UNITED STATES BANKRUPTCY COURT
DISTRICT OF COLORADO

In re MOUNTAIN CITY MEAT CO., INC. Debtor.	Bankruptcy Case Nos. 11-29209-HRT, 11-32656-HRT Jointly Administered Voluntary and Contested Involuntary Cases under Case No. 11-32656-HRT Chapter 11

DISCLOSURE STATEMENT FOR MOUNTAIN CITY MEAT CO., INC.'S LIQUIDATING CHAPTER 11 PLAN OF REORGANIZATION

BROWNSTEIN HYATT FARBER SCHRECK, LLP
410 17th Street, Suite 2200
Denver, Colorado 80202
Telephone: (303) 223-1100
Facsimile: (303) 223-1111

Attorneys for Mountain City Meat Co., Inc.

Dated: February 14, 2012

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

I. INTRODUCTION

A. Overview

1. The Purpose of the Disclosure Statement

Mountain City Meat Co., Inc. ("Debtor"), submits this disclosure statement ("Disclosure Statement") to provide information allowing its creditors and shareholders to make an informed vote on Mountain City Meat Co., Inc's Liquidating Chapter 11 Plan of Reorganization, attached hereto as Exhibit A (the "Plan"). This Disclosure Statement describes the Plan, explains the Debtor's pre-bankruptcy operating and financial history; the events leading up to the commencement of the Debtor's Chapter 11 Case; and significant steps the Debtor has taken during the Chapter 11 Case to liquidate its assets for the benefit of its Creditors.

2. The Plan as a Compromise of the Involuntary Case

On August 11, 2011, (the "Involuntary Petition Date"), the Petitioning Creditors caused an Involuntary Chapter 7 Petition (Case No. 11-29209-HRT, the "Involuntary Case") to be filed against the Debtor. To create process certainty for the sale of its assets, the Debtor filed a voluntary petition for Chapter 11 relief on September 24, 2011 (the "Voluntary Petition Date"), commencing Case No. 11-32656-HRT (the "Voluntary Case").

As of the date of this Disclosure Statement, the Debtor is no longer operating and all of its substantial assets have been liquidated. Accordingly, but for the existence of the pending Involuntary Case, this Plan would be a straightforward liquidating Plan.

However, due to the filing of the Involuntary Case—and the potential that the Involuntary Petition Date would be used as the date to determine all claims against the estate—there is a risk that the estate is administratively insolvent, and there would be no means for recovery to general unsecured creditors. Specifically, the Debtor's books and records show that if the Involuntary Petition Date is used to determine claims against the estate, there are a total of approximately $4.32 million in potential administrative expense claims under Bankruptcy Code § 503(b)(9), whereas if the Involuntary Case is dismissed and the Voluntary Petition Date is used to determine the claims against the estate, the Debtor would not be liable for any administrative expense claims under Bankruptcy Code § 503(b)(9).

On September 6, 2011, the Debtor filed a Motion to Dismiss the Involuntary Petition because (i) it did not believe that filing an involuntary bankruptcy petition to establish administrative expense claims under § 503(b)(9) was a proper use of the Bankruptcy Code, and (ii) dismissal was in the best interests of creditors under Bankruptcy Code § 305. However, the Petitioning Creditors[1] strongly contest the Debtor's arguments and believe that the filing of the Involuntary Case was proper and should be upheld. This Plan is a compromise of the issue and, in the Debtor's view, provides the most practical and effective means of recovery for both Holders of 20 Day Vendor Claims and Holders of General Unsecured Claims.

---

[1] All capitalized terms not otherwise defined in this Disclosure Statement have the same meaning as set forth in Section 2.01 of the Plan.

3. General Overview of the Settlement

This settlement is conditioned upon the confirmation of the Plan and the consent, or deemed consent, of all Holders of 20 Day Vendor Claims, as more fully set out below. Under the settlement, the Debtor will conditionally consent to entry for an order of relief in the Involuntary Case. Holders of 20 Day Vendor Claims may not be paid in full. Instead, they will receive, up to the full amount of their Allowed Claims: (i) an amount equal to 75% of the first $1,100,000 of Unencumbered Funds of the estate, less the Substantial Contribution Claim of the Petitioning Creditors, provided, however, that the Unencumbered Funds must total at least $1,000,000; (ii) 100% of the Unencumbered Funds in excess of $1,100,000, if any; and (iii) 50% of any Net Litigation Recoveries.

The other 25% of the first $1,100,000 of Unencumbered Funds (*i.e.*, $275,000) (the "Litigation Fund"), shall be distributed to the Post Confirmation Committee for investigation and litigation of certain causes of action of the Debtor's estate that will be assigned to the Post Confirmation Committee. Net Litigation Recoveries will be split 50-50 between Holders of 20 Day Vendor Claims and Holders of General Unsecured Claims, until 20 Day Vendor Claims are paid in full, in which case Net Litigation Recoveries will be distributed solely to General Unsecured Claims. To avoid any confusion, a Holder of a 20 Day Vendor Claim shall have a General Unsecured Claim for (i) any Allowed Claim it has that does not qualify as a 20 Day Vendor Claim, and (ii) any unpaid portion of its Allowed 20 Day Vendor Claim. With the exception of the Reserved Causes of Action, Avoidance Claims against Holders of 20 Day Vendor Claims shall be waived.

As of January 31, 2012, the Debtor held approximately $1,700,000 of Unencumbered Funds and is confident that Unencumbered Funds will total, at a minimum, $1,050,000, after payment of all amounts due on the Effective Date of the Plan, including Tax Claims and Secured Claims, and after accounting for expected unpaid Professional Fees.

Although the Secured Claim of Fifth Third Bank, the Debtor's pre-petition secured lender, has been paid in full with respect to principal, interest, and most of its attorney fees, Fifth Third Bank also asserts that it is entitled to a Secured Claim with respect to any attorney fees, charges, and other fees associated with an investigation by the Creditors' Committee of Fifth Third Bank's Secured Claim and any litigation which the Creditors' Committee or the Post Confirmation Committee might bring against Fifth Third Bank. Fifth Third Bank has not provided the Debtor an estimate of such attorney fees and charges. The Debtor has not taken a position as to whether Fifth Third Bank is entitled to such a Secured Claim. Additionally, Fifth Third Bank has demanded that the Debtor set aside $500,000 in cash in a separate escrow account to pay for at least a portion of such fees, although Fifth Third Bank has yet to seek such relief in the Bankruptcy Court. The Debtor has not consented to the bank's demand. If Fifth Third Bank successfully seeks such relief in the Bankruptcy Court, the creation of the escrow fund will delay the Effective Date of the Plan.

If Fifth Third Bank's Allowed Secured Claim is limited to $12,000, the Debtor's budget provides that it will have at least approximately $1,050,000 in Unencumbered Funds as of the

Effective Date. Fifth Third Bank asserts a secured claim in excess of $12,000. If Fifth Third Bank is entitled to an Allowed Secured Claim for its future fees and Fifth Third Bank's unpaid Allowed Secured Claim is large enough that Unencumbered Funds total less than $1,000,000, the Plan will not become effective, and the Debtor reserves its right to contest the validity of the Involuntary Case.

Subject to the above and foregoing conditions, the proposed treatment of 20 Day Vendor Claims will be in complete satisfaction of any and all claims Holders of 20 Day Vendor Claims have or may assert, including administrative expense claims, against the Debtor. Nothing in the Plan is intended to prohibit Holders of 20 Day Vendor Claims from pursuing third parties who do not specifically receive exculpation under the Plan. All payments to Holders of Allowed 20 Day Vendor Claims will be made through a 20 Day Vendor Trust, which will be governed by a separate 20 Day Vendor Trust Agreement, a copy of which is attached to the Plan as Exhibit 1. Holders of Allowed General Unsecured Claims will only receive payments under the Plan if the Litigation Fund is not fully exhausted or if there are any Net Litigation Recoveries. Each Holder of a Claim that would otherwise qualify as a 20 Day Vendor Claim, but did not file a 20 Day Vendor Claim on or before the 20 Day Vendor Claim Bar Date and as required by the 20 Day Vendor Claim Bar Date Order is barred from seeking a 20 Day Vendor Claim or any other Administrative Expense Claim in respect thereof.

The Debtor has analyzed the value of continuing to contest the Involuntary Case and other possible means of providing recovery to its Creditors and believes that the Plan, if confirmed, provides the most efficient and practical means of recovery for Creditors. The settlement provides Holders of 20 Day Vendor Claims greater recoveries than they would receive if the Involuntary Case is dismissed, and it provides Holders of General Unsecured Claims with a right to receive more than they would if an order for relief is entered in the Involuntary Case.

Because Holders of 20 Day Vendor Claims may not be paid in full on the Effective Date under the Plan, as required by 11 U.S.C. § 1129(a)(9), they will receive a copy of a consent form, which will be distributed along with the Plan and Disclosure Statement (the "Consent Form"), pursuant to which they must indicate whether they consent to their treatment under the Plan. If Holders of 20 Day Vendor Claims do not complete and return the Consent Form, the Debtor will ask the Bankruptcy Court to hold that the failure to complete and return the Consent Form means that the particular Holder of a 20 Day Vendor Claim has consented to the treatment set forth in the Plan and is bound by the terms and treatment set forth in the Plan.

B. Disclaimers and Limitations

The information contained in this Disclosure Statement is included for purposes of soliciting acceptances of, and obtaining confirmation of, the Plan and may not be relied upon for any other purpose.

Creditors should note that amendments beneficial to one or more classes of claims without further impairment of other classes may be made to the Plan prior to confirmation.

Amendments of that nature may be approved by the Bankruptcy Court at the confirmation hearing without re-solicitation of creditors and equity interest holders.

The descriptions of the Plan contained in this Disclosure Statement are summaries and are qualified in their entirety by reference to the Plan. Each creditor is encouraged to analyze the terms of the Plan carefully.

The statements contained in this Disclosure Statement are believed to be accurate as of the date of its filing unless another time is specified in the Disclosure Statement. They should not be construed as implying that there has been no change in the facts set forth since the date the Disclosure Statement was prepared and the materials relied upon in preparation of the Disclosure Statement were compiled. Counsel for the Debtor makes no representation as to the accuracy of the information contained in this Disclosure Statement.

This Disclosure Statement has been neither approved nor disapproved by the Securities and Exchange Commission (the "SEC") or any state securities regulator, and neither the SEC nor any state securities regulator has passed upon the accuracy or adequacy of the statements contained in this Disclosure Statement.

C. Definitions

1. Defined Terms In the Plan

Various terms are defined in Article II of the Plan. These defined terms are also used in the Disclosure Statement and have the same meaning in this Disclosure Statement as set forth in the Plan.

2. Other Terms

The words "herein," "hereof," "hereto," "hereunder," and others of similar inference refer to the Disclosure Statement as a whole and not to any particular section, subsection, or clauses contained in the Disclosure Statement unless otherwise specified herein. A term used herein or elsewhere in the Disclosure Statement that is not defined herein or in the Plan shall have the meaning ascribed to that term, if any, in the Bankruptcy Code or the Bankruptcy Rules. The headings in the Plan are only for convenience of reference and shall not limit or otherwise affect the provisions of the Plan.

3. Exhibits

All exhibits to the Plan and Disclosure Statement are incorporated into and are a part of the Plan and Disclosure Statement as if set forth in full herein.

D. Classification and Treatment of Claims

Class	Status	Treatment under Plan	Estimated Distribution
Class 1(a) (Secured Claim of Fifth Third Bank)	Impaired	Payment in full	100%
Class 1(b) (Secured Claim of Cab West, LLC)	Impaired	Payment in full	100%
Class 2 (Secured Claim of Ally Financial)	Impaired	Class 2 shall receive its collateral in full satisfaction of its Allowed Secured claim. Any remaining deficiency amount shall be treated as a Class 3 General Unsecured Claim	100% of Secured Claim
Class 3 (General Unsecured Claims, which includes any portion of 20 Day Vendor Claims that are not paid in full)	Impaired	Holders of allowed Class 3 Claims shall receive, on a *pro rata* basis, any unused portion of the Litigation Fund and 50% of any Litigation Recoveries after payment of associated costs and expenses, until all Allowed Class 3 Claims are paid in full.	Unknown
Class 4 (Equity Interests)	Impaired	Class 4 Equity Interests shall be cancelled and shall not receive anything under this Plan.	0%

The estimated Distributions set forth above are based upon the Debtor's estimates of the Allowed Claims in each class, the amount of Cash it will have after liquidation of its assets, and the potential recoveries from future litigation. There is no guaranty that each Class will receive the distribution estimate above.

E. Parties Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all parties in interest are entitled to vote on the Chapter 11 Plan. Creditors whose Claims are not impaired by the Plan are deemed to accept the Plan under Bankruptcy Code § 1126(f) and are not entitled to vote. Further, a Holder of Claim or Interest that does not receive or retain any property under the Plan on account of such Claims or Interests is deemed to reject the Plan under Bankruptcy Code § 1126(g). Under the Plan, the Holders of Claims or Interests in Classes 1(a), 1(b), 2, and 3 are entitled to vote on the Plan. Class 4 is deemed to reject the Plan.

F. Voting Procedures, Confirmation Hearing, and Cramdown

1. Classified Claims and Interests

After approval of the Disclosure Statement by the Bankruptcy Court, Creditors and Equity Interest Holders will have an opportunity to vote on the Plan. Voting will be by class as set forth in the Plan and described later in this Disclosure Statement. For classes containing more than one Claim or Interest, a class is deemed to have accepted the Plan if at least one-half of the Creditors in number holding at least two-thirds of the aggregate amount of Claims voting elect to accept the Plan.

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan. **For your vote to be counted, you must complete and sign your original Ballot and return it by 5:00 p.m. on March 23, 2012, which is the last date set by the Court to vote on the Plan.**

2. 20 Day Vendor Claims

Bankruptcy Code § 503(b)(9) grants administrative priority for the value of any goods received by the Debtor within 20 days before the commencement of the case, if such goods have been sold to the Debtor in the ordinary course of the Debtor's business (the "503(b)(9) Claims"). Further, Bankruptcy Code § 1129(a)(9) provides that under a Plan these claims be paid in full, unless the Holder of such Claim agrees to different treatment.

Although the Debtor initiated the Chapter 11 Case on September 24, 2011, the Petitioning Creditors filed an involuntary Chapter 7 case against the Debtor on August 11, 2011. As set forth in Article I, the Debtor estimates that the amount of potential 503(b)(9) Claims will be over $4.3 million if the Involuntary Petition Date is used as the date of the commencement of the case, whereas the amount of 503(b)(9) Claims will likely be $0 if the Voluntary Petition Date is used.

Under the Plan, the Debtor is conditionally consenting to the Involuntary Petition Date as the Petition Date. However, Holders of 20 Day Vendor Claims will not be paid in full on the Effective Date of the Plan.

If you have a 20 Day Vendor Claim, you have received a Consent Form along with this Disclosure Statement, which will enable you to consent to or reject the proposed treatment of your 20 Day Vendor Claim, as provided in the Plan. If you do not complete and return the Consent Form by 5:00 p.m. on March 23, 2012, the Debtor will ask the Bankruptcy Court to hold that your failure to complete the Consent Form means that you agreed to the treatment of your 20 Day Vendor Claim, as set forth in the Plan.

3. Confirmation Hearing

The Bankruptcy Court has set a hearing on Confirmation of the Plan and to consider objections to Confirmation, if any, for April 16, 2012, at 1:30 p.m. The Confirmation hearing will be held in Courtroom C203, Byron G. Rogers U.S. Courthouse, 1929 Stout Street, Denver, Colorado. At the hearing, the Bankruptcy Court will consider whether the Plan satisfies the requirements of the Bankruptcy Code.

4. Cramdown

If any class of Claims or Interests fails to accept the Plan, the Bankruptcy Court may confirm the Plan in accordance with Bankruptcy Code § 1129(b) on the basis that the Plan is fair and equitable and does not discriminate unfairly with respect to any nonaccepting, impaired Class. Because Class 4 Equity Interests are deemed to reject the Plan under Bankruptcy Code § 1126(f), the Debtor is seeking confirmation of the Plan pursuant to Bankruptcy Code § 1129(b).

G. Effect of Confirmation of the Plan

Confirmation of the Plan makes the Plan and its provisions binding on the Debtor, all Creditors, including Holders of 20 Day Vendor Claims, and all Holders of Equity Interests, and other parties in interest, regardless of whether they have accepted or rejected the Plan. As a result, Creditors may receive payment on their claims only in accordance with the Plan. If confirmed, the estimated Effective Date of the Plan will be the 15th day after entry of the Confirmation Order, unless such order is the subject of a stay by the Bankruptcy Court.

H. Approval of the Disclosure Statement

A decision by the Bankruptcy Court to approve this Disclosure Statement under Bankruptcy Code § 1125 is a finding that the Disclosure Statement contains information of a kind and in sufficient detail to enable a reasonable, hypothetical investor typical of holders of impaired claims to make an informed judgment about the Plan and is not a recommendation by the Bankruptcy Court either for or against the Plan.

II. HISTORY AND ORGANIZATION OF THE DEBTOR

A. History of the Debtor's Business

The Debtor is a Colorado corporation and was in the business of processing meat products for more than 20 years. Through its main operating facility and headquarters in Denver, Colorado and a second facility in Nashville, Tennessee, the Debtor supplied high quality ground beef and portion control steak cuts through several channels, including retail stores, chain restaurants and broadline food service distributors. The Debtor's five primary customers were Walmart, Sysco, US Food Services, Red Robin and Aldi.

Under the direction of its Chief Executive Officer, Ron Divin, and its Chief Financial Officer, Jerry Dodson, the Debtor expanded its operations so that by July 2011, it was one of the largest portion control beef processors in the United States, employing over 400 people at its two locations. In 2010, the Debtor's annual revenue was $179,000,000 and for the first 6 months of 2011, it generated approximately $97,000,000.

One hundred percent of the Debtor's shares are owned by MCMC Holding Company, Inc. There are two classes of stock in MCMC Holding Company, Inc—Series A and Common. The Series A stockholders MCMC Holding Company, Inc.—who hold 86.66% of the shares in MCMC Holding Company, Inc.—are Sankaty and RGIP, LLC. The Common Stockholders of MCMC Holding Company, Inc.—who hold the remaining 13.34% of the shares in MCMC Holding Company, Inc.—are Jerry Dodson, Dan Stelmach, Cathy Miller, Ron Divin, Gabe Castenada and Dan Brack.

B. Events Leading to Commencement of the Chapter 11 Case

1. Walmart

Prior to the Petition Date, Walmart was one of the Debtor's largest retail store customers. In particular, the Debtor provided Walmart with a substantial amount of Walmart's Great Value private label ground beef brand and Sam's Choice premier tier private label ground beef brand, including several varieties of Sam's Choice Black Angus Beef Patties. In December, 2010, Walmart awarded the Debtor the exclusive rights to provide 100% of the Great Value and Sam's Choice ground beef for 21 Walmart distribution centers for a third year in a row. Although Walmart did not guarantee or commit to purchase a specific quantity of product, based on Walmart's previous sales at these locations, in order to meet Walmart's projected demands for 2011, the Debtor had to begin producing the private label beef for Walmart in Walmart's branded packaging in December 2010. However, in early summer 2011, it became apparent that Walmart was not meeting its projections, leaving the Debtor with a significant amount of inventory that could not be resold to its other standard retail customers. At the same time, the Debtor had to pay its raw material suppliers, leaving the Debtor with severe cash flow constraints.

2. Failed Negotiations with Fifth Third Bank and the Debtor's Consent to the State Court Receivership

Shortly after Walmart withdrew its order, the Debtor entered into negotiations with its largest secured creditor, Fifth Third Bank. At the time of the negotiations, the Debtor owed Fifth Third Bank approximately $18 million, which amount was secured by a blanket lien on all of the Debtor's assets.

At the time of the negotiations, the Debtor continued with its normal business operations and received a significant amount of meat inventory from several of its suppliers. Consistent with its normal business practices, the Debtor wrote checks from its operating account for the payment of such inventory, believing that the checks would be honored by Fifth Third Bank. However, the negotiations with Fifth Third Bank eventually fell through, and many of the Debtor's checks to its suppliers were not honored. This left a significantly large portion of the

Debtor's suppliers unpaid, resulting in the 20 Day Vendor Claims that are being settled pursuant to this Plan.

Further, Fifth Third Bank ultimately decided to seek the appointment of a receiver for substantially all of the Debtor's assets. To that end, Fifth Third Bank commenced an action against the Debtor in the Denver District Court, Case No. 2011CV5635, seeking, among other things, the appointment BGA Management, LLC d/b/a Alliance Management, through its agent, Alex G. Smith ("Alliance") as receiver for substantially all of the Debtor's assets. The Denver District Court entered its Stipulated Order for Forthwith Appointment of Receiver (the "Receivership Order") on August 11, 2011 at 5:00 p.m., appointing Alliance as receiver for the Debtor's personal property and related operations, and granting Alliance with the authority to operate the Debtor's business and prepare the company for sale.

3. Resignation of the Board and Appointment of Alliance as CRO

When negotiations with Fifth Third Bank fell through, the Debtor's board of directors, consisting of Brett L'Esperance and Michael Ewald (the "Board") determined that it would consent to the appointment of a receiver and resign. To that end, on August 9, 2011, the Board appointed Alliance as Chief Restructuring Officer ("CRO") of the Debtor until the need for a CRO no longer existed, as evidenced by that certain Memorandum of Action of the Board of Directors of Mountain City Meat Co., Inc., dated August 11, 2011 (the "Initial Board Resolution").[2] Immediately after appointing Alliance as CRO, the Board and all of the directors of the Debtor resigned.

4. The Involuntary and Voluntary Bankruptcy Cases

a. The Involuntary Case. During the first month of Involuntary Case, Alliance continued to wind down the Debtor's business operations and market the Debtor's assets. To effectuate this process, Fifth Third Bank obtained two interim orders, (the "Interim Orders," Dkt. ##17 and 37), from the Court annulling the automatic stay so Alliance could "continue exercising and complying with the rights, privileges and obligations granted to it pursuant to the Receivership Order."[3]

Despite the authority granted to Alliance to continue the process of marketing and selling the Debtor's business, potential buyers expressed concern regarding the validity of any sale while an involuntary bankruptcy case was

[2] The terms of Alliance's engagement and authority to act as CRO are further evidenced by (a) the Memorandum of Board, dated September 1, 2011, which clarified its intent in passing the Initial Board Resolution—that Alliance, as CRO, retain the broad authority granted to it by the Board unless and until such authority is later revoked or modified by the Board; and (b) the Professional Services Agreement dated September 2, 2011, which amended and restated the original Consulting Agreement executed by the parties on August 10, 2011 (collectively, the "CRO Agreement").

[3] Prior to entering the first Interim Order, the Court in the Involuntary Case held a hearing to determine whether the automatic stay should be annulled so that Alliance could act as receiver. At the hearing, neither Fifth Third Bank nor Alliance was aware of the Initial Board Resolution and were, therefore, unaware that Alliance was not only appointed as the Debtor's CRO, but had broad authority to act on the Debtor's behalf.

pending, and that concern was compounded by the fact that the prime sale period in the meat processing industry was set to end in October.

b. The Voluntary Bankruptcy Case and Contesting the Involuntary Case. After weighing its options, the Debtor determined that it was in the best interests of its Creditors and the Estate to (1) contest the Involuntary Case, because its filing triggered over $4.3 million in potential 503(b)(9) Claims and (2) file a voluntary petition for relief under Chapter 11 to provide certainty regarding any sale process.

Accordingly, on September 6, 2011 (Dkt. # 30), the Debtor filed a Motion to Dismiss Involuntary Petition (the "Motion to Dismiss") arguing that the Involuntary Case should be dismissed on the basis that filing an involuntary bankruptcy case to preserve 503(b)(9) Claims is not a proper use of the bankruptcy code, especially if would leave the estate administratively insolvent. The Petitioning Creditors contest the Debtor's position and, instead, assert that the filing of the Involuntary Case was proper and a valid exercise of their rights as creditors of the Debtor.

Additionally, to create process certainty for the sale of its assets, the Debtor filed a voluntary petition for Chapter 11 relief on September 24, 2011 commencing Case No. 11-32656-HRT (the "Chapter 11 Case").

C. Steps Taken During Chapter 11 Case

1. General Matters

In the Chapter 11 Case, the Debtor has liquidated its assets and exercised the powers and duties of a trustee pursuant to the Bankruptcy Code. On the first day of its Chapter 11 Case, Debtor filed several motions to enable the Debtor to continue with the business practices Alliance utilized immediately prior to the Chapter 11 Case and to ensure a smooth transition into operating as a debtor in possession. These motions, some of which are discussed in more detail below, sought the authority to use the cash collateral of Fifth Third Bank, sell existing meat inventory, pay utility deposits, use normal cash management practices, confirm the authority of the CRO, employ professionals, and establish procedures to sell substantially all of the Debtor's assets.

2. Employment of Professionals

The Debtor retained Brownstein Hyatt Farber Schreck, LLP as its general bankruptcy counsel and Ehrhardt Keefe Steiner & Hottman PC as its accountant to help the Debtor carry out its duties as a debtor in possession. Additionally, Alliance retained Faegre Baker Daniels LLP (formerly Faegre & Benson LLP) ("Faegre") to assist Alliance with performing its duties as CRO. Although Faegre is not a professional of the Debtor, it agreed to provide monthly accountings and will file a final fee application with the Court for the allowance and payment of its fees.

3. Joint Administration

Pursuant to the Court's Interim Order Granting Joint Administration (Dkt. # 54), the Court is jointly administering the contested Involuntary Case and the Chapter 11 Case for procedural purposes only, pending further order of the Court. At the time of this Disclosure Statement, the Court has not ruled on the validity of—and the Debtor has not consented to—the Involuntary Case.

4. Creditors' Committee

On October 6, 2011, and as amended on October 20, 2011, the United States Trustee for the District of Colorado appointed the Official Committee of Unsecured Creditors (the "Creditors' Committee"). The Creditors' Committee currently consists of: Wild Rose Metals, Inc.; Magellan Freight Lines, LLC; Wayport Logistics, LLC; Linde, LLC; Greater Omaha Packing Co., d/b/a High Country Meats; and MCM (TN) LLC. The Creditors' Committee sought to retain Lindquist & Vennum P.L.L.P. as its counsel and the Court entered an Order approving such retention on October 18, 2011 (Dkt. # 115).

5. Appointment of Alliance as CRO

Because Alliance was appointed by the Board as the Debtor's CRO, and was later appointed under the Receivership Order as a receiver of the Debtor's property and business, the Debtor needed to confirm that Alliance could act as CRO for the Debtor in the Chapter 11 Case and that all of Alliance's obligations, as receiver, would be honored by the estate. Accordingly, on the Voluntary Petition Date, the Debtor filed a Motion to Approve the Assumption of the CRO Agreement (Dkt. # 10), and filed a separate Motion (I) For Turnover of Assets from Receiver to the Debtor in Possession, (II) For Issuance of Order Honoring Obligations of Receivership Estate, and (III) To Confirm Alliance Is the Responsible Officer of the Debtor as CRO (Dkt. # 11). On September 29, 2011, the Court entered interim orders on the motions (Dkt. ## 55 and 56), and on October 24, 2011, the Court entered final orders on the motions (Dkt. ## 136 and 137).

6. Sale of Inventory

When the Chapter 11 petition was filed, the Debtor had a substantial amount of existing inventory, consisting of finished portion control steaks and ground beef, raw material beef, additives and related packaging supplies (the "Inventory"), which had a book value of approximately $6.8 million, as of September 22, 2011. Because the Inventory generally consisted of perishable products and frozen pre-packaged meat products that must be used or sold to the consumer by a specific date, as the Inventory aged, it was at greater risk of becoming commercially obsolete.

Accordingly, the Debtor filed a Motion to continue to sell the Inventory according to the same procedures Alliance utilized during the Involuntary Case. The Court entered an interim order approving these sale procedures on September 29, 2011 (Dkt. # 58), and entered a final order approving the sale procedures on October 24, 2011 (Dkt. # 144). Pursuant to the authority granted to the Debtor under the orders, the Debtor sold its entire remaining Inventory, generating additional Cash for the Estate.

7. Sale of Machinery and Equipment

Consistent with the authority granted to it under the Receivership Order and the Interim Orders in the Involuntary Case, Alliance endeavored, both prior to and since the Involuntary Petition Date, to market and sell the Debtor's business as a going concern in order to maximize the value of the Debtor's assets and business operations for the benefit of its creditors. Alliance actively marketed the Debtor's assets to several potential purchasers, contacting over 250 potential purchasers and entering into approximately 30 non-disclosure agreements.

After filing the Chapter 11 Case, the Debtor sought an order approving the continued marketing and sale of the Debtor's assets in order to maximize value for the Estate and stakeholders. The Court set a hearing on the sale of the Debtor's assets for October 21, 2011. Prior to the hearing, the Debtor continued to market its assets and negotiate with potential purchasers. As a result of its efforts, the Debtor received several offers for its assets, resulting in the stalking horse bid of MCM Acquisition Co. The Court approved the sale on October 24, 2011, pursuant to the Order Authorizing the Sale of Substantially All of the Debtor's Assets Free and Clear of All Liens, Claims, Interests and Encumbrances, (Dkt. # 142), and on October 27, 2011, the Debtor sold substantially all of its assets to MCM Acquisition Co. for a purchase price of $5,652,000. The Debtor did not receive a higher or better offer for its assets.

8. Settlement with Petitioning Creditors

As discussed in Article I above, after significant negotiations with the Petitioning Creditors, the Creditors' Committee, and certain Holders of potential 503(b)(9) Claims, the Debtor has agreed to a settlement over whether an order for relief should be entered in the Involuntary Case. The terms of the settlement are incorporated into the Plan.

9. Rejection of Leases

The Debtor rejected the majority of its leases, including its non-residential real property leases, on or before January 31, 2011, pursuant to the following orders: Order Granting Debtor's Motion to Reject Lease with Crown Credit Company Pursuant to Bankruptcy Code § 365, dated November 30, 2011 (Dkt. # 181); Order Granting Debtor's First Omnibus Motion to Reject Leases Pursuant to Bankruptcy Code § 365, dated December 2, 2011 (Dkt. # 191); Order Granting Debtor's Motion to Reject Lease with Cab West, LLC Pursuant to Bankruptcy Code § 365, dated February 1, 2012 (Dkt. # 253); Order Granting Debtor's Motion to Reject Leases with Crown Credit Company pursuant to Bankruptcy Code § 365, dated February 1, 2012 (Dkt. # 254); and Order Granting Debtor's Motion to Extend Time to Assume or Reject Nonresidential Real Property Leases and Reject Nonresidential Real Property Leases Effective as of January 31, 2012, dated January 10, 2012 (Dkt. # 220).

The Debtor has filed a Second Omnibus Motion to Reject Leases Pursuant to Bankruptcy Code § 365. If the remaining motion is granted, all of the Debtor's leases will be rejected on or before January 31, 2012.

10. 503(b)(9) Claim Bar Date (The 20 Day Vendor Claim Bar Date)

The Court entered an Order on January 12, 2012, confirming the bar date of February 10, 2012, (the "Bar Date") for asserting administrative expense claims under Bankruptcy Code § 503(b)(9) (the "Bar Date Order," Dkt. #226). Pursuant to the Bar Date Order, parties who did not file an application on or before the Bar Date are forever barred from asserting a 503(b)(9) Claim and, by definition, will not have an Allowed 20 Day Vendor Claim. The parties that asserted a 503(b)(9) Claim (a 20 Day Vendor Claim) by the Bar Date are listed on Exhibit B to this Disclosure Statement.

D. Steps Remaining Prior to Final Distribution to Creditors

Over the course of this Chapter 11 Case, the Debtor made substantial progress toward liquidating its assets and generating cash for distribution for creditors. Nevertheless, issues will remain after the Effective Date of the Plan, given the fact that recoveries for Holders of General Unsecured Claims are contingent upon potential recoveries from future litigation; and additional distributions to Holders of 20 Day Vendor Claims are, likewise, contingent upon potential recoveries from future litigation. Accordingly, the Plan proposes that the Post Confirmation Committee, together with the Disbursing Agent, will continue to take steps necessary to implement the Plan and to expeditiously provide for final distribution to Creditors. Specific steps include:

- Litigation of the Reserved Causes of Action.

- Continued resolution of claims asserted against the estate, litigation or settlement of disputed claims, and elimination of duplicate claims.

- Continued periodic distributions to Holders of 20 Day Vendor Claims—pursuant to the 20 Day Vendor Trust Agreement—and potential distributions to Holders of General Unsecured Claims, until entry of a Final Decree or until paid in full.

III. DESCRIPTION OF THE PLAN

A. Description of the Plan and Means of Implementation

The entire text of the Plan has been provided with this Disclosure Statement, and a general overview of the Plan is provided in Article I. The following is a brief summary of certain provisions of the Plan; however, this summary is not comprehensive. The Plan and not the Disclosure Statement is the legally operative document that controls the relationship between the Debtor and its Creditors. Therefore, the Plan should be read carefully and independently of this Disclosure Statement. Creditors are urged to consult with counsel and other professionals in order to fully resolve any questions concerning the Plan.

B. Terms of Compromise

The core terms of the compromise between the Debtor and Petition Creditors, as reflected in the Plan are:

- On the Effective Date, the Debtor shall create and fund the 20 Day Vendor Trust. The 20 Day Vendor Trust shall be governed by the 20 Day Vendor Trust Agreement. (See Plan at § 4.01(a)).

- The Debtor shall initially fund the 20 Day Vendor Trust in an amount equal to 75% of the first $1,100,000 of Unencumbered Funds, plus 100% of the Unencumbered Funds in excess of $1,100,000, if any, less the Substantial Contribution Claim. (Id.).

- The Disbursing Agent shall make subsequent distributions to the 20 Day Vendor Trust in the event there are Litigation Recoveries from the Reserved Causes of Action brought by the Post Confirmation Committee. Such subsequent distributions, if any, shall be in an amount equal to 50% of the Net Litigation Recoveries. (Id. at § 4.01(b)(ii)).

- Beneficiaries of the 20 Day Vendor Trust shall consist of Holders of Allowed 20 Day Vendor Claims. (Id. at § 4.01(b)(i)).

- Distributions from the 20 Day Vendor Trust to Holders of Allowed 20 Day Vendor Claims shall be governed by the 20 Day Vendor Trust Agreement. (Id. at § 4.01(a)).

- Also upon the Effective Date, the Debtor shall distribute to Petitioning Creditors a Substantial Contribution Claim in the amount of $100,000. (Id. at § 4.04).

- The Debtor shall distribute the other 25% of the first $1,100,000 of Unencumbered Funds to the Litigation Fund for investigation and litigation by the Post Confirmation Committee of the Reserved Causes of Action. (Id. at § 10.03(b)).

- The Debtor shall assign the Reserved Causes of Action to the Post Confirmation Committee. (Id. at § 9.03).

- Any Net Litigation Recoveries from the Reserved Causes of Action will be split 50-50 between Holders of 20 Day Vendor Claims and Holders of General Unsecured Claims. (Id. at §§ 4.01(b)(ii) and 6.04(a)).

- Each Holder of a Claim that would otherwise qualify as a 20 Day Vendor Claim, but does not file a 20 Day Vendor Claim on or before the 20 Day Vendor Claim Bar Date and as required by the 20 Day Vendor Claim Bar Date Order is barred from seeking a 20 Day Vendor Claim or any other Administrative Expense Claim in respect thereof. (Id. at § 4.01(b)(iv))

- With the exception of the Reserved Causes of Action, Avoidance Actions against Holders of Allowed 20 Day Vendor Claims shall be waived. (Id. at § 13.03).

- The Debtor shall conditionally consent to entry for an order for relief in the Involuntary Case and the treatment set forth in Sections 4.01 and 13.03 of the Plan for Holders of 20 Day Vendor Claims, if, and only if, (1) the Debtor receives evidence to its satisfaction that Holders of 20 Day Vendor Claims are bound by the terms of the Plan, and (2) the Plan is confirmed. If the Debtor does not receive such evidence to its satisfaction, the Debtor reserves its right to seek dismissal of the Involuntary Petition at the Confirmation Hearing so that it can confirm the Plan using the Voluntary Petition Date as the applicable petition date. If the Court does not confirm this Plan, there shall be no settlement and the parties shall have and retain any and all rights they had prior to filing the Plan. (Id. at §§ 4.01(d) and 11.01).

- Conditions precedent to the effectiveness of the Plan include: (1) Unencumbered Funds available for distribution must total at least $1,000,000.00; and (2) the Debtor shall receive evidence to its satisfaction that Holders of 20 Day Vendor Claims are bound by the terms of the Plan. (Id. at § 11.01).

C. Treatment of Claims and Equity Interests

The Plan provides that Administrative Claims will be treated differently based upon the type of administrative claim, as follows:

1. 20 Day Vendor Claims

As set forth on the attached Exhibit B, a total amount of $3,680,164.79 in 20 Day Vendor Claims were asserted against the Estate as required by the 20 Day Vendor Claim Bar Date Order. Under the Plan, Holders of Allowed 20 Day Vendor Claims may not receive payment in full. Instead, they will receive Distributions as further provided below:

a. Establishment of 20 Day Vendor Trust. Upon the Effective Date, the Debtor shall create and fund the 20 Day Vendor Trust in an amount equal to 75% of the first $1,100,000 of Unencumbered Funds, plus 100% of the Unencumbered Funds in excess of $1,100,000, if any, less the Substantial Contribution Claim. The 20 Day Vendor Trust and Distributions therefrom shall be governed by the 20 Day Vendor Trust Agreement, a copy of which is attached to the Plan as Exhibit 1.

b. Distributions. Holders of Allowed 20 Day Vendor Claims shall be the beneficiaries of the 20 Day Vendor Trust. Holders of Allowed 20 Day Vendor Claims shall receive, on a *pro rata* basis, the funds held in the 20 Day Vendor Trust as further provided in the 20 Day Vendor Trust Agreement. Holders of Allowed 20 Day Vendor Claims shall also receive 50% of any Net Litigation Recoveries. The Disbursing Agent shall distribute that portion of the 20 Day Vendor Claims' Net Litigation Recoveries into the 20 Day Vendor Trust, until 20 Day Vendor Claims have been paid in full. A Holder of a 20 Day Vendor Claim shall receive a General Unsecured Claim for (a) any Allowed Claim it has that does not qualify as a 20 Day Vendor Claim, and (b) any unpaid portion of its Allowed 20 Day Vendor Claim.

c. Waiver. The treatment set forth in Sections 4.01 and 13.03 of the Plan shall be in complete satisfaction of any and all Claims, including Administrative Expense Claims, that a Holder of a 20 Day Vendor Claim has or may have, against the Debtor. Further, except as otherwise provided for in the Plan, Holders of 20 Day Vendor Claims waive any rights they have to assert any Claim, including an Administrative Expense Claim, against the Debtor. However, nothing in the Plan is intended to prohibit Holders of 20 Day Vendor Claims from pursuing third parties who do not specifically receive exculpation under the Plan. Holders of 20 Day Vendor Claims that do not file a 20 Day Vendor Claim on or before the 20 Day Vendor Claim Bar Date and as required by the 20 Day Vendor Claim Bar Date Order are barred from seeking a 20 Day Vendor Claim or any other Administrative Expense Claim in respect thereof.

d. **Conditional Consent. Because Holders of Allowed 20 Day Vendor Claims may not be paid in full on the Effective Date under the Plan, as required by 11 U.S.C. § 1129(a)(9), they will receive a copy of a Consent Form, which will be distributed with the Plan and Disclosure Statement, pursuant to which they must indicate whether they consent to their treatment under the Plan. If Holders of 20 Day Vendor Claims do not complete and return the Consent Form, the Debtor will ask the Bankruptcy Court to hold that the failure to complete or return the Consent Form means that the particular Holder of a 20 Day Vendor Claim has consented to the treatment set forth in the Plan and is bound by the terms and treatment set forth in the Plan.**

The Debtor's conditional consent to entry for an order of relief in the Involuntary Case, and the effectiveness of the Plan, is conditioned on receipt by the Debtor of evidence to its satisfaction that all Holders of 20 Day Vendor Claims are bound by the terms of, and treatment set forth in, the Plan. If the Debtor does not receive such evidence to its satisfaction, the Debtor reserves its right to seek dismissal of the Involuntary Petition at the Confirmation Hearing so that it can confirm the Plan using the Voluntary Petition Date as the applicable petition date.

2. Tax Claims

Except to the extent any entity entitled to payment of any Allowed Tax Claim has received payment on account of such Claim prior to the Effective Date, each Holder of an Allowed Tax Claim shall be paid in full on the Effective Date, unless such Holder of an Allowed Tax Claim agrees to different treatment.

The Debtor believes that the only outstanding Tax Claims are a Tax Claim held by the City and County of Denver, a potential Tax Claim held by the City of Nashville, and a potential Tax Claim held by the Pennsylvania Department of Revenue. The City and County of Denver filed a Tax Claim in the amount of $392,971.55. However, the Debtor believes that this Claim is overstated by at least $75,000.00, because it (a) includes taxes on personal property that was never owned by the Debtor and (b) is based on values that exceed the fair market value of the Debtor's personal property. The City of Nashville has not filed a Proof of Claim. However, based upon the Debtor's tax liability in previous years, the Debtor estimates that any Tax Claim held by the City of Nashville will be approximately $75,000. The Pennsylvania Department of Revenue filed a Proof of Claim asserting a Tax Claim in the amount of $1,040.29.

3. Professional Fees

All Professionals seeking payment of Professional Fees shall provide to the Debtor, on or before the date that is 14 days after the Confirmation Order is entered, an estimate of fees through and including the Effective Date. An amount equal to the total of all such fee estimations combined shall be withheld until approval of their respective final fee applications, which applications shall be filed on or before the date that is 28 days after the Effective Date. For the avoidance of any doubt, the primary purpose of such fee estimations is to determine whether the Unencumbered Funds total at least $1,000,000. The Professional Fees shall be paid from Cash on hand.

The following is a table of the Professional fees estimated to be **unpaid** as of the Effective Date:

Professional	**Services Provided**	**Amount of Fees**
Brownstein Hyatt Farber Schreck, LLP	Debtor's Bankruptcy Counsel	$23,750.00[4]
Ehrhardt Keefe Steiner & Hottman PC	Debtor's Accountant	$10,000.00
Lindquist & Vennum P.L.L.P.	Creditors' Committee Counsel	$50,000.00
Faegre	Counsel to Alliance	$0.00[5]
Alliance Management	CRO	$20,000.00[6]

The Debtor estimates that the fees of the Professionals, the CRO and the CRO's counsel through the Effective Date of the Plan will not exceed the amount budgeted by the Debtor, and the Debtor will have the requisite $1 million in Unencumbered Funds. The unpaid fee estimates of Professionals listed above are as of the Effective Date (not the date of this Disclosure Statement) and assume that Professionals will continue to be paid 75% of their fees and 100% of the expenses on a monthly basis, as per previous court order, and 100% of their fees after court

[4] Brownstein Hyatt Farber Schreck, LLP is holding a retainer of $22,103.30 from the Estate that will be applied to its final invoices.

[5] Faegre is not a Professional of the Estate. However, its projected unpaid fees are included in this table because their funds will be paid from a retainer provided by the Estate to Faegre prior to the Petition Date.

[6] Alliance is not a Professional of the Estate, but is being included in this Disclosure Statement as it is paid on an hourly basis and has agreed to seek Bankruptcy Court approval of its fees and expense. Alliance is holding a retainer of $50,000.00 from the Estate that will be applied to its final invoices.

approval of fee applications, until the Plan becomes effective. The Debtor expects that many of its Professionals will file interim fee applications for fees and expenses from the Petition Date through January 31, 2012, in February 2012.

4. Substantial Contribution Claim

The Substantial Contribution Claim shall be paid by the Debtor on the Effective Date from Cash on hand. The Substantial Contribution Claim shall be in complete satisfaction of any and all Claims, including, but not limited to, Administrative Expense Claims under Bankruptcy Code §§ 503(b)(3) and (b)(4), that the Petitioning Creditors or their counsel has or may assert, but shall not reduce or be a credit against any Allowed 20 Day Vendor Claim or Allowed General Unsecured Claim.

5. Statutory Fees

On the Effective Date, the Debtor shall make all payments required to be paid to the U.S. Trustee pursuant to § 1930 of Title 28 of the United States Code. All fees payable pursuant to § 1930 of Title 28 of the United States Code after the Effective Date shall be paid on a quarterly basis until the Chapter 11 Case is closed, converted, or dismissed.

6. Classified Claims

The remaining Claims and Equity Interests are divided into 4 Classes.

Class 1(a): Fifth Third Bank's Secured Claim. Fifth Third Bank's Allowed Class 1(a) Claim shall be paid in full on the Effective Date. As of the date of this Disclosure Statement, the Debtor has paid all principal and interest with respect to Fifth Third Bank's Secured Claim, and the only additional amounts formally claimed by Fifth Third Bank as of the date of this Disclosure Statement are for approximately $7,100 in attorney fees.

Although Fifth Third Bank's Secured Claim has been paid in full with respect to principal, interest, and most of its attorney fees, Fifth Third Bank also asserts that it is entitled to a Secured Claim with respect to any attorney fees, charges, and other fees associated with an investigation by the Creditors' Committee of Fifth Third Bank's Secured Claim and any litigation which the Creditors' Committee or the Post Confirmation Committee might bring against Fifth Third Bank. Fifth Third Bank has not provided the Debtor an estimate of such attorney fees and charges. The Debtor has not taken a position as to whether Fifth Third Bank is entitled to such a Secured Claim. Additionally, Fifth Third Bank has demanded that the Debtor set aside $500,000 in cash in a separate escrow account to pay for at least a portion such fees, although Fifth Third Bank has yet to seek such relief in the Bankruptcy Court. The Debtor has not consented to the bank's demand.

If at or prior to confirmation of the Plan, the Bankruptcy Court enters an Order requiring the Debtor to set aside funds to pay for attorney fees and other charges associated with Fifth Third Bank's Allowed Secured Claim, such funds held in escrow shall not be included in the calculation of Unencumbered Funds. After the Debtor has paid any funds from such escrow, the remaining funds shall be returned to the Debtor, and such funds shall be included in the calculation of Unencumbered Funds.

Class 1(b): Cab West LLC's Secured Claims. Cab West, LLC's Allowed Class 1(b) Claims shall be paid in full on the Effective Date, to the extent it has not already been paid. The Debtor inadvertently paid most of Cab West's secured Claim, approximately $8,000, in January 2012. A de minimis amount remains owed.

Class 2: Ally Financial's Secured Claim. The Debtor shall transfer and convey to Ally Financial the collateral securing its Allowed Class 2 Secured Claim, unless Ally Financial has already taken possession of the collateral pursuant to a motion for relief from the automatic stay and enforced its state law remedies prior to the Effective Date, which shall constitute full and final satisfaction of its Allowed Claim.

Class 3: General Unsecured Claims.

a. Holders of Allowed Class 3 Claims shall receive, *pro rata*, (i) any unused portion of the Litigation Fund, (ii) 50% of any Net Litigation Recoveries, and (iii) in the event all Allowed 20 Day Vendor Claims are paid in full, any funds otherwise allocated for Distribution to 20 Day Vendor Claims. To avoid any confusion, a Holder of a 20 Day Vendor Claim shall have a General Unsecured Claim for (i) any Allowed Claim it has that does not qualify as a 20 Day Vendor Claim, and (ii) any unpaid portion of its Allowed 20 Day Vendor Claim.

b. Distributions to Holders of Allowed Class 3 Claims shall be made by the Disbursing Agent. Holders of Allowed Class 3 Claims shall receive their *pro rata* share of the distributions based upon the total amount of all Allowed and Disputed Class 3 Claims pending at the time of such Distribution. No Distribution shall be made in respect of any Disputed Class 3 Claim. The *pro rata* portion of the funds applicable to each Disputed Class 3 Claim shall be withheld unless and until such Claim becomes an Allowed Claim. The *pro rata* portion of the funds withheld in respect of any Disputed Class 3 Claim which is subsequently Disallowed shall be distributed on Allowed Class 3 Claims as provided in Section 6.04(c) of the Plan.

c. The Disbursing Agent shall make subsequent Distributions to Holders of Allowed Class 3 Claims to the extent there are sufficient funds available which are not required to be withheld for Disputed Claims. Subsequent Distributions will be made first to Holders of Disputed Class 3 Claims that have become Allowed Claims until they have received the same percentage on their claims as other Allowed Claims and then *pro rata* to all Holders of Allowed Class 3 Claims.

d. The Disbursing Agent shall continue to make Distributions to Class 3 Claims until all Allowed Class 3 Claims have been paid in full or until a final decree has entered in the Chapter 11 case.

Class 4: Equity Interests. Class 4 Equity Interests shall be cancelled and shall not receive anything under the Plan.

D. Executory Contracts and Unexpired Leases

1. Assumption or Rejection of Executory Contracts and Unexpired Leases.

Pursuant to Bankruptcy Code §§ 365(a) and 1123(b)(2), all executory contracts and unexpired leases that exist between the Debtor and any party that have not been previously assumed pursuant to an order of the Bankruptcy Court shall be deemed rejected on the Effective Date.

2. Claims Based on Rejection of Executory Contracts or Unexpired Leases.

With respect to Claims arising from the rejection of executory contracts or unexpired leases pursuant to Section 8.01 of the Plan, the bar date to file Proofs of Claim in this Case shall be reopened for a period of 28 days after the Effective Date and all such Proofs of Claim must be filed with the Bankruptcy Court during that time. Any Claim arising from the rejection of an executory contract or unexpired lease pursuant to Section 8.01 of the Plan for which a Proof of Claim is not timely filed within that time period shall be forever barred from assertion against the Estate, its successors and assigns, or its assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein.

E. Sources of Information for Disclosure Statement; Financial Reporting

Substantially all of the factual information utilized in this Disclosure Statement, including but not limited to the amount of Claims, was obtained from information provided by the Debtor's books, records, Statement of Financial Affairs, and Schedules and the claims register. Due to resignation of the Board and all of the Debtor's officers, there has been limited access to the Debtor's historical information.

F. Anticipated Litigation

As set forth in more detail in the Plan, the Debtor is assigning all of the Reserved Causes of Action to the Post Confirmation Committee. Thus, the Post Confirmation Committee has the sole discretion and authority to investigate, prosecute, compromise, settle, discontinue, abandon, dismiss, or otherwise resolve such Reserved Causes of Action for the benefit of the Estate as representative of the Estate pursuant to Bankruptcy Code § 1123(b). The Post Confirmation Committee may only use the funds in the Litigation Fund for such purposes, and may spend a maximum of $75,000 of the Litigation Funds for the investigation of potential Reserved Causes of Action prior to initiating litigation.

Under the Plan, the Reserved Causes of Action means all Causes of Action that the Estate may have (other than Causes of Action that are the subject of Avoidance Claim Releases), including, but not limited to, Causes of Action seeking subordination of Claims, all Avoidance Claims (other than Avoidance Claims that are the subject of Avoidance Claim Releases), any insurance claims, and all claims for breach of contract, tort, fraud, misrepresentation or breach of any duty to the Debtor or its Creditors. For the avoidance of any doubt, and notwithstanding the foregoing sentence, the Reserved Causes of Action specifically include any Avoidance Claims and any Causes of Action against Walmart, Fifth Third Bank, Sankaty, any shareholder or former shareholder of the Debtor or MCMC Holding Company, Inc., any former director or officer of the Debtor, and any director or officer or former director or officer of MCMC Holding Company, Inc.

G. Waiver of Avoidance Claims Against Holders of 20 Day Vendor Claims

Avoidance Claims are "any and all rights, claims, causes of action or rights to avoid any transfer or incurrence of debt that may be asserted or recovered by the Debtor in its capacity as debtor-in-possession pursuant to Chapter 5 of the Bankruptcy Code." (Plan at § 2.01).

With the exception of the Reserved Causes of Action, any actual or potential Avoidance Claims that the Estate has or may have against any Holder of an Allowed 20 Day Vendor Claim are waived and released under the Plan. To avoid confusion, the Debtor is not releasing any Causes of Action that the Estate may have against Walmart, Fifth Third Bank, Sankaty, any shareholder or former shareholder of the Debtor or MCMC Holding Company, Inc., any former director or officer of the Debtor, and any director or officer or former director or officer of MCMC Holding Company, Inc.

H. Feasibility and Distributions to Creditors

The Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization unless the plan calls for liquidation. This Plan calls for the liquidation of the Debtor and is, therefore, by definition feasible. The Debtor has analyzed its ability to meet its obligations under the Plan. Based upon the Debtor's current assets and its projection of Cash after liquidation of its remaining assets, the Debtor will be able to make all payments required under the Plan for Administrative Expense Claims (other than 20 Day Vendor Claims) and Tax Claims, pay Class 1(a) and 1(b) in full, and have at least $1 million remaining to fund the 20 Day Vendor Trust and Litigation Fund. Accordingly, the Debtor believes that the Plan satisfies the feasibility requirement of the Bankruptcy Code.

I. Federal Income Tax Consequences to Creditors

1. In General

Any tax advice contained in this Disclosure Statement is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax-related penalties under the Internal Revenue Code of 1986, as amended. Any tax advice contained in this Disclosure

Statement was written to support the promotion of the transactions described in this Disclosure Statement.

The following discussion is not intended as a substitute for professional tax advice, including the evaluation of recently enacted and pending legislation, since recent changes in the federal income taxation of reorganizations under the Bankruptcy Code are complex and lack authoritative interpretation. The Debtor has not received, nor will it request, a ruling from the IRS as to any of the tax consequences of the Plan with respect to holders of Claims. The Debtor assumes no responsibility for the tax effect that Confirmation and receipt of any distribution under the Plan may have on any given creditor or other party in interest. The brevity of the following discussion requires omission of matters that might affect one or more Holders of Claims against the Debtor depending upon their circumstances. **Accordingly, the Debtor recommends that Creditors and other parties in interest consult with their own tax advisors concerning the federal, state and local tax consequences of the Plan**.

Creditors may be required to report income or may be entitled to a deduction as a result of implementation of the Plan.

To the extent a Creditor receives, or expects to receive, less pursuant to the Plan than the Creditor's basis in the claim to which such amount relates, the Creditor may be permitted to claim a bad debt deduction. The amount, timing and character of the deduction will depend, among other things, upon the Creditor's tax accounting method for bad debts, the Creditor's tax status, the nature of the Creditor's claim, whether the creditor receives consideration in more than one year, and whether the creditor has previously taken a bad debt deduction or worthless security deduction with respect to the Creditor's claim. If the debt is not business related, a deduction is only available if the debt is worthless. A cash basis taxpayer can deduct a bad debt only if an actual cash loss has been sustained or if the amount deducted was included in income. All accrual-basis taxpayers must use the specific charge-off method to deduct business bad debts.

To the extent that a Creditor receives payment pursuant to the Plan in an amount in excess of the creditor's adjusted tax basis in the claim to which payment relates, the excess will be treated as income or gain to the creditor. A Creditor not previously required to include in its taxable income any accrued but unpaid interest on a claim may be treated as receiving taxable interest, to the extent the amount it receives pursuant to the Plan is allocable to such accrued but unpaid interest. A Creditor previously required to include in its taxable income any accrued but unpaid interest on a claim may be entitled to recognize a deductible loss, to the extent the amount of interest actually received by the creditor is less than the amount of interest taken into income by the creditor.

2. 20 Day Vendor Trust Agreement

Pursuant to the Plan, the 20 Day Vendor Trust shall be established to collect, hold, administer and distribute payments to the Holders of Allowed 20 Day Vendor Claims (the "Beneficiaries"). The 20 Day Vendor Trust Agreement vests broad authority in the 20 Day Vendor Trustee to administer the 20 Day Vendor Trust assets, determine the validity of applicable claims and to contest, litigate to judgment, settle or withdraw objections to 20 Day

Vendor Claims and to contest the claim of any third party to 20 Day Vendor Trust assets. Article 7 of the 20 Day Vendor Trust Agreement also authorizes, but does not require, the 20 Day Vendor Trustee to seek a ruling or other advice or guidance regarding how the 20 Day Vendor Trust will be taxed for United States federal, state and local income tax purposes. While the tax treatment of the 20 Day Vendor Trust is not free from doubt, the 20 Day Vendor Trustee intends, for United States federal and state income tax purposes, to treat the 20 Day Vendor Trust as a complex trust governed by Section 641 of the Internal Revenue Code of 1986, as amended (the "Code"). Under this treatment, each Beneficiary would be treated as owning a separate and independent share of the 20 Day Vendor Trust assets within the meaning of Section 63(c) of the Code. A complex trust is taxed, at the trust level, to the extent it retains and accumulates trust income and does not distribute such income to its Beneficiaries. If a complex trust distributes its income, the complex trust may receive a deduction to the extent such income is distributed to the Beneficiates and the Beneficiaries are required to report and pay income tax on the income distributed to it. The 20 Day Vendor Trustee will oversee the preparation of required income tax returns and reporting of 20 Day Vendor Trust income tax consequences to the Beneficiaries in accordance with applicable law.

NO ASSURANCE CAN BE GIVEN THAT THE IRS WILL AGREE WITH THE TAX TREATMENT THAT IS INTENDED FOR THE 20 DAY VENDOR TRUST. THEREFORE, EACH BENEFICIARY IS URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE INTENDED UNITED STATES INCOME, STATE AND LOCAL TAX TREATMENT OF THE TRUST AND SUCH BENEFICIARY'S PARTICIPATION THEREIN.

IV. MISCELLANEOUS PLAN PROVISIONS

A. Objections to Claims and Settlements

1. 20 Day Vendor Claims

The 20 Day Vendor Trustee shall have standing to object to 20 Day Vendor Claims and to continue or pursue any pending objections to 20 Day Vendor Claims.

2. Other Claims

After the Effective Date, Objections to Claims, other than 20 Day Vendor Claims, may be made, and Objections to Claims made previous thereto shall be pursued, by the Post Confirmation Committee as representative of the Estate pursuant to Bankruptcy Code § 1123(b). Further, the Post Confirmation Committee may settle any Disputed Claim where the proposed Allowed Claim is to be less than $50,000 without notice and a hearing and without an order of the Bankruptcy Court. All other settlements shall be subject to notice and a hearing pursuant to Bankruptcy § 102(1) and a Final Order of the Bankruptcy Court approving the settlement.

The Debtor will request that the Bankruptcy Court, via the Confirmation Order or a separate order, set a bar date of 45 days after the Effective Date for Holders of Claims, other than

Holders of 20 Day Vendor Claims, to file proofs of claim. On the Effective Date, the Debtor will mail notice of such bar date to Creditors pursuant to the Bankruptcy Rules.

B. Post Confirmation Committee

1. Formation of the Post Confirmation Committee

The Post Confirmation Committee shall be formed on or before the Effective Date and shall consist of Wild Rose Metals, Inc.; Magellan Freight Lines, LLC; Wayport Logistics, LLC; Linde, LLC; Greater Omaha Packing Co., d/b/a High Country Meats; and MCM (TN) LLC; Orleans International, Inc.; and National Beef Packing, Inc. Vacancies on the Post Confirmation Committee shall be filled by majority vote of the remaining members of the Post Confirmation Committee within 30 days of such vacancy.

2. Termination of the Post Confirmation Committee

The Post Confirmation Committee shall expire and terminate upon the earlier of payment in full of the Class 3 General Unsecured Claims, entry of a final decree closing the Chapter 11 Case, or failure of the Post Confirmation Committee to have at least three members upon expiration of the time provided herein to fill a vacancy.

3. Causes of Action

Except as otherwise provided in the Plan, as of the Effective Date, any and all Reserved Causes of Action accruing to the Debtor, or the Debtor in its capacity as debtor-in-possession, including, without limitation, actions under §§ 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code, shall be assigned to the Post Confirmation Committee as representative of the Estate pursuant to Bankruptcy Code § 1123(b).

On the Effective Date, the Debtor shall distribute 25% of the first $1,100,000 of Unencumbered Funds to the Litigation Fund for investigation and litigation by the Post Confirmation Committee of the Reserved Causes of Action. The Post Confirmation Committee shall have authority to appoint the Litigation Trustee and shall have the sole discretion and authority to investigate, prosecute, compromise, settle, discontinue, abandon, dismiss, or otherwise resolve such Reserved Causes of Action for the benefit of the Estate as representative of the Estate pursuant to Bankruptcy Code § 1123(b). The Post Confirmation Committee may only use the funds in the Litigation Fund for such purposes, and may spend a maximum of $75,000 of the Litigation Fund for the investigation of potential Reserved Causes of Action prior to initiating litigation. Any unused portion of the Litigation Fund shall be distributed *pro rata* to Allowed Class 3 Claims in accordance with the terms of the Plan. Further, on and after the Effective Date, the Post Confirmation Committee shall have the authority to compromise, settle, discontinue, abandon, dismiss, or otherwise resolve all such Reserved Causes of Action as representative of the Estate pursuant to Bankruptcy Code § 1123(b) when the proposed settlement amount is to be less than $50,000 without notice and a hearing and without an order of the Bankruptcy Court. All other settlements shall be subject to notice and a hearing pursuant to Bankruptcy Code § 102(1) and a Final Order of the Bankruptcy Court approving the settlement.

4. Duties and Authority of the Post Confirmation Committee

The Post Confirmation Committee shall have the authority and duties set forth in Sections 9.02(d) and 10.03 of the Plan.

5. Exculpation for the Post Confirmation Committee

Neither the Post Confirmation Committee nor any of its members, designees, retained professionals or any duly designated agent or representative, including the Litigation Trustee and Disbursing Agent, shall be liable for anything other than such person's own acts as shall constitute willful misconduct or gross negligence in the performance (or nonperformance) of its duties, or acts contrary to the express terms of this Plan. The Post Confirmation Committee may, in connection with the performance of its functions, consult with counsel, accountants and its agents, and may reasonably rely upon advice or opinions received in the course of such consultation. If the Post Confirmation Committee determines not to consult with counsel, accountants or its agents, such determination shall not in itself be deemed to impose any liability on the Post Confirmation Committee, or its members and/or its designees.

C. Exculpation

The Debtor, any of its employees, advisors, counsel, and agents, Alex G. Smith, Alliance and its counsel, the Creditors' Committee and its counsel, the Petitioning Creditors and their counsel, the Post Confirmation Committee and its counsel, the Litigation Trustee, the 20 Day Vendor Trustee, and the Disbursing Agent, shall neither have nor incur any liability to any Holder of a Claim, or any party acting or asserting a claim through a Holder of a Claim, for any act or omission in connection with, related to, or arising out of, the Involuntary Petition or the Voluntary Petition, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence, and, in all respects, the Debtor and its employees, advisors and agents, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. For the avoidance of any doubt, Section 13.04 of the Plan does not apply to the parties set forth in the Reserved Causes of Action.

D. Other Provisions

Creditors and other parties in interest are directed to the Plan with respect to the provisions that are not specifically discussed in this Disclosure Statement.

V. RISK FACTORS

As with any plan or other financial transaction, there are certain risk factors which must be considered. It should be noted that all risk factors cannot be anticipated, that some events will develop in ways that were not foreseen and that many or all of the assumptions that have been used in connection with this Disclosure Statement and the Plan will not be realized exactly as assumed. Some or all of such variations may be material. While every effort has been made to be reasonable in this regard, there can be no assurance that subsequent events will bear out the analysis set forth herein. Not all possible risks can be, or are discussed in this Disclosure

Statement. Under the Plan, some of the principal risks that Holders of Claims should be aware of, in the Debtor's view, are as follows:

- Non-Consent by 20 Day Vendors – There can be no assurances that Holders of 20 Day Vendor Claims will not object to the treatment afforded to such Holder pursuant to the Plan. If the Debtor is not able to resolve objections to the Plan, the Debtor may not be able to confirm the Plan. If the Plan is not confirmed, or if the Holders of 20 Day Vendor Claims do not consent to their treatment under the Plan, the Debtor reserves its right to contest the validity of the Involuntary Case.

- Fifth Third Bank's Secured Claim – As noted above, although Fifth Third Bank's Secured Claim has been paid in full with respect to principal, interest, and most of its attorney fees, Fifth Third Bank also asserts that it is entitled to a Secured Claim with respect to any attorney fees, charges, and other fees associated with an investigation by the Creditors' Committee of Fifth Third Bank's Secured Claim and any litigation which the Creditors' Committee or the Post Confirmation Committee might bring against Fifth Third Bank. Fifth Third Bank has not provided the Debtor an estimate of such attorney fees and charges. The Debtor has not taken a position as to whether Fifth Third Bank is entitled to such a Secured Claim. Additionally, Fifth Third Bank has demanded that the Debtor set aside $500,000 in cash in a separate escrow account to pay for such fees, although Fifth Third Bank has yet to seek such relief in the Bankruptcy Court. The Debtor has not consented to the bank's demand.

- If Fifth Third Bank's Allowed Secured Claim is limited to $12,000, the Debtor's budget provides that it will have at least approximately $1,050,000 in Unencumbered Funds as of the Effective Date. Fifth Third Bank asserts a secured claim in excess of $12,000. If Fifth Third Bank is entitled to an Allowed Secured Claim for its future fees and Fifth Third Bank's unpaid Allowed Secured Claim is large enough that Unencumbered Funds total less than $1,000,000, the Plan will not become effective, and the Debtor reserves its right to contest the validity of the Involuntary Case. It is possible that either Fifth Third Bank's remaining Allowed Secured Claim or the establishment of an escrow for Fifth Third Bank's benefit by itself could delay or prevent the Plan from becoming effective.

- Potential for Unsecured Creditors to Receive No Distributions – Holders of General Unsecured Claims are only entitled to distributions if the Post Confirmation Committee (a) successfully litigates or settles the Reserved Causes of Action or (b) does not fully use the Litigation Fund. However, there can be no guarantee that the Post Confirmation Committee will be successful in any litigation or that it will not use the entire Litigation Fund in investigating and pursuing the Reserved Cause of Action. Accordingly, there is no guarantee that Holders of General Unsecured Claims will receive any distributions under the Plan.

- Uncertainties Related to Litigation – As described above, the Debtor is granting the Post Confirmation Committee authority to pursue all of the Debtor's potential causes of action. The outcomes of the litigation are uncertain and may result in no recovery for the Debtor's estate. Further, there is no guaranty that the Post Confirmation Committee will initiate any litigation after its investigation.

- Litigation Expenses – Although litigation expenses may be substantial, the Litigation Fund can only be funded up to a maximum amount of $275,000, with a maximum amount of $75,000 allocated to investigating potential causes of action. There is no guaranty that the Post Confirmation Committee will expend less than these amounts or that these amounts will be sufficient to fully investigate or pursue any litigation.

- Dilution of Distributions Based on Allowed Claims – No final determination has been made as to which Claims will be Disputed Claims, and it is possible that the number of Disputed Claims may be material and that the amounts allowed in respect of such Disputed Claims maybe materially in excess of the estimates of Allowed Claims used to develop the Plan and this Disclosure Statement. The Holders of Allowed Claims are subject to the risk of dilution if the amount of actual Allowed Claims exceeds such estimates. Accordingly, distributions to the Holders of Allowed Claims are at risk of being adversely affected by the total amount of Allowed Claims.

- Costs of Administering the Estate - The disbursement of the proceeds of any Litigation Recoveries will require certain administrative costs that may vary based on a variety of factors. Such administrative costs cannot be predicted with certainty and will be paid from the Litigation Fund. Accordingly, such expenses may affect recoveries under the Plan.

VI. ALTERNATIVES AND POTENTIAL PLAN RECOVERY

A. Chapter 11 Alternatives.

As discussed above, the Plan is the product of substantial discussions and negotiations with the Petitioning Creditors, who potentially hold a substantial amount of 20 Day Vendor Claims, and the Creditors' Committee. If the Plan is not confirmed, then the Court will hold a hearing on the Debtor's Motion to Dismiss and determine whether to enter an Order for Relief in the Involuntary Case or dismiss it.

If the Debtor's Motion to Dismiss is granted, the Voluntary Petition Date would be used to determine the amount of 503(b)(9) Claims. In that case, 20 Day Vendor Claims would be treated as General Unsecured Claims, and would not be entitled to priority under Bankruptcy Code § 503(b)(9). As a practical matter, this would mean that Holders of 20 Day Vendor Claims would receive significantly less than they do under this Plan, and Holders of General Unsecured Claims would be entitled to receive payments under the Plan, regardless of the outcome of any future litigation. For Holders of General Unsecured Claims, the Plan provides them with a potential recovery, in the event that future litigation is successful. Although the distributions to Holders of General Unsecured Claims in this scenario may be greater than what is proposed under the Plan, there is no guarantee that the Debtor will be successful in dismissing the Involuntary Case.

Further, if the Debtor's Motion to Dismiss is denied, and the Involuntary Petition Date is used, 20 Day Vendor Claims would constitute Administrative Expense Claims under Bankruptcy Code § 503(b)(9) and would be entitled to payment in full on the Effective Date. Under this scenario, Holders of General Unsecured Claims would not be entitled to any payment on account of their claims. Additionally, the Estate would have insufficient funds to pay its Administrative Expense Claims in full so that a plan of reorganization could not be confirmed under Bankruptcy Code § 1129(a)(9), the case would be converted to a Chapter 7, and Holders of Administrative Expense Claims would receive amounts similar to that contemplated under this Plan.

Accordingly, at this time, the Debtor does not believe that there is a better alternative for emerging from Chapter 11 other than through the confirmation of the Plan.

B. Liquidation

An alternative to confirmation of the Plan would be liquidation of the Debtor's assets by a trustee appointed in a case under Chapter 7 of the Bankruptcy Code. The Chapter 7 trustee would make all of his own decisions with respect to the liquidation of the Estate, the hiring of professionals, the pursuit of any claims or litigation, and the payment or objection to Claims. A Chapter 7 trustee and his professionals at this late date would necessary duplicate much of the work already done by the Debtor at additional expense. As a general matter, distributions in Chapter 7 cases are not made until all issues have been resolved and the trustee's Final Report approved. In addition, if a Chapter 7 trustee were appointed, the Chapter 7 trustee would be paid pursuant to the provisions of § 326(a) of the Bankruptcy Code, which would add an additional Administrative Expense Claim.

As of the date of this Disclosure Statement, the Debtor has sufficient cash on hand to fund the 20 Day Vendor Trust and the Litigation Fund. Although the Plan is a compromise of the issues, it provides certainty regarding distributions, expedites distributions to Holders of Allowed Claims and prevent the additional expenses, such as the Chapter 7 trustee's fee that would be incurred if the Chapter 11 Case were converted to a case under Chapter 7 of the Bankruptcy Code. Consequently, the Debtor has formulated its Plan and liquidated its assets in a manner that it believes will provide the best possible return in the shortest possible time to Creditors.

February 14, 2012

MOUNTAIN CITY MEAT CO., INC.

Debtor and Debtor-in-Possession

By: *s/Alex G. Smith*
Title: Chief Restructuring Officer

BROWNSTEIN HYATT FARBER SCHRECK, LLP

By: *Daniel J. Garfield*

Michael J. Pankow, Esq.
Daniel J. Garfield, Esq.
Joshua M. Hantman, Esq.
Heather E. Schell, Esq.
410 17th Street, Suite 2200
Denver, CO 80202
Phone: (303) 223-1100
Fax: (303) 223-1111
Email: mpankow@bhfs.com
Email: dgarfield@bhfs.com
Email: jhantman@bhfs.com
Email: hschell@bhfs.com

Attorneys for the Debtor

EXHIBIT A

PLAN OF REORGANIZATION
[TO BE ATTACHED]

UNITED STATES BANKRUPTCY COURT
DISTRICT OF COLORADO

In re MOUNTAIN CITY MEAT CO., INC. Debtor.	Bankruptcy Case Nos. 11-29209-HRT, 11-32656-HRT Jointly Administered Voluntary and Contested Involuntary Cases under Case No. 11-32656-HRT Chapter 11

MOUNTAIN CITY MEAT CO., INC.'S LIQUIDATING CHAPTER 11 PLAN OF REORGANIZATION

Dated: February 13, 2012

BROWNSTEIN HYATT FARBER SCHRECK, LLP
410 17th Street, Suite 2200
Denver, Colorado 80202
Telephone: (303) 223-1100
Facsimile: (303) 223-1111

Attorneys for Mountain City Meat Co., Inc.

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

DEBTOR'S LIQUIDATING PLAN OF REORGANIZATION

ARTICLE I
INTRODUCTION

Pursuant to Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., Mountain City Meat Co., Inc. (the "Debtor"), proposes the following Plan of Reorganization (the "Plan").

On August 11, 2011, the Denver District Court appointed BGA Management, LLC d/b/a Alliance Management, through its agent, Alex G. Smith, as receiver for the Debtor's personal property and related operations, and granted it authority to operate the Debtor's business and prepare the company for sale. Also on August 11, 2011, (the "Involuntary Petition Date"), the Petitioning Creditors[1] caused an Involuntary Chapter 7 Petition (Case No. 11-29209-HRT, the "Involuntary Case") to be filed against the Debtor. On September 6, 2011, the Debtor filed a Motion to Dismiss the Involuntary Petition. Specifically, if the Involuntary Case is allowed and the Involuntary Petition Date is used as the petition date, the Debtor's books and records show a total of approximately $4.32 million in potential administrative expense claims under Bankruptcy Code § 503(b)(9), which amount far exceeds its remaining assets. This would leave the Debtor's estate administratively insolvent from the outset. Administrative expense claims would receive a fraction of their claims and unsecured creditors would receive nothing.

To create process certainty for the sale of its assets, the Debtor filed a voluntary petition for Chapter 11 relief on September 24, 2011 (the "Voluntary Petition Date"), commencing Case No. 11-32656-HRT (the "Voluntary Case"). If the Involuntary Case is dismissed and the Voluntary Petition Date is used, the Debtor's books and records show that there are no potential administrative expense claims under Bankruptcy Code § 503(b)(9) because no entity delivered goods to the Debtor during the 20 days before the Voluntary Petition Date. Thus, while entities that delivered goods to the Debtor within the 20 days before the Involuntary Petition Date (the "20 Day Vendor Claims") would be entitled to administrative expense claims if the Involuntary Petition Date was used, they would be entitled to only general unsecured claims if the Voluntary Petition Date was used.

The Debtor and the Petitioning Creditors have agreed to a settlement over whether an order for relief should be entered in the Involuntary Case. The terms of the settlement are incorporated into the Plan. This settlement is conditioned upon the confirmation of the Plan and the consent, or deemed consent, of all Holders of 20 Day Vendor Claims, as more fully set out below in this Introduction. Under the settlement, the Debtor will conditionally consent to entry for an order of relief in the Involuntary Case. Holders of 20 Day Vendor Claims may not be paid in full. Instead, they will receive, up to the full amount of their claims: (i) an amount equal to 75% of the first $1,100,000 of Unencumbered Funds of the estate, less the Substantial Contribution Claim of the Petitioning Creditors, provided, however, that the Unencumbered Funds must total at least $1,000,000; (ii) 100% of the Unencumbered Funds in excess of $1,100,000, if any; plus (iii) 50% of any Net Litigation Recoveries.

[1] All capitalized terms not defined in this Article I shall have the meaning set forth in Section 2.01 of this Plan.

The other 25% of the first $1,100,000 of Unencumbered Funds (*i.e.*, $275,000) (the "Litigation Fund"), shall be distributed to the Post Confirmation Committee for investigation and litigation of certain causes of action of the Debtor's estate that will be assigned to the Post Confirmation Committee. Net Litigation Recoveries will be split 50-50 between Holders of 20 Day Vendor Claims and Holders of General Unsecured Claims, until 20 Day Vendor Claims are paid in full, in which case Net Litigation Recoveries will be distributed solely to General Unsecured Claims. To avoid any confusion, a Holder of a 20 Day Vendor Claim shall have a General Unsecured Claim for (i) any Allowed Claim it has that does not qualify as a 20 Day Vendor Claim, and (ii) any unpaid portion of its Allowed 20 Day Vendor Claim. With the exception of the Reserved Causes of Action, Avoidance Claims against Holders of 20 Day Vendor Claims shall be waived.

Subject to the above and foregoing conditions, this treatment of 20 Day Vendor Claims will be in complete satisfaction of any and all claims Holders of 20 Day Vendor Claims have or may assert, including administrative expense claims, against the Debtor. Nothing in this Plan is intended to prohibit Holders of 20 Day Vendor Claims from pursuing third parties who do not specifically receive exculpation under the Plan. All payments to Holders of 20 Day Vendor Claims will be made through a 20 Day Vendor Trust, which will be governed by a separate 20 Day Vendor Trust Agreement, a copy of which is attached to this Plan as Exhibit 1. Holders of General Unsecured Claims will only receive payments under the Plan if the Litigation Fund is not fully exhausted or if there are Net Litigation Recoveries.

The Debtor has analyzed the value of continuing to contest the Involuntary Case and other possible means of providing recovery to Creditors and believes that the Plan, if confirmed, provides the most efficient and practical means of recovery for Creditors. The settlement provides Holders of 20 Day Vendor Claims greater recoveries than they would receive if the Involuntary Petition is dismissed, and it provides Holders of General Unsecured Claims with a right to receive more than they would if an order for relief is entered in the Involuntary Case.

Because Holders of 20 Day Vendor Claims may not be paid in full on the Effective Date under the Plan, as required by 11 U.S.C. § 1129(a)(9), they will receive a copy of a consent form, which will be distributed along with the Plan and Disclosure Statement (the "Consent Form"), pursuant to which they must indicate whether they consent to their treatment under the Plan. If Holders of 20 Day Vendor Claims do not complete and return the Consent Form, the Debtor will ask the Bankruptcy Court to hold that the failure to complete and return the Consent Form means that the particular Holder of a 20 Day Vendor Claim has consented to the treatment set forth in the Plan and is bound by the terms and treatment set forth in the Plan.

The Debtor's conditional consent to entry for an order of relief in the Involuntary Case, and the effectiveness of this Plan, is conditioned on receipt by the Debtor of evidence to its satisfaction that all Holders of 20 Day Vendor Claims are bound by the terms of, and treatment set forth in, the Plan. If the Debtor does not receive such evidence to its satisfaction, the Debtor reserves its right to seek dismissal of the Involuntary Petition at the Confirmation Hearing so that it can confirm the Plan using the Voluntary Petition Date as the applicable petition date. If the Court does not confirm this Plan, there shall be no settlement, and the parties shall have and retain any and all rights they had prior to filing this Plan.

ARTICLE II
DEFINITIONS, RULES OF INTERPRETATION, COMPUTATION OF TIME

2.01 **Definitions**. As used herein, the following terms have the respective meanings specified below, unless the context otherwise requires:

"**20 Day Vendor Claim**" means any right to payment for the value of any goods received by the Debtor within the 20 days before August 11, 2011, in which such goods were sold to the Debtor in the ordinary course of the Debtor's business, which Claim was filed on or before the 20 Day Vendor Claim Bar Date and pursuant to the requirements set forth in the 20 Day Vendor Claim Bar Date Order.

"**20 Day Vendor Claim Bar Date**" means the deadline set forth by the Bankruptcy Court for filing 20 Day Vendor Claims, pursuant to the 20 Day Vendor Claim Bar Date Order, which date is February 10, 2012.

"**20 Day Vendor Claim Bar Date Order**" means the Order Setting 20 Day Vendor Claims Bar Date, entered by the Bankruptcy Court on January 12, 2012.

"**20 Day Vendor Trust**" is the separate trust created pursuant to Section 4.01 of this Plan, that is administered for distributions to Holders of Allowed 20 Day Vendor Claims.

"**20 Day Vendor Trust Agreement**" is the document establishing the 20 Day Vendor Trust.

"**20 Day Vendor Trustee**" means the trustee of the 20 Day Vendor Trust.

"**Administrative Expense Claim**" means any right to payment constituting a cost or expense of administration of the Chapter 11 Case under Bankruptcy Code §§ 503(b), 507(a)(2), or 1114(e)(2) and includes, without limitation, any 20 Day Vendor Claim, any actual and necessary costs and expenses of preserving the Estate, any actual and necessary costs and expenses of operating the business of the Debtor, any indebtedness or obligations incurred or assumed by the Debtor in connection with the conduct of its business or liquidation of its assets, any Professional fee claim, and any fees or charges assessed against the Estate under § 1930 of Title 28 of the United States Code.

"**Alliance**" means BGA Management, LLC d/b/a Alliance Management, through its agent, Alex G. Smith.

"**Allowed**" means (i) with respect to any 20 Day Vendor Claim, the 20 Day Vendor Claim or portion thereof that is not a Disputed Claim or Disallowed Claim, and for which a 20 Day Vendor Claim was filed with the Bankruptcy Court in accordance with the 20 Day Vendor Claim Bar Date Order on or before the 20 Day Vendor Claim Bar Date; and (ii) with respect to any Claim other than a 20 Day Vendor Claim, the Claim or portion thereof that is not a Disputed Claim or Disallowed Claim: (a) for which a Proof of Claim was timely filed with the

Bankruptcy Court, and as to which no Objection was filed; (b) for which no Proof of Claim thereof was filed, to the extent that such Claim has been listed by the Debtor in its Schedules as liquidated in amount and not disputed or contingent as to liability, and as to which no Objection was filed; (c) which arises from the recovery of property under §§ 550 or 553 of the Bankruptcy Code and is allowed in accordance with § 502(h) of the Bankruptcy Code; (d) which is allowed under the Plan; or (e) which is allowed by a Final Order.

"**Avoidance Claims**" means any and all rights, claims, causes of action or rights to avoid any transfer or incurrence of debt that may be asserted or recovered by the Debtor in its capacity as debtor-in-possession pursuant to Chapter 5 of the Bankruptcy Code.

"**Avoidance Claim Releases**" means the waiver and release of any actual or potential Avoidance Claims that the Estate may assert against any Holder of an Allowed 20 Day Vendor Claim pursuant to Section 13.03 of this Plan.

"**Bankruptcy Court**" means the United States Bankruptcy Court for the District of Colorado.

"**Business Day**" means any day other than a Saturday, Sunday or any legal holiday under federal law or the State of Colorado.

"**Cash**" means legal tender of the United States of America and equivalents thereof.

"**Causes of Action**" means, without limitation, any and all actions, causes of action, liabilities, obligations, rights, suits, debts, sums of money, damages, judgments, claims and demands whatsoever, whether known or unknown, in law, equity or otherwise.

"**Chapter 11 Case**" or "**Case**" means the case under Chapter 11 of the Bankruptcy Code styled In re Mountain City Meat Co., Inc., currently pending as case No. 11-32656-HRT on the docket of the Bankruptcy Court.

"**Claim**" has the meaning set forth in § 101(5) of the Bankruptcy Code.

"**Confirmation Date**" means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Case.

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

"**Creditor**" has the meaning ascribed to such term in § 101(10) of the Bankruptcy Code.

"**Creditors' Committee**" means the Official Unsecured Creditors' Committee appointed by the United States Trustee in this Chapter 11 Case pursuant to § 1102 of the Bankruptcy Code, as it may be constituted from time to time.

"**Debtor**" means Mountain City Meat Co., Inc.

"**Disallowed**" means, when referring to a Claim, a Claim or any portion thereof, that (a) has been disallowed or expunged, in whole or part, by a Final Order; (b) with respect to a 20 Day Vendor Claim, has been withdrawn by agreement of the 20 Day Vendor Trustee and the Holder thereof, in whole or in part; (c) with respect to a Claim other than a 20 Day Vendor Claim, has been withdrawn by agreement of the Debtor or the Post Confirmation Committee, on the one hand, and the Holder thereof, on the other, in whole or in part; (d) has been withdrawn, in whole or in part, by the Holder thereof; (e) is listed in the Schedules as zero or as disputed, contingent or unliquidated and in respect of which a Proof of Claim has not been timely filed or deemed timely filed pursuant to the Plan, the Bankruptcy Code or any Final Order of the Bankruptcy Court; (f) has been reclassified, expunged, subordinated or estimated to the extent that such reclassification, expungement, subordination or estimation results in a reduction in the filed amount of any Proof of Claim; or (g) is evidenced by a Proof of Claim which has been filed, or which has been deemed to be filed under applicable law or order of the Bankruptcy Court or which is required to be filed by order of the Bankruptcy Court, but as to which such Proof of Claim was not timely or properly filed. In each case a Disallowed Claim is disallowed only to the extent of disallowance, withdrawal, reclassification, expungement, subordination or estimation.

"**Disbursing Agent**" means the person appointed by the Post Confirmation Committee to make distributions under the Plan.

"**Disputed Claim**" means (i) with respect to any 20 Day Vendor Claim, any 20 Day Vendor Claim as to which an Objection is pending or contemplated by the 20 Day Vendor Trustee, and (ii) with respect to any Claim other than a 20 Day Vendor Claim, any such Claim as to which an Objection is pending or contemplated by the Debtor or the Post Confirmation Committee.

"**Distribution**" means any payment of Cash called for under the Plan.

"**Effective Date**" means the first day after the conditions to effectiveness of the Plan provided in Section 11.01 hereof have been satisfied.

"**Estate**" means the estate in the Chapter 11 Case.

"**Equity Interests**" means any ownership interests in and with respect to the Debtor.

"**Final Order**" means an order of the Bankruptcy Court as to which the time to appeal, petition for certiorari or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceeding for reargument or rehearing will then be pending or as to which any right to appeal, petition for certiorari, reargument, or rehearing will have been waived in writing, in form and substance, satisfactory to the Debtor or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court will have been determined by the highest court to which such order was appealed, or certiorari reargument or rehearing will have been denied and the time to take any further appeal, petition for certiorari or move for reargument or rehearing will have expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal

Rules of Civil Procedure, or any analogous rule under the Federal Rules of Bankruptcy Procedure, may be filed with respect to such order will not cause such order not to be a Final Order.

"**General Unsecured Claim**" means any Claim other than a Priority Claim, a Secured Claim, an Equity Interest or an Administrative Expense Claim. To avoid any confusion, a Holder of a 20 Day Vendor Claim shall have a General Unsecured Claim for (i) any Allowed Claim it has that does not qualify as a 20 Day Vendor Claim, and (ii) any unpaid portion of its Allowed 20 Day Vendor Claim.

"**Holder**" means the holder of any Claim or Equity Interest.

"**Impaired**" means, when used in reference to a Claim or Equity Interest or a class thereof, a Claim or Equity Interest or class thereof that is impaired within the meaning of Bankruptcy Code § 1124.

"**Involuntary Case**" means the involuntary Chapter 7 case (Case No. 11-29209-HRT) filed against the Debtor by the Petitioning Creditors in the Bankruptcy Court on August 11, 2011.

"**Involuntary Petition Date**" means the date on which the Involuntary Case was filed, which date is August 11, 2011.

"**Litigation Fund**" means the fund created pursuant to Section 10.03 of this Plan that the Post Confirmation Committee and its professionals may use to investigate and litigate the Reserved Causes of Action as representative of the Estate pursuant to Bankruptcy Code § 1123(b). The Litigation Fund shall be funded with 25% of the first $1,100,000 of Unencumbered Funds, plus any unspent amounts from the budget allocated for the Creditors' Committee, as agreed to between the Debtor and the Committee.

"**Litigation Recoveries**" means any recovery of funds from litigation of the Reserved Causes of Action.

"**Litigation Trustee**" means the person selected by the Post Confirmation Committee to bring and litigate any of the Reserved Causes of Action on behalf of the Post Confirmation Committee.

"**Net Litigation Recoveries**" means an amount equal to the Litigation Recoveries less any costs, fees and expenses associated with such litigation.

"**Objection**" means any objection, application, motion, complaint or any other legal proceeding seeking, in whole or in part, to disallow, determine, liquidate, classify, reclassify, establish the priority of, expunge, subordinate, or estimate any Claim (including the resolution of any request for payment of any Administrative Expense Claim), or Equity Interest, other than a Claim or an Equity Interest that is Allowed.

"**Petitioning Creditors**" means Orleans International, Inc., National Beef Packing, Inc., and XL Foods Lakeside Packers, Inc., and XL Four Star Beef, Inc.

"**Plan**" means this Chapter 11 plan, either in its present form or as the same may be altered, amended or modified from time to time.

"**Post Confirmation Committee**" has the meaning ascribed in Section 10.01 of this Plan.

"**Professionals**" means the professionals retained by the Debtor or the Creditors' Committee under Bankruptcy Code §§ 327 or 1103 and to be compensated pursuant to Bankruptcy Code §§ 327, 328, 330, 331, or 503(b)(2), (4) or (5).

"**Proof of Claim**" means a proof of claim filed in the Voluntary Case or the Involuntary Case.

"**Reserved Causes of Action**" means all Causes of Action that the Estate may have (other than Causes of Action that are the subject of Avoidance Claim Releases), including, but not limited to, Causes of Action seeking subordination of Claims, all Avoidance Claims (other than Avoidance Claims that are the subject of Avoidance Claim Releases), any insurance claims, and all claims for breach of contract, tort, fraud, misrepresentation or breach of any duty to the Debtor or its Creditors. For the avoidance of any doubt, and notwithstanding the foregoing sentence, the Reserved Causes of Action specifically include any Avoidance Claims and any Causes of Action against Walmart, Fifth Third Bank, Sankaty, any shareholder or former shareholder of the Debtor or MCMC Holding Company, Inc., any former director or officer of the Debtor, and any director or officer or former director or officer of MCMC Holding Company, Inc.

"**Sankaty**" means Sankaty Credit Opportunities, L.P.

"**Schedules**" mean the Schedules of Assets and Liabilities, the List of Holders of Interests, and the Statement of Financial Affairs filed by the Debtor in this Case.

"**Secured Claim**" means any Claim, to the extent reflected in the Schedules or a Proof of Claim as being secured and properly perfected, which is secured by a timely perfected lien, as defined by § 101(37) of the Bankruptcy Code, on collateral, to the extent of the value of the Estate's interest in such collateral, as determined as of the relevant determination date.

"**Substantial Contribution Claim**" means the actual, necessary expenses incurred by the Petitioning Creditors pursuant to Bankruptcy Code § 503(b)(3) and (b)(4) for filing and prosecuting the Involuntary Case, which amount equals $100,000.

"**Tax Claim**" means any claim entitled to priority under § 507(a)(8) of the Bankruptcy Code.

"**Unencumbered Funds**" means all available funds following payment in full of Fifth Third Bank's Secured Claim, other Secured Claims, and all expenses of administration, including Professional Fees and Tax Claims, as set forth in Section 4 of this Plan, without deducting for the Substantial Contribution Claim set forth in Section 4.04 of this Plan.

"**Unimpaired**" means, when used in reference to a Claim or Equity Interest or a class thereof, a Claim or Equity Interest or a class thereof that is not impaired within the meaning of § 1124 of the Bankruptcy Code.

"**Voluntary Case**" means the voluntary Chapter 11 case (Case No. 11-32656-HRT) filed by the Debtor in the Bankruptcy Court on September 24, 2011.

"**Voluntary Petition Date**" means the petition date of the Voluntary Case, which date is September 24, 2011.

2.02 **Rules of Interpretation**. Wherever from the context it appears appropriate, each term stated in either the singular or the plural will include both the singular and the plural and pronouns stated in the masculine, feminine or neuter gender will include the masculine, feminine and neuter. Unless otherwise specified, all section, article, schedule or exhibit references in the Plan are to the respective Section in, Article of, Schedule to, or Exhibit to, the Plan. The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. The rules of construction contained in § 102 of the Bankruptcy Code will apply to the construction of the Plan. A term used herein that is not defined herein, but that is used in the Bankruptcy Code, will have the meaning ascribed to that term in the Bankruptcy Code. The headings in the Plan are for convenience of reference only and will not limit or otherwise affect the provisions of the Plan.

2.03 **Computation of Time**. In computing any period of time prescribed or allowed by the Plan, the provisions of Rule 9006(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") shall apply.

ARTICLE III
TERMS OF COMPROMISE RESOLUTION

3.01 **Terms**. Following are the core terms of the compromise between the Debtor and the Petitioning Creditors, as reflected in this Plan:

a. On the Effective Date, the Debtor shall create and fund the 20 Day Vendor Trust. The 20 Day Vendor Trust shall be governed by the 20 Day Vendor Trust Agreement. (See Plan at § 4.01(a)).

b. The Debtor shall initially fund the 20 Day Vendor Trust in an amount equal to 75% of the first $1,100,000 of Unencumbered Funds, plus 100% of the Unencumbered Funds in excess of $1,100,000, if any, less the Substantial Contribution Claim. (Id.)

c. The Disbursing Agent shall make subsequent distributions to the 20 Day Vendor Trust in the event there are Litigation Recoveries from the Reserved Causes of Action brought by the Post Confirmation Committee. Such subsequent distributions, if any, shall be in an amount equal to 50% of the Net Litigation Recoveries. (Id. at § 4.01(b)(ii)).

d. Beneficiaries of the 20 Day Vendor Trust shall consist of Holders of Allowed 20 Day Vendor Claims. (Id. at § 4.01(b)(i)).

e. Distributions from the 20 Day Vendor Trust to Holders of Allowed 20 Day Vendor Claims shall be governed by the 20 Day Vendor Trust Agreement. (Id. at § 4.01(a)).

f. Also upon the Effective Date, the Debtor shall distribute to the Petitioning Creditors the Substantial Contribution Claim in the amount of $100,000 in full satisfaction of such Claim. (Id. at § 4.04).

g. The Debtor shall distribute the other 25% of the first $1,100,000 of Unencumbered Funds to the Litigation Fund for investigation and litigation by the Post Confirmation Committee of the Reserved Causes of Action. (Id. at § 10.03(b))

h. The Debtor shall assign the Reserved Causes of Action to the Post Confirmation Committee. (Id. at § 9.03).

i. Any Net Litigation Recoveries from the Reserved Causes of Action will be split 50-50 between Holders of Allowed 20 Day Vendor Claims and Holders of Allowed General Unsecured Claims. (Id. at §§ 4.01(b)(ii) and 6.04(a)).

j. Each Holder of a Claim that would otherwise qualify as a 20 Day Vendor Claim, but did not file a 20 Day Vendor Claim on or before the 20 Day Vendor Claim Bar Date and as required by the 20 Day Vendor Claim Bar Date Order is barred from seeking a 20 Day Vendor Claim or any other Administrative Expense Claim in respect thereof. (Id. at §§ 4.01(b)(iv)).

k. With the exception of the Reserved Causes of Action, Avoidance Claims against Holders of Allowed 20 Day Vendor Claims shall be waived. (Id. at § 13.03).

l. The Debtor shall conditionally consent to entry for an order for relief in the Involuntary Case and the treatment set forth in Section 4.01 for 20 Day Vendor Claims, if, and only if, (1) the Debtor receives evidence to its satisfaction that Holders of 20 Day Vendor Claims are bound by the terms of the Plan, and (2) the Plan is confirmed. If the Debtor does not receive such evidence to its satisfaction, the Debtor reserves its right to seek dismissal of the Involuntary Petition at the Confirmation Hearing so that it can confirm the Plan using the Voluntary Petition Date as the applicable petition date. If the Court does not confirm this Plan, there shall be no settlement and the parties shall have and retain any and all rights they had prior to filing this Plan. (See Plan at §§ 4.01 and 11.01).

m. Conditions precedent to the effectiveness of the Plan include: (1) Unencumbered Funds available for distribution must total at least $1,000,000.00; and (2) the Debtor shall receive evidence to its satisfaction that Holders of 20 Day Vendor Claims are bound by the terms of this Plan. (Id. at § 11.01).

ARTICLE IV
TREATMENT OF UNCLASSIFIED CLAIMS

4.01 **20 Day Vendor Claims**.

a. **Creation of the 20 Day Vendor Trust**. On the Effective Date, the Debtor shall create and fund the 20 Day Vendor Trust in an amount equal to 75% of the first $1,100,000 of Unencumbered Funds, plus 100% of the Unencumbered Funds in excess of $1,100,000, if any, less the Substantial Contribution Claim. The 20 Day Vendor Trust and Distributions therefrom shall be governed by the 20 Day Vendor Trust Agreement, a copy of which is attached to this Plan as Exhibit 1.

b. **Distributions**. 20 Day Vendor Claims shall be treated as follows:

i. Holders of Allowed 20 Day Vendor Claims shall be the beneficiaries of the 20 Day Vendor Trust. Holders of Allowed 20 Day Vendor Claims shall receive, on a *pro rata* basis, the funds held in the 20 Day Vendor Trust as further provided in the 20 Day Vendor Trust Agreement.

ii. Holders of Allowed 20 Day Vendor Claims shall also receive 50% of any Net Litigation Recoveries. The Disbursing Agent shall distribute that portion of the Holders of the 20 Day Vendor Claims' Net Litigation Recoveries into the 20 Day Vendor Trust, until 20 Day Vendor Claims have been paid in full.

iii. A Holder of a 20 Day Vendor Claim shall receive a General Unsecured Claim for (a) any Allowed Claim it has that does not qualify as a 20 Day Vendor Claim, and (b) any unpaid portion of its Allowed 20 Day Vendor Claim.

iv. Each Holder of a Claim that would otherwise qualify as a 20 Day Vendor Claim, but did not file a 20 Day Vendor Claim on or before the 20 Day Vendor Claim Bar Date and as required by the 20 Day Vendor Claim Bar Date Order is barred from seeking a 20 Day Vendor Claim or any other Administrative Expense Claim in respect thereof.

c. **Waiver**. The treatment set forth in this Section 4.01 and the Avoidance Claim Releases set forth in Section 13.03 of this Plan shall be in complete satisfaction of any and all Claims, including Administrative Expense Claims, that a Holder of a 20 Day Vendor Claim has or may have against the Debtor. Except as otherwise provided for in the Plan, Holders of 20 Day Vendor Claims waive any rights they have to assert any Claim, including an Administrative Expense Claim, against the Debtor. Nothing in this Plan is intended to prohibit Holders of 20 Day Vendor Claims from pursuing third parties who do not specifically receive exculpation under the Plan.

d. **Conditional Consent. Because Holders of 20 Day Vendor Claims may not be paid in full on the Effective Date under the Plan, as required by 11 U.S.C. § 1129(a)(9), they will receive a copy of a Consent Form, which will be distributed**

with the Plan and Disclosure Statement, pursuant to which they must indicate whether they consent to their treatment under the Plan. If Holders of 20 Day Vendor Claims do not complete and return the Consent Form, the Debtor will ask the Bankruptcy Court to hold that the failure to complete or return the Consent Form means that the particular Holder of a 20 Day Vendor Claim has consented to the treatment set forth in the Plan and is bound by the terms and treatment set forth in the Plan.

The Debtor's conditional consent to entry for an order of relief in the Involuntary Case and the effectiveness of this Plan are conditioned on receipt by the Debtor of evidence to its satisfaction that all Holders of 20 Day Vendor Claims are bound by the terms of, and treatment set forth in, the Plan. If the Debtor does not receive such evidence to its satisfaction, the Debtor reserves its right to seek dismissal of the Involuntary Petition at the Confirmation Hearing so that it can confirm the Plan using the Voluntary Petition Date as the applicable petition date.

4.02 **Tax Claims**. Except to the extent any entity entitled to payment of any Allowed Tax Claim has received payment on account of such Claim prior to the Effective Date, each Holder of an Allowed Tax Claim shall be paid in full on the Effective Date, unless such Holder of an Allowed Tax Claim agrees to different treatment.

4.03 **Professional Fees**. All Professionals seeking payment of professional fees or reimbursement of expenses incurred through and including the Effective Date under § 503(b)(2), (3), (4) or (5) of the Bankruptcy Code ("Professional Fees") shall provide to the Debtor, on or before the date that is 14 days after the Confirmation Order is entered, an estimate of fees through and including the Effective Date. An amount equal to the total of all such fee estimations combined shall be withheld until approval of their respective final fee applications, which applications shall be filed on or before the date that is 28 days after the Effective Date. For the avoidance of any doubt, the primary purpose of the such fee estimations is to determine whether the Unencumbered Funds total at least $1,000,000. The Professional Fees shall be paid from Cash on hand by the Disbursing Agent.

4.04 **Substantial Contribution Claim**. The Substantial Contribution Claim shall be paid by the Debtor on the Effective Date from Cash on hand. The Substantial Contribution Claim shall be in complete satisfaction of any and all Claims, including, but not limited to, Administrative Expense Claims under Bankruptcy Code §§ 503(b)(3) and (b)(4), that the Petitioning Creditors or their counsel has or may assert, but shall not reduce or be a credit against any Allowed 20 Day Vendor Claim or Allowed General Unsecured Claim.

4.05 **Statutory Fees**. On the Effective Date, the Debtor shall make all payments required to be paid to the U.S. Trustee pursuant to § 1930 of Title 28 of the United States Code. All fees payable pursuant to § 1930 of Title 28 of the United States Code after the Effective Date shall be paid from the Litigation Fund on a quarterly basis until the Chapter 11 Case is closed, converted, or dismissed.

ARTICLE V
DESIGNATION OF CLASSES

5.01 **Classification**. Claims and Equity Interests are classified for all purposes, including voting, confirmation, and distribution pursuant to the Plan, as follows:

Class	Status	Voting Rights
Class 1(a) (Fifth Third Bank's Secured Claim)	**Impaired**	Entitled to Vote
Class 1(b) (Cab West, LLC's Secured Claims)	**Impaired**	Entitled to Vote
Class 2 (Ally Financial's Secured Claim)	**Impaired**	Entitled to Vote
Class 3 (General Unsecured Claims)	**Impaired**	Entitled to Vote
Class 4 (Equity Interests)	**Impaired**	Deemed to Reject

ARTICLE VI
TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

6.01 **Class 1(a): Fifth Third Bank's Secured Claim**. Fifth Third Bank's Allowed Class 1(a) Claim shall be paid in full on the Effective Date.

If at or prior to confirmation of the Plan, the Bankruptcy Court enters an Order requiring the Debtor to set aside funds to pay for attorney fees and other charges associated with Fifth Third Bank's Allowed Secured Claim, such funds held in escrow shall not be included in the calculation of Unencumbered Funds. After the Debtor has paid any funds from such escrow, the remaining funds shall be returned to the Debtor, and such funds shall be included in the calculation of Unencumbered Funds.

6.02 **Class 1(b): Cab West, LLC's Secured Claims**. Cab West, LLC's Allowed Class 1(b) Claims shall be paid in full on the Effective Date, to the extent such Claims have not already been paid.

6.03 **Class 2: Ally Financial's Secured Claim**. The Debtor shall transfer and convey to Ally Financial the collateral securing its Allowed Class 2 Secured Claim, unless Ally Financial has already taken possession of the collateral pursuant to a motion for relief from the automatic stay and enforced its state law remedies prior to the Effective Date, which shall constitute full and final satisfaction of its Allowed Claim.

6.04 **Class 3: General Unsecured Claims**.

a. Holders of Allowed Class 3 Claims shall receive, *pro rata*, (i) any unused portion of the Litigation Fund, (ii) 50% of any Net Litigation Recoveries, and (iii) in the event all Allowed 20 Day Vendor Claims are paid in full, any funds otherwise allocated for Distribution to 20 Day Vendor Claims. To avoid any confusion, a Holder of a 20 Day

Vendor Claim shall have a General Unsecured Claim for (i) any Allowed Claim it has that does not qualify as a 20 Day Vendor Claim, and (ii) any unpaid portion of its Allowed 20 Day Vendor Claim.

b. Distributions to Holders of Allowed Class 3 Claims shall be made by the Disbursing Agent. Holders of Allowed Class 3 Claims shall receive their *pro rata* share of the distributions set forth in this Section based upon the total amount of all Allowed and Disputed Class 3 Claims pending at the time of such Distribution. No Distribution shall be made in respect of any Disputed Class 3 Claim. The *pro rata* portion of the funds applicable to each Disputed Class 3 Claim shall be withheld unless and until such Claim becomes an Allowed Claim. The *pro rata* portion of the funds withheld in respect of any Disputed Class 3 Claim which is subsequently Disallowed shall be distributed on Allowed Class 3 Claims as provided in Section 6.04(c) of this Plan.

c. The Disbursing Agent shall make subsequent Distributions to Holders of Allowed Class 3 Claims to the extent there are sufficient funds available which are not required to be withheld for Disputed Claims. Subsequent Distributions will be made first to Holders of Disputed Class 3 Claims that have become Allowed Claims until they have received the same percentage on their claims as other Allowed Claims and then *pro rata* to all Holders of Allowed Class 3 Claims.

d. The Disbursing Agent shall continue to make Distributions to Holders of Allowed Class 3 Claims until all Allowed Class 3 Claims have been paid in full or until a final decree has entered in the Chapter 11 case.

6.05 **Class 4: Equity Interests**. Class 4 Equity Interests shall be cancelled and shall not receive anything under this Plan.

6.06 **Cramdown**. The Debtor requests confirmation of this Plan pursuant to Bankruptcy Code § 1129(b).

ARTICLE VII
PROVISIONS REGARDING RESOLUTION OF CLAIMS AND DISTRIBUTIONS UNDER THE PLAN

7.01 **Method of Distributions under the Plan**.

a. In General. Subject to Bankruptcy Rule 9010, all Distributions under the Plan shall be made to the Holders of each Allowed Claim at the address of such Holder as listed on the Schedules, application for 20 Day Vendor Claim, or Proof of Claim, as applicable. Payments to be made under the Plan on the Effective Date shall be made by the Debtor.

b. Distributions to Holders of 20 Day Vendor Claims. Distributions to Holders of 20 Day Vendor Claims shall be made through the 20 Day Vendor Trust, which shall be created and funded by the Debtor upon the Effective Date. The 20 Day

Vendor Trust, and Distributions therefrom, shall be governed by Section 4 of this Plan and the 20 Day Vendor Trust Agreement.

c. Distributions to Holders of Class 3 Claims. Distributions under the Plan to Allowed Class 3 Claims shall be made by Disbursing Agent. Such Distributions shall be made by check. All checks for distribution shall be negotiated within 90 days of the date of such check, after which such check shall be void. The Holder of an Allowed Claim that does not negotiate payment within the 90-day period shall have one year after the check becomes void to assert payment on account of its claim pursuant to this Plan, after which time its Claim shall be reduced to zero. At such time, the Disbursing Agent shall no longer be obligated to reserve for such Claim or make any further distributions in respect of such Claim.

d. Timing of Distributions. Any payment or Distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

e. Tax Withholding. Distributions to Holders of Allowed Claims (including Allowed Class 3 Claims) shall be net of amounts required to be withheld pursuant to applicable state and federal wage or backup withholding requirements.

7.02 **Objections to Claims**.

a. The 20 Day Vendor Trustee shall have standing to object to 20 Day Vendor Claims and to continue or pursue any pending objections to 20 Day Vendor Claims.

b. After the Effective Date, Objections to Claims, other than 20 Day Vendor Claims, may be made, and Objections to Claims made previous thereto shall be pursued by the Post Confirmation Committee.

c. After the Effective Date, the Post Confirmation Committee may settle any Disputed Claim where the proposed Allowed Claim is to be less than $50,000 without notice and a hearing and without an order of the Bankruptcy Court. All other settlements shall be subject to notice and a hearing pursuant to § 102(1) of the Bankruptcy Code and a Final Order of the Bankruptcy Court approving the settlement.

7.03 **Reserves for Disputed Claims**. If any Claim is a Disputed Claim, no distribution provided hereunder shall be made on account of such Claim unless and until said Disputed Claim becomes an Allowed Claim. In the event a Distribution is made while there is a Disputed Claim, the Distribution that would be paid on account of the Disputed Claim shall be withheld until the Claim is Allowed or Disallowed. If the Claim is Allowed, the Holder of the Allowed Claim will receive its withheld Distribution.

7.04 **Claims Estimation**. The Post Confirmation Committee may at any time request that the Bankruptcy Court estimate any contingent or unliquidated General Unsecured Claim pursuant to § 502(c) of the Bankruptcy Code regardless of whether the Debtor and/or the Post

Confirmation Committee has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time concerning any objection to any Claim, including during the pendency of any appeal relating to any such Objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Post Confirmation Committee may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism pursuant to this Plan or approved by the Bankruptcy Court.

7.05 **Claims Allowance**. Except as expressly provided in the Plan or any order entered by the Court prior to the Effective Date (including the Confirmation Order), the Debtor shall retain after the Effective Date and shall assign to the Post Confirmation Committee, any and all rights and defenses that the Debtor had with respect to any Claim as of the Involuntary Petition Date, except that any and all rights that the Debtor had with respect to any 20 Day Vendor Claim shall be assigned to the 20 Day Vendor Trustee. All Claims of any entity not released under this Plan, subject to § 502(d) of the Bankruptcy Code, shall be deemed Disallowed as of the Effective Date unless and until such entity pays in full the amount that it owes the Debtor.

ARTICLE VIII
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

8.01 **Assumption or Rejection of Executory Contracts and Unexpired Leases**. Pursuant to §§ 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between the Debtor and any party that have not been previously assumed pursuant to an order of the Bankruptcy Court shall be deemed rejected on the Effective Date.

8.02 **Claims Based on Rejection of Executory Contracts or Unexpired Leases**. With respect to Claims arising from the rejection of executory contracts or unexpired leases pursuant to Section 8.01 of this Plan, the bar date to file Proofs of Claim in this Case shall be reopened for a period of 28 days after the Effective Date and all such Proofs of Claim must be filed with the Bankruptcy Court during that time. Any Claim arising from the rejection of an executory contract or unexpired lease pursuant to Section 8.01 of this Plan for which a Proof of Claim is not timely filed within that time period shall be forever barred from assertion against the Estate, its successors and assigns, or its assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein.

ARTICLE IX
OTHER MEANS FOR IMPLEMENTATION AND EFFECT OF CONFIRMATION OF PLAN

9.01 **Term of Bankruptcy Injunction or Stays**. All injunctions or stays provided for in this case under §§ 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect.

9.02 **Vesting of Assets**.

a. Except as provided in this Plan, on the Effective Date the property of the Estate shall remain vested in the Estate until entry of the final decree in this case as provided in the Plan.

b. The Post Confirmation Committee shall appoint the Disbursing Agent on or before the Effective Date, who shall serve until entry of a final decree closing the Chapter 11 Case.

c. As of the Effective Date, except as otherwise expressly provided in the Plan, all property of the Debtor shall be free and clear of all liens, claims and interests of Holders of Claims or Equity Interests.

d. In addition to any other powers described in this Plan, the powers and duties of the Debtor shall include, all of which may be undertaken without Court approval, and all of which are assigned and vested in the Post Confirmation Committee:

i. To take control of, preserve, and convert to Cash property of the Estate, subject to the terms of this Plan;

ii. To review, object to, and settle Claims filed against the Debtor, other than the 20 Day Vendor Claims;

iii. To make distributions on account of all Allowed Claims, other than 20 Day Vendor Claims, consistent with the terms of this Plan;

iv. To retain persons and professionals to assist in carrying out the powers and duties enumerated pursuant to this Plan;

v. To enter into contracts as necessary to assist in carrying out the powers and duties enumerated pursuant to this Plan;

vi. To pay expenses incurred in carrying out the powers and duties enumerated pursuant to this Plan, including professional fees incurred after the Effective Date;

vii. To the extent the Post Confirmation Committee deems it necessary, to take all necessary actions to assure that the corporate existence of the Debtor remains in good standing until entry of a final decree closing the Chapter 11 Case;

viii. To open and maintain bank accounts and deposit funds and draw checks and make disbursements in accordance with the Plan;

ix. In general, without in any manner limiting any of the foregoing, to deal with the assets of the Estate or any part or parts thereof in all other ways as would be lawful for any person owning the same to deal therewith; provided, however, that the investment powers of the Debtor, other than those reasonably necessary to maintain the value of the Debtor's assets and to further the liquidating purpose, are limited to the power to invest in demand and time deposits, such as short term certificates of deposit, in banks and other savings institutions, or other temporary, liquid investments, such as United States Treasury Bills; and

x. At the appropriate time, to ask the Bankruptcy Court to enter the final decree.

9.03 **Creditors' Committee**. As of the Effective Date, the Creditors' Committee shall be dissolved and all members of the Creditors' Committee shall have no further rights or duties arising from such membership.

9.04 **Corporate Existence of the Debtor.** To the extent necessary, as of the Effective Date, the Post Confirmation Committee shall maintain the Debtor's good standing as a corporation under the laws of the state of its incorporation until and unless appropriate documents are filed dissolving the Debtor.

9.05 **No Discharge**. Pursuant to Bankruptcy Code § 1141(d)(3), the Confirmation Order will not discharge the Debtor.

9.06 **Preservation of Setoff Rights**. On and after the Effective Date, rights of setoff pursuant to Bankruptcy Code § 553 shall be preserved. After the Effective Date, such setoff may be exercised pursuant to agreement of the Post Confirmation Committee, on the one hand, and the affected Creditor, on the other hand. Any disputes regarding the right of setoff shall be determined upon motion before the Bankruptcy Court.

ARTICLE X
POST CONFIRMATION COMMITTEE

10.01 **Formation of the Post Confirmation Committee**. The Post Confirmation Committee shall be formed on or before the Effective Date and shall consist of representatives of Wild Rose Metals, Inc.; Magellan Freight Lines, LLC; Wayport Logistics, LLC; Linde, LLC; Greater Omaha Packing Co., d/b/a High Country Meats; and MCM (TN) LLC; Orleans International, Inc.; and National Beef Packing, Inc. Vacancies on the Post Confirmation Committee shall be filled by majority vote of the remaining members of the Post Confirmation Committee within 30 days of such vacancy.

10.02 **Termination of the Post Confirmation Committee**. The Post Confirmation Committee shall expire and terminate upon the earlier of payment in full of the Allowed Class 3 General Unsecured Claims, entry of a final decree closing the Chapter 11 Case, or failure of the Post Confirmation Committee to have at least three members upon expiration of the time provided herein to fill a vacancy.

10.03 **Causes of Action**.

a. Except as otherwise provided in the Plan, as of the Effective Date, any and all Reserved Causes of Action accruing to the Debtor, or the Debtor in its capacity as debtor-in-possession, including, without limitation, actions under §§ 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code, shall be assigned to the Post Confirmation Committee, as representative of the Estate pursuant to Bankruptcy Code § 1123(b) and the Post Confirmation Committee shall have the sole discretion and authority to investigate and prosecute, compromise, settle, discontinue, or abandon, dismiss or otherwise resolve such Reserved Causes of Action for the benefit of the Estate as representative of the Estate pursuant to Bankruptcy Code § 1123(b).

b. On the Effective Date, the Debtor shall distribute 25% of the first $1,100,000 of Unencumbered Funds to the Litigation Fund for investigation and litigation by the Post Confirmation Committee of the Reserved Causes of Action.

c. The Post Confirmation Committee shall have authority, in its sole authority, to appoint a Litigation Trustee, through the creation of a trust, subject to the approval of the Bankruptcy Court. The Post Confirmation Committee may only use the funds in the Litigation Fund for the purposes set forth in Sections 9.02(d) and 10.03 of the Plan and may spend a maximum of $75,000 of the Litigation Funds for the investigation of potential Reserved Causes of Action prior to initiating litigation. Any unused portion of the Litigation Fund shall be distributed *pro rata* to Allowed Class 3 Claims in accordance with the terms of this Plan.

d. On and after the Effective Date, the Post Confirmation Committee shall have the authority to compromise, settle, discontinue, abandon, dismiss, or otherwise resolve all such Reserved Causes of Action as representative of the Estate pursuant to Bankruptcy Code § 1123(b) when the proposed settlement amount is to be less than $50,000 without notice and a hearing and without an order of the Bankruptcy Court. All other settlements shall be subject to notice and a hearing pursuant to Bankruptcy Code § 102(1) and a Final Order of the Bankruptcy Court approving the settlement.

10.04 **Duties and Authority of the Post Confirmation Committee**. The Post Confirmation Committee shall have the authority and duties set forth in Sections 9.02(d) and 10.03 of this Plan.

10.05 **Exculpation for the Post Confirmation Committee**. Neither the Post Confirmation Committee nor any of its members, designees, retained professionals or any duly designated agent or representative, including the Litigation Trustee and Disbursing Agent, shall be liable for anything other than such person's own acts as shall constitute willful misconduct or gross negligence in the performance (or nonperformance) of its duties, or acts contrary to the express terms of this Plan. The Post Confirmation Committee may, in connection with the performance of its functions, consult with counsel, accountants and its agents, and may reasonably rely upon advice or opinions received in the course of such consultation. If the Post Confirmation Committee determines not to consult with counsel, accountants or its agents, such determination shall not in itself be deemed to impose any liability on the Post Confirmation Committee, or its members and/or its designees.

ARTICLE XI
EFFECTIVENESS OF THE PLAN

11.01 **Conditions Precedent to Effectiveness**. The Plan shall not become effective unless and until the following have been satisfied:

a. The Debtor receives evidence to its satisfaction that Holders of 20 Day Vendor Claims are bound by the terms of, and the treatment set forth in, this Plan.

b. Unencumbered Funds available for distribution shall total at least $1,000,000.00;

c. The Confirmation Order, in form and substance reasonably satisfactory to the Debtor, shall have been entered by the Bankruptcy Court;

d. There is no stay or injunction in effect with respect to the Confirmation Order; and

e. 14 days shall have passed since the Confirmation Order has been entered by the Bankruptcy Court.

ARTICLE XII
RETENTION OF JURISDICTION

12.01 **Bankruptcy Court Jurisdiction**. The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of and related to the Chapter 11 Case and this Plan pursuant to, and for the purposes of, §§ 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

a. To determine any and all adversary proceedings, applications and contested matters;

b. To determine any Objection to Claims, including 20 Day Vendor Claims, Administrative Expense Claim, and any other Claims;

c. To approve settlements between the Post Confirmation Committee and the Holder of a Disputed Claim;

d. To approve settlements between the 20 Day Vendor Trustee and the Holder of a Disputed Claim;

e. To issue such orders in aid of execution and consummation of the Plan, to the extent authorized by § 1142 of the Bankruptcy Code;

f. To consider any amendments to or modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

g. To determine all applications for compensation and reimbursement of expenses of Professionals under §§ 330, 331 and 503(b) of the Bankruptcy Code;

h. To determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

i. To determine disputes arising in connection with the interpretation, implementation or enforcement of the 20 Day Vendor Trust and to determine disputes regarding whether and to what extent the Claim of a Holder of a 20 Day Vendor Claim constitutes a General Unsecured Claim or a 20 Day Vendor Claim;

j. To determine disputes arising in connection with the recovery of all assets of the Debtor and property of the Estate, wherever located;

k. To approve a litigation trust and the appointment of the Litigation Trustee;

l. To determine any other matter not inconsistent with the Bankruptcy Code; and

m. To enter a final decree closing the Chapter 11 Case.

ARTICLE XIII
MISCELLANEOUS PROVISIONS

13.01 **Effectuating Documents and Further Transactions**. The Debtor is authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any notes or securities pursuant to the Plan.

13.02 **Aid in Implementation of Plan**. The Bankruptcy Court may direct the Debtor and any other necessary party to execute or deliver or to join the execution or delivery of any instrument required to effect the Plan, and to perform any other act necessary to consummate the Plan.

13.03 **Avoidance Claim Releases**. With the exception of the Reserved Causes of Action, any actual or potential Avoidance Claims that the Estate has or may have against any Holder of an Allowed 20 Day Vendor Claim are waived and released.

13.04 **Exculpation**. The Debtor, any of its employees, advisors, counsel, and agents, Alex G. Smith, Alliance and its counsel, the Creditors' Committee and its counsel, the Petitioning Creditors and their counsel, the Litigation Trustee and his counsel, the Post Confirmation Committee and its counsel, the 20 Day Vendor Trustee, and the Disbursing Agent shall neither have nor incur any liability to any Holder of a Claim, or any party acting or asserting a claim through a Holder of a Claim, for any act or omission in connection with, related to, or arising out of, the Involuntary Petition or the Voluntary Petition, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence, and, in all respects, the Debtor and the Post Confirmation Committee and its employees, advisors and agents, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. For the avoidance of any doubt, this Section 13.04 does not apply to the parties set forth in the Reserved Causes of Action.

13.05 **Post-Effective Date Fees and Expenses**. From and after the Effective Date, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, the reasonable fees and expenses of professional persons incurred after the Effective Date shall be paid, including, without limitation, those fees and expenses incurred in connection with the implementation and consummation of the Plan.

13.06 **Post-Effective Date Statutory Fees**. All fees payable pursuant to § 1930 of Title 28 of the United States Code incurred after the Effective Date shall be paid in accordance with applicable law. The Debtor shall submit post-confirmation reports in compliance with applicable law.

13.07 **Amendment or Modification of the Plan**. Alterations, amendments or modifications of the Plan may be proposed in writing by the Debtor at any time before the Confirmation Date, provided that the Plan, as altered, amended or modified, satisfies the conditions of §§ 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with § 1125 of the Bankruptcy Code. The Plan may be altered, amended or modified at any time after the Confirmation Date and before substantial consummation, provided that the Plan as altered amended or modified satisfies the requirements of §§ 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as altered, amended or modified, under § 1129 of the Bankruptcy Code and the circumstances warrant such alterations, amendments or modifications. A Holder of a Claim or Equity Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim or Equity Interest of such Holder.

13.08 **Severability**. In the event that the Bankruptcy Court determines, before the Confirmation Date, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the Holder or Holders of such Claims or Equity Interests as to which the provision is determined to be invalid, void or unenforceable. The invalidity, voidness, or unenforceability of any such provision shall not limit or affect the enforceability and operative effect of any other provision of the Plan.

13.09 **Revocation or Withdrawal of the Plan**. The Debtor shall have the right to revoke or withdraw the Plan before the Confirmation Date. If the Debtor revokes or withdraws the Plan before the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims by or against the Debtor or any other person or to prejudice in any manner the rights of the Debtor or any person in any further proceedings involving the Debtor.

13.10 **Binding Effect**. The Plan shall be binding upon and inure to the benefit of the Debtor and the Holders of Claims and Equity Interests and their respective successors and assigns.

13.11 **Notices**. To be effective, all notices, requests and demands to or upon the Debtor, the Post Confirmation Committee, the Disbursing Agent, the 20 Day Vendor Trustee, or the Petitioning Creditors shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission or electronic mail, when received, addressed as follows:

If to the Debtor:

Mountain City Meat Co., Inc.
c/o Alex Smith
Market Square, Suite 400
1400 Sixteenth Street
Denver, CO 80202

with a copy to:

Michael J. Pankow, Esq.
Brownstein Hyatt Farber Schreck, LLP
410 17th Street, Suite 2200
Denver, CO 80202
Facsimile: 303-223-1111
E-mail: mpankow@bhfs.com

If to the Post Confirmation Committee:

Post Confirmation Committee Chair
c/o Lindquist & Vennum P.L.L.P.
J. Smiley, Esq.
600 17th Street
Suite 1800 South
Denver, CO 80202
E-mail: jsmiley@lindquist.com

If to the 20 Day Vendor Trustee:

[ ]

with a copy to:

[ ]

If to the Petitioning Creditors:

John B. Wasserman, Esq.
Sender & Wasserman, P.C.
1660 Lincoln Street, Suite 2200
Denver, CO 80264
E-mail: JWass@sendwass.com

If to the Disbursing Agent:

[ ]

13.12 **Governing Law**. Except to the extent the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure or other federal law is applicable, or to the extent the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with the laws of the State of Colorado without giving effect to the principles of conflicts of law of such jurisdiction.

13.13 **Allocation of Plan Distributions Between Principal and Interest**. To the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for federal income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

February 13, 2012

MOUNTAIN CITY MEAT CO., INC.
Debtor and Debtor-in-Possession

By: *s/Alex G. Smith*
Title: Chief Restructuring Officer

APPROVED AS TO FORM:

BROWNSTEIN HYATT FARBER SCHRECK, LLP

By: *Daniel J. Garfield*

Michael J. Pankow, Esq.
Daniel J. Garfield, Esq.
Joshua M Hantman, Esq.
Heather E. Schell, Esq.
410 17th Street, Suite 2200
Denver, CO 80202
Phone: (303) 223-1100
Fax: (303) 223-1111
Email: mpankow@bhfs.com
dgarfield@bhfs.com
jhantman@bhfs.com
hschell@bhfs.com

Attorneys for the Debtor