plan, one or more Ballots (and return envelopes); and (iii) letter from the Creditors' Committee recommending the Plan's acceptance (collectively, the "Solicitation Package"). If you did not receive a Ballot in your package and believe that you are entitled to vote on the Plan, please contact David Gray, Attorney for the Debtor at the address or telephone number set forth in the next subsection.

e) Voting Procedures, Ballots and Voting Deadline

After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions on the enclosed Ballot, please indicate your acceptance or rejection of the Plan by checking the appropriate box on the Ballot. Complete and sign your Ballot and return it in the envelope provided so that it is RECEIVED by the Voting Deadline (as defined below) by the Voting Agent. If your Claim is based on Debt Securities issued by a Debtor, you hold your Debt Securities through a broker or other financial intermediary, and you received a return envelope addressed to such entity, you must return your Ballot sufficiently in advance of the Voting Deadline to permit such broker or financial intermediary to complete and return a master Ballot by the Voting Deadline.

Each Ballot has been color-coded for a specific Class of Claims. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot or Ballots sent to you with this Disclosure Statement. If you believe that you have received the wrong Ballot, please contact the Voting Agent at the address or telephone number set forth below.

Language similar to the following will be included with the ballot:

FOR YOUR VOTE TO BE COUNTED, YOU MUST PROPERLY COMPLETE AND MAIL YOUR BALLOT SO THAT YOUR VOTE IS RECEIVED BY THE VOTING AGENT NO LATER THAN XXXXXXXX AT X:XX P.M. (THE "VOTING DEADLINE"). IF YOU HAVE BEEN INSTRUCTED TO RETURN YOUR BALLOT TO YOUR BANK, BROKER, PROXY INTERMEDIARY OR OTHER

NOMINEE, PLEASE ALLOW ADDITIONAL TIME. DO NOT RETURN ANY DEBT INSTRUMENTS OR OTHER DOCUMENTS WITH YOUR BALLOT.

If you have any questions about the voting procedure or this Solicitation Package, please contact the Voting Agent at the following address and phone number:

David Gray, Attorney
c/o Westall, Gray, Connelly & Davis, P.A.
81 Central Avenue
Asheville, NC 28801
Tel: 828-254-6315
Fax: 828-255-0305

You may obtain additional copies of the Plan, Disclosure Statement, or other material in this Solicitation Package from the Voting Agent.

- f) **Confirmation Hearing and Deadline for objections to confirmation will be set by the Court after the disclosure statement is approved.**

IF THE BANKRUPTCY COURT CONFIRMS THE PLAN, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS, WHETHER OR NOT SUCH PARTIES WERE ENTITLED TO VOTE OR DID VOTE ON THE PLAN AND WHETHER OR NOT SUCH PARTIES RECEIVE OR RETAIN ANY DISTRIBUTIONS OR PROPERTY UNDER THE PLAN.

3) **Plan Summary**

- a) **Summary of the Plan** The Plan provides for the distribution to creditors of the Debtors' assets and revenue from ongoing operations as a going concern, including all proceeds from normal park operations, any additional third party revenue through joint ventures or strategic alliances as well as advertising revenue. Additionally, although unable to predict the outcome of any recovery of company assets both monetary and nonmonetary arising from potential claims or causes of action pending, any and all such realized recovery shall be to the further benefit of the plan participants and/or park operations as a whole. The following sections summarize the various components of the Plan.

- (1) **Structure** The Plan provides for the ongoing and continued operation and enhancement of Ghost Town in The Sky as a themed attraction to capitalize on the long term name brand and notoriety associated with the park since opening in May of 1961. Further, the continued operation as a going concern will allow management over time to realize the highest and best use of the surplus land, well over 150 acres, therefore maximizing maximize the return to both secured and unsecured creditors as well as all parties of interest.

The legal structure will remain the same with the debtor being 100% owned and operated by its parent company, Ghost Town Holdings, LLC. On the effective date of the plan, a "Board of Directors" for Ghost Town Partners, LLC will be named to oversee the duties and responsibilities of the Managing Member which will be the current President/CEO of the organization. Initial members of the Board of Directors will be named by the managing members of the parent company Ghost

Town Holdings, LLC and will include a minimum of the following:

- a. Two (2) equity members of the parent company (Ghost Town Holdings, LLC).
- b. One (1) representative with entertainment/performance experience
- c. One (1) representative of the creditors committee
- d. One (1) rides/amusement professional with regulatory experience

It is essential that we recognize the dynamics of park operations with the winter months fast approaching and the critical need to be able to quickly protect the current assets of the company. Further, we must also understand the vital role played by key personnel during the off season to allow for our opening on time and with the appropriate marketing/group sales in place. To maintain this forward progress and allow for seamless and uninterrupted operation, the initial members of the Board of Directors upon consummation and approval of "The Plan" shall be;

1. Steve Shiver (**current operational experience and corporate knowledge**)
2. Lynn Sylvester (**experience and corporate knowledge and C.P.A.**)
3. Robert Bradley (**extensive business experience**)
4. Roger Gardner (**extensive business experience**)
5. Clyde Wagner (**extensive business experience**)

Terms of members shall be determined by the current operating agreement of Ghost Town Partners, LLC as amended time to time and if silent as to term, members will serve at the will of the Board of Managers and elected on an annual basis by the majority shareholders at the time. Initial terms will be no less than 2 years to ensure consistency and compliance with "The Plan."

- (2) **Classes** The Plan classifies Claims and Interests into the following classes:
- 1) Administrative claims;
 - 2) Administrative trade creditors;
 - 3) Secured Claim of BB&I of NC;
 - 4) 2nd Secured Claim of BB&I of NC;
 - 5) Secured Claim of Five Points Capital;
 - 6) Secured/ Lease Claim of Lease Corp. of America
 - 7) Administrative Secured Claim of Resurrection Partners, LLC (post-petition lender);
 - 8) Administrative Super Priority Claim of Alaska Pressley;
 - 9) Priority Tax Claims (Includes property taxes and sales and/or amusement taxes due the NC Department of Revenue);
 - 10) Priority Claims (non-tax);
 - 11) Executory Leases (see summary chart for detail);
 - 12) Unsecured Claims;
 - 13) Post petition financing

NOTE: Interests based upon the Debtors' equity securities, including any options, warrants, rights to purchase, sell or subscribe for an ownership or other interest in respect of any equity security of the Debtors shall be also part of "The Plan" with no payments made until such time as the plan is funded for any given year as described in "The Plan."

- (3) **Treatment** Administrative claims, priority tax claims, other priority claims and secured claims will be paid in full or otherwise satisfied appropriately. Other Classes as defined above will be treated as detailed in "The Plan" and summarized in the following chart.

(a) Treatment Of Claims And Interests

The Plan provides for the distribution of the net proceeds from ongoing operations of the park as a going concern in accordance with the relative priority of Claims against the Debtors. The following chart summarizes distributions under the Plan. THIS CHART IS ONLY A DESCRIPTION AND IS QUALIFIED IN ITS ENTIRETY BY THE PLAN. YOU ARE URGED TO READ THE PLAN IN FULL TO DETERMINE THE TREATMENT OF YOUR CLAIM

SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS

| Claim or Interest | Impaired Unimprd | Est. \$Amt | Treatment |
|--|------------------|---------------------|--|
| <i>Unclassified Claims</i> | | | |
| CLASS 1. Administrative Claims | N/A | Estimated \$100,000 | Pay all administrative claims for the debtor/debtor-in-possession or other administrative claims ordered by the court. |
| CLASS 2. Administrative Trade Creditor (if any) | N/A | TBD | Paid in full in quarterly payments over 2 years @ 5.25% simple APR to begin 3/31/10 or the first full calendar quarter after consummation. |
| <i>Classified Claims</i> | | | |
| CLASS 3. Secured Claim of BB&I of NC | I | \$6,521,199 | Re-amortized for 25 years @ 5.25% simple APR with (6) monthly payments of \$78,238.32 for June-November with a (10) year/80 Month balloon payment at the end of the 10 th year. First payment to begin 12/31/09 |
| CLASS 4. Secured Claim of BB&T of NC | I | \$3,081,774 | Re-amortized for 25 years @ 5.25% simple APR with (6) monthly payments of \$36973.88 for June-November with a (10) year/80 Month balloon payment at the end of the 10 th year. First payment to begin 12/31/09 |
| CLASS 5. Secured Claim of Five Points Capital | I | \$84,875 | Re-amortized for 7 years @ 5.25% simple APR with (6) monthly payments of \$2,423.58 for June-November for the entire (7) year term. First payment to begin 12/31/09 |
| CLASS 6. Secured/ Lease Claim of Lease Corp. of America | | \$6,805 | Re-amortized for 5 years @ 5.25% simple APR with (6) monthly payments of \$258.89 for June-November for the entire (7) year term. First payment to begin 12/31/09 |
| CLASS 7. Administrative Secured Claim of Resurrection Partners, LLC (post-petition lender) | | \$500,000 | To be partially taken in equity of the new company with preferred return of 7% for 5 years there after becoming normal preferred stock. To have the same 6 month payment schedule as above. |
| CLASS 8. Administrative Super Priority Claim of Alaska Pressley | | \$250,000 | To be partially taken in equity of the new company with preferred return of 7% for 5 years there after becoming normal preferred stock. To have the same 6 month payment schedule as above. |

**SUMMARY OF TREATMENT
OF CLAIMS AND INTERESTS**
(continued)

| | | | |
|---|---|---|---|
| <p>CLASS 9. Priority Tax Claims (Includes property taxes and sales and/or amusement taxes due the NC Department of Revenue)</p> | | \$207,840.72 | <p>Deferred and paid over a 5 year period @ a rate established by I R C Section 6621 for the IRS or the appropriate rate defined by the Statutes of NC Two quarterly payments will be made (2nd & 3rd quarter) each year over the entire 5 year period beginning the first full month after the second quarter of 2010.</p> |
| <p>CLASS 10 Priority Claims (non-tax)</p> | | TBD | <p>After determination, class shall be paid in full within 5 years of confirmation @ 5 25% simple APR by 2 quarterly payments (2nd & 3rd quarter) each year over the entire 5 year period beginning the first full month after the second quarter of 2010</p> |
| <p>CLASS 11. Executory Leases (to the extent they are true leases) 1. <u>Global Development</u> (lawn & grounds equipment) 2. <u>GMAC</u> (Dump truck/grounds vehicle) 3. <u>Property lease</u> (favorable land lease partial parking lot) 4. <u>R.P.E. Services, LLC</u> (svc agreement chairlift and railway)</p> <p>If the leases are not true leases and are finance leases and have the appropriate security documentation, the allowed claims will be paid in a similar payment plan as described in Class 6 above.</p> | | | <p>The debtor potentially has six (6) executory contracts/leases which will be accepted (if they are true leases as defined by the Uniform Commercial Code) as of the time of confirmation/substantial consummation.</p> |
| <p>CLASS 12. Unsecured Claims</p> | I | \$2,404,178.12 | <p>Allowed unsecured claims will be paid 25% of net profits in bi-annual payments on August 31 and December 31 over a 7 year period. Net profit for each operating period (May/June/July and Aug/Sept/Oct) will be distributed on a prorata share at that time to creditors with a minimum payment of 25% over the 7 year period.</p> |
| <p>CLASS 13. Post-Petition Financer</p> | | Approx. \$350,000.00+ (estimated amount) | <p>The debtor intends to obtain a post-petition credit line to allow flexibility for operation, capital expenditure for necessary park expansion, appropriate marketing and group sales as well as normal winter carry.</p> |

FINANCIAL STATEMENTS AND INFORMATION

CREDITORS CLAIMS:

(1) Unsecured Claims: As indicated on attached copy of Amended Schedule F of the debtor's petition, approximately \$2,404,178.12 was claimed by 225 claimants. This does not include any debts to officers, directors or stockholders

(2) Secured Claims: As indicated on attached copy of Schedule D of the debtor's petition, approximately \$9,693,653.33 was claimed by three (3) claimants on four claims.

(3) Priority Claims: As indicated on attached copy of Schedule E of the debtor's petition, approximately \$207,840.72 was claimed by three (3) claimants on six claims.

(4) Insider Claims by Owners

There was pending litigation against the debtor at the time of filing but no one has filed against the debtor/debtor-in-possession in the bankruptcy proceeding.

The plan provides for creditors to be paid as follows

CLASS 1. ADMINISTRATIVE CLAIMS: The plan will first pay all administrative claims including but not exclusively court costs, quarterly fees (if any), accountant(s), creditor committee expenses, attorney for the creditors committee (if any), attorney(s) for the debtor/debtor-in-possession and any other administrative claims so ordered by the Court. These costs are estimated to be approximately \$100,000.00.

CLASS 2. ADMINISTRATIVE TRADE CREDITORS: The debtor/debtor-in-possession does not believe there will be any administrative trade creditors; however, if administrative trade creditors including tax claimants are determined, these creditors shall be paid in full by regular quarterly payments for a period of two (2) years at 5.25% simple annual interest with payments to begin at the end of the first full calendar quarter after substantial consummation and each consecutive quarter thereafter for the two year period.

CLASS 3. IMPAIRED SECURED CLAIM OF BB&T OF NC of approximately \$6,521,199.00 secured by real property (270 acres) and improvements, equipment and other personal property. The allowed secured claim will be reamortized for a 25 year time period at 5.25% simple annual percentage rate with six (6) monthly payments of \$58,648.13 per month per year (May – December) for a ten (10) year/80 month payment term with a balloon payout due at the end of the ten (10) year time period for the balance due at that time. The first payment will be November, 2009. The creditor shall retain its liens.

CLASS 4. IMPAIRED SECURED CLAIM OF BB&T OF NC of approximately \$3,081,774.33 secured by real property (270 acres) and improvements, equipment and other personal property. The allowed secured claim will be reamortized for a 25 year time period at 5.25% simple annual percentage rate with six (6) monthly payments of \$27,715.81 per month per year (May – December) for a ten (10) year/80 payment term with a balloon payout due at the end of the ten (10) year time period for the balance due at that time. The first payment will be November, 2009. The creditor shall retain its liens.

CLASS 5. IMPAIRED SECURED CLAIM OF FIVE POINTS CAPITAL of approximately \$83,875.00 secured by three (3) buses. The allowed secured claim will be reamortized for a seven (7) year time period at 5.25% simple annual percentage rate with six (6) monthly payments of \$1,794.66 per month per year (May – December) for the seven (7) year term. The first payment will be November, 2009. The creditor shall retain its liens.

CLASS 6. SECURED/LEASE CLAIM OF LEASE CORP. OF AMERICA of approximately \$6,805.00 secured by lease on radio equipment. The allowed secured claim will be reamortized for a five (5) year time period at 5.25% simple annual percentage rate with six (6) monthly payments of \$193.98 per month per year (May – December) for the seven (7) year term. The first payment will be November, 2009. The creditor shall retain its lien.

CLASS 7. ADMINISTRATIVE SECURED CLAIM OF RESURRECTION PARTNERS, LLC (post-petition lender) for a credit line of up to \$500,000.00 to be accommodated by Class 7 language in summary.

CLASS 8. ADMINISTRATIVE SUPER-PRIORITY CLAIM OF ALASKA PRESSLEY for a line of credit of \$250,000.00 to be paid per court order entered on August 26, 2009.

CLASS 9. PRIORITY TAX CLAIMS: allowed claims of governmental units to the extent they are entitled to priority under 11 USC Section 507(a)(8) of approximately \$207,840.72 shall be deferred and paid over a five (5) year period from the date of the order for relief with interest on a monthly basis. Interest for the I.R.S. is provided for in I.R.C. Section 6621 and for other priority tax claims such as North Carolina Department of Revenue, the legal rate applies. Eight (8) payments (May – December) will be paid each year over a five (5) year period (40 payments) and will begin the next month after the first full quarter after the effective date and each consecutive time period thereafter until the allowed claim is paid. This class consists of property taxes and some sales tax to the North Carolina Department of Revenue.

CLASS 10. PRIORITY CLAIMS: after determination of priority status, all non-tax priority claims shall be paid in full within five (5) years of confirmation with interest at 5.25% simple annual percentage rate by eight (8) payments per year for the five (5) year period.

CLASS 11. EXECUTORY LEASES: The debtor potentially has six (6) executory contracts/leases which will be accepted as of the time of confirmation/substantial consummation as follows:

- a. Global Development
- b. GMAC Lease
- c. Lynn Setser – lease of 3.08 acres/parking lot
- d. R P E. Services, LLC – service agreement on chair lift and funicular railway

To the extent that they are leases, the above will apply; if the leases are not true leases and are finance leases and have the appropriate security documentation, the allowed claims will be paid in a similar payment plan as described in Class 6 above.

CLASS 12. IMPAIRED UNSECURED CLAIMS of approximately \$2,404,178.12. The debtor will pay allowed unsecured claims by paying 25% of net profit to the unsecured creditors by two (2) payments per year (August 31 and December 31) over a seven (7) year time period based on the determination of net profit for each time operating period (May/June/July and August/September/October) as described below. Creditors will receive their prorata distribution at that time. The debtor estimates a 25% minimum payout to unsecured creditors for the seven (7) year time period of the plan.

CLASS 13. POST-PETITION FINANCER: In conjunction with confirmation and consummation, the debtor intends to obtain a post-petition credit line to allow it the flexibility for its operation and the static time period each year from November to April when the Park is closed.

DEFINITIONS:

Net Profit: Net profit will be computed as follows:

- Gross sales (plus other income) minus
- cost of goods sold
- expenses of selling
- general and administrative expenses
- other appropriate expenses
- federal, state, local tax obligations
- payments to Classes 1-11 and Class 13

Allowed Claim: An allowed claim is one listed by the debtor on its petition and not designated by the debtor as being contingent/disputed/unliquidated or is a claim filed by or on behalf of the creditor, either of which is not objected to by the debtor or, if objected to by the debtor, allowed by the Court (subject to appeal) in some amount.

Effective Date: Effective date is the date from which payment dates are computed for each class of creditors and the date at which administrative claim amounts are due to be paid unless other treatment is ordered, agreed upon or provided for in the plan and not objected to. The effective date is no more than 120 days from the entering of the order of confirmation unless the Court extends the time due to litigation which might materially affect implementation of the plan; see below for further description.

PROVISO: Notwithstanding any of the terms and conditions of the plan, disputed claims shall be paid only upon allowance by the Court. Upon confirmation, the debtor/debtor-in-possession will be revested with its assets subject only to all outstanding liens which are not avoidable by the debtor/debtor-in-possession under the provisions of Title 11 of the Code, and entitled to manage its affairs without further orders of this Court. However, subject to the debtor/debtor-in-possession being so revested with its assets, the Court will retain jurisdiction until the plan has been fully consummated, for adversaries, objections to claims, collecting accounts receivables, avoidance actions, post-confirmation rights involving creditors or other matters pending post-confirmation, or as otherwise indicated in this plan or confirmation order. The debtor/debtor-in-possession specifically reserves the right to object to any and all claims, post-confirmation, and all claims are deemed objected to until the plan is substantially consummated and/or allowed by the Court.

EFFECTIVE DATE: The effective date of the debtor/debtor-in-possession's plan will be the date of substantial consummation which is contemplated to be approximately 60 to 90 days after confirmation.

On a monthly basis, the debtor/debtor-in-possession will pay its current bills and salaries, retain 75% of the net profits for operating expenses and deposit 25% of net profits into the Chapter 11 escrow account for disbursement to allowed unsecured creditors by two (2) payments per year for the seven (7) year time period of the plan.

Because the debtor/debtor-in-possession's business is to a large extent seasonal, payments to creditors may be smaller during one payment quarter and larger during the other payment quarter.

The maximum period for repayment will be ten (1) years – seven (7) years for unsecured creditors. If 25% of the net profits will not pay the creditors as indicated in the plan by the 84th month, the debtor/debtor-in-possession will lump sum all payments as the final payment.

FINANCIAL INFORMATION:

Attached are pertinent parts of tax returns and financial information for the debtor for 2006, 2007, 2008 and 2009, to date with financial projections for 2010 to 2016.

LIQUIDATION ANALYSIS

If this were a Chapter 7 case and the debtor were liquidated today, the debtor/debtor-in-possession feels that only secured creditors would be paid and the unsecured creditors would receive nothing; in the Chapter 11, the debtor/debtor-in-possession projects payment of, at least, 25% to unsecured creditors (the debtor projects payment in full to unsecured creditors).

In the debtor/debtor-in-possession's Chapter 11 plan, the unsecured creditors will receive more than they would in a Chapter 7 liquidation.

- (4) The Plan provides for the ongoing and continued operation of Ghost Town in The Sky as a themed attraction to capitalize on the long term name brand identification and notoriety associated with the park since opening in May of 1961. Further, the continued operation as a going concern will allow management to realize the highest and best use of the surplus land, well over 150 acres to maximize the return to its secured and unsecured creditors.

The forced liquidation of the real property and improvements and personal property of the debtor would result in payment to the secured creditors with no anticipated payout to unsecured creditors.

MANAGEMENT AND OWNERSHIP

The debtor is a limited liability corporation with Roy S. Shiver serving as the general manager. The owner/member of the debtor is Ghost Town Holdings, LLC. Ghost Town Holdings, LLC is owned by 14 individuals.

The plan contemplates that there will be no changes in the legal structure of the debtor.

REMEDY OF CREDITOR

Remedy of Creditors in event of default: The debtor/debtor-in-possession shall be deemed in default under the terms and provisions of this plan in the event it fails to carry out any of the terms and provisions imposed upon it by said plan and said condition is not corrected by it within 60 days after receipt of written notice of default from any creditor owed money hereunder at the time of

default. In the event that the debtor/debtor-in-possession shall default under the terms and conditions of this plan, the creditor hereunder affected by the default may pursue its normal legal non-bankruptcy remedies, subject to the Liquidation Proviso below.

Liquidation Proviso: If the debtor defaults on the Chapter 11 plan, the debtor shall have 180 days to liquidate its assets/the business(es) and pay the net receipts to the plan/creditors. A tangible asset liquidation will result in little, if no value, to unsecured creditors. Only a sale of the business as a going concern would result in value to the creditors, thus the need for 180 days.

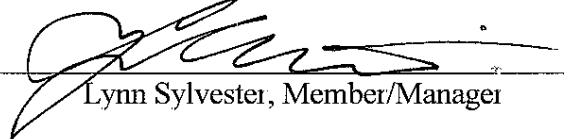
DISCHARGE

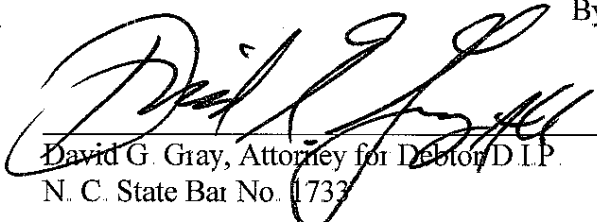
Pursuant to 11 USC Sections 1141, 523, 524 and 727, any and all amounts due by the debtor/debtor-in-possession, officers, directors, guarantors, endorsers and/or indemnitors to its creditors shall be discharged (upon confirmation). The debtor/debtor-in-possession shall issue promissory notes to the creditors reflecting the confirmed plan and new indebtedness to the creditors.

This the 7th day of October, 2009.

GHOST TOWN PARTNERS, LLC, Debtor/D.I.P.

By


Lynn Sylvester, Member/Manager


David G. Gray, Attorney for Debtor/D.I.P.
N. C. State Bar No. 1733

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