UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF OKLAHOMA

In re:	)	
	)	
MACCO PROPERTIES, INC.,	)	Case No. 10-16682-NLJ
	)	Chapter 11
Debtor.	)	

DISCLOSURE STATEMENT TO ACCOMPANY FIRST AMENDED PLAN OF REORGANIZATION DATED MAY 11, 2012, FOR MACCO PROPERTIES, INC. PROPOSED BY EQUITY SECURITY HOLDER, JENNIFER PRICE

May 11, 2012

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ARTICLE I
INTRODUCTION

This disclosure statement ("Disclosure Statement") accompanies the *First Amended Plan of Reorganization* dated May 11, 2012 (the "Plan"), filed by Jennifer Price (the "Proponent") for the reorganization of the Debtor, Macco Properties, Inc. This Disclosure Statement contains information about the Debtor and describes the Plan. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A.[1]

Your rights may be affected by these proceedings. 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.

This Disclosure Statement is submitted pursuant to Section 1125 of the Bankruptcy Code to holders of Claims against, and Interests in, the Debtor in connection with the prosecution of the Plan. On _____, 2012, after notice and a hearing, the Court entered an Order which, among other things, approved this Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable hypothetical, reasonable investors typical of the Debtor's creditors to make an informed judgment as to whether to accept or reject the Plan. A copy of the Disclosure Statement Order accompanies this Disclosure Statement. Approval of this Disclosure Statement does not constitute a determination by the Court as to the fairness or merits of the Plan.

A hearing at which the Bankruptcy Court will determine whether to confirm the Plan will take place on _____ __, 2012, at __:__ _.m., in the __ Floor Courtroom, at the United States Courthouse, 215 Dean A. McGee Avenue, Oklahoma City, Oklahoma.

Objections to confirmation of the Plan must be filed with the Bankruptcy Court and served upon all parties entitled to notice by _____ __, 2012.

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

THE PROPONENT BELIEVES THAT THE PLAN REPRESENTS THE BEST DISPOSITION OF THIS CASE AND THE DEBTOR'S ESTATE. THE PROPONENT URGES YOU TO READ THIS DISCLOSURE STATEMENT AND SUPPORT THE PLAN.

[1] Wherever defined terms of the Plan are used, but are not otherwise defined in this Disclosure Statement, such terms shall have the meanings ascribed to them by the Plan.

ARTICLE II
OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor's business may be reorganized for the benefit of its creditors and equity interest holders. In addition to rehabilitating the debtor, Chapter 11 also promotes equality of treatment for similarly situated creditors and equity interest holders with respect to the distribution of a debtor's assets.

Commencing a Chapter 11 case creates an estate that contains all of a debtor's property as of the filing date. In this case, the Chapter 11 Trustee is serving as the fiduciary of the Debtor's Estate.

The principal objective of a Chapter 11 case is the consummation of a plan of reorganization. A plan of reorganization sets forth the treatment of claims against, and equity interests in, a debtor. Once the Bankruptcy Court confirms a plan of reorganization, the terms of the plan become binding upon the debtor, any issuer of securities under the plan, any person acquiring property under the Plan and any creditor or equity interest holder of the debtor. Generally, an order of the Bankruptcy Court confirming a plan of reorganization discharges the debtor from any debt that arose prior to the date of confirmation of the plan, and substitutes for that debt the obligations specified under the confirmed plan. However, the Proponent's Plan provides that there shall be no discharge of Claims that are not satisfied in full under the Plan.

If a plan "impairs" claims, then each class of such impaired claims is entitled to vote to accept or reject the proposed plan of reorganization. In this case, however, the Proponent's Plan does not purport to impair any Claims, *i.e.* it intends to provide Creditors and Interest holders with equivalent rights to those they possessed against the Debtor prior to the commencement of this Case.

If there is voting on a plan, Chapter 11 does not require that every holder of a claim or interest vote in favor of that plan in order for the Bankruptcy Court to confirm the plan. However, the plan must meet a number of statutory tests—including a minimum level of acceptance—before the plan may be confirmed.

In order to solicit acceptances of a proposed plan, plan proponents, like the Proponent here, must prepare and distribute a disclosure statement to the creditors and equity interest holders entitled to vote on the plan. Section 1125 of the Bankruptcy Code requires that the disclosure statement contain adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. Although the Proponent does not believe that solicitation of acceptances will be necessary, she has prepared this Disclosure Statement in accordance with the requirements of Code Section 1125.

ARTICLE III
BACKGROUND OF THE DEBTOR AND SUMMARY OF THE PLAN

Background of the Debtor.

The Debtor, Macco Industries, Inc. (hereafter occasionally referred to as "Macco"), was incorporated in the State of Oklahoma on March 10, 1992, for the purpose of ownership and management of multifamily properties, office buildings, warehouses, industrial parks, shopping centers and vacant land.

Macco is a real estate holding and management company, which is the sole or controlling member of numerous limited liability companies ("LLC(s)"). These limited liability companies own individual real estate properties, consisting primarily of apartment complexes, and commercial office space situated in Oklahoma and Kansas. The entities in which Macco presently has a controlling LLC membership interest are the following:

- 59th Street Business Park, L.L.C.
- AP Bristol Park Apartments, L.L.C.
- AP Canyon Creek Apartments, L.L.C.
- AP Foxfire Apartments, L.L.C.
- AP Tower Crossing Apartments, L.L.C.
- FEB Red Fox Apartments, L.L.C.
- Holbrook Shopping Center, L.L.C.
- JU Madison Park Apartments, L.L.C.
- JU Villa del Mar Apartments, L.L.C.
- LP Chalet Apartments, L.L.C.
- MA Cedar Lake Apartments, L.L.C.
- NV Brooks Apartments, L.L.C.
- SEP Riverpark Plaza Apartments, L.L.C.
- Vendamatic, L.L.C.

In addition, Macco is the direct owner of three (3) parcels of real property located in Wichita, Kansas, Oklahoma City, Oklahoma, and Yukon, Oklahoma (the "Owned Properties").

Historically, Macco's property interests have been primarily located in Oklahoma and Kansas, where over the last five years it has been one of the largest sellers of apartment communities. Macco's objective has been to acquire properties and improve them to their highest potential, economically and physically. Macco has achieved this objective through a quality maintenance program, aggressive marketing, and hands-on management.

Prior to the appointment of the Chapter 11 trustee in this Case, management of Macco's operations and business affairs was vested in its Boards of Directors and Officers. The following persons currently serve on the Board of Directors and as Officers of Macco:

• Jennifer A. Price -- Director and Secretary/Treasurer. Ms. Price is also the sole shareholder of Macco. Ms. Price was a certified public accountant who specialized in real estate when she was employed by Peat, Marwick and Mitchell Company. In 1981, Ms. Price became involved in the ownership and management of her own properties, which consisted of multifamily, warehouse, industrial parks, shopping centers, office buildings and vacant land. She eventually incorporated Macco in 1992.

• Lew S. McGinnis -- Director and President. Mr. McGinnis has owned and operated multifamily properties since 1963. In Oklahoma City he has owned or operated more than 50 percent of the total multifamily properties existing within that market, and has operated other properties throughout the country.

A major factor that propelled Macco into this Case was the unprecedented constriction in national and local credit markets in 2009 and 2010, which caused the financing of multifamily properties to become extremely difficult. This unfortunate event precluded Macco's completion of the refinancing of certain loans secured by existing properties in which the Debtor had an interest, and inhibited the closing of sales transactions.

Debt Structure.

Macco is a corporate guarantor under the terms of various commercial guaranties that accommodate the indebtedness owed by certain of the LLCs to certain mortgage lenders. In addition, Macco has miscellaneous direct obligations for (i) mortgage financing on its Owned Properties and (ii) other debts that have arisen in the ordinary course of its operations.

Brief Summary of the Plan.

The Plan provides for (i) payment in full, with applicable interest, of all Administrative Expense Claims and Tax Claims; (ii) payment in full, with interest, of all direct, liquidated, non-contingent Claims against the Debtor; (iii) a waiver of discharge and associated relief with respect to certain unliquidated Claims; (iv) a waiver of discharge with respect to contingent guaranty and indemnification Claims; and (v) retention of equity Interests by the holder thereof.

Certain contested Claims will be liquidated in the Bankruptcy Court, and others will be resolved in non-bankruptcy forums for litigation.

The Plan further provides that the property of the Debtor's Estate shall re-vest in the Reorganized Debtor. This re-vested property, plus draws, as necessary, upon a $5.0 million line of credit, shall be used to satisfy all Claims entitled to present payment under the Plan.

ARTICLE IV
PLAN CONFIRMATION PRINCIPLES

Classification of Claims Under the Plan.

Pursuant to Section 1122 of the Bankruptcy Code, claims and interests must be grouped into classes, *i.e.* "classified" under a plan of reorganization. All claims or interests within a particular class must be substantially similar to each other, and must in general receive the same treatment as each other, except to the extent that a particular holder agrees to a less favorable treatment. The Plan divides the Claims against, and Interests in, the Debtor into 25 separate classes, and sets forth the treatment accorded each class. The Proponent believes the classification of Claims under the Plan is proper under the Bankruptcy Code.

Notwithstanding anything to the contrary in the Plan, a Claim or Interest shall be deemed classified in a Class only to the extent that such Claim or Interest has not been paid, released, or otherwise settled prior to the Effective Date.

Unclassified Claims.

Certain types of claims are automatically entitled to specialized treatment under the Code, and need not be "classified" by a plan proponent. Also, because those claims are not considered to be "impaired", their holders do not vote on the plan. They may, however, object to confirmation of a plan if, in their view, their treatment under the plan does not comply with that required by the Code. Unclassified Claims under the Proponent's Plan include Administrative Expense Claims and Tax Claims.

Impairment of Claims.

The Bankruptcy Code requires that, in order to be confirmed, a plan of reorganization must specify whether a class of claims or interests is "impaired" by its treatment under such plan. Holders of claims and interests not impaired under a plan are presumed to have accepted that plan in accordance with Section 1126(f) of the Bankruptcy Code.

The Proponent asserts that all classes of Claims and Interests are unimpaired under the Plan, and thus the holders of such Claims need not be solicited for acceptance of the Plan. If, however, it is determined by the Court that any class or classes are in fact impaired under the Plan, then such class(es) shall be entitled to vote to accept or reject this Plan, and the full content at Article XII of this Disclosure Statement shall become applicable.

Acceptance by Impaired Classes.

If there is an impaired class of Claims or Interests, such class shall be deemed to have accepted plan if (i) the holders (other than those designated under Section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims or Interests actually voting in such class have voted to accept the Plan and (ii) the holders

(other than those designated under Section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims or Interests actually voting in such class have voted to accept the Plan.

Non-Consensual Confirmation.

If there is an impaired class of claims or interests entitled to vote on a plan that does not vote to accept the plan, the plan proponent may seek a non-consensual (*i.e.* "cram-down") confirmation of the plan under Code Section 1129(b).

The "cram down" provisions of Section 1129(b) of the Bankruptcy Code permit confirmation of a plan in certain circumstances if the plan is "fair and equitable" and does not "discriminate unfairly" vis-à-vis a non-accepting class, even if the plan is not accepted by all impaired classes of claims and interests.

ARTICLE V
CLASSIFICATION OF CLAIMS AND INTERESTS

For purposes of the Plan, Claims and Interests, other than Administrative Expense Claims and Tax Claims, are classified as follows:

Class 1 – Claim of Quail Creek Bank re: LP Chalet, L.L.C.

Class 1 consists of the contingent, unsecured Claim of Quail Creek Bank arising from the Debtor's guaranty of a first mortgage note obligation of LP Chalet, L.L.C.

Class 2 – Claim of FAA Credit Union re: LP Chalet, L.L.C.

Class 2 consists of the contingent, unsecured Claim of FAA Credit Union arising from the Debtor's guaranty of a second mortgage note obligation of LP Chalet, L.L.C.

Class 3 – Claim of FAA Credit Union re: SEP Riverpark Plaza Apartments, L.L.C.

Class 3 consists of the contingent, unsecured Claim of FAA Credit Union arising from the Debtor's guaranty of a first mortgage note obligation of SEP Riverpark Plaza Apartments, L.L.C.

Class 4 – Claim of All-America Bank re: SEP Riverpark Plaza Apartments, L.L.C.

Class 4 consists of the contingent, unsecured Claim of All-America Bank arising from the Debtor's guaranty of a second mortgage note obligation of SEP Riverpark Plaza Apartments, L.L.C.

Class 5 – Claim of FAA Credit Union re: JU Villa del Mar Apartments, L.L.C.

Class 5 consists of the contingent, unsecured Claim of FAA Credit Union arising from the Debtor's guaranty of a first mortgage note obligation of JU Villa del Mar Apartments, L.L.C.

Class 6 – Claim of FAA Credit Union re: Holbrook Shopping Center, L.L.C.

Class 6 consists of the contingent, unsecured Claim of FAA Credit Union arising from the Debtor's guaranty of a first mortgage note obligation of Holbrook Shopping Center, L.L.C.

Class 7 – Claim of Quail Creek Bank re: JU Madison Park Apartments, L.L.C.

Class 7 consists of the contingent, unsecured participation Claim of Quail Creek Bank arising from the Debtor's guaranty of a first mortgage note obligation of JU Madison Park Apartments, L.L.C.

Class 8 – Claim of Frontier Savings Bank re: JU Madison Park Apartments, L.L.C.

Class 8 consists of the contingent, unsecured participation Claim of Frontier Savings Bank arising from the Debtor's guaranty of a first mortgage note obligation of JU Madison Park Apartments, L.L.C.

Class 9 – Claim of 250 West LLC re: JU Madison Park Apartments, L.L.C.

Class 9 consists of the contingent, unsecured Claim of 250 West LLC arising from the Debtor's guaranty of a second mortgage note obligation of JU Madison Park Apartments, L.L.C.

Class 10 – Claim of V&S Enterprises re: JU Madison Park Apartments, L.L.C.

Class 10 consists of the contingent, unsecured Claim of V&S Enterprises arising from the Debtor's guaranty of a third mortgage note obligation of JU Madison Park Apartments, L.L.C.

Class 11 – Claim of All-America Bank re: MA Cedar Lake Apartments, L.L.C.

Class 11 consists of the contingent, unsecured Claim of All-America Bank arising from the Debtor's guaranty of a first mortgage note obligation of MA Cedar Lake Apartments, L.L.C.

Class 12 – Claim of All-America Bank re: NV Brooks Apartments, L.L.C.

Class 12 consists of the contingent, unsecured Claim of All-America Bank arising from the Debtor's guaranty of a first mortgage note obligation of NV Brooks Apartments, L.L.C.

Class 13 – Claim of All-America Bank re: 59th Street Business Park, L.L.C.

Class 13 consists of the contingent, unsecured Claim of All-America Bank arising from the Debtor's guaranty of a first mortgage note obligation of 59th Street Business Park, L.L.C.

Class 14 – Claim of Frontier Savings Bank re: Emerald Court Apartments, L.L.C.

Class 14 consists of the contingent, unsecured Claim of Frontier Savings Bank arising from the Debtor's guaranty of a first mortgage note obligation of Emerald Court Apartments, L.L.C.

Class 15 – Claim of Frontier Savings Bank re: Newport/Granada Apartments, L.L.C.

Class 15 consists of the contingent, unsecured Claim of Frontier Savings Bank arising from the Debtor's guaranty of a first mortgage note obligation of Newport/Granada Apartments, L.L.C.

Class 16 – Claim of Frontier Savings Bank re: Northgate Business Park, L.L.C.

Class 16 consists of the contingent, unsecured Claim of Frontier Savings Bank arising from the Debtor's guaranty of a first mortgage note obligation of Northgate Business Park, L.L.C.

Class 17 – Claim of FAA Credit Union re: FEB Red Fox Apartments, L.L.C.

Class 17 consists of the contingent, unsecured Claim of FAA Credit Union arising from the Debtor's guaranty of a first mortgage note obligation of FEB Red Fox Apartments, L.L.C.

Class 18 – Claim of Linwood Group.

Class 18 consists of the Linwood Claim.

Class 19 – Claim of Ashbury Court.

Class 19 consists of the Ashbury Claim.

Class 20 – Claim of Louis Vargas and/or Red Fox Garden Apartments, LLC.

Class 20 consists of the Vargas Claim.

Class 21 – Claims of Jennifer Price and/or Lew S. McGinnis.

Class 21 Claims consist of the contingent Claims of Jennifer Price and/or Lew S. McGinnis arising from indemnification agreements between the Debtor and Jennifer Price and/or Lew S. McGinnis, pursuant to which the Debtor agreed to indemnify and hold harmless Jennifer Price and/or Lew McGinnis, respectively, from any claim or liability arising from certain guaranties executed by each of them in connection with loans made to entities in which Debtor owns either a 100% or 99% equity interest.

Class 22 – Claims of General Unsecured Creditors.

Class 22 Claims consist of all unsecured, non-priority Claims against the Debtor, whether listed on the Schedules or set forth in a proof of claim filed in the Case, other than the Claims in one or more of Classes 1 - 21.

Class 23 – Priority Claims.

Class 23 Claims consist of all Claims entitled to priority under Code Sections 507(a)(4), (5) or (7), whether listed on the Schedules or set forth in a proof of claim filed in the Case.

Class 24 – Secured Claims.

Class 24 Claims consists of all Secured Claims.

Class 25 – Equity Security Interests.

Class 25 Interests consists of all Interests in the Debtor.

ARTICLE VI
TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

Administrative Expense Claims.

Professional Fee Claims that have been allowed pursuant to a Final Order of the Court prior to the Effective Date shall be paid in full on the Effective Date. Professional Fees that are allowed pursuant to a Final Order of the Court subsequent to the Effective Date shall be paid in full within five (5) days after such Final Order becomes final. The Disbursing Agent shall pay non-Professional Fee Administrative Expense Claims, if any,

on the Effective Date, or according to ordinary business terms agreed to by such administrative expense Creditors.[2]

Tax Claims.

Allowed Tax Claims shall be paid in full, with all applicable penalties, and interest from and after the Petition Date to the date of payment at the greater of (i) the rate allowed on judgments entered in the federal courts under 28 U.S.C. §1961, or (ii) the rate allowed under the applicable revenue law. Such Claims shall be paid (i) on the Effective Date if Allowed by such date, or (ii) if not finally Allowed on the Effective Date, then within 10 days after the entry of a Final Order allowing such Claim.

Classes 1 - 17

Classes 1 – 17 are not impaired. The Claims in Classes 1 - 17 shall be excepted from any discharge of the Debtor in this Case, and the Reorganized Debtor shall be deemed to reaffirm the guaranties that give rise to such Claims.

Class 18

Class 18 is not impaired. The Linwood Claim shall be excepted from any discharge of the Debtor in this Case.

The proof of claim filed by Linwood in this case is congruent with the claims raised by Linwood Group in the Linwood Litigation. On June 30, 2011, the Court entered an *Order Granting Motion For Relief From Stay* [Doc. No. 226], permitting Linwood Group to continue to pursue its Claims against the Debtor in the Linwood Litigation. The Linwood Litigation shall continue in its non-bankruptcy forum, and the Reorganized Debtor will defend against the Claims raised against it therein.

To the extent that the Linwood Group is successful in the Linwood Litigation, and obtains a judgment against the Reorganized Debtor, then the Linwood Group may execute on such judgment against Reorganized Debtor in accordance with applicable non-bankruptcy law, unimpaired by any aspect of this Case or bankruptcy jurisprudence.

Class 19

Class 19 is not impaired. The Ashbury Claim shall be excepted from any discharge of the Debtor in this Case.

[2] The quarterly fees payable to the United States Trustee under 28 U.S.C. § 1930(a)(6) shall be paid when due (*i.e.*, on or before the last day of the month following each calendar quarter) until the Case is closed. All other fees payable pursuant to 28 U.S.C. § 1930 through confirmation of the Plan shall be paid on the Effective Date, and thereafter by the Reorganized Debtor.

The Ashbury Claim is congruent with the claims asserted by Ashbury Court against the defendants in, and relates to the same transaction that is the subject of, the Ashbury Litigation. The Ashbury Litigation shall continue in its non-bankruptcy forum, and the Reorganized Debtor will defend against any Claims raised against it therein. On the Effective Date the automatic stay shall be deemed lifted, and any discharge of the Debtor shall be deemed waived or to not otherwise impair or impede the progress of the Ashbury Litigation, and specifically, to permit the joinder (with relation back) of the Reorganized Debtor as a party defendant in the Ashbury Litigation.

To the extent that Ashbury Court is successful in the Ashbury Litigation, and obtains a judgment against the Reorganized Debtor, then Ashbury Court may execute on such judgment against Reorganized Debtor in accordance with applicable non-bankruptcy law, unimpaired by any aspect of this Case or bankruptcy jurisprudence.

Class 20

Class 20 is not impaired. The Vargas Claim shall be excepted from any discharge of the Debtor in this Case. After the Effective Date, Vargas shall be permitted to commence litigation in a proper non-bankruptcy forum against the Reorganized Debtor upon the Vargas Claim (the "Vargas Litigation") with any statute of limitation deemed tolled for the period from the Petition Date to the Effective Date.

To the extent that Vargas is successful in the Vargas Litigation, and obtains a judgment against the Reorganized Debtor, then Vargas may execute on such judgment against the Reorganized Debtor in accordance with applicable non-bankruptcy law, unimpaired by any aspect of this Case or bankruptcy jurisprudence.

Class 21

Class 21 Claims are not impaired. Class 21 Claims shall be excepted from any discharge of the Debtor in this Case. On the Effective Date the Reorganized Debtor shall be deemed to reaffirm each of the indemnification agreements that give rise to the Class 21 Claims.

Class 22

Class 22 Claims are not impaired. Each Class Allowed 22 Claim shall be paid in full, with interest from and after the Petition Date to the date of payment at the rate allowed on judgments entered in the federal courts under 28 U.S.C. §1961 (i) on the Effective Date if Allowed by such date, or (ii) if not finally Allowed on the Effective Date, then within 10 days after the entry of a Final Order allowing such Claim.

Class 23

Class 23 Claims are not impaired. Each Class 23 Claim shall be paid in full, with interest from and after the Petition Date to the date of payment at the rate allowed on

judgments entered in the federal courts under 28 U.S.C. §1961 (i) on the Effective Date if Allowed on such date, or (ii) if not finally Allowed on the Effective Date, then within 10 days after the entry of a Final Order allowing such Claim.

Class 24

Class 24 Claims are not impaired. Each Class 24 Claim shall be paid in full with (i) interest accrued to the date of payment at the rate(s) provided for in the subject credit facility (including any applicable penalties) and (ii) compensation for any damages as a result of the Creditor's reasonable reliance upon any default. Such Claims shall be paid (i) not later than the Effective Date if Allowed by such date, or (ii) if not finally Allowed on the Effective Date, then within 10 days after the entry of a Final Order allowing such Claim.

Class 25

Class 25 Interests are not impaired. The Interests of the Proponent in the Debtor shall continue and not be extinguished.

ARTICLE VII
IMPLEMENTATION OF THE PLAN

Continued Corporate Existence.

Following the Effective Date under the Plan, Macco, as the Reorganized Debtor, shall continue to exist in accordance with applicable non-bankruptcy law and its internal corporate governance documents in effect prior to the Effective Date.

Title to Property.

All property of the Debtor and its Estate shall, upon the Effective Date, be deemed vested in the Reorganized Debtor free and clear of all Claims, liens and encumbrances of Creditors, except as explicitly set forth in the Plan or in the Confirmation Order.

The Plan further provides that to the extent property of the Estate is titled in the name of the Estate and/or the Trustee on the Effective Date, the Chapter 11 Trustee shall execute all documents, and take all additional action, as is necessary and sufficient to vest the Reorganized Debtor with such title as of the Effective Date.

Business Operations.

From and after the Effective Date, the Reorganized Debtor may operate its business, and use, acquire and dispose of property without supervision by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order. Without limiting the generality of the foregoing, the Reorganized Debtor may, without

application to or approval by the Bankruptcy Court, pay fees that it incurs after the Effective Date for professional fees and expenses.

Continuity of Management.

On the Effective Date, the following pre-existing directors and officers of Debtor shall be retained as officers of Reorganized Debtor, and shall continue to serve until such time as they may resign, be removed or be replaced in accordance with applicable non-bankruptcy law and its internal corporate governance principles:

Lew McGinnis	Director and President
Jennifer Price	Director, Treasurer and Secretary

Mr. McGinnis and Ms. Price will each draw a $5,000/month salary for their services to the Reorganized Debtor.

Line of Credit.

On the Effective Date, the Reorganized Debtor, as borrower, shall enter into a line of credit facility (the "Line of Credit") with Edward Snyder, as lender, in the amount of $5,000,000, to be drawn upon, as necessary, for the purpose, among others, of executing and consummating the Plan.

Edward Snyder is a "high net-worth" individual who is a member and officer of Innovation Ventures, LLC - the owner of, among other products, "5-Hour Energy" - the top-selling energy product in the United States.

The Reorganized Debtor is authorized to use the Line of Credit for any lawful purpose permitted thereunder, including (a) to make all payments required to be made under the Plan, and (b) to operate its business.

ARTICLE VIII
ADDITIONAL PLAN PROVISIONS

Chapter 11 Trustee.

On the Effective Date, the Chapter 11 Trustee shall be relieved of his powers and duties.

Creditors' Committee.

On the Effective Date, the Creditors' Committee shall be dissolved.

Discharge of Debts.

Except as otherwise provided in Section 1141(d) of the Code, in this Plan, or in the Confirmation Order, confirmation of the Plan shall, pursuant to Section 1141(d)(1) of

the Code, discharge the Debtor from any debt that arose before the Confirmation Date. It is important to note that the Plan excepts most Claims under the Plan from discharge in this Case. Creditors should carefully review the Claim treatment provisions of Article VI of this Disclosure Statement with respect to discharge.

ARTICLE IX
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

To the best of Proponent's knowledge, the Debtor is no longer a party to any pre-Petition Date executory contracts or unexpired leases. To the extent the Debtor is a party to any pre-Petition Date executory contract or unexpired lease, such executory contract or unexpired lease shall be deemed assumed, and the Debtor and/or Reorganized Debtor shall cure all defaults under such contract and/or lease as required by Code Section 365(b).

Executory contracts and/or unexpired leases entered into after the Petition Date by the Debtor-in-Possession or Trustee, and any executory contracts and/or unexpired leases assumed by the Reorganized Debtor, will be performed by the Reorganized Debtor in the ordinary course of business.

Except to the extent different treatment is agreed to among the parties, the monetary amount by which each executory contract or unexpired lease to be assumed is in default, will be satisfied, under Code Section 365(b)(1), at the Reorganized Debtor's option, by the payment of cash or distribution of other property as necessary to cure any such default. If there is a dispute regarding (i) the nature or amount of any cure, (ii) the Reorganized Debtor's ability, or the ability of its intended assignee, to provide "adequate assurance of future performance" (within the meaning of Section 365 of the Code) under the contract or lease to be assumed, or (iii) any other matter pertaining to assumption, such cure will occur following the entry of a Final Order resolving the dispute and approving the assumption, or assumption and assignment, as the case may be.

ARTICLE X
PROVISIONS GOVERNING PLAN PAYMENTS

All payments due on Claims under the Plan shall be made by the Disbursing Agent from the Reorganization Fund under the following procedures:

Applications/Requests for Allowance/Payment of Administrative Expense Claims.

All applications or requests for allowance and payment of Administrative Expense Claims allegedly incurred on or before the Confirmation Date shall be filed no later than twenty (20) days after the Confirmation Date. Any administrative expense Creditors who do not apply for allowance and payment of an Administrative Expense Claim within 20 days after the Confirmation Date shall be forever barred from asserting such Claims against the Debtor, its Estate, and/or the Reorganized Debtor.

Claim Objections and Reserve Account.

Any objection(s) to Claims, other than Administrative Expense Claims, must be filed with the Court within fourteen (14) days of the Confirmation Date, or be forever barred. At the expiration of such 14-day period, the Reserve Account shall be set aside from the Reorganization Fund in the aggregate amount of all Contested Claims, plus an additional amount to provide for interest applicable under the Plan as part of the treatment of such Claims. The Reserve Account shall be used to fully satisfy all Contested Claims to the extent, and at such time as, they are ultimately Allowed.

If, at any time, the balance in the Reserve Account exceeds the total amount of unresolved Contested Claims (*i.e.* Contested Claims with respect to which an objection has not yet been sustained, overruled, withdrawn or settled), then such excess amount may be disbursed by the Disbursing Agent to the Reorganized Debtor and may be used by the Reorganized Debtor for any lawful purpose.

Delivery of Payments in General.

Payments to each holder of an Allowed Claim shall be made by mail as follows: (a) at the address set forth in the professional fee application or other request for allowance and/or payment of an Administrative Expense Claim; (b) at the address set forth on the proof of claim filed by the Claimant; (c) at the address set forth in any written notice of address change of record after the date of any related proof of claim; and/or (d) at the address reflected in the Schedules if no proof of claim was filed and change of address is of record. To the extent the Disbursing Agent has no current address for the holder of an Allowed Claim, he shall withhold the remittance of any payment to such Claimant unless and until he is notified in writing of such holder's then-current address.

Taxes in Connection with Payments.

In making payments under the Plan, the Disbursing Agent, on behalf of the Reorganized Debtor shall comply with all tax withholding and reporting requirements imposed by a governmental unit, and all payments pursuant to the Plan shall be subject to all applicable withholding and reporting requirements. The Disbursing Agent may withhold the entire payment due to any holder of an Allowed Claim until such time as the holder provides Debtor with the information necessary for it to comply with applicable tax withholding and reporting requirements.

Undeliverable Payments.

If a payment is remitted to the holder of any Allowed Claim as provided in the Plan and is returned as undeliverable, no further payment shall be made to such holder unless and until the Reorganized Debtor is notified in writing of the holder's then-current address. Subject to the other provisions of the Plan, undeliverable payments shall remain in the possession of the Reorganized Debtor pursuant to this paragraph until such time as a payment becomes deliverable.

Unclaimed Undeliverable Payments.

Any holder of an Allowed Claim who does not assert a claim in writing for any undeliverable payment within two (2) years after such payment was first made shall no

longer have any claim to, or interest in, such undeliverable payment, and shall be forever barred from receiving any payments under the Plan, or from asserting a Claim against Debtor or its Estate, or their respective properties, and the Claim giving rise to the undeliverable payment will be barred. Any undeliverable payments on Allowed Claims that are not claimed timely as provided herein will thereupon be the property of the Reorganized Debtor.

ARTICLE XI
CONFIRMATION PROCEDURES AND REQUIREMENTS

Section 1129(a) of the Bankruptcy Code sets forth specific requirements for confirmation of a plan. Among other things, the Court must find that a plan is "proposed in good faith" and not by any means forbidden by law, that it makes certain specified disclosures, and that it provides that any payment made to any person in connection with such plan and incident to the reorganization case be reasonable and subject to the Court's approval. In addition, the plan and the plan proponent must comply with the provisions of the Bankruptcy Code, all impaired classes must vote in favor of the plan, the plan must satisfy the "best interest of creditors" test, and the plan must be feasible.

"Best Interest of Creditors" Test.

Section 1129(a)(7) of the Code provides that before a plan can be confirmed, the Court must determine that the plan provides, with respect to each impaired class of claims or interests, that each holder of a claim or interest in an impaired class either:

(i) has accepted the plan, or

(ii) will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than such would receive or retain if the debtor were liquidated on such date under chapter 7 of the Bankruptcy Code.

The Proponent believes that Section 1129(a)(7) is not applicable to the Plan because no Claims are impaired under the Plan. However, in the event that a class is ultimately deemed impaired, the "best interest test" is satisfied under the Plan. That is because all classes entitled to payment under the Plan shall receive payment in full, with interest which, by definition, is not less than the amount that would be received upon such Claims under any Chapter 7 liquidation scenario. Claims not receiving monetary payment under the Plan (*e.g.,* preserved guaranty and indemnification Claims) shall also retain as much, or more, property (contingent execution rights) than they would receive under any Chapter 7 liquidation scenario.

Feasibility Test.

The Code requires for plan confirmation that the Court determine that the confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor. For purposes of determining whether the

Plan meets this requirement, the Proponent has analyzed the ability of Reorganized Debtor to meet its obligations under the Plan while retaining a sufficient amount of cash and other assets to carry on its operations. The Proponent maintains that the property of this Estate, coupled with the Line of Credit, will be more than sufficient to fully fund and consummate the Plan, and sustain the Reorganized Debtor's operations indefinitely.

Under the Plan, unclassified Claims (*i.e.* Administrative Expense Claims and Tax Claims) will be paid in full on the Effective Date. The Proponent estimates that such Claims will not exceed $500,000.00, including Professional Fee Claims, U.S. Trustee fees, Clerk's charges, and other miscellaneous administrative priority Claims.

The Proponent has also performed an analysis of presently unpaid Class 22 and 23 Claims (*i.e.* non-contingent unsecured Claims) that must be paid in full under the Plan. That analysis was based upon (i) all Proofs of Claim filed in this case, and (ii) all Claims scheduled by the Debtor as liquidated, non-contingent and undisputed. Without considering the merits of any Claims (*i.e.* taking all such Claims at face value), the Proponent estimates that there may be Class 22 and 23 Claims totaling approximately $727,000.00, plus approximately $2,540.00 in Plan interest, to be satisfied on the Effective Date.

With respect to ***secured*** Claims (*i.e.* Class 24 Claims), the Plan provides that such Claims shall be fully satisfied on or before the Effective Date. According to payoff statements provided by the principal secured Creditor, FAA Credit Union, the aggregate amount due on its secured Claims as of the date of this Disclosure Statement is $2,087,015.22, with a per diem accrual of $303.63. In addition, there may be *ad valorem* taxes to be satisfied in the approximate amount of $135,000.00.

According to his most recently filed Monthly Operating Report, the Chapter 11 Trustee had cash-on-hand, on February 28, 2012, in the amount of $1,012,974.20. Under the Plan, this amount, plus the value of yet-to-be liquidated assets, will inure to the Reorganized Debtor on the Effective Date. Those assets, plus the available funds under the Line of Credit, will result in a Reorganization Fund in the approximate ***minimum*** amount of $6.0 million. From that Fund the Reorganized Debtor can safely satisfy the approximately $3.45 million in Claims necessary to consummate the Plan (*i.e.* Claims that are unclassified and those in Classes 22, 23, and 24).

The foregoing conservative analysis indicates that the Reorganized Debtor will emerge from bankruptcy with a minimum cash cushion of $2.55 million (cash-on-hand of approximately $1.0 million and Line of Credit availability of approximately $1.55 million) with which to augment future operations. In addition, as a result of payment of its secured debts (Class 24) in full under the Plan, the Owned Properties should possess an ***unencumbered*** value of approximately $2.3 million not later than the Effective Date. Moreover, this analysis is made without consideration of the substantial value of the Debtor's LLC membership interests and other personal property.

"Cram Down"—Fair and Equitable Test; Unfair Discrimination.

If all of the requirements of Section 1129(a) of the Bankruptcy Code are met except for the requirement that each class of impaired claims or interests accept the plan, the Court may confirm the plan pursuant to Code Section 1129**(b)** of the Bankruptcy Code if the Plan does not "discriminate unfairly" and is "fair and equitable" with respect to each impaired class that has not accepted the plan.

The requirement that a plan not "discriminate unfairly" means, among other things, that a dissenting class must be treated substantially equally with respect to other classes of equal rank. The Proponent asserts that the Plan does not unfairly discriminate against any class that may not accept or otherwise consent to the Plan.

Tests for defining the term "fair and equitable" are contained in Section 1129(b)(2) of the Bankruptcy Code. A plan is deemed fair and equitable with respect to an impaired class of *unsecured* claims if each member of the class receives or retains on account of its claim property of a value, as of the effective date of the plan, equal to the allowed amount of the claim, or alternatively, no holder of a claim or interest that is junior to the claims of the rejecting class of unsecured creditors will receive or retain any value under the plan on account of such junior claims or interests. This test is sometimes referred to as the "absolute priority" rule because it entitles any rejecting class to have its claims satisfied in full before junior classes receive or to retain any value under the plan of reorganization.

As to a secured claim, a plan is "fair and equitable" if, among other possibilities, the holder of such claim (i) is permitted to retain the lien securing the claim, and (ii) receives cash payments totaling at least the present value of the allowed secured amount of such claim.

The Proponent contends that the Plan provides "fair and equitable" treatment of all classes of Claims because its treatment of all Claims meets or exceeds the requirements of Code Section 1129(b).

ARTICLE XII
VOTING PROCEDURES, BALLOTING AND CONFIRMATION HEARING

If, notwithstanding the assertions of the Plan, any classes of Claims are deemed to be impaired, then the holders of Claims in such classes are requested to complete an appropriate Ballot, in accordance with the instructions provided therewith. Holders of Claims should take care to use the correct Ballot(s) in voting on the Plan. If any Ballots are damaged or lost, or if a holder has any questions concerning the voting instructions, it may contact GABLEGOTWALS, P.C. (the "Balloting Agent") at the address or telephone number indicated immediately below. Incomplete, unsigned, or otherwise irregular Ballots will be returned to the sender and not tabulated.

All votes to accept or reject the Plan must be cast by using the Ballot(s) enclosed with the Disclosure Statement, if any. No other votes will be counted. A properly

completed and executed Ballot must be received no later than 4:00 p.m. Prevailing Central Time on _____ __, 2012, by the Balloting Agent, at the following address:

GABLEGOTWALS
Attn: Mark D.G. Sanders, Esq.
1100 ONEOK Plaza
100 West Fifth Street
Tulsa, Oklahoma 74103-4217

Ballots must be returned by U.S. mail, hand delivery or overnight mail. A return envelope will be provided for your convenience.

ARTICLE XIII
SUMMARY OF CERTAIN RISK FACTORS RELATING TO THE PLAN

The payments to be made pursuant to the Plan are subject to a number of material risks, including those enumerated below.

There can be no assurance that, if voting on the Plan is required, that the requisite acceptance votes to confirm the Plan will be received. Even if the Bankruptcy Court were to determine that requisite acceptances were received, the Bankruptcy Court could still decline to confirm the Plan if it were to find that any of the statutory requirements for confirmation had not been met. Code Section 1129 sets forth the requirements for confirmation and requires, among other things, a finding by the Bankruptcy Court that the confirmation of the Plan is not likely to be followed by a liquidation or a need for further financial reorganization.

While there can be no assurance that the Bankruptcy Court will conclude that all confirmation requirements have been met, or that the Debtor can consummate the Plan, the Proponent firmly believes that the Plan can be confirmed, will be consummated, and not be followed by a need for further financial reorganization.

ARTICLE XIV
TAX CONSEQUENCES OF THE PLAN

The Proponent provides the following discussion of the federal tax consequences of the Plan as general information. The Proponent has not obtained or requested a ruling from the Internal Revenue Service or any opinion of counsel with respect to any tax matters. This general discussion is not intended to present a detailed explanation of the federal income tax consequences of the Plan. Those consequences will depend, in substantial part, upon factual matters relating to each particular party-in-interest.

THE PROPONENT URGES EACH CREDITOR TO SEEK ADVICE FROM ITS OWN TAX ADVISOR ABOUT THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF THE PLAN.

Tax Consequences to the Estate and Interest Holders.

The Debtor is a pass-through entity for income tax purposes. As a pass-through entity, the Debtor has not paid income taxes and does not have tax attributes. Additionally, since all Creditors will be paid in full, or not otherwise have their Claims impaired, under the terms of the Plan, debt forgiveness income and its potential consequences under the Internal Revenue Code should not be an issue at the Estate or Reorganized Debtor level. *See* 26 U.S.C. §§ 108(a) and (b).

Should the Debtor sell any of its assets to obtain the funds necessary to fulfill its obligations under the Plan, there should be no tax consequences to it therefrom. Any tax resulting from such sale should be the obligation of the owner of equity of the Debtor.

Tax Consequences to Creditors.

The tax consequences of the Plan on Creditors will depend on many factors, including: (i) the type of consideration received by the Creditor in exchange for its Claim; (ii) whether the Creditor reports income on the accrual basis; and (iii) whether the Creditor receives consideration in more than one tax year. However, the Proponent does not expect Creditors to experience any material, adverse tax consequences as a result of the Plan, other than those inherent in such Creditors' Claims being paid.

ARTICLE XV
RETENTION OF JURISDICTION

The Court shall retain jurisdiction of these proceedings for the following purposes:

1. To determine any and all objections to the allowance of Claims;

2. To determine any and all applications for the allowance of compensation for services rendered prior to the Effective Date and reimbursement of expenses incurred prior to the Effective Date, and to determine any and all controversies and disputes relating to Professional Fee Claims;

3. To determine any and all controversies and disputes arising under or in connection with the Plan or such other matters as may be contained in the Confirmation Order;

4. To determine any and all applications, adversary proceedings and contested matters in litigation that have been or may be instituted by the Trustee, the Debtor or Reorganized Debtor;

5. To enforce and interpret the terms and conditions of the Plan;

6. To correct any defect, to cure any omission, or to reconcile any inconsistency in the Plan and the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan;

7. To modify the Plan after confirmation pursuant to the Code and the Federal Rules of Bankruptcy Procedure;

8. To enter any order, or injunction, necessary to enforce the title, rights and powers of the Reorganized Debtor and to impose such limitations, restrictions, terms and conditions of such title, rights and powers as the Court may deem necessary;

9. To approve, pursuant to Section 365 of the Code, the assumption, assignment, or rejection of any executory contract or unexpired lease not previously assumed or rejected during the Case or by the Plan; and

10. To enter Final Decree concluding and terminating this case.

ARTICLE XVI
RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Proponent believes that the confirmation and consummation of the Plan is preferable to all other alternatives.

CONSEQUENTLY, THE PROPONENT URGES ALL HOLDERS OF CLAIMS AND INTERESTS TO SUPPORT CONFIRMATION OF THE PLAN.

Dated: May 11, 2012

/s/ Jennifer Price
Jennifer Price - Plan Proponent