

David H. Bundy
DAVID H. BUNDY, P.C.
310 K Street Suite 200
Anchorage, AK 99501
(907) 248-8431
Attorney for Debtor

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ALASKA**

In Re:)	
)	
JTS, LLC,)	Case No. A-15-00167
)	Chapter 11
)	
Debtor.)	
_____)	

DEBTOR'S FIRST AMENDED DISCLOSURE STATEMENT
DATED DECEMBER 18, 2015

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I. INTRODUCTION.

This is the First Amended Disclosure Statement (the “Disclosure Statement”) in the chapter 11 case of JTS, LLC (“JTS” or the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the First Amended Plan of Reorganization (the “Plan”) filed by the Debtor on December 18, 2015. In the case of any inconsistency between this Disclosure Statement and the Plan, the language of the Plan shall control.

A full copy of the Plan is attached to this Disclosure Statement as Exhibit 1.

Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.

The proposed distributions under the Plan are discussed at pages 11 to 14 of this Disclosure Statement. General unsecured creditors are classified in Class 1, and, if the Debtor’s projections prove accurate, will receive a distribution estimated at approximately 20% of their allowed claims in the year 2016.

A. Purpose of This Document

This Disclosure Statement describes:

- The history of the Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan,
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim under the Plan compares to what you would receive on your claim in liquidation, and

- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to Finally Approve This Disclosure Statement.*

The hearing at which the Court will determine whether to approve this Disclosure Statement will take place on _____, 2016 at _____ a.m. at the U. S. Bankruptcy Court, 605 West Fourth Avenue, Anchorage, AK 99501. If you cannot attend the hearing in person, you may call the U. S. Bankruptcy Court in-Court Deputy Clerk at (907) 271-2640, at least three (3) days in advance of the hearing to request telephonic attendance

2. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, then after the Disclosure Statement has been approved the Court will set a date for a hearing on confirmation (approval) of the Plan of Reorganization and you will receive a ballot to vote to approve or reject the Plan. You will then return the ballot to the Debtor's attorney David H Bundy PC, 310 K Street, Suite 200, Anchorage AK 99501. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by the deadline the Court will set, or it will not be counted. You will be advised of the deadline for returning the ballot

3. *Deadline For Objecting to the Adequacy of Disclosure*

Objections to this Disclosure Statement must be filed with the Court and served upon: the Debtor's attorney

David H Bundy PC
310 K Street Suite 200
Anchorage AK 99501

and

The Office of the United States Trustee
700 Stewart Street Suite 5103
Seattle, WA 98101-1271

by _____, 2016

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact the Debtor's attorney.

C. **Disclaimer**

The Court has not approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. After the Disclosure Statement has been approved, the fact that the Court has approved the Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted.

II. **BACKGROUND**

A. **Description and History of the Debtor's Business.**

JTS, LLC, d/b/a Johnson's Tire Service, a privately held single member LLC owned by Kelly Gaede, is one of the largest family owned and operated independent tire dealer and auto repair companies in Alaska. The company provides three main services: (i) new tires (ii) tire change over (iii) automotive repair. With corporate headquarters in Anchorage, JTS, LLC currently operates three locations across the Anchorage Metro area which services a combined population of 400,000 in the communities of Anchorage, Eagle River and Wasilla. The Eagle River and Wasilla locations are scheduled to close by February 29, 2016.

Current employees include four corporate staff, four salaried store managers and 59 retail employees. The corporate staff will stay in place through the Chapter 11 process. As locations are closed some of the current employees will be laid off.

The Locations:

The property located at 3330 Denali St. in Anchorage is owned by JTS, LLC, subject to a ground lease from the Calais Company. The properties located at 16400 Brooks Loop in Eagle River and 751 E. Palmer Highway in Wasilla are leased from limited liability companies owned by Jim and Janet Johnson.

Company History:

Johnson's Tire Service was founded in 1982 by Jim and Janet Johnson; they owned and operated the business until they retired in 2006 when the Debtor purchased the business from them. One of the most distinct features of the Johnsons' business model was the relative large size of the individual buildings constructed in Anchorage, Wasilla and Soldotna.

Historically, business at JTS has been comprised of two very specific “busy” seasons that correspond to yearly tire change-over seasons: one in the spring months of April and May and one in the fall months of September, October and November. These five months constitute what can be called the “profit” months, making the other seven months lean in terms of cash flow. As a seasonal business, the Johnson’s “large” building business model depended on significant snow fall in the months of October and November to maintain cash flow and profitability.

With the winter tire market being an integral part of business, the Johnsons focused heavily on studded snow tires as the mainstay of their product lineup. In keeping with that, the Johnsons introduced “Nokian” as a new tire brand to the Alaskan market in 1997 and began pioneering the Nokian brand in Alaska. With the decision to pioneer the brand, the Johnsons formed a relationship with executives at Nokian Tyres North America.

The Johnsons retired in 2006 and the business was purchased by current owner, Kelly Gaede, formerly V.P of Sales and Marketing at Nokian Tyres North America, and several other investors, all of whom sold their interests back to the company, leaving Kelly Gaede as sole owner. At the time of the purchase there were six properties in total, three locations in Anchorage, one each in Soldotna, Eagle River and Wasilla. The purchase was structured with JTS, LLC buying the building at 3330 Denali St. in Anchorage and leasing the other five buildings from the Johnsons.

With the change of ownership in 2006, the vision for JTS, LLC included increasing profits by implementing a customer centric business model similar to that which transformed Nokian Tyres, North America from \$17M to \$127M in revenue over the seven years that Kelly Gaede was V.P. of Sales & Marketing. Plans also included re-structuring its expenses, as well as its geographic footprint by building smaller more efficient locations, thereby reducing operating costs and increasing future sales opportunities.

B. Events Leading to Chapter 11

Leading up to the commencement of the Chapter 11 case in June 2015, JTS faced significant financial challenges. The Nokian brand and the relationship with Nokian Tyres North America, which included an exclusive distributorship and a \$2.0 million line of credit, were significant to the Debtor in terms of profitability and cash flow after 2006. In 2013 Nokian Tyres North America announced that it would no longer be honoring their “exclusive” agreement with JTS and that it would be withdrawing the line of credit. JTS, LLC brought in Continental Tires to replace the brand but was unable to replace the line of credit.

In addition, the Debtor experienced significant challenges in re-structuring its business operations. After it acquired the business in 2006, the Debtor’s goals were to increase sales, decrease expenses and build smaller more efficient locations to decrease operating costs and increase sales opportunities in the long term. This included exploring the possibility of downsizing the Wasilla and Soldotna locations by subletting all or part of these buildings to

offset operating costs. This was contingent on approval from the Johnsons, but they ultimately rejected the plans.

In 2009, JTS, LLC experienced what it viewed as a positive advancement in its plans to re-structure when it opted not to extend the lease on the building located on Dimond Blvd. in Anchorage. Then in 2011, the owners of the property on Minnesota Dr. in Anchorage unexpectedly sold that property to Walgreens, and JTS was forced to discontinue operating that store. At the beginning of 2012 JTS was operating four locations and looking to build a fifth.

In 2014, JTS, LLC subleased 30,000 square feet of its Denali St. building to Factory Motor Parts thereby offsetting some of the high operating costs associated with the size of the building.

In April of 2013, JTS launched a new location at the Old Seward Highway and O'Malley Road in Anchorage. Disputes over the construction costs regarding this property resulted in litigation with the contractors HWatt & Scott and the landlord SOLO, LLC. JTS' arguments were rejected by the trial judge and the litigation ended in March, 2015 with final judgments of in favor of HWatt, Solo and Seven C Investments totaling \$673,536. After post litigation negotiations proved unsuccessful, JTS filed a voluntary Chapter 11 petition on June 15, 2015 in order to prevent execution on the judgments which would have forced the business to close immediately due to lack of operating capital.

Since 2012 the Anchorage winter snowfalls have been significantly below historic levels, and this has translated into lower winter tire sales (and associated changeover revenues in the fall and the spring), and these lower sales, accompanied by the relatively high operating costs of the locations leased from the Johnsons, have contributed to the losses as shown on the Debtor's financial statements from 2012 to date.

Claims Overview:

Currently JTS' secured creditors are its lenders Northrim Bank and the U.S. Small Business Association and the tire manufacturers, Maxxis International and Continental Tire the Americas. The values of secured claims on the bankruptcy filing date were as follows: Northrim Bank and SBA: \$9,663,129; Cooper Tire & Rubber Company: \$347,866; Continental Tire: \$142,616; Maxxis: \$90,919. Cooper Tire has been paid in full through post-petition sales, and on the Effective Date the secured claims should be reduced to approximately \$9.6 million in total.

Unsecured Claims are estimated at \$2.5 million.

C. Significant Events During the Bankruptcy Case

1. Bankruptcy Proceedings

- **Asset Sales.** There have been no asset sales.

- **Appointment of Professionals.** The Debtor has employed a number of professionals with the approval of the Bankruptcy Court:

David H. Bundy, P.C. as its bankruptcy counsel;

BDO, LLP as accountants to prepare income tax returns;

Newhouse & Vogler as accountants to audit the Debtor's 2014 financial statement;

Gary Petros, a real estate agent with Jack White Commercial to list and sell the Debtor's property at 3300 Denali St, Anchorage.
- **Real Property Leases.** The Debtor has also implemented or moved to implement several changes to its leases, again with Court approval:

The Debtor rejected its leases in Soldotna and at the Old Seward/O'Malley location in Anchorage;

The Debtor has assumed the ground lease with Calais Company at 3300 Denali St., Anchorage;

The Debtor also agreed to terminate its leases in Wasilla and Eagle River effective as of February 29, 2016. The Debtor believed it had reached agreement on options to extend these leases until 2021, but the Johnsons denied any such agreement and never signed the written extension they had drafted and sent to the Debtor.

D. Projected Recovery of Avoidable Transfers.

None contemplated

E. Claims Objections

A list of all filed and scheduled claims is attached as Exhibit 2. Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

The largest unsecured claim, just over \$1.0 million, is held by Dennis Gaede, father of Kelly Gaede, owner of 100% of the membership interests in the Debtor. Although he is an "insider" as that term is defined in the Bankruptcy Code, his claim is for money loaned to the Debtor and not as an equity investor, so there is no basis for subordinating his claim. When the

Debtor was first formed, Dennis Gaede was a part owner, but he sold his interest back to the Debtor for \$600,000 to be paid under a promissory note. Since that transaction the Debtor has repaid that amount with interest. The amount owed is made up of the balance owed on a 2006 note from the Debtor to Johnson's Tire Service, Inc. which Dennis Gaede purchased in May, 2008, plus additional amounts subsequently loaned to the Debtor. The Debtor paid \$109,313.19 to Dennis in the year preceding the bankruptcy, but Dennis advanced \$175,000 to the Debtor in February, 2015.

There is one claim arising from the rejection of a real property lease; the Debtor will review this claims to make sure it is allowable under 11 U.S.C. § 502 (b)(6) which sets forth the calculation of, and limitations on, lease rejection damages. Generally, if a real property lease is rejected, the rejection is treated as a breach of the lease as of the bankruptcy filing date, and the lessor is entitled to an unsecured claim for lost rents, limited to the greater of one year's rent or 15% of the remaining lease term, but not more than three years of lost rent. The total amount of unsecured claims will not be known for some time, as the success SOLO, LLC (owner of the South Anchorage location, will have in re-leasing its premises and mitigating its damages is unknown at this stage of the case. The Johnsons (lessors of the Soldotna, Eagle River and Wasilla locations) have withdrawn any claims on account of the rejection of those leases.

F. Current and Historical Financial Conditions

The Debtor's income tax returns for 2012 – 2104 show the following:

	Receipts (less returns)	COGS	Deductions	Income/Loss
2012	12,651,929	4,999,004	8,673,661	(982,789)
2013	13,095,367	5,151,661	9,386,434	(1,399,863)
2014	10,724,329	3,964,403	8,175,681	(1,161,036)

The Debtor's unaudited statement for 2013 is Exhibit 3. The audited statement for 2014 is Exhibit 4. The Debtor's unaudited statement for the partial year ending November 30, 2015 is Exhibit 5. These statements show the following income (losses):

2013	\$126,484.74
2014	(\$1,825,032)
2015 (to November 30)	(\$862,480)

The poor results for 2014 are attributed to low snowfall in the busy fourth quarter, and the results of the Solo and H Watt Scott litigation; the results for 2015 to date are mostly due to the historically slow summer and autumn months and to continued light snowfall in the fourth quarter.

Since filing bankruptcy the monthly reports filed by the Debtor show the following:

Month	Revenues	Expenses	Net
June	572,581.51	2,184,172.35*	(1,611,590.84)
July	586,416	716,624	(130,208)
August	499,874	741,719	(241,845)
September	766,620	753,191	13,429
October	952,298	862,262	90,036
November	957,204	785,135	172,067

*some of the expenses reported in the June report were reclassified as 2014 expenses when the audited statement for 2014 was prepared.

The Debtor's Denali Street property was recently appraised at a value of \$11,930,000. A copy of the relevant portions of the appraisal is attached as Exhibit 6. (The entire appraisal may be obtained from Debtor's counsel.)

In addition to the Denali real property, the Debtor owns vehicles, shop and related equipment and tools. A list of the equipment and its estimated value is attached as Exhibit 7. The exhibit divides the property by the locations in which it was used when the bankruptcy case was filed except for the closed locations, the equipment from which is now stored at the Denali Property. The book value of these items is \$212,354.

The Debtor's projected balance sheet as of the Effective Date of the Plan (estimated to be as of February 29, 2016) is Exhibit 8.

The Debtor also has pending litigation against Nokian Tyres, PLC, Nokian Tires, Inc. and Nokian Tyres US Holdings, Inc. due to Nokian's unilateral and, the Debtor contends, unjustified termination of the Debtor's exclusive distributorship for Nokian products. This litigation, in the U. S. District Court for the District of Alaska, Case No 3:14-cv-00254 JWS, is in its early stages. When the case was filed, Nokian Tyres PLC (the parent company) and Nokian Tyres, Inc. (a financing subsidiary) moved to dismiss for lack of jurisdiction, but this motion was denied by the Court as to the parent company. At this time the Debtor does not believe it is possible to give a realistic estimate of the costs of, or possible recovery from, this litigation.

III. SUMMARY OF THE PLAN OF REORGANIZATION

A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Debtor has *not* placed the following claims in any class:

1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses, and their proposed treatment under the Plan:

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
Expenses Arising in the Ordinary Course of Business After the Petition Date	\$50,000 (as of 2/29/16)	Paid in full on the effective date of the Plan, or according to terms of the obligation.
Professional Fees, as approved by the Court.	\$40,000*	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan.
Other administrative	None	Paid in full on the effective date of the

expenses		Plan or according to separate written agreement
Office of the U.S. Trustee Fees	\$9,750	Paid in full on the effective date of the Plan
TOTAL	\$84,750	

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The following chart lists the Debtor's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
IRS 941 payroll taxes	\$0	Not assessed	The IRS payroll taxes should be current on the effective date; any amount owed at that time will be paid on that date
Alaska ESC payroll taxes	\$0	Not assessed	The Alaska ESC payroll taxes should be current on the effective date; any amount owed at that time will be paid on that date

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

Class 3 – Northrim Bank Real Estate Loan	Not Impaired	Northrim Bank's Real Estate Loan (Loan xxx4712) shall be paid in accordance with the terms of the loan documents until the Denali Property is sold, at which time the loan shall be paid in full, including non-default interest and attorney's fees and costs. The Debtor retains the right to seek Court review of the attorney's fees and costs.
Class 4 – Northrim Bank Equipment Loan	Impaired	<p>Northrim Bank's Equipment Loan (Loan xxx4069) shall receive no monthly payments until the Denali Property is sold, at which time the loan shall be paid in full, including non-default interest and attorney's fees and costs. However, if the Debtor sells any equipment on which Northrim Bank has a first priority lien, the Debtor shall pay 60% of the net proceeds of sale to the bank to be applied on this loan. The Debtor retains the right to seek Court review of the attorney's fees and costs.</p> <p>Explanation: due to reduced business operations, the Debtor does not expect sufficient revenue to maintain the contractual debt service on this loan.</p>
Class 5 – Northrim Bank Line of Credit	Impaired	<p>Northrim Bank's Line of Credit (Loanxxx1313) shall be receive no payments until the Denali Property is sold, at which time the loan shall be paid in full, including non-default interest and attorney's fees and costs. The Debtor retains the right to seek Court review of the attorney's fees and costs.</p> <p>Explanation: due to reduced business operations, the Debtor does not expect sufficient revenue to maintain the contractual debt service on this loan.</p>

Class 6 – Evergreen (SBA) Loan	Impaired	<p>Evergreen (SBA)’s Loan shall receive no payments until the Denali Property is sold, at which time the loan shall be paid in full, including non-default interest and attorney’s fees and costs. The Debtor retains the right to seek Court review of the attorney’s fees and costs.</p> <p>Explanation: due to reduced business operations, the Debtor does not expect sufficient revenue to maintain the contractual debt service on this loan.</p>
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Class 7 – Maxxis International	Impaired	<p>Any balance remaining on this claim as of the Effective Date of the Plan shall be paid by payment to the creditor of 50% of the gross sale proceeds of the tires on which the creditor has a lien, with such payments to be made within ten days of the sale. The Debtor may at any time pay the balance of the claim in full by returning to the creditor sufficient merchandise upon which the creditor holds a purchase money security interest, and the Debtor shall receive credit equal to the invoice price the creditor charged the Debtor for such returned merchandise.</p> <p>Comment: The inventory supplied by this creditor is mostly winter product and the Debtor does not anticipate selling all of the product in 2016. Rather than leave an unpaid balance, the Debtor proposes to return unsold inventory and is willing to discuss other disposition of the product with the creditor.</p>
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Class 8 – Continental Tires – the Americas	Impaired	<p>Any balance remaining on this claim as of the Effective Date of the Plan shall be paid by payment to the creditor of 50% of the gross sale proceeds of the tires on which the creditor has a lien, with such payments to be made within ten days of the sale. The Debtor may at any time pay the balance of the claim in full by returning to the creditor sufficient merchandise upon which the creditor holds a purchase money security interest, and the Debtor shall receive credit equal to the invoice price the creditor charged the Debtor for such returned merchandise.</p> <p>Comment: The inventory supplied by this creditor is mostly winter product and the Debtor does not anticipate selling all of the product in 2016. Rather than leave an unpaid balance, the Debtor proposes to return unsold inventory and is willing to discuss other disposition of the product with the creditor.</p>
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2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment. In this case no vote by the holders of priority wage claims is required because those claims are being paid in full. As of this filing the Debtor has not identified any priority wage claims as the Court authorized payment of priority wages at the outset of the case. If any priority wage claims are identified, they will be paid in full on the Effective Date with interest at 6% from March 3, 2013. This class is not impaired.

3. *Classes of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following chart identifies the Plan's proposed treatment of Class 1:

Class #	Description	Impairment	Treatment
1	General Unsecured Class	Impaired	<p>Allowed Class 1 unsecured claims will receive an initial distribution and a possible subsequent distribution.</p> <p>The first distribution to the class shall be made thirty days following the closing of the sale of the Debtor's property at 3300 Denali St, Anchorage, and shall be the greater of \$300,000 or 50% of the net proceeds of sale of the property. Net proceeds shall be determined by subtracting from the gross sale price all commissions and closing costs, non-avoidable secured debt and real estate taxes, and any U.S. Trustee fees payable as a result of the payments and distributions made out of the sales proceeds.</p> <p>In addition, 50% of any net proceeds the Debtor receives as a result of its pending</p>

			<p>litigation against Nokian Tyre, Ltd (determined by subtracting from gross proceeds received all expenses incurred in connection with the litigation, including without limitation legal fees and costs and expert witness fees and costs) shall be distributed to holders of allowed Class 1 claims, either in conjunction with the first distribution from the sale of 3300 Denali, or within 30 days of receipt, if later. The Debtor shall have the right to settle the litigation on any terms the Debtor believes reasonable, even if no net proceeds are received.</p> <p>Each creditor's prorata share of any distribution shall be determined by multiplying such distribution by a fraction, the numerator of which is the creditor's allowed claim, and the denominator of which is the total of all allowed claims in Class 1.</p>
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The total amount of unsecured creditor claims will be approximately \$2.5 million. The holders of these claims should recover approximately 28% of the amount of the claim. The amount of unsecured claims could change if the rejection damages have not been properly calculated or if SOLO, LLC is able to re-lease the property the Debtor has vacated. The percentage recovery will be affected by the ultimate sale price for the Denali property.

4. *Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. In a for-profit corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the debtor is the equity interest holder. In this case, Kelly Gaede is the sole equity owner. He will surrender his interest on the effective date and no longer be an owner of the Debtor.

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded from cash on hand, ongoing revenue, sales of surplus equipment from closed lease locations, as well as the sales proceeds of the Denali St. Property when that property is sold, rental income from that property from Factory Motor Parts, which has an existing lease, and possible additional lease revenue if new tenants can be located. There may also be revenue from the litigation with Nokian Tyre, Ltd if the Debtor is able to resolve that litigation favorably.

2. *Post-confirmation Management.*

The manager of the Debtor is Kelly Gaede. His salary shall be \$14,000 per month, as approved by the Court during the Chapter 11 case.

E. Risk Factors

The Debtor's payments to creditors partially depend on a sale of the 3300 Denali Street property by September 30, 2016. Potential buyers have inspected the property and expressed interest, but there have been no offers to date. If Northrim Bank/SBA forecloses on the property there may not be proceeds from which other creditors can be paid.

The continued ability of the Debtor to pay operating expenses through 2016 depends on adequate sales, which are strongly influenced by weather conditions. The fourth quarter of 2015 has not been busy compared to earlier years as conditions have been mild. If the Debtor shuts down early in 2016 due to lack of revenue the Denali Street property will still be sold, but the available proceeds could be less due to accrued administrative expenses not covered by revenue.

F. Executory Contracts and Unexpired Leases

Assumed Executory Contracts and Unexpired Leases.

The Debtor assumes the following executory contracts and/or unexpired leases effective upon the effective date of the Plan as provided in Article VI of the Plan, or sooner as provided in separate orders of the Bankruptcy Court.

The Debtor assumes the following executory contracts and/or unexpired leases effective upon the effective date of this Plan as provided in Article IX or sooner as provided in separate orders of the Bankruptcy Court. Except as modified, the terms of the original contracts or leases shall remain in effect. Except as set out in this paragraph, no cure payments, compensation for prior defaults, or adequate assurance of future performance shall be required with respect to any assumed contracts or leases.

1. Ground lease from Calais Company at 3300 Denali St, Anchorage, Alaska.
2. Real property sublease of apportion of the 3300 Denali Street Property to Factory Motor Parts.
3. Vehicle Leases from Glesby-Marks Leasing covering three Chevrolet Silverado trucks.
4. Computer system lease with Financial Pacific.
5. Printer lease with U. S. Bank.
6. Printer lease with Konica Minolta.
7. Telephone equipment lease with Tamco for equipment at Denali St, Anchorage.
8. Software Maintenance agreement with ASA Tire Systems.
9. Postage Equipment agreement with Pitney Bowes Global Financial Services.
10. Lease of computer equipment with Hewlett Packard Financial Services.
11. Tire recall service agreement with CIMS Tire Registration.

Except as modified, the terms of the original leases shall remain in effect. Except as set out in this paragraph, no cure payments, compensation for prior defaults, or adequate assurance of future performance shall be required.

Rejected Executory Contracts and Unexpired Leases.

The Debtor rejects the following executory contracts and/or unexpired leases effective upon the effective date of this Plan as provided in Article VII, or sooner as provided in separate orders of the Bankruptcy Court.

Real property leases of the Soldotna, Wasilla and Eagle River locations from JMJ Properties Soldotna, LLC, JMJ Properties Soldotna Building, LLC. JMJ Properties Wasilla, LLC and JMJ Properties Eagle River, LLC

Real property lease of the O'Malley/Old Seward Highway Anchorage location from Solo, LLC.

Telephone equipment lease with Tamco for equipment at Eagle River and Wasilla.

All executory contracts and unexpired leases that are not listed in the Plan as assumed will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases if you believe that you have any such agreement with the Debtor.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan or by the deadline set forth in a separate notice.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

The following are the anticipated tax consequences of the Plan:

(1) Tax consequences to the Debtor of the Plan. As the Debtor has accumulated significant net operating losses the Debtor does not anticipate any tax consequences as a result of confirmation of the Plan or the sale of the Denali Property other than the reduction of accrued losses.

(2) General tax consequences on creditors of any discharge, and the general tax consequences of receipt of plan consideration after confirmation. The tax consequences to creditors from the receipt of less than the full balances owed by the Debtor will depend on their method of tax accounting and reporting, and therefore creditors should consult their own tax advisors for advice on whether the plan will have tax consequences.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Debtor believes that all classes except Class 2 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan.

1. *What Is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was October 21, 2015.

2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is Not Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and

- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

4. *Who Can Vote in More Than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cram down” on non-accepting classes, as discussed later in Section B.2.

1. *Votes Necessary for a Class to Accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a “cram down” plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not “discriminate unfairly,” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan. One requirement is that no class of claims or interests junior to the dissenting class may receive or retain any property under the Plan.

You should consult your own attorney if a “cramdown” confirmation will affect your claim, as the variations on this general rule are numerous and complex.

Debtor believes that the Plan as currently proposed can be confirmed by the “cramdown” procedure as long as one class of creditors accepts the Plan and the secured creditors receive either full payment with interest or the value of their collateral. Because the existing equity ownership in the Debtor will be cancelled on the effective date of the Plan, there is no class of claims or equity interests with a lower right to payment than the class of unsecured claims, and therefore the Plan may be confirmed as long as the Plan passes the “best interests of creditors” test described in the next section.

C. Liquidation Analysis

A table showing the Debtor’s liquidation analysis is attached as Exhibit 9

1. Introduction

Under the “best interests” of creditors test set forth in section 1129(a)(7) of the Bankruptcy Code, the Bankruptcy Court may not confirm a plan of reorganization unless the plan provides each holder of a claim or interest who does not otherwise vote in favor of the plan with property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor was liquidated under chapter 7 of the Bankruptcy Code. To demonstrate that the Plan satisfies the “best interests” of creditors test, the Debtor has prepared a hypothetical Liquidation Analysis, which is based upon certain assumptions discussed in the Disclosure Statement and in the notes accompanying the Liquidation Analysis.

The Liquidation Analysis estimates potential cash distributions to holders of allowed claims and Interests in a hypothetical chapter 7 liquidation of the Debtor’s assets, assuming that the case is converted to chapter 7 on January 1, 2016. Asset values discussed in the liquidation analysis may differ materially from values referred to in the plan and disclosure statement. The asset values are based on values from the Debtor’s November, 2015 Balance Sheet with projections to the end of the year.

2. Scope, Intent, and Purpose of the Liquidation Analysis

The determination of the costs of, and hypothetical proceeds from, the liquidation of the Debtor’s assets is an uncertain process involving the estimates and assumptions that are subject to significant business, economic, and competitive uncertainties. Some assumptions in the liquidation analysis may not materialize in actual chapter 7 liquidation. The Liquidation Analysis was prepared for the sole purpose of generating a reasonable good-faith estimate of the proceeds that would be generated if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code. The underlying financial information in the liquidation analysis was not compiled or examined by any independent accountants. No independent appraisals were conducted in preparing the Liquidation Analysis other than the appraisal of the 3330 Denali

Street property by North Pacific Advisors, LLC in October, 2015. NEITHER THE DEBTOR NOR ITS ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS WOULD OR WOULD NOT APPROXIMATE THE ESTIMATES AND ASSUMPTIONS REPRESENTED IN THE LIQUIDATION ANALYSIS. ACTUAL RESULTS COULD VARY MATERIALLY.

In preparing the liquidation analysis, the Debtor estimated allowed claims based upon a review of Claims listed on the Debtor's Schedules and Proofs of Claim filed to date. In addition, the liquidation analysis includes estimates for Claims not currently asserted in the chapter 11 case, but which could be asserted and allowed in a chapter 7 liquidation, including administrative claims, wind down costs, trustee fees, tax liabilities, and certain lease and contract rejection damages claims. To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of allowed claims. Therefore, the Debtor's estimate of allowed claims set forth in the liquidation analysis should not be relied on for any other purpose, including determining the value of any distribution to be made under the Plan. NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE DEBTOR. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASE COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS.

Global Notes to the Liquidation Analysis

a. Conversion Date and Appointment of a Chapter 7 Trustee

The Liquidation Analysis assumes conversion of the Debtors' Chapter 11 Case to a Chapter 7 liquidation case on or about December 31, 2015 (the "Conversion Date"). On the Conversion Date, it is assumed that the Bankruptcy Court would appoint one chapter 7 trustee (the "Trustee") to oversee the liquidation of the Estate.

b. Primary Assets of the Debtors

The Liquidation Analysis assumes a liquidation of all of the Debtors' assets, which constitutes real property located at 3330 Denali St. in Anchorage, as well as equipment, inventory, cash on hand, and accounts receivables. The Debtor's Net Operating Losses (NOLs) are assumed to offset federal taxes (e.g. capital gains) expected to be incurred, if any, by the Trustee in a liquidation. Any NOLs remaining are ascribed no value in the Liquidation Analysis because the remaining NOLs do not retain value in a chapter 7 liquidation. Finally, the Liquidation Analysis does not attribute any value to the Debtors' intangible assets such as the Johnson's Tire Service tradename.

c. General Assumptions of Liquidation of Assets

The Liquidation Analysis assumes that the liquidation of the Debtor's assets would commence on December 31, 2015. The values contained in the Liquidation Analysis reflect a

“liquidation” value as opposed to a “going concern” value. Further, it is assumed that the Trustee will attempt to maximize recoveries for Creditors with an “orderly” liquidation which includes auction style liquidation of some or all assets. However, there is a risk that the Trustee would be unable to liquidate all of the assets with an “**orderly**” liquidation and may instead proceed with a “**forced**” liquidation of some or all of the assets in which the first available buyer is used.

There can be no assurance that the liquidation would be completed in any specific time frame, nor is there any assurance that the recovery assigned to the assets would in fact be realized. Under Section 704 of the Bankruptcy Code and appointed trustee must, among other duties, collect and convert the property of the estate as expeditiously as is compatible with the best interests of the parties in-interest. **The Liquidation Analysis assumes that there would be pressure to complete the sales process within nine months.** The Liquidation Period would allow the Trustee to sell the Debtors’ assets, wind-down operational activities, complete the claims reconciliation process and make distributions to parties-in-interest. Depending on actual circumstances, the Liquidation Period could be significantly longer, in which event, the wind down costs would increase substantially and recoveries would likely decrease.

d. Liquidation Analysis Waterfall and Recovery Ranges

The liquidation Analysis assumes that the proceeds generated from the liquidation of the Assets, plus Cash estimated to be held by the Debtors on the Conversion Date and estimated preference action recoveries, will be available to the Trustee (the “Liquidation Proceeds”). The Trustee then would use the Liquidation Proceeds to satisfy Secured Claims, the costs and expense of the liquidation, including wind-down costs and Trustee fees, and such additional Administrative and Priority Claims that are estimated to be incurred in a chapter 7 liquidation. Any remaining net Liquidation Proceeds would then be allocated to Creditors and Interest Holders in accordance with the priorities set forth in section 726 of the Bankruptcy Code. The Liquidation Analysis provides for high and low recovery percentages for Claims and Interests upon the Trustee’s application of the Liquidation Proceeds. The high and low recovery ranges reflect a high and low range of estimated Liquidation Proceeds from the Trustee’s sale of the Assets which reflects either an “orderly” liquidation or a distressed liquidation as the case may be. The estimated recovery for unsecured creditors is based on the arithmetic average of the estimated high and low recoveries.

e. Factors Considered in Valuing Hypothetical Liquidation Proceeds

Certain factors may limit the amount of the Liquidation Proceeds available to the Trustee. Certain of these factors that relate specifically to the liquidation of the Assets are discussed in further detail below. In addition, it is possible that distribution of the Liquidation Proceeds would be delayed while the Trustee and his or her professionals become knowledgeable about the Chapter 11 case and the Debtors’ business and operations. This delay could materially reduce the value, on a “present value” basis, of the Liquidation Proceeds.

Specific Notes to the Assets and Liability Assumptions Contained in the Liquidation Analysis

The Liquidation Analysis refers to certain categories of assets and liabilities.

f. Cash on Hand Liquidation Value

Cash consists of cash balances as of December 31, 2015, including: unrestricted cash in any of the Debtors' bank, operating, and reserve accounts.

g. Accounts Receivable Liquidation Value

Accounts Receivable consists of any A/R account balances as of December 31, 2015.

h. Inventory Liquidation Value

Inventory consists of tires, parts and other inventory assumed to be on hand as of December 31, 2015. Reduction percentages are based on 2014 Inventory reduction percentages between the months of September, October, November and December. For the purpose of the Liquidation Analysis, the Debtor reduced the historic percentage decreases based on current selling scenarios.

i. Core Credits Liquidation Value

Core credit value refers to vendor core credits that are assumed to be collectable by the Debtor as of December 31, 2015.

j. Prepaids

Prepaids consist of deposits & escrows as of December 31, 2015. The actual reclamation of the prepaids in a liquidation scenario is unknown and therefore this number has been calculated conservatively.

k. Building Liquidation Value

The building value is an estimate based on a liquidation sale price, as opposed to "going concern" price. The sale of the building located at 3330 Denali St. in Anchorage is assumed to be completed in a compressed time frame beginning December 31, 2015. The Debtor assumes that the sublease to Factory Motor Parts lease will be assumed by the Trustee and the building will be sold with the lease in place. Depending on actual circumstances, the Liquidation Period could be significantly longer, in which event, the wind down costs would increase substantially and recoveries would likely decrease.

l. Equipment Liquidation Value

The equipment value is an estimate based on an "orderly", auction style liquidation of all operating equipment, including shop and IT equipment as of December 31, 2015.

m. Business Closing Costs

The Debtor makes the assumption that the wind-down period will commence December 31, 2015 and be complete within approximately 120 days during which time the Debtors employee count would be reduced to zero. The Debtor's cost of liquidation under chapter 7 would include fees payable to a chapter 7 Trustee, as well as, those fees which might be payable to professionals that such a trustee may engage, attorneys and other advisors. Further costs of liquidation would include any obligations and unpaid expenses incurred by the Debtor leading up to the commencement of the chapter 7 liquidation.

The wind-down costs in the Liquidation Analysis include operating expenses and other costs considered likely to be incurred during the Liquidation Period. Significant liquidation activities would include: (a) issuing final employee paychecks (b) collections of accounts receivables (c) liquidation of inventory, (d) negotiation for the sale of the Debtor's facility assets, (e) negotiations for the sale of real estate, (f) negotiations for the rejection of real estate leases (g) negotiations for equipment located in the Debtor's facilities and headquarters, and (h) negotiation for the sale of other tangible and intangible assets. It is possible that in a chapter 7 case, the administrative wind-down expenses may be greater or less than the estimated amount included in the Liquidation Analysis. Such expenses are in part dependent on the length of the liquidation.

n. Trustee Fees

Section 326 of the Bankruptcy Code provides for statutory Trustee fees of 3.0% for liquidation proceeds in excess of \$1,000,000. The Liquidation Analysis of Trustee fees are based on this calculation.

o. Administrative and Priority Claims

Administrative Claims consist of: (a) Claims entitled to administrative expense priority under section 503 of the Bankruptcy Code; (b) reclamation Claims under section 503(b)(9) of the Bankruptcy Code; and (c) Additional Administration Expenses would arise by reason of the breach or rejection of obligations incurred and executory contracts or leases entered in to by the Debtor during the Chapter 11 case.

p. Alaska Department of Labor

The value of the Alaska Department of Labor Claim is estimated to be reduced to zero as of December 31, 2015.

q. IRS

The value of the IRS claim is estimated to be reduced to zero as of December 31, 2015.

r. Northrim Bank Secured Claims

The Northrim Bank secured claims consist of: a real estate loan, equipment loan and line of credit. The value of this claim as of December 31, 2015 has been made using payments through December 2015.

s. Evergreen Business Capital (SBA) Secured Claim

The Evergreen Business Capital (SBA) secured claim consists of an SBA loan. The value of this claim as of December 31, 2015 has been made using payments through December 2015.

t. Continental Tire Secured Claim

The value of the Continental Tire claim as of December 31, 2015 reflects anticipated payments leading up to December 31, 2015.

u. Maxxis Tire Secured Claim

The value of the Maxxis Tire claim as of December 31, 2015 reflects anticipated payments leading up to December 31, 2015.

v. Unsecured Claims

The Liquidation Analysis assumes that the Trustee will distribute the Liquidation Proceeds to the unsecured claim holders on a *pari passu* basis. The Liquidation Analysis' estimates is based upon the Debtor's estimates of remaining Claims in each Class after the Claims objection, reconciliation, and resolution process as set forth in the Disclosure Statement. It should be noted that recoveries may decrease depending on the amount of these claims. The high and low recovery ranges reflect a high and low range of estimated liquidation proceeds from the Trustee's sale of the assets which reflects either an "orderly" liquidation or a distressed liquidation as the case may be.

D. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

12. *Ability to Initially Fund Plan*

The Debtor believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. The Debtor's projections show that there should be about \$100,000 from operations plus \$100,000 in investment on hand April 1, 2016, the estimated effective date. The amount to be paid at that time is estimated at \$85,000 for administrative claims.

2. *Ability to Make Future Plan Payments and Operate Without Further Reorganization*

The Debtor must also show that it will have enough cash over the life of the Plan to make the required Plan payments. The Debtor has provided projected cash flow financial information through September, 2016, which is the date plan payments are to be completed. Those projections are listed in Exhibit 10. Exhibit 10 also shows the schedule of payments to administrative, priority and unsecured creditors. The projections are based on 2015 levels of income and expenses, adjusted to take into account closing of the Debtor's locations four leased locations.

Assumptions built into the budget projections include: the cessation of operations in Wasilla and Eagle River at the end of February 2016, the sale of some surplus equipment from closed locations, additional lease revenue at the Denali Street store, and the sale of the Denali property by September 30, 2016.

You should consult with your accountant or other financial advisor if you have any questions pertaining to these projections. The projections can be provided to interested creditors in Microsoft Excel format, on request to the Debtor's counsel.

V. **EFFECT OF CONFIRMATION OF PLAN**

A. **Discharge of Debtor**

Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in § 1141(d)(6)(B). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. **Modification of Plan**

The Debtor may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan.

The Debtor may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

C. **Final Decree**

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Debtor, or such other party as the Court shall designate in

the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. This may occur before all distributions required by the Plan have been made.

Dated: December 18, 2015

JTS, LLC

By: /s/ Kelly Gaede
Kelly Gaede, Manager

David H. Bundy, PC
Attorney for Debtor

By: /s/ David H. Bundy
David H. Bundy

List of Exhibits

1. Plan of Reorganization
2. List of Claims
3. Unaudited Statement December 31 2013
4. Audited Statement December 31 2014
5. Unaudited Statement November 30, 2015
6. Projected balance sheet as of February 29, 2016
7. Denali St Appraisal
8. Other Assets and Values
9. Liquidation Analysis
10. Projections