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Hon. PATRICIA C. WILLIAMS

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WASHINGTON

IN RE:]
]
Mary L. Taplett, .] Case No. 10-02835
] Chapter 11
]
]
Debtor-In-Possession.]

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WASHINGTON

IN RE:]
]
Columbia Feeders, Inc. .] Case No. 10-02832
] Chapter 11
]
]
Debtor-In-Possession.]

CHAPTER 11 JOINT DISCLOSURE STATEMENT
MARY L. TAPLETT AND COLUMBIA FEEDERS, INC.

Submitted on behalf of:

MARY L. TAPLETT AND COLUMBIA FEEDERS, INC.

/s/ Christina M. Davitt
Christina M. Davitt, Attorney for
Attorney for Debtor-In-Possession,
Mary L. Taplett

/s/ Paul H. Williams
Paul H. Williams,
Attorney for Debtor-In-Possession,
Columbia Feeders, Inc.

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MARY L. TAPLETT AND COLUMBIA FEEDERS, INC.

TO: CREDITORS AND OTHER PARTIES IN INTEREST:

THIS DISCLOSURE STATEMENT IS PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE IN ORDER TO PROVIDE ALL CREDITORS WITH "ADEQUATE INFORMATION" REGARDING THE DEBTOR'S PLAN OF REORGANIZATION ("PLAN"). SINCE THE PLAN PROPOSES A LEGALLY BINDING AGREEMENT BETWEEN THE DEBTORS AND CREDITORS, CREDITORS ARE URGED TO CONSULT WITH THEIR OWN COUNSEL AND TO REVIEW ALL OF THE PLEADINGS FILED IN THIS BANKRUPTCY CASE IN ORDER TO UNDERSTAND FULLY THE DISCLOSURES BEING MADE HEREIN, THE PROPOSED PLAN, AND ANY OTHER PERTINENT MATTERS.

I. GENERAL INFORMATION

A. *Nature of a Chapter 11 Case* - Chapter 11 of the Bankruptcy Code is a remedial statute designed to effect (a) the rehabilitation and reorganization of financially distressed individuals and other entities, and/or (b) the orderly liquidation of their assets. Formulation and confirmation of a Plan is the principal function of a Chapter 11 case. The Plan may affect the interest of all parties and creditors, provide for rejection or assumption of executory contracts or leases, and provide for prosecution of settlements and claims belonging to the Debtor. The Debtor will solicit approval and acceptance of the Plan by creditors after there has been Bankruptcy Court approval of this Disclosure Statement.

The Debtors-In-Possessions are seeking Court approval for this Disclosure Statement and a determination that it contains adequate information for creditors to make an informed decision about the Debtors' Plan. The hearing on approval of the Disclosure Statement will be set by the court and notice of the date, time and place of the hearing will be mailed to all persons listed on the Master Mailing List. You may file a written objection to the Disclosure Statement within the time set in the Notice. At the hearing you may voice your approval or disapproval of this Disclosure Statement.

If this Disclosure Statement has been approved by the Bankruptcy Court, it will be marked "Approved Disclosure Statement". The Plan and a ballot for accepting or rejecting the Plan will accompany the Approved Disclosure Statement. The ballot should be completed in accordance with the instructions that follow and should be executed based on the disclosures herein.

The Bankruptcy Code provides that the Plan may be confirmed if the Court finds that the Plan has received the votes of certain requisite classes and that it is feasible. The Court may also confirm the Plan over the objection of a dissenting class of creditors if the Plan is fair and equitable.

The Plan must be accepted by the affirmative vote of a majority of creditors actually voting, holding two-thirds in amount of claims filed and allowed in each class, unless adequate provisions are made for the classes of dissenting creditors. Whether or not you expect to be present at the hearing, each creditor is urged to fill in, date, sign and promptly mail the Acceptance Form to the United States Bankruptcy Clerk. In order to fully understand how a Plan is confirmed, each individual creditor may wish to seek the advice of an attorney.

No representations concerning the Debtor (including those relating to its future business operations, the value of its assets, any property, or creditor's claims) other than those contained herein, have been authorized. Any representations or inducements made to secure your acceptance should not be relied upon you in voting on the Plan and any such additional representations and inducements should be reported to counsel for the Debtors-in-Possession who will inform the bankruptcy court. The court may take appropriate action against any persons making such representations or inducements.

The information contained in this disclosure statement has not been independently audited. The Debtors keeps their books as accurately as they can, but the Debtors' records may be subject to some inaccuracies. The Debtors are unable to warrant or represent that the information contained herein is without any inaccuracy, although every reasonable effort has been made to insure accuracy.

The Plan is a legally binding document, and if confirmed, will become a contract between the Debtors and the parties affected by the Plan. A copy of the Plan is attached to this Disclosure Statement as **Exhibit # 1**. The Debtors believe that this Plan allows creditors to receive greater distributions than would be realized in a Chapter 7 liquidation bankruptcy, as is detailed in the Liquidation Analysis which is a part of this Disclosure Statement, on **page 33**.

THIS DISCLOSURE STATEMENT INCLUDES A SYNOPSIS OF THE PLAN. YOU ARE ENCOURAGED TO READ THE ACTUAL PLAN OF REORGANIZATION, SUBMITTED TO YOU WITH THIS DISCLOSURE STATEMENT, PRIOR TO VOTING ON THE PLAN. THIS SYNOPSIS DOES NOT SET FORTH THE ENTIRE PLAN AND IS MERELY A SUMMARY OF THE PLAN'S BASIC PROVISIONS. NOTE THAT THE DEFINITIONS AS SET FORTH IN ARTICLE I OF THE PLAN APPLY HEREIN.

B. *Brief Summary of Chapter 11 Plan.*

The Debtor's Plan generally provides that the Debtor will develop and market for sale the Debtor's Real Property, legally described on Exhibit 1 to the Plan. The proceeds from the sale of the property and will be used to pay creditors as described in the Plan and as described herein.

Creditors' claims are divided into thirteen (13) classes, generally as follows:

1. Administrative Claims
2. Priority Claims
3. Allowed Priority Tax Claims
4. The Allowed Secured Claims of Excelsior Investments and related parties, hereinafter referred to as the "Excelsior".
5. The Allowed Secured Claims of Chamberlin Distributing, hereinafter referred to as "Chamberlin".
6. The Allowed Secured Claims of Taplett Against CFI.
7. The Allowed Secured Claims against 56 Miller Road in Omak, hereinafter referred to as "Omak"
8. The Allowed Secured Claims against 3511 East Cascade, East Wenatchee, hereinafter referred to as "3511 East Cascade"
9. The Allowed Secured Claims against 3500 N. Empire, East Wenatchee, hereinafter referred to as "3500 N. Empire".
10. The Allowed Secured Claims against 2301 Fifth Street, Wenatchee, hereinafter referred to as "2301 Fifth Street".
11. All Other Secured Claims Against Estate Property
12. The Allowed Secured Claims of the Estate of Rawland F. Taplett.
13. The Allowed Unsecured Claims of Mary L. Taplett and The Estate of Rawland F. Taplett.
14. The Allowed Unsecured Claims of Columbia Feeders.
15. The Interests of the Debtor held by the Corporation and its shareholders.

Class 1 consists of creditors having allowed administrative claims under 11 U.S.C. §507(a)(1). Class 2 consists of creditors having allowed priority claims under 11 U.S.C. §507(a)(2)-(7). Class 3 consists of creditors having priority tax claims under Code Section 507(a)(8). Classes 4, 5, 6, 7, 8, 9, 10, 11, and 12 consist of allowed claims of persons or entities holding security interests or liens against property of the estate. Class 13 represents the Allowed Unsecured Claims of Mary Taplett and the Estate of RF Taplett. Class 14 represents the Allowed Unsecured claims of Columbia Feeders. Class 15 consists of the claims of the interests of the Debtors held by the corporation and its shareholders.

II. DEFINITION OF TERMS

The terms used in this Disclosure Statement shall generally have the meanings defined and used in the Debtors' Plan.

III. HISTORY OF THE DEBTORS

Mary L. Taplett

Mary L. Taplett ("Taplett") is the widow of Rawland F. Taplett whose estate is being administered in Chelan County Washington Superior Court. As his spouse and heir, Mrs. Taplett has claims and liabilities related to the estate and its claims and liabilities. On May 10, 2010, Mrs. Taplett by and through her attorney, Christina M. Davitt, filed her individual Chapter 11 reorganization case in the Eastern District of Washington in order to give her as Debtor-In-Possession, time and opportunity to reorganize her claims, liabilities and properties in an efficient manner. Mrs. Taplett, by and through her agent and Power of Attorney, R. Dean Taplett, has been managing her affairs as Debtor-In-Possession since the inception of these proceedings.

On June 1, 2010, Taplett and the United States Trustee entered a joint scheduling order. On June 24, 2010, the United States Trustee filed a notice of Non-Appointment of the Committee of Unsecured Creditors. On June 29, 2010, the Initial Meeting of Creditors was held. On July 7, 2010, the Court entered orders approving employment of Christina M. Davitt as counsel for Taplett and Stephen L. Bishop as Realtor. On July 30, 2010 Excelsior Mortgage Equity Fund filed a Motion for Relief from Stay as to Parcel A and B and part of Parcel D. On August 4, 2010, Taplett filed a Motion for Joint Administration with Columbia Feeders, Inc, Case No. 10-02832 in anticipation of filing this joint Chapter 11 Plan and Disclosure Statement.

Columbia Feeders, Inc.

Columbia Feeders, Inc. ("CFI") consists of a four parcels of development land in Douglas County, Washington that were formerly used as cattle feed lots. On May 10, 2010, CFI by and through its attorney, Paul H. Williams, filed a single asset real estate case in the Eastern District of Washington in order to give it as Debtor-In-Possession, time and opportunity to reorganize claims, liabilities and properties in an efficient manner. On May 14, 2010, the United States Trustee filed a notice of Non-Appointment of the Committee of Unsecured Creditors. On June 1, 2010, CFI and the United States Trustee entered a joint scheduling order. On June 29, 2010, the Initial Meeting of Creditors was held. On July 30, 2010, Excelsior Mortgage Equity Fund filed a Motion for Relief from Stay as to Parcels C, E, F and part of D. On August 4, 2010, notice was sent to the CFI Master Mailing list of Taplett's Motion for Joint Administration with Columbia Feeders, Inc, Case No. 10-02832 in anticipation of filing this joint Chapter 11 Plan and Disclosure Statement.

IV. OPERATIONS DURING THE CHAPTER 11 CASE

A. *Summary of Operations*

1. *Operations as Debtor-in-Possession - Generally.* Since the date of filing, the Debtors-in-Possession have remained in possession and operational control of the estate property. The details are more fully described in the Plan filed herewith.

2. *Marketing Property*

(a) *Real Property.*

The Debtors-In-Possession has been in active negotiations with parties for the purchase of several of the properties. The single family homes have been marketed by Stephen L. Bishop of Premier One Properties with multiple offers being received on one of the homes that has not yet come to fruition.

3. *Distribution of Proceeds*

The Debtors-in-Possession will conform to all Court Orders, state and federal law concerning any distributions of proceeds in strict accordance of priority rules. All proceeds which are attributable to the sale of the properties will be distributed as follows (a) first to pay the pro-rata share of closing costs attributable to said property; (b) second, to pay the allowed tax claim for real property taxes; and (c) the remaining proceeds would be distributed to secured creditors in accordance with their lien priority.

B. *Administrative Matters*

Employment/Compensation for Professionals and Officers

5. *Monthly Operating Statements*

Taplett and CFI as Debtors-in-Possession have filed current monthly operating statements as required by the Code. Because Taplett's Estate is primarily composed of an individual's accounts, the Debtor-in-Possession believes the monthly operating statements will show that essentially no operating

income or expenses have occurred since the filing of the Chapter 11 case. Because CFI's Estate is primarily composed of single asset real estate case of development land, the Debtor-in-Possession believes the monthly operating statements will show that essentially no operating income or expenses have occurred since the filing of the Chapter 11 case.

6. *Plan of Reorganization*

The Debtor has filed its Plan of Reorganization in accordance with the Code and Rules.

7. *Summary of Assets and Liabilities*

The following is a summary of the Debtors' assets and liabilities. Asset values are based upon the Debtor's estimate of the fair market value of the assets as of the date of filing. Asset values and the secured debt against the property are described below. The Debtors acknowledge and admit that the inclusion of its property valuation in this document is not binding on any creditor or party in interest. Liabilities are the Debtors' best estimates through the date of this Disclosure Statement. There may be some disparity between the Debtors' schedules and the amounts listed below based on additional facts regarding the debts which the Debtors have discovered since the filing or based on recent statements received by the Debtors since its filing.

MARY L. TAPLETT:

Rock Island -

1835 SR 28 Rock Island, WA

342.16 acres of farm land Value : \$3,380,079.00

Encumbered by: Excelsior Mgmt. \$2,405,000.00

Omak

56 Miller Road Omak, WA

39 acres undeveloped lots Value: \$585,000.00

Encumbered by: Chamberlin Dist. First \$272,000.00

Ogden Murphy Wallace	Second	\$100,260.58
Duck Lake Water	Third	<u>\$107,300.22</u>
		\$479,560.80

East Wenatchee

3511 East Cascade, East Wenatchee
 1.97 acres commercial land Value: \$500,000.00

Encumbered by:	Chamberlin Dist.	First	\$272,000.00
	CHS	Second	<u>\$391,935.96</u>
			\$663,935.96

East Wenatchee

3500 N. Empire, East Wenatchee
 .91 acre vacant land Value: \$237,837.00

Encumbered by:	BJ Matthews	\$105,000.00
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East Wenatchee

3630 N. Empire, East Wenatchee
 Single Family Residence Value: \$800,000.00

Encumbered by:	Bank of America	First	\$419,779.00
	Bank of America	Second	<u>\$55,797.62</u>
			\$475,576.62

Wenatchee

2301 Fifth Street, Wenatchee
 Single Family Residence Value: \$210,000.00

Encumbered by:	Ocwen Loan Serv.	First	\$112,478.78
	WAMU	Second	\$ 37,545.00
	R. Dean Taplett	Third	<u>\$ 40,000.00</u>
			\$190,023.78

Other Taplett Property			
rolling stock	encumbered by	R. Dean Taplett	\$23,586.00

Accor Stock Value: \$237,837.00

Encumbered by:	BJ Matthews	\$110,000.00
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Notes Receivable

- | | |
|--|--|
| 1) Taplett Family Limited Partnership | Owed to RF Taplett \$1,540,000 |
| 2) Taplett Orchard Inc. | Owed to Estate of RF Taplett \$850,000 |
| 3) Parkwood Associates equity position | unknown value |

SUMMARY:

Real Property	Value
Appraised Value of Real Property:	\$ 5,712,916.00
Personal Property	\$ <u>237,837.00</u>
TOTAL ASSETS	\$ 5,9507,53.00 (not including notes receivable)

TOTAL SECURED LIABILITIES:	\$4,482,422.58
UNSECURED LIABILITES	<u>\$1,416,654.56</u>
TOTAL LIABILITIES	\$5,899,077.14

COLUMBIA FEEDERS, INC.

Assets:

Development land Parcels 20220420001, 20220430002, 20220440002 and 202209000001

Valued at \$2,500,000.00

Checking Account \$100.00

Claim from RF Taplett Estate: \$60,000.00

Liabilities - Scheduled Claims

Secured

Excelsior Management Group	\$2,405,000.00
Douglas County Treasurer	\$ <u>14,218.00</u>
	\$2,419,218.00

Unsecured:

Washington Department of Revenue	\$ 11,112.00
IRS	\$ 740.00
Munson Engineering	\$ 34,386.00
Ogden Murphy Wallace	\$ <u>1,800.00</u>
	\$ 48,038.00

SUMMARY

TOTAL ASSETS:	\$ 2,560,100.00
TOTAL LIABILITIES	\$ 2,467,456.00

THE DEBTOR BELIEVES THE STATEMENT OF LIABILITIES SET OUT ON THE OFFICIAL SCHEDULES, AND AS MODIFIED BY CREDITORS' PROOFS OF CLAIMS AND ORDERS OF THE BANKRUPTCY COURT, ARE A FULL AND COMPLETE ESTIMATION OF ALL LIABILITIES OF THE DEBTOR AS OF THE RESPECTIVE FILING DATES OF SUCH SCHEDULES, ORDERS AND PROOFS OF CLAIM, EXCEPT AS OTHERWISE NOTED HEREIN. THE DEBTOR RESERVES THE RIGHT TO OBJECT TO ANY CLAIM SCHEDULED AS UNLIQUIDATED, DISPUTED OR CONTINGENT OR TO ANY CLAIM FILED AND NOT SCHEDULED BY THE DEBTOR OR TO ANY OTHER CLAIM THE DEBTOR MAY OBJECT TO UNDER APPLICABLE LAW.

V. THE CHAPTER 11 PLAN

A. *Overview.*

The Debtors propose a sale plan, under the Plan all allowed Secured, Administrative and Priority Claims against the Debtors will be paid in full, and unsecured creditors may be paid in full after the administrative, priority and secured claims are paid in full as described herein. Claims will be paid according to the priorities established by the Bankruptcy Code. Holders of corporate or shareholder interests will retain those interests under the Plan. The Plan is to pay debt off quickly so CFI and Mary L. Taplett can exit Chapter 11. The Plan will be accomplished through the sale and distribution of proceeds from the Real Property, which is legally described and attached as Exhibit 1 to the Plan filed with the Court.

The Plan is to sell Taplett Fruit Land and Columbia Feeders land and option additional RF Taplett land to Ivan Kriger who will develop the land. Signed sale contracts and addenda are attached to the Plan. Columbia Feeders land will be sold for \$2,005,000.00, RF Taplett Land for \$1,630,000.00 and additional RF Taplett land will be optioned for \$900,000.00 for a total of \$4,535,000.00 in proceeds to fund the Plan.

The distribution framework is consistent with the Bankruptcy Code which provides for the division of creditor Claims into designated classes, each of which includes Claims that are substantially similar. The Bankruptcy Code then applies a priority analysis that controls the order in which the Debtor's available assets may be applied in satisfaction of existing Claims.

B. *Classification of Claims & Interests*

1. *Claims Objections.*

The description of claims and proposed treatment herein shall not be construed to be an admission that any of the referenced claims are allowed or allowable. The Debtors have and reserve the right to object to any Claim scheduled as unliquidated, contingent or disputed, to object to any Claim filed in the case that is at odds with the scheduled amount or status, or to object to any Claim which was not filed within the Claims Bar Date of 09/27/2010 or non governmental units and 11/08/2010 for governmental units.

Classification and Description. Section 3 *et seq.*, of the Plan sets forth a designation of Classes of Claims and Interests. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of the Class and is classified in a different Class to the extent the Claim or Interest qualifies within the description of that different Class. This Plan separates the Claims of Creditors and Interests in the Estate into the following Classes in accordance with section 1123(a)(1) of the Code:

3.1. **Class 1.** Allowed Administrative Claims: Class 1 shall consist of all Claims which are Allowed pursuant to 11 U.S.C. §503(b), and shall expressly include the claims of attorneys, accountants and other professionals retained for the Estate, to the extent such claims are approved by the Bankruptcy Court in accordance with applicable rules. Class 1 also includes (i) any fees or charges assessed against the Estate under Chapter 123, Title 28, United States Code, (ii) claims for cure payments under § 365(b)(1) of the Code, (iii) Current Obligations incurred post-petition by the Debtor on behalf of the Estate and (iv) any administrative Taxes of the Estate.

3.2 **Class 2.** Allowed Priority Tax Claims having priority under Code § 507(a)(7) against the Estate for any state, county or municipal Tax Claims owed by the Debtor arising from income, employment or ad valorem Taxes which are owed to any state, county or municipal taxing authority including, without limitation, the various independent school districts where the Debtors' properties are located on behalf of their respective taxing authorities and jurisdictions.

3.3 **Class 3.** Real Property Taxes. Class 3 shall consist of the Allowed Secured Claim of the Chelan, Douglas and Okanogan County Treasurers, for pre-petition real property taxes on the Debtors' Real Property to be satisfied from sale of land that the taxes are applicable to.

3.4 **Class 4.** The Allowed Secured Claims of Excelsior Management Group to be satisfied from the sale of RF Taplett and or Columbia Feeders land.

3.5 **Class 5.** The Allowed Secured Claims of Chamberlin Distributing to be satisfied from the sale of land in Omak and/or from the sale of 3511 East Cascade.

3.6 **Class 6.** The Allowed Secured Claims of CFI against Taplett to be satisfied from the sale of Taplett property.

3.7 **Class 7** The Allowed Secured Claims remaining against 56 Miller Road in Omak to be satisfied from the sale of that land and net proceeds from development.

3.8 **Class 8.** The Allowed Secured Claims remaining against 3511 East Cascade to be satisfied from net sale proceeds of that property.

3.9 **Class 9.** The Allowed Secured Claims against 3500 N. Empire to be satisfied from the net sale proceeds from that property.

3.10 **Class 10.** The Allowed Secured Claims against 2301 Fifth Street to be satisfied from net sale proceeds of that property.

3.11 **Class 11.** All other Allowed Secured Claims against property of the Estate are to be satisfied from sale of remaining Estate Property.

3.12 **Class 12.** The Allowed Secured Claims of the Estate of RF Taplett to be satisfied upon recovery of notes receivable

3.13 **Class 13.** The Allowed Unsecured Claims of Mary Taplett and the Estate of RF Taplett to be satisfied by 1) \$850,000.00 note receivable from Taplett Orchards, Inc.; 2) \$1,540,000 note receivable due from Taplett Family Limited Partnership to RF Taplett; 3) net proceeds from development of 39 acres in Omak; 4) sale of rolling stock; and 5) sale of Accor stock.

3.14 **Class 14** The Allowed Unsecured Claims of CFI will be satisfied from the sale of CFI property.

3.15 **Class 15.** Claims of Interest Holders of the Debtor CFI will continue to retain their corporate interests.

C. Execution of the Plan

1. *General Treatment of Allowed Claims.* The Allowed Claims of persons holding security interests in property of the estate shall be paid through the sale and distribution of proceeds from the Taplett and CFI Real Property, which is legally described on Exhibit 1 to the originally filed Plan. Allowed Claims will be paid from the net proceeds from the Sale, in accordance with the security interest priority held by each claimant as set forth in this plan and based upon the mechanisms for obtaining financing fully described in the attached Plan. Tax effects to the Debtor shall be paid from the net proceeds of the sale.

(a) Financial Management of Debtor. The reorganized Debtors shall retain such financial managers as they, in their sole discretion, deem necessary and appropriate to carry out their duties under the confirmed plan. The Debtors may retain the services of professionals employed during the course of its bankruptcy proceeding upon approval of the court.

(b) Operational Management of Debtor. The reorganized Debtors shall retain such operational managers as they, in their sole discretion, deem necessary and appropriate to carry out their duties under the confirmed plan. The Debtors may retain the services of professionals employed during the course of its bankruptcy proceeding. upon approval of the court.

(c) Approval of the plan shall not prevent the Debtors from seeking court approval to hire insiders from serving in either the financial management or operational management of the Debtor.

(d) The Chapter 11 filing has resulted in temporary relief for Taplett and CFI who have continued to operate as Debtors-in-Possession during the Chapter 11 cases, with statutory authority to conduct their affairs in the ordinary course of business under the supervision of the bankruptcy court.

Taplett and CFI are confident that a successful reorganization can be achieved if creditors are realistic in their expectations, and are willing to support continued good faith efforts to develop for sale and sell the real property for the benefit of all creditors.

4. *Specific Treatment of Claims by Class.*

Neither the contents of the Plan nor the Disclosure Statement shall expand or enlarge on the rights and remedies of the holders of Allowed Claims. The Plan provides for payment of each Allowed Claim through the, sales and/or refinancing of estate property, as described in the Plan of Reorganization and further described in Section VI below.

5. *Post -Confirmation Interest on Allowed Claims.*

The holders of Allowed Claims will receive interest on their claims as follows:

5.1 Class 2. All Allowed Class 2 Priority Tax Claims shall be paid in full upon the sale of the property that the tax lien attached to. Class 2 Claims, until paid in full, shall accrue interest at the rate of one percent (1%) per annum from May 10, 2010.

5.2 Class 3: The Class 3 Claim of the Chelan, Doulas and Okanogan County Treasurers shall be paid as follows: Class 3 shall consist of the Allowed Secured Claim of the Chelan, Douglas and Okanogan County Treasurers, for pre-petition real property taxes on the Debtors' Real Property to be satisfied from sale of land that the taxes are applicable to. The Class 3 Claims shall accrue interest at the rate provided for by statute.

5.3 Class 4. The Allowed Secured Claims of Excelsior are based upon loans made to RF

Taplett pledging CFI lands as collateral as described in Claim 6 of the proofs of claims filed with the Court. As of the date of filing the amount claimed to be due from Taplett and or CFI was \$2,739,789.11. After confirmation, the interest rate on the Excelsior loan shall be the non default interest rate modified herein to be 9.0% per annum on the outstanding principal balance, attorney fees and costs occurring pre-confirmation from the date of filing until the claim is paid in full.

5.4 Class 5: The Allowed Secured Claims of Chamberlin: As of the date of the filing, Chamberlin was owed \$272,000.00 which was cross-collateralized by first position liens on both 3511 East Cascade and on the Omak property. After confirmation, the interest rate on the Chamberlin balance shall be the non default interest rate modified herein to be 9.0% per annum on the outstanding principal balance, attorney fees and costs occurring pre-confirmation from the date of filing until the claim is paid in full.

5.5. Class 6: The Allowed Secured Claim of CFI against Taplett is in reimbursement for monies paid by Taplett to release CFI debt. It will receive 9% interest until paid in full.

5.6 Class 7 The Allowed Secured Claims against 56 Miller Road Omak consist of second position lien of Ogden Murphy Wallace, PLLC for legal fees in the amount of \$100,260. and a third position lien of Duck Lake Water for \$107,300.22 for water connections and assessments. After confirmation, the interest rate on these balances shall be the non default interest rate modified herein to be 9.0% per annum on the outstanding principal balance, attorney fees and costs occurring pre-confirmation from the date of filing until the claim is paid in full.

5.7. Class 8: The Allowed Secured Claims against 3511 East Cascade consist of a second position lien of CHS for \$402,270. After confirmation, the interest rate on this balance shall be the non default interest rate modified herein to be 9.0% per annum on the outstanding principal balance, attorney fees and costs occurring pre-confirmation from the date of filing until the claim is paid in full.

5.8 Class 9 The Allowed Secured Claim against 3500 N. Empire which consist of a lien by BJ Matthews for \$105,000.00. After confirmation, the interest rate on this balance shall be the non default interest rate modified herein to be 9.0% per annum on the outstanding principal balance, attorney fees and costs occurring pre-confirmation from the date of filing until the claim is paid in full.

5.9 Class 10: The Allowed Secured Claim Against 2301 Fifth Street which consist of a first position lien of Ocwen Loan Servicing for \$112,478.78, a second position lien of WAMU for \$37,545.00 and a third position lien of R. Dean Taplett for \$40,000.00. After confirmation, the interest rate on this balance shall be the non default interest rate modified herein to be 9.0% per annum on the outstanding principal balance, attorney fees and costs occurring pre-confirmation from the date of filing until the claim is paid in full unless the original mortgage provides for a lower rate.

5.11 Class 11: Remaining Secured Claims Against Estate Property: After confirmation, the interest rate on this balance shall be the non default interest rate modified herein to be 9.0% per annum on the outstanding principal balance, attorney fees and costs occurring pre-confirmation

from the date of filing until the claim is paid in full, except where the mortgage or lien on the property provides for a different rate.

5.12 Class 12: The Allowed Secured Claims of the Estate of RF Taplett: After confirmation, the interest rate on this balance shall be the non default interest rate modified herein to be 9.0% per annum on the outstanding principal balance, attorney fees and costs occurring pre-confirmation from the date of filing until the claim is paid in full.

5.13. Class 13: The Allowed Unsecured Claims of Mary L. Taplett and the Estate of RF Taplett. Any priority tax claims from employment taxes or income taxes will be paid ahead of nonpriority unsecured claims.

5.14 Class 14: The Allowed Unsecured Claims of CFI: shall not receive interest on their claims.

5.15 Class 15: Interest Holders: The Interest Holders in CFI shall retain their interests in the reorganized Debtor CFI in the same percentages that such interests existed prior to the date of the Bankruptcy petition. The relationship of Interest Holders shall continue to be governed by the CFI corporate documents, which was in effect prior to the filing of the Bankruptcy petition. Interest Holders shall not receive any distributions of property on account of their Interests until all CFI claims in classes 1 through 14 have been paid in full.

6. *Procedure Upon Full Payment of Claim.*

(a) *Release of Debt and Promissory Notes.* To the extent that the holder of an Allowed Claim receives full payment of its Allowed Claim, it shall release of record all obligations of the Debtor as maker or obligor has under the terms of the claim holder's Note, lien, or other document evidencing debt and security interests. To the extent that a claim holder does not receive full payment from the sale of any particular property securing its Allowed Claim, it shall execute a partial satisfaction of amounts due under the claim holder's Note, lien, or other document evidencing debt and security interests.

(b) *Release of Collateral.* To the extent that the holder of an Allowed Claim receives full payment, or partial payment and/or adequate protection in the form of a replacement lien with regard to its Allowed Claim, it shall execute and deliver documents which release any and all interests said claim holder has in the property being sold or refinanced. This includes without limitation executing a release of its assignment of rents, assignment of cash collateral and assignment of leases as they relate to the property.

(c) *Release of Guarantors and Co-makers.* Except as specifically provided for a particular holder of an Allowed Claim, to the extent that the holder of an Allowed Claim receives full payment of its Allowed Claim, it shall execute and deliver documents which release all guarantors, co-makers and parties alleged to be obligated under the terms and conditions of its note, security interest, lien, or other document evidencing its claim of debt or security interest in estate property to the same extent that the Debtor is released under subparagraphs (a) and (b) of this section.

(d) *Execution of Documents.* To the extent that the holder of an Allowed Claim receives full payment of its Allowed Claim, it shall execute and deliver documents which effectuate the provision of

paragraphs (a) through (d) of this section. This obligation shall include executing any satisfaction of judgment, release of liens, release of security, termination statements or any other documents necessary to evidence of record the indebtedness of the Debtor to said Allowed Claim holders.

D. Risk Factors Under the Plan

There are some risks associated with the Debtor's Plan.

1. Debtor Might Be Unable to Sell Property.

A risk of this plan is that the Debtors might not be able to sell various pieces of property for the value they expect and as such may delay the payment of Creditors.

2. The Plan Might Not be Approved.

A further risk associated with the Plan is that the Plan will not be approved by the various classes of creditors entitled to vote under the Bankruptcy Code. No assurances can be given that the Plan will be accepted by the requisite number and amount of creditor claims or confirmed by the Court. The Debtor will, however, encourage all claimants to vote for the Plan, because the Debtor believes it is in the best interest of creditors.

VI. EXECUTION OF THE PLAN AND TREATMENT OF CLAIMS

The Plan of Reorganization calls for the Debtors to sell 210.78 acres of RF Taplett Fruit Company Land for \$1,630,000 to Ivan Kriger, "Kriger" or "Buyer". The Plan also calls for the Debtors, specifically CFI, to sell 135 acres of land for \$2,005,000 including water rights. The Plan also calls for Kriger to purchase an option for additional RF Taplett property for \$900,000. The Debtors have secured signed contracts between the Debtors and Kriger. The Feasibility Period for the Buyer irrevocably accepting the offers expires August 26, 2010.

A. Treatment of Claims

1. The Allowed Claims and Interests, as classified in Article III of the Plan, shall be satisfied and treated in the manner set forth in Article V of the Plan. The treatment of, and consideration to be received by, holders of Claims and Interests holding Allowed Claims and Interests pursuant to the Plan shall be in full settlement, release and discharge of their respective Allowed Claims and Interests against the Estate but shall not affect any rights of any Creditor against the Guarantors. All Allowed Claims and Interests in the Estate shall be satisfied and treated as follows under the Plan subject to the Contested Claims procedures provided in the Plan.

2. Class 1: All Allowed Administrative Claims related to the administration of the Case, to the extent not previously paid during the Case, shall be paid either (1) in full, in Cash, on the later of, (i) 30 days after the Effective Date; or (ii) within fifteen days of the entry of a Final Order on a Fee Application; or (2) upon such other terms as may be agreed to in writing by such Claimant.

3. Class 2: All Allowed Class 2 Priority Tax Claims shall be paid in full from the proceeds of the sale of property. Class 2 Claims, until paid in full, shall accrue interest at the rate of one percent (1%) per annum from May 10, 2010.

4. Class 3: The Class 3 Claim of the Chelan, Douglas and Okanogan County Treasurers shall be paid as follows: The Class 3 Claim arises from real property tax assessments and constitutes a senior lien against the property shall accrue interest at the rate provided for by

statute. The Class 3 claim is impaired, but shall retain its lien until fully paid. The Class 3 claim shall be paid from the proceeds from the sale of property.

5. Class 4: The Allowed Secured Claims of Excelsior (See Claims 4 (CFI) & 6 (Taplett) of the filed Proof of Claims). Excelsior shall be paid such claims as is allowed by the Court from the sale of Taplett land. After confirmation, the interest rate on the Excelsior Claims shall be the non default interest rate modified herein to be 9.0% per annum on the outstanding principal balance, attorney fees and costs occurring pre-confirmation from the date of filing until the claim is paid in full. The Class 4 claim is unimpaired, and shall retain its lien on each individual parcel until the lien on each parcel is paid. The Debtor's Plan of Reorganization includes provisions for the following payments to Excelsior:

Part One: RF TAPLETT FRUIT CO.

RF Taplett Fruit Co. will sell 210.78 acres (Real Property A, B, C, D, E and F) (part of 484 acres co-owned with CFI) of commercial real estate and all improvements excluding equipment thereupon to Ivan Kriger represented by Loma Linda Properties, LLC. See Map attached as Exhibit 1. See RF Taplett Commercial & Investment Real Estate Purchase & Sale Agreement attached as Exhibit 2. See RF Taplett Addendum attached as Exhibit 3. The terms of the RF Taplett Sale are:

1) RF Taplett Fruit Co. will sell 210.78 acres to Kriger (Real Property A, B, C, D, E and F) (parcels 20221020002, 20220910001, 20220440003, 20220440004, 20220440005 and 2022043003) for a purchase price of \$1,630,000.00 with \$10,000.00 earnest money deposited on the last day of the Feasibility Period. Buyer is to pay \$960,000 at closing and deliver a signed promissory note and deed of trust for the balance encumbering the Real Property. The sale shall

close on October 15, 2010 subject to Bankruptcy Court approval. Irrigation equipment present on the property owned by the Seller is included in the price. Seller pays a 4% real estate commission on cash received by Seller on down payment and contract principal amount when received.

Delivery of \$960,000 cash at closing will entitle Buyer to a release of 57 acres (parcel number 2022091001) and 5.2 acres (parcel number 20221020002) and a lot line adjustment for an additional 7.8 acres will be made to parcel 20220440003 all from the original 210.78 acres. The Seller contract/note on the balance will stay on the remaining acres at 7% interest only payments and due as a balloon 24 months from closing. A separate water supply agreement will be executed. Irrigation water rights are not included. The irrigation equipment not owned by the Seller will be purchased for an additional \$45,000.00 at closing including two pivot irrigation systems and two wheel lines along with 3" hand lines currently on the property. Partial deed releases will be granted during the contract period on the basis of \$7,000.00 per acre, except on parcel 20220430003 (parcel C) which will be on the basis of \$50,000.00 per developed lot.

Buyer will also purchase a farming lease with option to purchase the balance of the 349 acres owned by the Seller, for \$200.00 per acre payable at closing and annually thereafter during the two year contract period. The price for the option to purchase that land is \$900,000.00.

Part Two: CFI

CFI will sell 135 acres including water rights for \$2,005,000.00 to Ivan Kriger, represented by Loma Linda Properties. See CFI Purchase and Sale Agreement attached as Exhibit 4 and CFI Addendum attached as Exhibit 5.

The purchase price is to be paid as follows:

- 1) \$10,000.00 earnest money at the end of the Feasibility Period;
- 2) \$110,000.00 outside of escrow on August 10, 2010 for the purchase of Taplett Orchards Inc.'s 3rd mortgage (face amount \$65,000.00) held by Olympic Coast Investments on land in Chelan County (which will be traded to CFI as \$110,00.00 credit to this purchase)
- 3) \$270,000.00 cash at closing
- 4) Buyer is to deliver a signed promissory note and deed of trust for the balance encumbering the Real Property of \$1,615,000.00 to be paid at 7% interest paid in interest only payments. A \$300,000.00 balloon payment is due within 4 months of closing.
- 5) 24.96 acres (parcel # 20220420001) (parcel III) to be released at closing.

Additionally, a 4% real estate commission applies to be paid upon cash received by Seller on down payment and contract principal when received. Buyer is to employ R. Dean Taplett as a consultant to the Buyer for a flat fee of \$20,000 in consultant/development fees to assist Buyer in maximizing development potential of the land. Buyer will make a \$300,000 balloon payment four months after closing to be used to fund Taplett Orchards RV Park Phase 1 development. This will buy out the first mortgage, and secure a partial deed release and Phase One development rights. Seller will retain a purchase back option for the north half of parcel 20220440002 for the purchase price of \$15,000.00 per acre based upon a survey to be completed at contract end. Option shall be for two years or upon rezoning of said parcel. Buyer agrees to grant roadway and utility easements/right of way from Spanish Castle Road to the optioned property. Seller to retain use of metal storage building until contract paid in full. Buyer will furnish easement for roadway and utilities to balance of Sellers land as well as access from main highway.

Part of the proceeds from the sale of this land will go to fund the Excelsior Claim - \$1,250,000 in total - \$280,000 from the CFI sale and \$970,000 from the Taplett sale from which closing costs are paid. \$410,000 of the proceeds will go to ensure that Taplett Orchards land is kept out of foreclosure by Olympic Coast Group in order to ensure that the \$850,000 note receivable remains viable and to ensure some funds for the unsecured creditors of the Debtors. The balance of Excelsior's claim will be paid in priority order as additional lots are sold.

6. Class 5 The Allowed Secured Claims of Chamberlin Distributing. As of the date of the filing, Chamberlin was owed \$272,000.00 which was cross-collateralized by first position liens on both 3511 East Cascade and on the Omak property. Chamberlin may be paid either from proceeds from the sale of 3511 East Cascade or from proceeds of sale of developed RV park lots on the Omak property. The 3511 East Cascade property needs an appraisal value after proposed road widening plans are known then to be sold. The appraisal is scheduled to be completed at the end of September 2010. On or around October 1, 2010, the Debtors will engage a commercial realtor to actively market the property.

7. Class 6 The Allowed Secured Claims of CFI Against Taplett for reimbursement of Taplett debt repaid to be satisfied from sale of CFI property.

8. Class 7 The Allowed Secured Claims against 56 Miller Road in Omak. Claims against these 21 lots will be paid as the developed lots are sold. Development expenses will be paid from sale of Accor stock and rolling stock. This class is impaired and will retain its liens until claims are paid in full.

9. Class 8 The Allowed Secured Claims against 3511 East Cascade. The 3511 East Cascade property needs an appraisal value to establish a county condemnation act value, after plans for proposed road widening plans are known, then to be sold. The 3511 East Cascade property needs an appraisal value after proposed road widening plans are known then to be sold. The appraisal is scheduled to be completed at the end of September 2010. On or around October 1, 2010, the Debtors will engage a commercial realtor to actively market the property.

10. Class 9 The Allowed Secured Claims against 3500 N. Empire. This property is currently listed for sale. However, estimated net proceeds from the sale are insufficient to satisfy the secured lien holders.

11. Class 10 The Allowed Secured Claims against 2301 Fifth Street. This property is currently listed for sale and several offers have been received. However, estimated net proceeds from the sale are insufficient to satisfy the secured lien holders. The Debtors plan to file a Motion for Relief from Stay in order to pursue state court boundary line litigation with the neighbor. After the boundary line is reestablished, the parcel will be separated into two parcels and sold, increasing the funds to pay Allowed Secured Claims and unsecured claims. Until then the property shall be removed from the market and leased with rental payments going to the secured lien holders as adequate protection.

12. Class 11. All Other Secured Claims Against Estate Property - The rolling stock will be appraised. Accor stock will need to be marketed and sold.

13. Class 12 - The Allowed Secured Claims of The Estate of Rawland Taplett -will be paid upon collection of notes receivable.

13. Class 13 - The Allowed Unsecured Claims of Mary L. Taplett and the Estate of Rawland F. Taplett. These claims will be satisfied by recovery of 1) Taplett Family Limited Partnership note receivable that owed to RF Taplett \$1,540,00 which is secured by secured by a second mortgage on 43 acres below 3630 Empire; 2) recovery of a note receivable from Taplett Orchard Inc. of \$850,000 (may which is secured by a junior mortgage on 40 acres out of which 7.3 acres has plat approval for 37 unit RV park development - the money from sale of developed lots can go to pay this class; and or 3) recovery on Parkwood Associates equity position.

15 Class 14 - The Allowed Unsecured Claims of Columbia Feeders will be satisfied in priority order from sale of CFI property.

16. Class 15 - The Interests of the Debtor CFI held by the CFI and its shareholders- holders of these claims shall retain their pre-petition interests.

VII. LITIGATION

A. Pending Litigation.

I. Pre-petition Litigation - Excelsior had filed an action against Mary L. Taplett and CFI that was scheduled for a hearing on Excelsior's Summary Judgment motion on May 11, 2010 in Douglas County.

II. Current litigation: Excelsior has filed Relief From Stay Motions against CFI and Taplett property.

VIII. LIQUIDATION ANALYSIS

A. General Principles

The following analysis shows what the Debtor believes will be the result of a liquidation of all the Property through a Chapter 7 liquidation proceeding. The analysis starts with the amount that could reasonably be realized from a liquidation type sale. The values for the Taplett Property and the CFI property used in this analysis are equal to the values given to the property by the Chelan, Douglas and Okanogan County Assessor for property tax purposes. The costs of sale and property taxes are then deducted to arrive at net liquidation proceeds. Costs of sale are assumed to be equal to ten percent (10%) of the gross sales price of the property. Property taxes are based upon actual taxes due to the County Treasurers on the parcels in question.

The net liquidation proceeds are then distributed first to creditors who have Allowed Secured Claims relating to the property which is being sold; then to administrative claimants in the order of priority given to their claims under 11 U.S.C. §507; finally proceeds are distributed to unsecured creditors and

equity security holders. As the following summary shows, a "fire sale" or foreclosure of the property may not permit all creditors to be paid in full.

GROSS VALUE

Real Property Okanogan Assessment:	\$ 260,000
Douglas County Assessment:	\$3,253,500
Chelan County Assessment:	<u>\$ 875,201</u>
	\$4,388,701
Less COSTS OF SALE 10% =	\$438,870.10
Final Total	\$3,949,830.90

DISTRIBUTIONS UNDER LIQUIDATION ANALYSIS

Chapter 7 Trustee

Secured Claims	(\$ exceeds liquidation value under a foreclosure)
Administrative Claims	\$ 0.00
Unsecured Claims	<u>\$ 0.00</u>

Using the appraised value after development each class of claims would be paid in full over time.

IX. TAX CONSEQUENCES

All of the tax attributes held by the Debtor at the inception of the case will be preserved and pass back to the Restructured Debtor upon the Confirmation of the Plan, except any consequences which may result from discharge of debt pursuant thereto. Because the Debtor's assets are made up mostly of Real property the Debtor will not address capital gains issues in its Plan.

Capital gains on the sale of the Property flow through to the Debtor's partnership interests, and further tax issues on any sale of the Property will be handled by accountants retained by the individual partners.

Creditors should consult their own tax advisors as to the tax consequences to them which may result from the treatment of claims provided in the Plan.

X. OPERATIONAL PROJECTIONS AND ASSUMPTIONS

As indicated above, this is a plan which, if approved, will pay all allowed claims of the Debtor.

XI. ADMINISTRATIVE COSTS

The Debtor-in-Possession anticipates the following administrative expenses will be incurred by the bankruptcy estate. These expenses represent the Debtor-in-Possession's best estimates as to what the administrative claims will be. The actual administrative claims are subject to proper application being made and approval being granted by the bankruptcy court.

A. *Debtor-in-Possession's Attorneys Fees* -- Approximately \$25,000.00

B. *Other Professionals*-- Real Estate Agents based upon the approved application of the Realtor expected to be 3-4%.

XII. EXECUTORY CONTRACTS AND LEASES: Kooy's Irrigation - Contract to be rejected and equipment sold under the Plan.

ANY PERSON HOLDING A CLAIM BASED UPON THE REJECTION OF AN EXECUTORY CONTRACT OR UNEXPIRED LEASE PURSUANT TO THE PLAN MUST FILE A PROOF OF CLAIM WITH THE BANKRUPTCY COURT WITHIN 30 DAYS OF THE ORDER OF CONFIRMATION. IF ANY SUCH PERSON FAILS TO FILE A PROOF OF CLAIM WITHIN THE SPECIFIED TIME PERIOD, THE DEBTOR WILL FILE A CLAIMS OBJECTION AND REQUEST THAT THE COURT DISALLOW AND DISCHARGE ANY SUCH CLAIM.

XIII. FEES OF UNITED STATES TRUSTEE

All quarterly fees due to the United States Trustee, pursuant to 28 U.S.C. § 1930(a)(6) which have not been paid before the Confirmation Date will be paid in full on or before the Effective Date, as required by section 1129(a)(12) of the Bankruptcy Code.

XIV. VOTING AND CONFIRMATION OF THE PLAN

A. *General Principles* In order for the Plan to be confirmed, various statutory conditions must be satisfied, including (i) acceptance of the Plan by at least one impaired class entitled to vote on the Plan, (ii) provision for payment or distribution under the Plan to each claimant of money and/or other property equal in value to what the claimant would have received in a chapter 7 liquidation, (iii) a finding by the Bankruptcy Court that the Plan is feasible, and (iv) with respect to each class, either acceptance by that class or a finding by the Bankruptcy Court that the Plan is "fair and equitable" and does not "discriminate unfairly" against that class.

The Debtor is seeking Court approval that this Disclosure Statement as containing information of a kind and in sufficient detail that will enable Creditors to make an informed decision about the Plan. If approved by the Court, this Disclosure Statement will be used in connection with the solicitation of acceptances of the Plan from those classes entitled to vote on confirmation.

B. Who May Vote

A holder of a Claim or Interest is only entitled to vote on the Plan if:

- (i) it is impaired under the Plan and

(ii) (a) the Holder's Claim has been scheduled by the Debtor and the Claim is neither disputed, contingent or unliquidated or

(b) the Holder has filed a Proof of Claim on or before the last date set by the Bankruptcy Court (i.e., 9/27/2010 for non-governmental units and 11/8/10 for governmental units) where the Claim has not been scheduled Section 1124 of the Bankruptcy Code provides that a class of claims or interests is considered impaired unless a plan does not alter the legal, equitable and contractual rights of the holder of the claim or interest. In addition, these classes are impaired unless all outstanding defaults, other than defaults relating to the insolvency or financial condition of the debtor or the commencement of the chapter 11 case, have been cured and the holders of claims or interests in these classes have been compensated for any damages incurred as a result of any reasonable reliance on any contractual provisions or applicable law to demand accelerated payment.

THERE ARE DISPUTED CLAIMS AGAINST THE DEBTOR. THE DEBTOR RESERVES THE RIGHT TO DISPUTE THE ALLEGED AMOUNT PROPOSED BY CREDITORS WHO HAVE FILED PROOFS OF CLAIM. ANY HOLDER OF A DISPUTED CLAIM MAY ASK THE BANKRUPTCY COURT, PURSUANT TO BANKRUPTCY RULE 3018, TO HAVE ITS CLAIM ALLOWED FOR THE PURPOSE OF VOTING ON THE PLAN. A HOLDER OF A DISPUTED CLAIM WHO FAILS TO OBTAIN THE ALLOWANCE OF ITS CLAIM FOR VOTING PURPOSES SHALL NOT BE ENTITLED TO VOTE ON THE PLAN.

C. *Voting Procedures:*

1. *Ballots*

A ballot will be mailed to you with the Approved Disclosure Statement and Plan. The ballot is to be used for voting to accept or reject the Debtor's Plan pursuant to the requirements of sections 1125 and 1126 of the Bankruptcy Code and Bankruptcy Rule 3018(c). Holders of claims should read the ballot and instructions carefully, and complete, date, sign and transmit the ballot in accordance with the instructions set forth in the ballot.

2. *Solicitation Period*

In order to be counted, a Ballot must be RECEIVED by the time set by the Court. At this time the Court has not set such date.

3. *Disqualified Ballots*

A holder of a claim or interest may have its vote disregarded if the Bankruptcy Court determines that the Creditor's acceptance or rejection was not solicited or procured in accordance with the provisions of the Bankruptcy Code.

D. Confirmation of the Plan

1. Confirmation Hearing.

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan (the "Confirmation Hearing"). The Bankruptcy Court has not scheduled the Confirmation Hearing as yet. Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Plan, regardless of whether it is entitled to vote.

2. Objections to Confirmation

The Bankruptcy Court will also set a date by which any written objections to the Plan must be filed with the Bankruptcy Court and a copy served upon counsel for the Debtor. The Bankruptcy Court will consider objections to confirmation of the Plan at the Confirmation Hearing. The hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the hearing.

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. AN OBJECTION TO CONFIRMATION MUST BE TIMELY SERVED AND FILED TO BE CONSIDERED BY THE BANKRUPTCY COURT.

3. *Test for Confirmation*

(a) Best Interest of Creditors. In order to satisfy one of the requirements of Section 1129, the Plan must establish that with respect to each class of Claims that each holder of a Claim in that class has accepted the Plan or will receive or retain under the Plan on account of such Claim property of a value that is not less than the amount that such holder would receive if the Debtor's assets were to be liquidated under Chapter 7 of the Bankruptcy Code. As discussed in section VII of this Disclosure Statement entitled "Liquidation Analysis," the Debtor believes that the Plan satisfies the test. The Debtor anticipates that the Court will make such a determination at the time of the hearing on Confirmation.

(b) Feasibility. The Debtor must also establish that Confirmation of the Plan is not likely to be followed by a liquidation, or the need for further financial reorganization. Testimony regarding the feasibility of the Plan may be presented at the hearing on Confirmation. The Debtor believes that the Plan is feasible and that the Bankruptcy Court will so find, but a Bankruptcy Court finding of feasibility does not guarantee that the Debtor will successfully complete or pay all the obligations under the Plan.

(c) Treatment of Dissenting Classes of Creditors. The Bankruptcy Code requires the Bankruptcy Court to find that the Plan does not discriminate unfairly, and is fair and equitable, with respect to each Class of Claims that is impaired under and has not accepted the Plan. Upon such a finding, the Bankruptcy Court may confirm the Plan despite the objections of a dissenting Class.

(d) Effect of Confirmation. Confirmation of a Plan shall operate on the Effective Date of that Plan as a discharge of the Debtor from all claims and indebtedness that arose before the Effective Date of that Plan, except for the claims of the holders of Secured Claims which may survive Confirmation under the Confirmed Plan and those claims, which as an administrative convenience, the reorganized company agrees to pay as continuing obligations. All such discharged claims and indebtedness shall be satisfied by the cash payment or other consideration provided under the Confirmed Plan.

After Confirmation, all property of the Debtor's estate will be free and clear of all claims and interest of creditors, except as otherwise provided in the Confirmed Plan or the order of the Bankruptcy Court confirming the Plan. The reorganized Debtor will be revested with all assets of the Debtor's estate. The provisions of the Confirmed Plan shall bind the Debtor, the Reorganized Debtor, and all other parties in interest, including any creditor, whether or not such creditor is impaired under the Confirmed Plan and whether or not such creditor has accepted such Plan.

XV. CONSEQUENCES OF THE FAILURE TO CONFIRM THE PLAN

In the event that the requirements for Confirmation of the Plan are not satisfied, it may be necessary to attempt to liquidate under a revised Chapter 11 Plan, or to convert the Chapter 11 case to a liquidating bankruptcy case under Chapter 7 of the Bankruptcy Code. As set forth in section VII of this Disclosure Statement entitled "Liquidation Analysis".

XVI. CONCLUSION

The Plan of Reorganization is based upon the Debtor's belief that a properly managed Chapter 11 Plan by its current management working with its existing professionals will maximize the return to secured creditors, unsecured creditors and equity holders of the debtor.

The Debtors-in-Possession urges creditors to vote to accept the Plan and to evidence such acceptance by returning your Ballot at such time as directed by future written notice.

DATED this 9th day of August, 2010

/s/ Christina M. Davitt
Christina M. Davitt, Attorney for
Attorney for Debtor-In-Possession,
Mary L. Taplett

/s/ Paul H. Williams
Paul H. Williams,
Attorney for Debtor-In-Possession,
Columbia Feeders, Inc.