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9

10 **UNITED STATES BANKRUPTCY COURT**

11 **CENTRAL DISTRICT OF CALIFORNIA, NORTHERN DIVISION**

12 In re) BK No. 9:12-bk-12883-RR
13)
14 NESBITT PORTLAND PROPERTY LLC;) Chapter 11
15 NESBITT BELLEVUE PROPERTY LLC;)
16 NESBITT LYNNWOOD PROPERTY LLC;) Jointly Administered with Case
17 NESBITT EL PASO PROPERTY LP;) Nos:
18 NESBITT DENVER PROPERTY LLC;)
19 NESBITT COLORADO SPRINGS) 9:12-bk-12884-RR
20) 9:12-bk-12888-RR
21) 9:12-bk-12889-RR
22) 9:12-bk-12890-RR
23) 9:12-bk-12891-RR
24) 9:12-bk-12894-RR
25) 9:12-bk-12895-RR
26)
27 Debtors.)
28)

19 Affects all Debtors) **DISCLOSURE STATEMENT RE: JOINT
PLAN OF REORGANIZATION**

20 Applies only to:)
21) **DISCLOSURE STATEMENT HEARING**

22)
23) Date: To be set
24) Time: To be set
25) Place: 1415 State Street
26) Courtroom 201
27) Santa Barbara, CA

28) **PLAN CONFIRMATION HEARING**

29)
30) Date: To be set
31) Time: To be set
32) Place: 1415 State Street
33) Courtroom 201
34) Santa Barbara, CA

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1 I. INTRODUCTION

2 Nesbitt Portland Property LLC ("**Portland**"), Nesbitt Bellevue
3 Property LLC ("**Bellevue**"), Nesbitt Lynwood Property LLC
4 ("**Lynwood**"), Nesbitt Colorado Springs Property LLC ("**Colorado**
5 **Springs**"), Nesbitt Livonia Property LLC ("**Livonia**"), and Nesbitt
6 Blue Ash Property LLC ("**Blue Ash**", and together with Portland,
7 Bellevue, Lynnwood, Colorado Springs, and Livonia, the "**Debtors**" or
8 the "**Proponents**") propose the Joint Plan of Reorganization (the
9 "**Plan**") pursuant to 1121(a) of Title 11 of the United States Code
10 (the "**Bankruptcy Code**" or the "**Code**") attached hereto as Exhibit
11 "A."

12 Chapter 11 allows the Proponents, and under some
13 circumstances, creditors and other parties in interest, to propose
14 a Plan. The Plan may provide for the Proponents to reorganize by
15 continuing to operate, to liquidate by selling assets of the
16 estate, or a combination of both. The Proponents are the parties
17 proposing the Plan sent to you in the same envelope as this
18 document. THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT
19 FOR THE ENCLOSED PLAN. Capitalized terms not otherwise defined
20 herein shall have the meaning set forth in the Plan.

21 On July 31, 2012, the Debtors, along with co-debtors, Nesbitt
22 El Paso Property LP ("**El Paso**") and Nesbitt Denver Property LLC
23 ("**Denver**", and together with El Paso and the Debtors, the "**Eight**
24 **Debtors**"), filed chapter 11 bankruptcy cases, which are being
25 jointly administered under Case No. 12-bk-12884-RR.

26 The Plan is a joint plan of reorganization for the Debtors.
27 Although the Plan is presented as a joint plan of reorganization,
28 this Plan does not provide for the substantive consolidation of the

1 Debtors' Estates. Moreover, the Plan does not include El Paso or
2 Denver. El Paso and Denver intend to sell their assets with the
3 consent of the Lender pursuant to Bankruptcy Code Section 363 or as
4 part of a reorganization plan (or plans) to be filed on a future
5 date. Claims against El Paso and Denver, other than the claims of
6 the Lender, are not addressed by the Plan and will be dealt with
7 pursuant to sale procedures adopted by those two debtors. The
8 Lender asserts a blanket lien on all of assets owned by the Eight
9 Debtors and the Lender's entire Claim is addressed by this Plan.

10 **A. Purpose of This Document**

11 This Disclosure Statement summarizes what is in the Plan, and
12 tells you certain information relating to the Plan and the process
13 the Court follows in determining whether or not to confirm the
14 Plan.

15 **READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW**

16 **ABOUT:**

- 17 (1) WHO CAN VOTE OR OBJECT,
18 (2) WHAT THE TREATMENT OF YOUR CLAIM IS (i.e., what your
19 claim will receive if the Plan is confirmed), AND HOW
20 THIS TREATMENT COMPARES TO WHAT YOUR CLAIM WOULD RECEIVE
21 IN LIQUIDATION,
22 (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING
23 THE BANKRUPTCY,
24 (4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER OR
25 NOT TO CONFIRM THE PLAN,
26 (5) WHAT IS THE EFFECT OF CONFIRMATION, AND
27 (6) WHETHER THIS PLAN IS FEASIBLE.

1 This Disclosure Statement cannot tell you everything about
2 your rights. You should consider consulting your own lawyer to
3 obtain more specific advice on how this Plan will affect you and
4 what is the best course of action for you.

5 Be sure to read the Plan as well as the Disclosure Statement.
6 If there are any inconsistencies between the Plan and the
7 Disclosure Statement, the Plan provisions will govern.

8 The Code requires a Disclosure Statement to contain "adequate
9 information" concerning the Plan. The Court has approved this
10 document as an adequate Disclosure Statement, containing enough
11 information to enable parties affected by the Plan to make an
12 informed judgment about the Plan. Any party can now solicit votes
13 for or against the Plan.

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

16 THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS
17 DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE
18 NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS
19 THE PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTOR AND ON ALL
20 CREDITORS AND INTEREST HOLDERS IN THIS CASE.

21 **1. Time and Place of the Confirmation Hearing**

22 The hearing where the Court will determine whether or not to
23 confirm the Plan will take place on _____, in Courtroom
24 201, 1415 State Street, Santa Barbara, California 93101.

25 **2. Deadline for Voting For or Against the Plan**

26 If you are entitled to vote, it is in your best interest to
27 timely vote on the enclosed ballot and return the ballot in the
28

1 enclosed envelope to Jonathan Gura, Susi & Gura PC, 7 W. Figueroa
2 Street, Second Floor, Santa Barbara, CA 93101, (805) 965-1011.

3 Your ballot must be received by _____ or it will
4 not be counted.

5 **3. Deadline for Objecting to the Confirmation of the**
6 **Plan**

7 Objections to the confirmation of the Plan must be filed with
8 the Court and served upon Jonathan Gura, Susi & Gura PC, 7 W.
9 Figueroa Street, Second Floor, Santa Barbara, CA 93101, (805) 965-
10 1011 by _____.

11 **4. Identity of Person to Contact for More Information**
12 **Regarding the Plan**

13 Any interested party desiring further information about the
14 Plan should contact Jonathan Gura, Susi & Gura PC, 7 W. Figueroa
15 Street, Second Floor, Santa Barbara, CA 93101, telephone (805) 965-
16 1011, and/or email jgura@susigura.com.

17 **C. Disclaimer**

18 Please carefully read this document, the Plan, and the
19 attached Exhibits. These documents explain who may object to
20 confirmation of the Plan, who is entitled to vote to accept or
21 reject the Plan, and the treatment that creditors can expect to
22 receive if the Court confirms the Plan. The statements and
23 information contained in the Plan and Disclosure Statement,
24 however, do not constitute financial or legal advice. You should
25 therefore consult your own advisor if you have questions about the
26 impact of the Plan on your Claims.

27 The financial data relied upon in formulating the Plan was
28 prepared by the Debtors from information in their books and records

1 and financial statements. The information contained in this
2 Disclosure Statement is provided by Windsor, the manager of the
3 Debtor's hotels. The Debtors represent that everything stated in
4 the Disclosure Statement is true to the Debtors' best knowledge.
5 The Debtors' professionals and financial advisors have not
6 independently verified this information.

7 The statements and information that concern the Debtors and
8 are set forth in this document constitute the only statements and
9 information that this Court has approved for the purpose of
10 soliciting votes to accept or reject the Plan. Therefore, no
11 statements or information that are inconsistent with anything
12 contained in this Plan and Disclosure Statement are authorized
13 unless otherwise ordered by this Court. The Court has not yet
14 determined whether or not the Plan is confirmable and makes no
15 recommendation as to whether or not you should support or oppose
16 the Plan.

17 You may not rely on the Plan and Disclosure Statement for any
18 purpose other than to determine whether to vote to accept or reject
19 the Plan. Nothing contained in the Plan or Disclosure Statement
20 constitutes an admission of any fact or liability by any party or
21 may be deemed to constitute evidence of the tax or other legal
22 effects that the Debtors' reorganization may have on entities
23 holding Claims or Interests. Under no circumstances will the
24 delivery of this Disclosure Statement or the exchange of any rights
25 made in connection with the Plan create an implication or
26 representation that there has been no subsequent change in the
27 information included in this document. The Debtors assume no duty
28 to update or supplement any of the disclosure information contained

1 in this document, and they presently do not intend to undertake any
2 such updates or supplements.

3 **II. BACKGROUND**

4 **A. Description and History of the Debtor's Business and the**
5 **Events Leading up to the Bankruptcy Filing**

6 Nesbitt, through his subsidiary companies, owns sixteen
7 Embassy Suites hotels and is one of the largest private owners of
8 Embassy Suites in the United States. Nesbitt's involvement in the
9 real estate industry dates back to when he was 13 years old, when
10 he began rehabbing houses in his hometown of Detroit, Michigan. He
11 has been constantly involved in some aspect of the real estate
12 business for more than fifty-four years.

13 Nesbitt's experience managing hotels dates back to the 1970s,
14 when the all-suite hotel concept was first developed. Initially,
15 he did site location work for Granada Royale Hometels, the
16 predecessor of Embassy Suites Hotels, and developed one of the
17 original Embassy Suites hotels. He has literally grown with the
18 Embassy Suites brand ever since. As a result, he has a long-
19 standing relationship with Hilton, which owns and franchises the
20 Embassy Suites brand.

21 Windsor, the company through which Nesbitt manages real
22 estate, was founded in 1974, and it has since grown to be the
23 largest private owner/operator of Embassy Suites hotels in the
24 United States. Windsor is approved to manage full-service Hilton
25 and Marriott hotels, as well as all the limited service Hilton and
26 Marriott brands. Windsor also has extensive experience in
27 operating hotels in diverse markets. Windsor currently manages
28 twenty-one hotels in eleven states.

1 Seventeen of these twenty-one hotels are Embassy Suites.
2 Windsor also manages three Marriott hotels and an independent. Of
3 the Seventeen of Embassy Suites that Windsor manages, sixteen are
4 owned by Nesbitt. Windsor manages one Embassy Suites hotel for an
5 owner that has no relation to Nesbitt. Windsor was selected to
6 serve as a third-party manager of this hotel based on Windsor's
7 experience in the industry, proven ability to drive bottom line
8 performance, and its unique and valuable relationship with the
9 Embassy Suites brand.

10 Nesbitt refinanced loans secured by the hotels owned by the
11 Eight Debtors, in January 2006 with a \$187.5 million loan (the
12 "Loan") from Greenwich Capital Financial Products, Inc.
13 ("Greenwich"), which, on information and belief, is alleged by
14 Torchlight to be U.S. Bank National Association's predecessor-in-
15 interest (the "Lender"). The Eight Debtors' hotels, which serve as
16 collateral for the Loan, are located as follows: (a) Portland owns
17 the Embassy Suites hotel located at 9000 S.W. Washington Square
18 Road, Tigard, Oregon 97223; (b) Bellevue owns the Embassy Suites
19 hotel located at 3225 158th Avenue SE, Bellevue, Washington 98008;
20 (c) Lynnwood owns the Embassy Suites hotel located at 20610 44th
21 Avenue West, Lynnwood, Washington 98036; (d) El Paso owns the
22 Embassy Suites hotel located at 6100 Gateway East, El Paso, Texas
23 79905; (e) Denver owns the Embassy Suites hotel located at 7525 E.
24 Hampden Avenue, Denver, Colorado 80231; (f) Colorado owns the
25 Embassy Suites hotel located at 7290 Commerce Center Drive,
26 Colorado Springs, Colorado 80919; (g) Livonia owns the Embassy
27 Suites hotel located at 19525 Victor Parkway, Livonia, Michigan

28

1 48152; and (h) Blue Ash owns the Embassy Suites hotel located at
2 4554 Lake Forest Drive, Cincinnati, Ohio 45242.

3 In connection with the Loan, the Debtors and Greenwich entered
4 into a Loan Agreement, a Promissory Note, and a Deposit Control
5 Agreement. To secure the Loan, each of the Debtors executed a Deed
6 of Trust, Assignment of Leases and Rents, Security Agreement and
7 Fixture Filing (or similar document), and a Restricted Account
8 Agreement. The documents described in this paragraph are referred
9 to herein as the "Loan Documents."

10 The Loan Documents require that all revenue generated by the
11 Eight Debtors' hotels to be deposited into accounts controlled by
12 the Lender. The Loan Documents authorize Torchlight to allocate
13 funds to debt service, escrow accounts, and fees, and then to
14 provide the Eight Debtors with funds to operate according to pre-
15 approved budgets.

16 The Loan matured on February 6, 2011, following several years
17 of depressed net operating income caused by the "Great Recession"
18 that devastated the hospitality industry and the capital markets.
19 Moreover, several of the franchise licenses for the Eight Debtors'
20 hotels came up for renewal during this period, and as a condition
21 to obtaining a license renewal, those hotels are required to
22 implement an extensive renovation program known as a "Product
23 Improvement Program" or "PIP." The Debtors estimated the amount
24 needed to implement the Product Improvement Programs for all eight
25 hotels at \$50 million. As a result of the decline in net operating
26 income, the need for additional capital expenditures to implement
27 the improvements required by Hilton, and the collapse of the

28

1 capital markets, Nesbitt was unable to refinance or otherwise pay
2 off the Loan.

3 Prior to maturity, Nesbitt engaged Torchlight, the Loan's
4 servicing agent, to negotiate a loan modification. These
5 discussions continued until January 18, 2012, when the Lender,
6 through Torchlight, filed a complaint against the Eight Debtors in
7 New York's Federal District Court. Meanwhile, the hotels were in
8 desperate need of renovation and had fallen out of compliance with
9 Hilton's brand standards. However, because the Lender controlled
10 all of the Eight Debtors' cash through a lockbox cash management
11 system, the Debtors were unable to fund the much-needed
12 renovations.

13 Two days after Torchlight filed its complaint, the Lender
14 filed a motion for the appointment of a receiver. In testimony
15 before and pleadings filed in the District Court, Torchlight stated
16 that its intention in the New York litigation was to obtain the
17 appointment of a receiver, and then to instruct the receiver to
18 remove Windsor as the management company and appoint Crescent
19 Hotels and Resorts, LLC ("Crescent"), a Windsor competitor, to
20 manage the Eight Debtors.

21 Then, in a series of letters dated April 20, 2012, Hilton
22 notified the Eight Debtors that their franchise licenses may be
23 terminated if the hotels were not brought up to brand standards by
24 July 29, 2012. Nesbitt's estimate for the work needed to bring the
25 eight hotels in compliance with Hilton's brand standards was
26 approximately \$4 million.

27 On June 6, 2012, District Judge John G. Koeltl entered his
28 order appointing a receiver for the eight hotels. Judge Koeltl

1 based his decision on his finding that there was an imminent danger
2 of the diminution of the value of the properties given the fact
3 that (a) the Eight Debtors did not have the money to fund the
4 improvements, (b) without the Product Improvement Program
5 renovations required by Hilton, the Eight Debtors would lose their
6 franchises, and (c) without the franchises, value of the Eight
7 Debtors' hotels would plummet. Judge Koeltl stayed the
8 effectiveness of his order until June 11, 2012 to give the Eight
9 Debtors an opportunity to appeal. The Eight Debtors then filed an
10 appeal with the Second Circuit Court of Appeals along with an
11 emergency motion for an interim stay pending appeal.

12 In connection with the litigation before the Second Circuit,
13 the Lender filed a declaration that included an appraisal of the
14 eight hotels. The appraisal, dated June 8, 2012, valued the eight
15 hotels at \$151 million with the franchises in place. The appraiser
16 estimated that the value would decrease by 34%, or approximately
17 \$51 million, upon the loss of the Embassy Suites franchises.

18 On July 25, 2012, the Second Circuit denied the request for
19 stay pending appeal, and on July 31, 2012, the Eight Debtors filed
20 voluntary chapter 11 petitions to further stay the order appointing
21 the receiver.

22 **B. El Paso & Denver**

23 El Paso and Denver are not a part of the Plan. El Paso and
24 Denver intend to sell their assets with the consent of the Lender
25 pursuant to Bankruptcy Code 363 or as part of a reorganization plan
26 (or plans) to be filed on a future date. Claims against El Paso
27 and Denver, other than the claims of the Lender, are not addressed
28 by the Plan and will be dealt with pursuant to sale procedures

1 adopted by those two debtors. The Lender asserts a blanket lien on
2 all of assets owned by the Eight Debtors and the Lender's Claim is
3 addressed by the Plan.

4 **C. The Estimated Value of the Collateral**

5 The estimated value of the assets owned by the Debtors is set
6 forth in Exhibit "B" attached hereto.

7 **D. Principals/Affiliates of Debtor's Business**

8 Nesbitt indirectly owns 100 percent of each of the Debtors.
9 Nesbitt also indirectly owns 100 percent of Windsor, the management
10 company that manages the Debtors.

11 **E. Management of the Debtor Before and After the Bankruptcy**

12 The Debtors were managed by Windsor prior to the bankruptcy
13 filings and continue to be managed by Windsor. Because Windsor is
14 an "insider" of the Debtors, the Debtors were required under the
15 Local Bankruptcy Rules to serve a Notice of Setting/Increasing
16 Insider Compensation prior to paying Windsor its postpetition
17 management fee. The Lender objected to the payment of Windsor's
18 management fee and the Court sustained the Lender's objection.
19 Accordingly, Windsor continues to manage the Debtors without
20 compensation. Windsor is accruing an administrative claim against
21 the Debtors that is contingent on the reversal of the Court's order
22 sustaining the Lender's objection.

23 **F. Significant Events During the Bankruptcy**

24 The following is a chronological list of significant events
25 that have occurred during this case:

- 26 1. **The Transition to Operations as Debtors in**
27 **Possession and Other Early Events in These**
28 **Reorganization Cases**

1 During the first few weeks of these reorganization cases,
2 management devoted significant time and resources communicating
3 with key vendors to ensure that deliveries of essentials such as
4 food and liquor continued.

5 In addition, the Debtors obtained a "first day" hearing on
6 August 8, 2012 to consider various relief requested by the Debtors
7 to facilitate their transition into Chapter 11. Among other
8 things, the Debtors obtained court orders: (a) establishing the
9 conditions under which the Debtors could continue receiving utility
10 services; (b) directing joint administration of these
11 reorganization cases; (c) authorizing the Debtors to honor certain
12 employee benefits and wages in the ordinary course of business; (d)
13 allowing the Debtors to maintain their cash management system; and
14 (e) authoring the interim use of cash collateral. The order
15 authorizing the interim use of cash collateral required the Lender
16 to release funds from its lock box account according to budgets
17 previously approved by the Lender.

18 **2. Professionals Retained by the Estates and**
19 **Professional Fee Budgets**

20 The Debtors have retained three professionals to assist with
21 the administration of their estates, and they anticipate retaining
22 three more. These professionals are listed in the following table.

Professional	Representation	Date Order Entered Authorizing Employment
1. Susi & Gura	Reorganization	October 22, 2012

1		Counsel	
2	2. Griffith &	Reorganization	September 25, 2012
3	Thornburgh	Counsel	
4	3. Alvarez & Marsal	Financial Advisor	October 12, 2012
5	4. Ernst & Young	Auditor	Application yet to
6			be filed
7	5. CBIZ	Tax Accountant	Application yet to
8			be filed
9	6. William Ling	Internal Auditor	Application filed
10			on November 8,
11			2012

12 No applications for the payment of professional fees have been
13 filed in these cases, and no professional fees have been approved
14 by the Court or paid by the Debtors during these cases.

15 **3. The Supplemental Request for Use of Cash Collateral**

16 The Debtors filed a supplemental motion to use cash collateral
17 on August 30, 2012. Pursuant to the supplemental motion, the
18 Debtors sought an order directing the Lender to release funds to
19 the Debtors to enable the Debtors to implement certain capital
20 improvements, known as Brand Standard Improvements, required by
21 Hilton. The Court granted the motion at a hearing on November 14,
22 2012 and ordered the Lender to release \$2,877,780 to the Debtors to
23 enable the Debtors to (a) purchase 37 inch televisions for the
24 Hotel suites, (b) purchase new bedding, (c) update the Hotels'
25 business centers, (d) update the Hotels' breakfast areas, (e)
26 upgrade the television high definition signal and premium channel
27
28

1 offering, (f) purchase pool furniture, and (g) purchase exterior
2 signage.

3 **4. Compensation of Windsor Management**

4 As described in Section II.E above, the Debtors were required
5 under the Local Bankruptcy Rules to provide parties in interest
6 with a Notice of Setting/Increasing Insider Compensation before
7 paying Windsor its management fee during these Cases. The Lender
8 objected to the payment of Windsor and the Court, at a November 14,
9 2012 hearing, sustained the Lender's objection. Accordingly,
10 Windsor has received no compensation for its management services
11 during these Cases.

12 **5. Status of the Hilton Franchises**

13 Hilton has taken no action during these Cases to terminate the
14 Franchise Agreements for the Debtors. In fact, in Hilton's Head of
15 Full Service Brands testified at a recent deposition that Hilton
16 would like to keep the Debtors' hotels in the Embassy Suites system
17 so long as the hotels are "restored to good condition."

18 **6. Other Legal Proceedings**

19 In addition to the proceedings discussed above, the Debtors
20 are currently involved in the following non-bankruptcy legal
21 proceedings:

22 **a. Jo'Naih Green Estate v. Livonia**

23 A young child drowned in the pool at Livonia. The child's
24 estate has asserted a claim via letter to Livonia, which has been
25 referred to the Debtor's insurance company. The claim is insured
26 but may create a claim against Livonia for the \$25,000 deductible.

27 **b. Heinstad v. Lynnwood**

28

1 A guest of Lynnwood alleges that she tripped over an
2 electrical cord at the Hotel and was injured. The claim has been
3 referred to the Debtor's insurance company. The claim will not
4 exceed the Debtor's \$25,000 deductible and may well be less.

5 **7. Potential Legal Proceedings Against the Lender**

6 The Debtors the reserve the right to file adversary or other
7 complaints against the Lender and/or its agents, including
8 Torchlight, for avoidance actions, lender liability or other Causes
9 of Action. If the Debtors file an action against the Lender or its
10 agents, the Debtors will employ litigation counsel. In such an
11 event, the Debtors will file an application to employ litigation
12 counsel pursuant to Section 327 of the Code.

13 **8. Actual and Projected Recovery of Preferential or**
14 **Fraudulent Transfers**

15 The Plan vests in the Reorganized Debtors any so-called
16 avoidance actions, including the right to assert claims under
17 Bankruptcy Code Section 547, i.e., the preference section. Section
18 547(b) authorizes the debtor in possession to avoid (i.e., set
19 aside) a transfer of property of the debtor that: (a) was made to
20 or for the benefit of a creditor, for or on account of an
21 antecedent debt owed by the debtor before the transfer was made;
22 (b) was made while the debtor was insolvent and on or before 90
23 days before the date of the bankruptcy filing (between 90 days and
24 one year before the date of the petition, if such creditor at the
25 time of such transfer was an insider); and (c) that enabled the
26 creditor to receive more than the creditor would receive if the
27 case were a liquidation case under Chapter 7 of the Bankruptcy
28 Code, the transfer had not been made, and the creditor received

1 payment of the debt to the extent provided by the provisions of
2 the Bankruptcy Code. Bankruptcy Code Section 547(c) provides
3 certain defenses to actions under Section 547(b), including a
4 defense if the debt was incurred in the ordinary course of business
5 or financial affairs of the debtor and the creditor and if the
6 transfer was made in the ordinary course of business and according
7 to ordinary business terms.

8 The Debtors' Statement of Financial Affair identifies the
9 transfers made in the 90 days prior to the Petition Date to non-
10 insiders and in the year prior to the Petition Date to insiders.
11 Subject to the rights reserved in Sections II.F.7 above, the
12 Debtors do not believe that there are any material preference
13 actions that may be available to the Estates. The Debtors believe
14 that substantially all of their vendors received payments in the
15 ordinary course of the Debtors' business. Furthermore, inasmuch as
16 the Plan contemplates payment in full of all Allowed General
17 Unsecured Claims against the estate, the successful prosecution of
18 avoidance actions, which would result in the reinstatement of a
19 claim in favor of the defendant to the extent of the avoidance
20 recovery, which would then be satisfied in full under the terms of
21 the Plan, would provide no economic benefit to the Estates while
22 causing the Estates to incur unnecessary legal fees. Therefore, it
23 is not anticipated that any avoidance actions will be prosecuted
24 during the Reorganization Cases or after the Effective Date.

25 **9. Procedures Implemented to Resolve Financial Problems**

26 The Plan resolves the problems that led to the filing of these
27 cases by (a) providing financing for the Product Improvement
28

1 Programs and (b) restructuring the secured debt to enable the
2 Debtors to service their debt.

3 **10. Current and Historical Financial Conditions**

4 The value of the estates' assets is listed in Exhibit "B."
5 Historical financial statements for the Eight Debtors are set forth
6 in Exhibit "C."¹

7 **III. SUMMARY OF THE PLAN OF REORGANIZATION**

8 **A. What Creditors and Interest Holders Will Receive Under**
9 **the Proposed Plan**

10 As required by the Bankruptcy Code, the Plan classifies claims
11 and interests in various classes according to their right to
12 priority. The Plan states whether each class of claims or
13 interests is impaired or unimpaired. The Plan provides the
14 treatment each class will receive.

15 **B. Classification of Claims and Equity Interests Against the**
16 **Debtors**

17 **Class 1 - The Lender's Secured Claim.** Class 1 consists of the
18 portion of the Lender's Claim under the Loan Documents that is an
19 Allowed Secured Claim. The amount of the Allowed Secured Claim of
20 the Lender is subject to the provisions of Bankruptcy Code Section
21 506(a) in that it is limited to the value of the property of the
22 Debtors in which the Lender holds a valid lien interest. The
23 extent and priority of the Lender's lien interest is subject to any
24 objection the Debtors or other interested parties may file with
25 respect to the Secured Lender's Claims.

26 _____
27 ¹ The Eight Debtors historically prepared financial statements on a consolidated
28 basis. Accordingly, the financial statements attached hereto as Exhibit "C" are
for all Eight Debtors and not simply the six Debtors that are the Proponents of
this Plan.

1 The Lender's total Claim is \$191,498,354, comprised of the
2 following: \$173,494,912 in principal, \$4,510,628 in non-default
3 interest, and \$13,492,814 in default interest. These figures are
4 taken from the declaration of Robert D. Ginsberg filed on August 7,
5 2012 in support of the Lender's limited opposition to the Eight
6 Debtors' use of cash collateral.

7 The Lender asserts that the collateral securing its Claim
8 consists of Cash Collateral held by the Lender for the benefit of
9 the Eight Debtors on the Petition Date, Cash Collateral generated
10 by the Eight Debtors during these Cases, and the real and personal
11 property owned by the Eight Debtors. The estimated value of the
12 Hotels is \$114,000,000. The Cash Collateral on the Petition Date
13 was \$10,043,463, including \$3,670,000 held in a capital expense
14 reserve account and \$1,679,000 held in property tax and insurance
15 reserve accounts. The Cash Collateral generated by the Hotels from
16 the Petition through a projected Effective Date of March 31, 2013
17 is estimated to be \$11,197,337.²

18	\$114,000,000	Value of the Hotels
19	\$15,000,000	Value of El Paso and Denver
20	\$10,043,463	Petition Date Cash Collateral
21	<u>\$11,197,337</u>	Cash Collateral Generated During Cases
22	\$150,240,800	Class 1 Secured Claim

23 **Class 2 - Administrative Expense Claims.** Class 2 consists of
24 all Allowed Administrative Expense Claims, including Claims of the
25 Debtors' bankruptcy counsel, financial advisor, and other
26 professionals retained by the Debtors, unpaid United States

27 ² The Cash Collateral generated during these Cases is net of a reserve for
28 management fees that have accrued from the Petition Date through the Effective
Date but has not been paid.

1 Trustee's Fees, and any other Allowed Claims expressly approved by
2 the Court under Bankruptcy Code Section 503(b). Windsor asserts an
3 Administrative Expense Claim for management services provided to
4 the Debtors. Windsor's Claim is contingent on the reversal of the
5 portion of the Court's order that was based on a determination that
6 Windsor was a "professional person" under Section 327 of the
7 Bankruptcy Code, to deny the Eight Debtor's motion to pay insider
8 compensation to Windsor. The Debtors estimate that Allowed
9 Administrative Expense Claims, other than Windsor's contingent
10 Claim, will total \$2,500,000. Administrative Expense Claims will
11 be allocated among the Eight Debtors' cases, subject to the
12 approval of the Court after a properly noticed hearing. Only
13 Administrative Claims against the Debtors will be paid pursuant to
14 the Plan.

15	\$2,000,000	Professional Fees
16	\$500,000	Section 503(b)(9) Claims
17	Unknown	Windsor's contingent management fee Claim

18 **Classes 3(a) through 3(z) - Additional Secured Claims.**

19 Classes 3(a) through 3(z) consist of classes of additional secured
20 claims senior to the Class 1 Secured Claim which may be identified
21 following expiration of the Claims Bar Date.

22 **Class 4 - Priority Tax Claims.** Class 4 consists of the
23 holders of any Allowed Unsecured Claims entitled to priority
24 pursuant to Bankruptcy Code Section 507(a)(8). The Debtors
25 anticipate that the Claims asserted in Class 4 will total
26 approximately \$675,633.

27 **Class 5 - General Unsecured Claims.** Class 5 consists of any
28 Allowed General Unsecured Claims other than the allowed Deficiency

1 Claim. The Claims Bar Date is January 15, 2013. The Debtors
2 estimate that Allowed General Unsecured Claims will total
3 approximately \$2,000,000.

4 **Class 6 - The Lender's Deficiency Claim.** Class 6 consists of
5 the under-secured portion of the Lender's Claim under the Loan
6 Documents. The Lender's total Claim is \$191,498,354, the Lender's
7 Class 1 Secured Claim is \$150,240,800, leaving the Lender with a
8 Class 6 Deficiency Claim of \$41,257,554.

9 **Class 7 - Equity Interests.** Class 7 consists of the existing
10 Equity Interests in the Debtors.

11 **Possible Convenience Class.** The Debtors reserve the right to
12 create a "convenience class" of unsecured creditors and amend the
13 Plan after the expiration of the Claims Bar Date.

14 **C. Treatment of Claims and Equity Interests Against the**
15 **Debtors**

16 **1. Treatment of the Lender's Class 1 (Secured) and**
17 **Class 6 (Unsecured) Claims**

18 The Lender's Allowed Class 1 and Class 6 Claims are **IMPAIRED**
19 and therefore the Lender is entitled to vote to accept or reject
20 the Plan. If the Lender votes to **REJECT** the Plan, the Lender shall
21 receive the treatment set forth in Section "a" below. If the
22 Lender votes to **ACCEPT** the Plan, the Lender shall receive the
23 treatment set forth in Section "b" below.

24 **a. Treatment of Class 1 and Class 6 if the Lender**
25 **Rejects the Plan - The "Cramdown Plan"**

26 If the Lender votes to **REJECT** the Plan, the Lender shall
27 receive on the Effective Date the following:

28 On Account of its Allowed Class 1 Secured Claim:

1 \$120,500,000 **"New Secured Note"** - See Section III.C.1.a.i
2 below for calculation and terms of the New
3 Secured Note;
4 \$11,197,337 Cash - A Distribution equal to the net Cash
5 Collateral generated during these Cases;
6 \$3,540,463 Cash - A Distribution equal to the Cash
7 Collateral on the Petition Date less funds (a)
8 set aside for (i) working capital and (ii)
9 reserves for property taxes and insurance, and
10 (b) spent on Brand Standard Improvements;³ and
11 \$15,000,000 Net Sale Proceeds from future sale of El Paso
12 and Denver (estimate)

13 **\$150,237,800 TOTAL AMOUNT RECEIVED ON ACCOUNT OF CLASS 1**
14 **SECURED CLAIM**

15 On Account of its Allowed Class 6 Unsecured Claim:

16 \$4,000,000 **"Deficiency Claim Note"** - See Section
17 III.C.1.a.ii below for the terms of the
18 Deficiency Claim Note

19 **i. Calculation and Terms of the New Secured**
20 **Note**

21 The New Secured Note, a form of which will be included in the
22 Plan Supplement, shall have an original principal balance equal to
23 the sum of (a) the value of the Hotels, (b) the Cash Collateral to
24 be spent by the Debtors on Brand Standard Improvements prior to the
25 Effective Date, (c) the working capital set-aside, and (d) the
26 property tax and insurance reserves:

27 ³ \$10,043,463 (Cash Collateral on Petition Date) less \$1,154,000 (working capital
28 set-aside) less \$1,679,000 (tax and insurance reserves) less \$3,670,000 Brand
 Standard Improvements equals \$3,540,463.

1	Value of the Hotels:	\$114,000,000
2	Brand Standard Improvements:	+ \$3,670,000
3	Tax and Insurance Reserve:	+ \$1,679,000
4	Working Capital Set-Aside:	+ <u>\$1,154,000</u>
5	Total:	\$120,503,000, rounded to:
6	The New Secured Note:	\$120,500,000

7 The market value of the Hotels as of the Petition Date is
8 based on the income approach valuation analysis performed by
9 Alvarez & Marsal. The income approach valuation analysis includes
10 estimates of future performance, including, without limitation,
11 future revenues and expenses, certain operating and market
12 strategies, market-based required rates of return, and other
13 assumptions. Although Alvarez & Marsal believes that the estimates
14 and assumptions are reasonable, Alvarez & Marsal can give no
15 assurance they will be achieved. There are a number of significant
16 risks and uncertainties that could cause actual results and values
17 to differ materially from the market Value of the Hotels made
18 herein.

19 The Brand Standard Improvements, tax reserve, insurance
20 reserve, and the working capital set-aside are based on the amounts
21 held in the Debtors' and the Lender's accounts and sub-accounts for
22 each such item on the Petition Date.

23 The New Secured Note shall have an interest rate of 7 percent;
24 a 25-year term; interest-only payments for all 25 years; secured by
25 a first lien on the Hotels and reserves funded with Cash on-hand at
26 the Effective Date.

27
28

1 **ii. Terms of the Deficiency Claim Note**

2 The Deficiency Claim Note, a form of which will be included in
3 the Plan Supplement, shall be for \$4,000,000 and be paid in for
4 four annual \$1 million payments without interest beginning in 2015.

5 **b. Treatment of Class 1 and 6 if the Lender**
6 **Accepts the Plan - The Consensual Plan**

7 If the Lender votes to **ACCEPT** the Plan, the Lender shall
8 receive on the Effective Date the following:

9 On Account of its Allowed Class 1 Claim:

10 \$109,500,000 **"Term Loan A"** - See Section III.C.1.b.i below
11 for calculation and terms of Term Loan A;
12 \$11,197,337 Cash - A Distribution equal to the net Cash
13 Collateral generated during these Cases;
14 \$3,540,463 Cash - A Distribution equal to the Cash
15 Collateral on the Petition Date less funds (a)
16 set aside for (i) working capital and (ii)
17 reserves for property taxes and insurance, and
18 (b) spent on Brand Standard Improvements;⁴ and
19 \$15,000,000 Net Sale Proceeds from future sale of El Paso
20 and Denver (estimate).

21 **\$139,237,800 TOTAL AMOUNT RECEIVED ON ACCOUNT OF CLASS 1**
22 **SECURED CLAIM**

23 On Account of its Allowed Class 6 Claim:

24 \$38,767,740 **"Term Loan C"** - See Section III.C.1.b.ii below
25 for calculation and terms of Term Loan C);
26

27 ⁴ \$10,043,463 (Cash Collateral on Petition Date) less \$1,154,000 (working capital
28 set-aside) less \$1,679,000 (tax and insurance reserves) less \$3,670,000 Brand
 Standard Improvements equals \$3,540,463.

1 i. Calculation and Terms of Term Loan A

2 Term Loan A, a form of which will be included in the Plan
3 Supplement, shall have an original principal balance equal to 90
4 percent of the value of the Hotels plus the Cash Collateral that
5 will not be returned to the Lender on the Effective Date:

6 90% of Value of the Hotels: \$102,600,000

7 Brand Standard Improvements: + \$3,670,000

8 Tax and Insurance Reserves: + \$1,679,000

9 Working Capital Set-Aside: + \$1,154,000

10 Total: \$109,103,000, rounded to:

11 **Term Loan A: \$109,500,000**

12 Term Loan A shall have an interest rate of 3.25 percent; a 10-
13 year term; interest-only payments for the first five years;
14 principal and interest payments over the remain term calculated on
15 a 25-year amortization schedule; loan modification fee to be agreed
16 to by the Lender and the Debtors prior to Confirmation; secured by
17 a first lien on the Hotels; and reserves funded with Cash on-hand
18 at the Effective Date.

19 ii. Calculation and Terms of Term Loan C

20 Term Loan C, a form of which will be included in the Plan
21 Supplement, shall have an original principal balance of
22 \$38,767,740, calculated as follows:

23 \$178,005,540 Lender's total Claim less default interest

24 - \$139,237,800 Amount received by Lender on Secured Claim

25 **\$38,767,740 Term Loan C**

26 Term Loan C shall have an interest rate of 2.5 percent; a 25-
27 year term; interest-only payments for the first five years;
28 principal and interest payments for the twenty years following the

1 interest-only period on a 25-year amortization schedule; secured by
2 a third lien on the Hotels; and Annual Excess Cash Flow shall be
3 allocated 50 percent to pay outstanding principal on Term Loan C
4 and 50 percent to be retained by the Reorganized Debtors.

5 **iii. The Guaranty**

6 If the Lender votes to accept the Plan, the Lender shall elect
7 to, and be deemed to, release the Guarantor from any and all
8 liability under the Guarantee arising out of acts or omissions
9 which occur prior to Confirmation. This Guarantee will be restated
10 to secure Term Loan A and Term Loan C after the Effective Date.

11 **2. Treatment of Class 2 - Administrative Expense**
12 **Claims.**

13 Each Holder of an Allowed Administrative Claim shall receive
14 on the Effective Date, or as soon as practicable thereafter, in
15 full satisfaction, settlement, discharge and release of, and in
16 exchange for, such Claim either (i) payment in full in Cash; or
17 (ii) such other less favorable treatment as agreed to in writing by
18 such Holder. The Allowed Class 2 Claims are **UNIMPAIRED** and the
19 holders thereof do not vote on the Plan.

20 **3. Treatment of Classes 3(a) through 3(z) - Additional**
21 **Secured Claims**

22 The Holders of Allowed Class 3 Claims shall receive (a) such
23 treatment as is agreed to between the Debtor and the Claimant or
24 (b) in full satisfaction, settlement, discharge and release of, and
25 in exchange for, such Claim, full payment of such Claim made in
26 four equal installments paid semiannually over two years beginning
27 on the date that is six months from the Effective Date. Allowed
28

1 Classes 3(a) through 3(z) are **IMPAIRED** and the holders thereof are
2 entitled to vote on the Plan.

3 **4. Treatment of Class 4 - Priority Tax Claims.**

4 The Holders of the Allowed Class 4 Priority Claims shall
5 receive, in full satisfaction, settlement, release, extinguishment
6 and discharge of such Claim a Distribution equal to 50 percent of
7 such Holder's Allowed Class 4 Claim on the Effective Date and a
8 second Distribution equal to 50 percent of such Holder's Allowed
9 Class 4 Claim on the date that is 365 days after the Effective Date
10 unless such date is not a Business Day, in which case such
11 Distribution shall be made on the next day that is a Business Day.
12 The Allowed Class 4 Claims are **IMPAIRED** and are entitled to vote to
13 accept or reject the Plan.

14 **5. Treatment of Class 5 - General Unsecured Claims.**

15 The Holders of the Allowed Class 5 Claims shall receive, in
16 full satisfaction, settlement, release, extinguishment and
17 discharge of such Claim a Distribution equal to 50 percent of such
18 Holder's Allowed Class 5 Claim on the Effective Date and a second
19 Distribution equal to 50 percent of such Holder's Allowed Class 5
20 Claim on the date that is 365 days after the Effective Date unless
21 such date is not a Business Day, in which case such Distribution
22 shall be made on the next day that is a Business Day. The Allowed
23 Class 5 Claims are **IMPAIRED** and are entitled to vote to accept or
24 reject the Plan.

25 **6. Treatment of Class 6 - The Lender's Deficiency**
26 **Claim.**

27 See Section III.C above.

28 **7. Treatment of Class 7 - Existing Equity Interest.**

1 Class 7 consists of the Equity Interests in the Debtors. If
2 the Lender votes its Class 1 and Class 6 Claims in favor of the
3 Plan, Class 7 shall be **UNIMPAIRED**, will not be entitled to vote to
4 accept or reject the Plan, and will retain its Equity Interests in
5 the Reorganized Debtors.

6 If the Lender votes its Class 1 and Class 6 Claims against the
7 Plan, Class 7 Equity Interests shall be cancelled and shall receive
8 nothing under the Plan. In such instance, Class 7 shall be
9 **IMPAIRED** and deemed to reject the Plan.

10 **D. Implementation of the Plan**

11 **1. Non-Substantive Consolidation**

12 Although the Plan is presented as a joint plan of
13 reorganization, this Plan does not provide for the substantive
14 consolidation of the Debtors' Estates, and on the Effective Date,
15 the Debtors' Estates shall not be deemed to be substantively
16 consolidated for any reason. Except as specifically set forth in
17 the Plan, nothing in this Plan or the Disclosure Documents shall
18 constitute or be deemed to constitute an admission that any of or
19 all of the Debtors is subject to or liable for any Claims against
20 any other Debtor.

21 **2. Generally**

22 On and after the Confirmation Date, the Debtors shall be
23 empowered and authorized to take or cause to be taken, prior to the
24 Effective Date, all actions necessary to enable it to implement the
25 provisions of the Plan. From and after the Effective Date, the
26 Reorganized Debtors shall be governed pursuant to Amended Articles
27 of Organization and Amended Operating Agreements, forms of which
28 will be included in the Plan Supplement.

1 **3. Transactions on the Effective Date**

2 On the Effective Date, the following events shall be deemed
3 for all purposes to have occurred simultaneously:

- 4 a. The effectiveness of the Reorganized Debtors'
5 Amended Articles of Organization and Amended
6 Operating Agreements.
- 7 b. If either Class 1 or Class 6 has voted to
8 reject the Plan, the New Membership Interests
9 shall be issued to the New Equity Sponsor.
- 10 c. The appointment of the officers and directors
11 of the Reorganized Debtors, as identified in
12 the Plan Supplement; and
- 13 d. Any Distributions required to be made on the
14 Effective Date (or as soon thereafter as is
15 reasonably practicable).

16 **4. Funding the Plan**

17 The Plan Funding shall be provided by either the New Money
18 Investment or Term Loan B as described in Sections V.D.1 and V.D.2
19 of the Plan and the funds held by the Lender in the capital
20 improvement reserve which, at the Petition Date, equaled
21 approximately \$3.6 million. The funds shall be used to make
22 certain capital improvements to the Hotels and initial
23 Distributions as set forth in the Plan. Forms of the agreements
24 documenting the terms of the proposed funding shall be included in
25 the Plan Supplement. Attached hereto as Exhibit "D" is a chart
26 setting forth the sources and uses of Cash that will fund the Plan.

1 a. **The "Cramdown Plan" - New Money Investment**

2 On the Effective Date, if any of the impaired classes votes to
3 reject the Plan, all of the Debtors' membership interests shall be
4 deemed cancelled, and the Reorganized Debtors shall issue New
5 Membership Interests to the New Equity Sponsor in exchange for the
6 New Money Investment. The New Money Investment shall be for
7 approximately \$34 million.

8 b. **The "Consensual Plan" - Term Loan B**

9 On the Effective Date, if Class 1 and Class 6 vote to accept
10 the Plan, the Reorganized Debtors will obtain a loan from the Exit
11 Lender ("**Term Loan B**"). Term Loan B shall be for approximately \$34
12 million, and is anticipated to have an interest rate of 10 percent;
13 a 5-year term; interest-only for all five years; and be secured by
14 a second lien on the Hotels. These terms are subject to
15 negotiation with the Term Loan B lender.

16 **5. Ongoing Business Operations**

17 As discussed in Section III.F below, the Reorganized Debtors
18 will assume the Franchise Agreements and the Management Agreements.
19 The Debtors' balance sheet projections, attached hereto as Exhibit
20 "E," provide for a reserve sufficient to cure accrued, unpaid
21 Windsor management fees on terms to be negotiated with Windsor and
22 approved by the Court. As a condition to retaining their licenses
23 and Franchise Agreements to operate as Hilton Embassy Suites,
24 Hilton requires the Reorganized Debtors to make certain
25 improvements on all of the Hotels (the "**Brand Standard**
26 **Improvements**"). Hilton also requires several of the Hotels to
27 perform certain additional relicensing improvements and renovations
28 (the "**Product Improvement Programs**"). The Debtors have requested

1 new Product Improvement Programs from Hilton and will have the
2 ability to use up to an estimated \$33.6 million of the Plan Funding
3 to fund the Brand Standard Improvements and the Product Improvement
4 Programs. Notwithstanding the Debtors' estimate for the Product
5 Improvement Programs and the Brand Standard Improvements, the
6 improvements may cost less than \$33.6 million. Windsor will manage
7 the implementation of the Brand Standard Improvements and the
8 Product Improvement Program pursuant to the Management Agreements.

9 **6. Structure and Management of Reorganized Debtors**

10 **a. Amended Articles of Organization and Amended**
11 **Operating Agreements**

12 The Amended Articles of Organization and the Amended Operating
13 Agreements, forms of which will be included in the Plan Supplement,
14 will contain such provisions as are necessary to satisfy the
15 provisions of the Plan and, to the extent necessary, to prohibit
16 the issuance of nonvoting equity securities as required by Section
17 1123(a)(6) of the Bankruptcy Code, subject to further amendment of
18 the Amended Articles of Organization and Amended Operating
19 Agreements as permitted by applicable law. Except as otherwise
20 provided herein and in the Plan, such Amended Articles of
21 Organization and Amended Operating Agreements shall contain
22 indemnification provisions applicable to the officers and employees
23 of the Reorganized Debtors and such other Entities as may be deemed
24 appropriate in the discretion of the Reorganized Debtors and will
25 provide for the authorization and issuance of the New Membership
26 Interests, if necessary.

27 **b. Corporate Governance of the Reorganized Debtors**

28

1 On the Effective Date, the individuals identified in the Plan
2 Supplement shall serve as the officers and directors of the
3 Reorganized Debtors.

4 **c. Operations of the Debtors Between Confirmation**
5 **and the Effective Date**

6 The Debtors shall continue to operate as debtors and debtors
7 in possession during the period from the Confirmation Date through
8 and until the Effective Date.

9 **d. Corporate Action**

10 All matters provided for under the Plan involving the
11 corporate structure of the Reorganized Debtors, or any corporate
12 action to be taken by or required of the Reorganized Debtors, shall
13 be deemed to have occurred and be effective as provided herein or
14 in the Confirmation Order, and shall be authorized and approved in
15 all respects without any requirement for further action by the
16 shareholders or directors of any such Entities.

17 **e. Effectuating Documents; Further Transactions**

18 Any officer, member or manager of or director of the
19 Reorganized Debtors, as the case may be, shall be, and hereby is,
20 authorized to execute, deliver, file, and record such contracts,
21 instruments, releases, indentures, certificates, and other
22 agreements or documents, and take such other actions as may be
23 necessary or appropriate to effectuate and further evidence the
24 terms and conditions of the Plan. The Secretary or other
25 appropriate officer of the Debtors is hereby authorized to certify
26 or attest to any of the foregoing, if necessary.

27 The Debtors and the Reorganized Debtors, and all other
28 parties, including all Holders of Claims entitled to receive

1 Distributions under the Plan, shall execute any and all documents
2 and instruments that must be executed under or in connection with
3 the Plan in order to implement the terms of the Plan or to
4 effectuate the Distributions under the Plan, provided, that such
5 documents and instruments are reasonably acceptable to such party
6 or parties.

7 **E. Distributions Under the Plan**

8 **1. Plan Administrator**

9 The Reorganized Debtors shall act as the Plan Administrator
10 for the purpose of making all distributions provided for under the
11 Plan. The Plan Administrator shall serve without bond and shall
12 receive no compensation for distribution services rendered and
13 expenses incurred pursuant to the Plan.

14 The Plan Administrator, unless otherwise specified, will make
15 all distributions required under the Plan. The Reorganized
16 Debtors, as Plan Administrator, will be vested with full authority
17 to take any action or execute and document relating to a conveyance
18 or other transfer that the Debtors could have taken or executed.

19 The Plan Administrator may employ or contract with other
20 persons to make or assist with these distributions. Any person the
21 Reorganized Debtors employ to assist with distributions will
22 receive from the Reorganized Debtors - on terms approved by the
23 Reorganized Debtors but without further Court approval - reasonable
24 compensation for the distribution services that they render under
25 the Plan and reimbursement of reasonable out-of-pocket expenses
26 that they incur in connection with those services.

27 **2. Procedure for Determination of Claims**

28 **a. Objections to Claims**

1 Notwithstanding the occurrence of the Effective Date, and
2 except as to any Claim that has been Allowed prior to the Effective
3 Date, the Reorganized Debtors may object to the allowance of any
4 Claim against the Debtors or seek estimation thereof on any grounds
5 permitted by the Bankruptcy Code within sixty (60) days of the
6 Effective Date. The Debtors may extend this deadline without Court
7 approval by filing a notice of continuance with the Court. The
8 Reorganized Debtors will have the authority to file, settle,
9 compromise, or withdraw any objections without Court approval.

10 **b. Disputed Claims**

11 No Distributions will be made to Holders of Claims unless and
12 until such Claims are Allowed pursuant to a Final Order. If a
13 Claim is not an Allowed Claim as of the Effective Date or when
14 payment is otherwise due under the Plan, payment on such Claim
15 (excluding interest attributable to delay in resolving the
16 allowance of such Claim) will commence if and when such Claim
17 becomes an Allowed Claim pursuant to a Final Order after the
18 Effective Date.

19 **c. Treatment of Contingent Claims**

20 Until such time as a contingent Claim or a contingent portion
21 of an Allowed Claim becomes fixed or absolute or is disallowed,
22 such Claim will be treated as a Disputed Claim for all purposes
23 related to Distributions under the Plan. The Holder of a
24 contingent Claim will only be entitled to a Distribution under the
25 Plan if and when such contingent Claim becomes an Allowed Claim.

26 **d. Post Effective Date Fees, Costs, and Expenses**

27 After approval by the Court of the Final Fee Applications, all
28 professionals retained by the Estates will no longer be required to

1 submit any further fee applications to the Court. Any Claims for
2 fees, costs, and expenses incurred by professionals retained by the
3 Estates after the Effective Date, including, those fees and
4 expenses incurred in connection with the implementation and
5 consummation of the Plan, will be treated as fees and expenses of
6 the Reorganized Debtors and paid in the ordinary course of business
7 of the Reorganized Debtors, without the necessity for any approval
8 by the Court.

9 **3. Distributions**

10 All Distributions required to be made under the Plan shall be
11 made by the Plan Administrator as provided under Section VI of the
12 Plan.

13 **4. Record Date for Holders of Claims**

14 Except as otherwise provided in a Final Order of the Court,
15 the transferees of Claims that are transferred pursuant to
16 Rule 3001 of the Bankruptcy Rules on or prior to the Distribution
17 Record Date shall be treated as the holders of such Claims for all
18 purposes, notwithstanding that any period provided by Rule 3001 for
19 objecting to such transfer has not expired by the Distribution
20 Record Date.

21 **5. Date of Distributions**

22 Except as otherwise provided in the Plan, any Distributions
23 and deliveries to be made under the Plan on account of Allowed
24 Claims shall be made (i) on the Effective Date or as soon
25 thereafter as is practicable for Claims that are Allowed as of the
26 Effective Date or (ii) within 30 days of the date on which a Claim
27 becomes Allowed if such Claim becomes Allowed after the Effective
28 Date. In the event that any payment or act under the Plan is

1 required to be made or performed on a date that is not a Business
2 Day, then the making of such payment or the performance of such act
3 may be completed on, or as soon as reasonably practicable after,
4 the next succeeding Business Day, but shall be deemed to have been
5 completed as of the required date, and no interest shall accrue or
6 be payable on Distributions actually made after the Effective Date.

7 **6. Postpetition Interest on Claims**

8 Unless expressly provided for in the Plan, the Plan
9 Supplement, or the Confirmation Order, or any contract, instrument,
10 release, settlement or other agreement entered into in connection
11 with the Plan, or unless required by applicable bankruptcy law,
12 interest accruing on or after the Petition Date on account of any
13 Claim for any reason, including delay in Distribution, shall not be
14 paid.

15 **7. Means of Cash Payment**

16 At the option of the Plan Administrator, any Cash payment to
17 be made under the Plan may be made by a check or wire transfer or
18 as otherwise required or provided in any applicable agreement.

19 **8. Delivery of Distributions**

20 All Distributions to any holder of an Allowed Claim shall be
21 made at the address of such holder as set forth on (i) the
22 Schedules filed, as may be required, with the Court, (ii) a proof
23 of claim filed on or on behalf of such holder in the Chapter 11
24 Case, or (iii) on the books and records of the Debtors, unless the
25 Debtors or the Plan Administrator have been notified in writing of
26 a change of address.

27 If any Holder's Distribution is returned as undeliverable,
28 then no further Distributions to such Holder shall be made unless

1 and until the Plan Administrator is notified of such holder's then-
2 current address, at which time any missed Distribution shall be
3 made to such Holder without interest. A Cash Distribution that is
4 not claimed by the expiration of six (6) months from the date that
5 such Distribution was made - along with any further Distributions
6 withheld under this Section - shall be deemed unclaimed property
7 under Section 347(b) of the Bankruptcy Code and shall revert in the
8 Reorganized Debtors, and the Claim of any Holder to such
9 Distributions or any further Distributions shall be discharged and
10 forever barred. Nothing contained in the Plan shall require the
11 Debtor or the Plan Administrator to attempt to locate any holder of
12 an Allowed Claim.

13 **9. Time Bar to Cash Payments**

14 Checks issued by the Plan Administrator in respect of
15 Distributions on Allowed Claims shall be null and void if not
16 presented for payment within sixty (60) days after the date of
17 issuance thereof. Requests for reissuance of any check shall be
18 made in writing to the Plan Administrator by the Holder of the
19 Allowed Claim to whom such check originally was issued on or before
20 thirty (30) days after the expiration of the sixty (60) day period
21 following the date of issuance of such check. After expiration of
22 the thirty (30) day period, all funds held on account of such void
23 check shall, in the discretion of the Plan Administrator, be used
24 to satisfy the costs of administering and fully consummating the
25 Plan or will become the property of the Reorganized Debtors, and
26 the Claim of any holder to such Distributions shall be discharged
27 and forever barred.

28 **10. Fractional Cents**

1 Notwithstanding any other provision in the Plan to the
2 contrary, no payment of fractional cents will be made pursuant to
3 the Plan. Whenever any payment of a fraction of a cent under the
4 Plan would otherwise be required, the actual Distribution made will
5 reflect a rounding of such fraction to the nearest whole penny (up
6 or down), with fractions of more than half a penny being rounded up
7 and fractions of half of a penny or less being rounded down.

8 **11. Setoff and Recoupment**

9 The Debtors or the Reorganized Debtors may, but shall not be
10 required to, set off and/or recoup against any Claim (for purposes
11 of determining the Allowed Amount of such Claim on which
12 Distribution shall be made), any claims of any nature whatsoever
13 that the Debtors or the Reorganized Debtors may have against the
14 holder of such Claim, and the failure to do so shall not constitute
15 a waiver or release by the Debtors or the Reorganized Debtors of
16 any such Claims that the Reorganized Debtors may have against the
17 Holder of such Claim.

18 **12. Administrative Claims**

19 **a. Administrative Claim Bar Date**

20 Except as otherwise provided in Section VI of the Plan, unless
21 previously Filed or paid, requests for payment of Administrative
22 Claims must be Filed and served on the Debtors pursuant to the
23 procedures specified in the Confirmation Order and the notice of
24 entry of the Confirmation Order no later than the Administrative
25 Claims Bar Date. Holders of Administrative Claims that are
26 required to File and serve a request for payment of such
27 Administrative Claims but do not File and serve such a request by
28 the Administrative Claims Bar Date shall be forever barred,

1 estopped and enjoined from asserting such Administrative Claims and
2 such Administrative Claims shall be deemed discharged as of the
3 Applicable Effective Date.

4 **b. Professional Fee Claims**

5 All Professionals or other entities requesting compensation or
6 reimbursement of expenses pursuant to §§ 327, 328, 330, 331, 503(b)
7 and 1103 of the Bankruptcy Code for services rendered before the
8 Effective Date (including, without limitation, any compensation
9 requested by any Professional or any other entity for making a
10 substantial contribution in these Cases) shall file and serve on
11 counsel to the Reorganized Debtors an application for final
12 allowance of compensation and reimbursement of expenses no later
13 than a date established by the Court at the Confirmation Hearing
14 (the "**Professional Fee Bar Date**").

15 **c. Administrative Tax Claims**

16 All requests for payment of Administrative Expense Claims by a
17 governmental unit for taxes (and for interest and/or penalties
18 related to such taxes) for any tax year or period, all or any
19 portion of which occurs or falls within the period from and
20 including the Petition Date through and including the Effective
21 Date ("**Post-Petition Tax Claims**") and for which no bar date has
22 otherwise been previously established, must be filed on or before
23 the later of (i) the Administrative Claims Bar Date; or (ii) ninety
24 (90) days following the filing with the applicable governmental
25 unit of the tax return for such taxes for such tax year or period.
26 Any holder of any Post-Petition Tax Claim that is required to file
27 a request for payment of such taxes and does not file such a Claim
28 by the applicable bar date shall be forever barred from asserting

1 any such Post-Petition Tax Claim against the Debtors, the
2 Reorganized Debtors, or their property, whether any such Post-
3 Petition Tax Claim is deemed to arise prior to, on, or subsequent
4 to the Effective Date.

5 **d. Objections to Administrative Claims**

6 Objections to Professional Fee Claims must be filed and served
7 on the Debtors or the Reorganized Debtors, as the case may be, and
8 the Professionals to whose application the objections are
9 addressed, no later than thirty (30) days after the Professional
10 Fee Bar Date or as otherwise established by the Court.

11 Objections to Administrative Claims other than Professional
12 Fee Claims must be Filed by the later of (a) 120 days after the
13 applicable Administrative Claims Bar Date and (b) 90 days after the
14 Filing of the applicable request for payment of Administrative
15 Claims, if applicable, as the same may be modified or extended from
16 time to time by order of the Court.

17 **F. Treatment of Executory Contracts and Unexpired Leases**

18 **1. General Treatment**

19 On the Effective Date, the Debtors will be deemed to have
20 assumed any and all executory contracts or unexpired leases which
21 may be in effect that were not previously rejected. The Debtors
22 will File a schedule of proposed Cure Claims and/or a statement
23 that the Debtors are not aware of any Cure Claims due under Section
24 365 of the Bankruptcy Code not later than ten (10) days before the
25 Voting Deadline and will serve the schedule on the non-Debtor
26 counterparties to such executory contracts and unexpired leases.
27 The Confirmation Order, subject to the occurrence of the Effective
28 Date, shall constitute a Final Order approving the Debtors'

1 assumption of all such executory contracts and unexpired leases
2 pursuant to Sections 365 or 1123 of the Bankruptcy Code as of the
3 Effective Date.

4 **2. Cure of Defaults**

5 Except to the extent that different treatment has been agreed
6 to by the non-Debtor party or parties to any Executory Contract to
7 be assumed pursuant to Section VII.A of the Plan, the Reorganized
8 Debtors shall, pursuant to the provisions of Sections 1123(a)(5)(G)
9 and 1123(b)(2) of the Bankruptcy Code and consistent with the
10 requirements of Section 365 of the Bankruptcy Code, not later than
11 ten (10) days before the Voting Deadline, file and serve a pleading
12 with the Court listing the amount of the proposed cure for each
13 such Executory Contract. The non-Debtor party or parties to each
14 such Executory Contract shall have fifteen (15) days from service
15 of such pleading to object to the proposed cure with respect to
16 such Executory Contract. Within thirty (30) days after service of
17 any objection to the proposed cure for an Executory Contract, the
18 Reorganized Debtors shall: (a) resolve such objection, which
19 resolution shall not require approval of the Court; (b) schedule a
20 hearing before the Court to determine the proper cure for the
21 Executory Contract; or (c) determine to reject the Executory
22 Contract, and provide notice thereof to the applicable non-Debtor
23 party or parties, which rejection shall be deemed effective as of
24 the day before the Effective Date.

25 **3. Bar to Rejection Damages**

26 In the event that the rejection of an Executory Contract by
27 the Reorganized Debtors pursuant to the Plan results in damages to
28 the non-Debtor party or parties to such Executory Contract, a claim

1 for such damages shall be forever barred and shall not be
2 enforceable against the Debtors, the Reorganized Debtors, any of
3 their Affiliates, or any of their respective properties or
4 interests in property, and shall be barred from receiving any
5 distribution under the Plan, unless a proof of Claim with respect
6 to such damages is filed with the Court and served upon counsel for
7 the Debtors on or before (a) if such Executory Contract is rejected
8 pursuant to Section VII.B above, the later of: (i) thirty
9 (30) days after entry of the Confirmation Order; and (ii) thirty
10 (30) days after the service of the rejection of such Executory
11 Contract pursuant to Section VII.B of the Plan; and (b) if such
12 Executory Contract is rejected pursuant to a Final Order of the
13 Court granting a motion filed by the Debtors to reject such
14 Executory Contract, thirty (30) days after entry of such order.

15 **4. Franchise Agreements**

16 On Confirmation, the Debtors will assume the Hilton Franchise
17 Agreements. As a condition to assumption, the Debtors may agree to
18 such terms as Hilton may reasonably require with respect to the
19 Debtors. A copy of the agreement for assumption will be included
20 with the Plan Supplement.

21 **G. Procedure for Determination of Claims**

22 **1. Objections to Claims**

23 Notwithstanding the occurrence of the Effective Date, and
24 except as to any Claim that has been Allowed prior to the Effective
25 Date, the Reorganized Debtors may object to the allowance of any
26 Claim against the Debtors or seek estimation thereof on any grounds
27 permitted by the Bankruptcy Code within sixty (60) days of the
28 Effective Date. The Debtors may extend this deadline without Court

1 approval by filing a notice of continuance with the Court. The
2 Reorganized Debtors will have the authority to file, settle,
3 compromise, or withdraw any objections without Court approval.

4 **2. Disputed Claims**

5 No Distributions will be made to Holders of Claims unless and
6 until such Claims are Allowed pursuant to a Final Order. If a
7 Claim is not an Allowed Claim as of the Effective Date or when
8 payment is otherwise due under the Plan, payment on such Claim
9 (excluding interest attributable to delay in resolving the
10 allowance of such Claim) will commence if and when such Claim
11 becomes an Allowed Claim pursuant to a Final Order after the
12 Effective Date.

13 **3. Treatment of Contingent Claims**

14 Until such time as a contingent Claim or a contingent portion
15 of an Allowed Claim becomes fixed or absolute or is disallowed,
16 such Claim will be treated as a Disputed Claim for all purposes
17 related to Distributions under the Plan. The Holder of a
18 contingent Claim will only be entitled to a Distribution under the
19 Plan if and when such contingent Claim becomes an Allowed Claim.

20 **4. Post Effective Date Fees, Costs, and Expenses**

21 After approval by the Court of the Final Fee Applications, all
22 professionals retained by the Estates will no longer be required to
23 submit any further fee applications to the Court. Any Claims for
24 fees, costs, and expenses incurred by professionals retained by the
25 Estates after the Effective Date, including, those fees and
26 expenses incurred in connection with the implementation and
27 consummation of the Plan, will be treated as fees and expenses of
28 the Reorganized Debtors and paid in the ordinary course of business

1 of the Reorganized Debtors, without the necessity for any approval
2 by the Court.

3 **IV. RISK FACTORS**

4 Holders of Claims and Interests should read and consider
5 carefully the risk factors set forth below, as well as the other
6 information set forth in this Disclosure Statement and the
7 documents delivered together herewith, referred to or incorporated
8 by reference herein, before voting to accept or reject the Plan.
9 Although these risk factors are many, these factors should not be
10 regarded as constituting the only risks present in connection with
11 the Debtors' business or the Plan and its implementation.

12 **A. Risks Relating to Bankruptcy**

13 **1. The Debtors may not be able to obtain confirmation**
14 **of the Plan.**

15 To emerge successfully from chapter 11 as a viable entity, the
16 Debtors, like any debtor, must obtain approval of a plan of
17 reorganization from their creditors and confirmation of the Plan
18 through the Bankruptcy Court and must successfully implement the
19 Plan. The foregoing process requires the Debtors to (a) meet
20 certain statutory requirements concerning the adequacy of
21 disclosure with respect to any proposed plan, (b) solicit and
22 obtain creditor acceptances of the proposed plan and (c) fulfill
23 other statutory conditions with respect to plan confirmation.

24 As with any proposed plan of reorganization, the Debtors may
25 not receive the requisite acceptances to confirm the Plan. If the
26 requisite acceptances of the Plan are received, the Debtors intend
27 to seek Confirmation of the Plan by the Bankruptcy Court. If the
28 requisite acceptances are not received, the Debtors may

1 nevertheless seek Confirmation of the Plan notwithstanding the
2 dissent of certain Classes of Claims. The Bankruptcy Court may
3 confirm the Plan pursuant to the "cramdown" provisions of the
4 Bankruptcy Code, which allow the Bankruptcy Court to confirm a plan
5 that has been rejected by an impaired Class of Claims if it
6 determines that the plan satisfies Section 1129(b) of the
7 Bankruptcy Code.

8 To confirm a plan over the objection of a dissenting Class,
9 the Bankruptcy Court also must find that at least one impaired
10 Class has accepted the plan, with such acceptance being determined
11 without including the acceptance of any "insider" in such Class.
12 Even if the requisite acceptances of a proposed plan are received,
13 the Bankruptcy Court might not confirm the Plan as proposed. A
14 dissenting Holder of a Claim against the Debtor could challenge the
15 balloting procedures and results as not being in compliance with
16 the Bankruptcy Code. Finally, even if the Bankruptcy Court
17 determined that the balloting procedures and results were
18 appropriate, the Bankruptcy Court could still decline to confirm
19 the Plan if it found that any of the statutory requirements for
20 confirmation had not been met.

21 Specifically, Section 1129 of the Bankruptcy Code sets forth
22 the requirements for confirmation and requires, among other things,
23 a finding by the Bankruptcy Court that (a) the Debtors' plan "does
24 not unfairly discriminate" and is "fair and equitable" with respect
25 to any non-accepting Classes, (b) confirmation of the Debtors' plan
26 is not likely to be followed by a liquidation or a need for further
27 financial reorganization and (c) the value of distributions to non-
28 accepting Holders of Claims within a particular Class under the

1 Debtors' plan will not be less than the value of distributions such
2 Holders would receive if the Debtor were liquidated under chapter 7
3 of the Bankruptcy Code. The Bankruptcy Court may determine that a
4 proposed plan does not satisfy one or more of these requirements,
5 in which case the proposed plan would not be confirmed by the
6 Bankruptcy Court.

7 If the Plan is not confirmed by the Bankruptcy Court, it is
8 unclear whether the Debtors would be able to reorganize their
9 business and what, if any, distributions Holders of Claims
10 ultimately would receive with respect to their Claims. There also
11 can be no assurance that the Debtors will be able to successfully
12 develop, prosecute, confirm and consummate an alternative plan of
13 reorganization that is acceptable to the Bankruptcy Court and the
14 Debtors' creditors and other parties in interest. Additionally, it
15 is possible that third parties may seek and obtain approval to
16 terminate or shorten the exclusivity period during which only the
17 Debtor may propose and confirm a plan of reorganization. Finally,
18 the Debtors' emergence from bankruptcy is not assured. While the
19 Debtors expect to emerge from bankruptcy in the future, there can
20 be no assurance that the Debtors will successfully reorganize or
21 when this reorganization will occur.

22 **2. Conditions to the Effective Date of the Plan may not**
23 **occur.**

24 As more fully set forth in the Plan, which is attached hereto
25 as Exhibit A, the Effective Date is subject to a number of
26 conditions. If such conditions are not met or waived, the
27 Effective Date will not occur. Such conditions include the funding
28 of the New Money Investment or Term Loan B, as the case may be, and

1 a commitment by Hilton to consent to the assumption of the
2 Franchise Agreements.

3 **3. Historical Financial Information of the Debtor may**
4 **not be comparable to the Financial Information of**
5 **the Reorganized Debtor.**

6 Because the Debtors' financial records have been maintained on
7 a consolidated basis with El Paso and Denver, the financial
8 condition and results of operations of the Reorganized Debtors from
9 and after the Effective Date may not be comparable to the financial
10 condition or results of operations reflected in the Debtors'
11 historical financial statements.

12 **4. The Debtor may object to the amount or**
13 **classification of a Claim.**

14 Except as otherwise provided in the Plan, the Debtors reserve
15 the right to object to the amount or classification of any Claim
16 under the Plan. The estimates set forth in this Disclosure
17 Statement cannot be relied on by any Holder of a Claim where such
18 Claim is subject to an objection. Any Holder of a Claim that is
19 subject to an objection thus may not receive its expected share of
20 the estimated distributions described in this Disclosure Statement.

21 **B. Risks Related to Financial Information**

22 The financial information is based on the Debtors' books and
23 records and, unless otherwise stated, no audit was performed. This
24 Disclosure Statement contains various projections concerning the
25 financial results of the Reorganized Debtors' operations, including
26 the Projections, that are, by their nature, forward looking, and
27 which projections are necessarily based on certain assumptions and
28 estimates. Should any or all of these assumptions or estimates

1 ultimately prove to be incorrect, the actual future experiences of
2 the Reorganized Debtors may turn out to be different from the
3 financial projections. Specifically, the projected financial
4 results contained in this Disclosure Statement reflect numerous
5 assumptions concerning the anticipated future performance of the
6 Reorganized Debtors, some of which may not materialize, including,
7 without limitation, assumptions concerning: (a) the timing of
8 Confirmation and Consummation of the Plan in accordance with its
9 terms; (b) the Reorganized Debtors' ability to maintain or increase
10 revenues, control future operating expenses or make necessary
11 capital expenditures; (c) general business and economic conditions;
12 (d) overall industry performance and trends; and (e) the Debtors'
13 ability to maintain the loyalty of its current patrons and
14 prospective patrons.

15 The liquidation analysis, distribution projections and other
16 information contained herein and attached hereto are estimates
17 only, and the timing and amount of actual distributions to Holders
18 of Allowed Claims may be affected by many factors that cannot be
19 predicted. Therefore, any analyses, estimates or recovery
20 projections may or may not turn out to be accurate.

21 No legal or tax advice is provided by this disclosure
22 statement. This Disclosure Statement is not legal advice to any
23 person. The contents of this Disclosure Statement should not be
24 construed as legal, business or tax advice. Each Holder of a Claim
25 or an Equity Interest should consult his or her own legal counsel
26 and accountant with regard to any legal, tax and other matters
27 concerning his or her Claim or Interest. This Disclosure Statement
28

1 may not be relied upon for any purpose other than to determine how
2 to vote on the Plan or object to Confirmation of the Plan.

3 The information and statements contained in this Disclosure
4 Statement will neither (a) constitute an admission of any fact or
5 liability by any Entity (including, without limitation, the
6 Debtors) nor (b) be deemed evidence of the tax or other legal
7 effects of the Plan on the Debtors, the Reorganized Debtors,
8 Holders of Allowed Claims, Interests or any other parties in
9 interest.

10 No reliance should be placed on the fact that a particular
11 litigation claim or projected objection to a particular Claim or
12 Equity Interest is, or is not, identified in this Disclosure
13 Statement. The Debtors or the Reorganized Debtors may seek to
14 investigate, file and prosecute Claims and Interests and may object
15 to Claims after the Confirmation or Effective Date of the Plan
16 irrespective of whether the Disclosure Statement identifies such
17 Claims or objections to Claims.

18 Counsel to and other advisors retained by the Debtors have
19 relied upon information provided by the Debtors in connection with
20 the preparation of this Disclosure Statement. Although counsel and
21 other advisors retained by the Debtors have performed certain
22 limited due diligence in connection with the preparation of this
23 Disclosure Statement, they have not verified independently the
24 information contained herein.

25 No representations concerning or relating to the Debtors,
26 these Chapter 11 Cases or the Plan are authorized by the Bankruptcy
27 Court or the Bankruptcy Code, other than as set forth in this
28 Disclosure Statement. Any representations or inducements made to

1 secure your acceptance or rejection of the Plan that are other than
2 as contained in, or included with, this Disclosure Statement,
3 should not be relied upon by you in arriving at your decision. You
4 should promptly report unauthorized representations or inducements
5 to counsel to the Debtors and the Office of the United States
6 Trustee.

7 **V. TAX CONSEQUENCES**

8 Creditors and Equity Interest Holders concerned with how the
9 Plan may affect their tax liability should consult with their own
10 accountants, attorneys, and/or advisors.

11 **VI. CONFIRMATION REQUIREMENTS AND PROCEDURES**

12 PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OR THIS PLAN
13 SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON
14 CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following
15 discussion is intended solely for the purpose of alerting readers
16 about basic confirmation issues, which they may wish to consider,
17 as well as certain deadlines for filing claims. The Proponents
18 CANNOT and DO NOT represent that the discussion contained below is
19 a complete summary of the law on this topic.

20 Many requirements must be met before the Court can confirm a
21 Plan. Some of the requirements include that the Plan must be
22 proposed in good faith, acceptance of the Plan, whether the Plan
23 pays creditors at least as much as creditors would receive in a
24 Chapter 7 liquidation, and whether the Plan is feasible. These
25 requirements are not the only requirements for confirmation.

26 **A. Who May Vote or Object**

27 **1. Who May Object to the Confirmation of the Plan**

28

1 Any party in interest may object to the confirmation of the
2 Plan, but as explained below not everyone is entitled to vote to
3 accept or reject the Plan.

4 **2. Who May Vote to Accept/Reject the Plan**

5 A Creditor or Equity Interest Holder has a right to vote for
6 or against the Plan if that Creditor or Equity Interest Holder has
7 a Claim which is both (1) allowed or allowed for voting purposes
8 and (2) classified in an impaired class.

9 **a. What is an Allowed Claim/Interest**

10 As noted above, a Creditor or Equity Interest Holder must
11 first have an Allowed Claim or Allowed Interest to have the right
12 to vote. When an objection to a Claim or interest is filed, the
13 Creditor or Equity Interest Holder holding the Claim or interest
14 cannot vote unless the Court, after notice and hearing, either
15 overrules the objection or allows the Claim or interest for voting
16 purposes.

17 THE BAR DATE FOR FILING A PROOF OF CLAIM is January 15, 2013.
18 A Creditor or Equity Interest Holder may have an Allowed Claim or
19 interest even if a proof of claim or interest is not timely filed.
20 An "Allowed Claim" or "Allowed Interest" means (a) a Claim, as to
21 which no proof of Claim has been filed, that is listed in the
22 Schedules (i) in an amount greater than zero and not in an unknown
23 amount and (ii) not designated as disputed, contingent or
24 unliquidated; or (b) a Claim or Interest as to which a timely proof
25 of Claim or interest has been filed in a sum certain and (i) no
26 objection or motion to estimate, equitably subordinate, reclassify,
27 set off, or otherwise limit the recovery thereon has been asserted
28 before the expiration of the time period to object to such claim as

1 set forth in this Plan or order of the Court, (ii) the applicable
2 Debtor and the Holder of the Claim have entered into an agreement
3 as to the priority and amount of the Claim, (iii) any objection or
4 motion to estimate, equitably subordinate, reclassify, or set off
5 has been resolved by agreement between the Creditor and the
6 applicable Debtor or by Final Order of the Court; or (iv) that is
7 expressly allowed by a Final Order.

8 **b. What is an Impaired Claim/Interest**

9 As noted above, an allowed claim or interest only has the
10 right to vote if it is in a class that is impaired under the Plan.
11 A class is impaired if the Plan alters the legal, equitable, or
12 contractual rights of the members of that class. For example, a
13 class comprised of general unsecured claims is impaired if the Plan
14 fails to pay the members of that class 100% of what they are owed.

15 In this case, the Proponents believe that classes 1, 3, 4, 5,
16 and 6 are impaired and that holders of claims in each of these
17 classes are therefore entitled to vote to accept or reject the
18 Plan. The Proponents believe that class 2 is unimpaired and that
19 holders of class 2 claims do not have the right to vote to accept
20 or reject the Plan. Parties who dispute the Proponent's
21 characterization of their claim or interest as being impaired or
22 unimpaired may file an objection to the Plan contending that the
23 Proponent has incorrectly characterized the class.

24 **3. Who is Not Entitled to Vote**

25 The following three types of claims are not entitled to vote:
26 (1) Disputed Claims or Disallowed Claims; (2) Claims in unimpaired
27 Classes; and (3) Claims in Classes that do not receive or retain
28 any value under the Plan. Claims in unimpaired Classes are not

1 entitled to vote because such Classes are deemed to have accepted
2 the Plan. Claims in Classes that do not receive or retain any
3 value under the Plan do not vote because such Classes are deemed to
4 have rejected the Plan. Notwithstanding the foregoing, after
5 notice and a hearing, the Court may temporarily allow the Claim in
6 an amount which the Court deems proper solely for the purpose of
7 voting on the Plan. EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED
8 ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF
9 THE PLAN.

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

11 A Creditor whose Claim has been allowed in part as a secured
12 Claim and in part as an unsecured Claim is entitled to accept or
13 reject a Plan in both capacities by casting one ballot for the
14 secured part of the Claim and another ballot for the unsecured
15 Claim.

16 **5. Votes Necessary to Confirm the Plan**

17 If impaired Classes exist, the Court cannot confirm the Plan
18 unless (1) at least one impaired class has accepted the Plan
19 without counting the votes of any insiders within that class, and
20 (2) all impaired classes have voted to accept the Plan, unless the
21 Plan is eligible to be confirmed by "cramdown" on non-accepting
22 classes, as discussed later in Section VI.A.7.

23 **6. Votes Necessary for a Class to Accept the Plan**

24 A class of claims is considered to have accepted the Plan when
25 more than one-half (1/2) in number and at least two-thirds (2/3) in
26 dollar amount of the claims which actually voted, voted in favor of
27 the Plan. A class of interests is considered to have accepted the
28 Plan when at least two-thirds (2/3) in amount of the interest-

1 holders of such class which actually voted, voted to accept the
2 Plan.

3 **7. Treatment of Nonaccepting Classes**

4 As noted above, even if all impaired classes do not accept the
5 proposed Plan, the Court may nonetheless confirm the Plan if the
6 nonaccepting classes are treated in the manner required by the
7 Code. The process by which nonaccepting classes are forced to be
8 bound by the terms of the Plan is commonly referred to as
9 "cramdown." The Code allows the Plan to be "crammed down" on
10 nonaccepting classes of claims or interests if it meets all
11 consensual requirements except the voting requirements of
12 1129(a)(8) and if the Plan does not "discriminate unfairly" and is
13 "fair and equitable" toward each impaired class that has not voted
14 to accept the Plan as referred to in 11 U.S.C. § 1129(b) and
15 applicable case law.

16 **8. Request for Confirmation Despite Nonacceptance by**
17 **Impaired Class(es)**

18 The Proponents ask the Court to confirm this Plan by cramdown
19 on impaired classes 1, 3, 4, 5, or 6 if any of these classes do not
20 vote to accept the Plan.

21 **B. Liquidation Analysis**

22 Another confirmation requirement is the "Best Interest Test",
23 which requires a liquidation analysis. Under the Best Interest
24 Test, if a claimant or interest holder is in an impaired class and
25 that claimant or interest holder does not vote to accept the Plan,
26 then that claimant or interest holder must receive or retain under
27 the Plan property of a value not less than the amount that such
28

1 holder would receive or retain if the Debtor were liquidated under
2 Chapter 7 of the Bankruptcy Code.

3 In a Chapter 7 case, the Debtor's assets are usually sold by a
4 Chapter 7 trustee. Secured creditors are paid first from the sales
5 proceeds of properties on which the secured creditor has a lien.
6 Administrative claims are paid next. Next, unsecured creditors are
7 paid from any remaining sales proceeds, according to their rights
8 to priority. Unsecured creditors with the same priority share in
9 proportion to the amount of their allowed claim in relationship to
10 the amount of total allowed unsecured claims. Finally, interest
11 holders receive the balance that remains after all creditors are
12 paid, if any.

13 For the Court to be able to confirm this Plan, the Court must
14 find that all creditors and interest holders who do not accept the
15 Plan will receive at least as much under the Plan as such holders
16 would receive under a Chapter 7 liquidation. In this case, because
17 the Debtors assets are overencumbered, it is unlikely that
18 creditors other than the Lender would receive any Distribution in a
19 liquidation under Chapter 7. The Proponents maintain that the
20 "Best Interest Test" is met for the reasons described below and in
21 the liquidation analysis attached hereto as Exhibit "F" (the
22 "Liquidation Analysis").

23 The Liquidation Analysis was prepared by the Debtors, and
24 represents the Debtors' best estimate of the Cash proceeds, net of
25 liquidation related costs, which would be available for
26 distribution the holders of claims and interests if the Debtors
27 were to be liquidated in chapter 7 cases that do not preserve the
28 going concern value of the Debtors' estates. Underlying the

1 liquidation analysis are a number of estimates and assumptions
2 regarding liquidation proceeds that, although considered reasonable
3 by the Debtors, are subject to significant business, economic and
4 competitive uncertainties and contingencies beyond the control of
5 the Debtors and their management.

6 THE INFORMATION SET FORTH IN THE LIQUIDATION ANALYSIS IS
7 PRELIMINARY AND IS SUBJECT TO MODIFICATION AND SUPPLEMENTATION BY
8 THE DEBTORS AT ANY TIME UP TO THE CONFIRMATION HEARING. THERE CAN
9 BE NO ASSURANCE THAT THE VALUES REFLECTED IN THE LIQUIDATION
10 ANALYSIS WOULD BE REALIZED IF THE DEBTORS WERE, IN FACT, TO UNDERGO
11 SUCH A LIQUIDATION UNDER CHAPTER 7, AND ACTUAL RESULTS COULD VARY
12 MATERIALLY FROM THOSE ESTIMATED HERE. NEITHER THE DEBTORS NOR
13 THEIR PROFESSIONALS MAKE ANY REPRESENTATION OR WARRANTY THAT THE
14 ACTUAL RESULTS OF A LIQUIDATION OF THE DEBTORS' ASSETS WOULD OR
15 WOULD NOT APPROXIMATE THE ESTIMATES AND ASSUMPTIONS REPRESENTED IN
16 THE LIQUIDATION ANALYSIS.

17 The Liquidation Analysis assumes each of the Debtors Chapter
18 11 cases would convert to a chapter 7 as of March 31, 2013. It is
19 also assumed that the liquidation of the Debtors would commence
20 under the direction of a court appointed chapter 7 trustee and
21 would continue for up to four months, during which time all of the
22 Debtors' major assets would either be sold or conveyed to the
23 appropriate lien holder. There is no assurance that four months
24 would allow for a completed liquidation.

25 The Liquidation Analysis was prepared based on a review of the
26 Debtors' assets based on the actual financial information as of
27 September 30, 2012, forecast through to the estimated Effective
28 Date of March 31, 2013. Estimates of hypothetical liquidation

1 values were made by assessing classes of assets at a percentage
2 discount or premium to book value, as opposed to an actual
3 appraisal of specific assets. The Debtors did not retain third
4 party experts to value individual assets in preparing this
5 analysis.

6 The Liquidation Analysis contains an estimate of the amount of
7 claims that will ultimately become Allowed Claims. The Claims Bar
8 Date is set for January 15, 2013. Therefore, the Debtors do not
9 know the total Claims in these Cases and must estimate the amount
10 of Claims Estimates for various classes of claims. No order or
11 finding has been entered by the Court estimating or otherwise
12 fixing the amount of Claims at the projected amounts set forth in
13 this Liquidation Analysis.

14 Liquidation would likely prompt other events to occur,
15 including the rejection of remaining executory contracts and
16 unexpired leases not assumed by the purchaser including,
17 potentially, the Windsor Management Agreement. Such events could
18 create a larger number of unsecured creditors than set forth in
19 this Liquidation Analysis, and such increases could be material.
20 No attempt has been made to estimate additional unsecured claims
21 that may result from such events.

22 **C. Feasibility**

23 Another requirement for confirmation involves the feasibility
24 of the Plan, which means that confirmation of the Plan is not
25 likely to be followed by the liquidation, or the need for further
26 financial reorganization, of the Debtors or any successor to the
27 Debtors under the Plan, unless such liquidation or reorganization
28 is proposed in the Plan.

1 There are at least two important aspects of a feasibility
2 analysis. The first aspect considers whether the Debtors will have
3 enough cash on hand on the Effective Date of the Plan to pay all
4 the claims and expenses which are entitled to be paid on such date.
5 The Plan Proponent maintains that this aspect of feasibility is
6 satisfied as illustrated in the Sources and Uses of Funds chart
7 attached hereto as Exhibit "D."

8 The second aspect considers whether the Debtors will have
9 enough cash over the life of the Plan to make the required Plan
10 payments. The Debtors have provided financial statements that
11 include projected financial information, which are attached hereto
12 as Exhibit "C." The financial statements project that the Debtors
13 will have sufficient funds to make the Distributions under the
14 Plan.

15 The financial projections consist of a projected statement of
16 operations (the "Income Statement"), a projected, pro forma
17 statement of financial position (the "Balance Sheet"), and a
18 projected cash flow statement (the "Cash Flow Statement") for the
19 time period from January 1, 2013 through December 31, 2017. The
20 Financial Projections are based on the actual and projected results
21 of the Debtors' and Reorganized Debtors' ongoing business
22 operations for the forecast period. Projected results for the
23 fiscal year ending December 31, 2013 are shown on a quarterly basis
24 assuming an Effective Date for the Plan of March 31, 2013. The
25 Financial Projections are presented for two scenarios: (i) the
26 Lender votes against the Plan (the "Cramdown Plan"); and (ii) the
27 Lender votes in favor of the Plan (the "Consensual Plan").

28

1 Additionally, a balance sheet (the "Pro Forma Balance Sheet")
2 has been provided as of the assumed Effective Date of March 31,
3 2013 with pro forma adjustments to account for the reorganization
4 and related transactions pursuant to the Plan. The Pro Forma
5 Balance Sheet may not be in accordance with generally accepted
6 accounting practices.

7 THE DEBTORS' MANAGEMENT PREPARED THE FINANCIAL PROJECTIONS
8 WITH THE ASSISTANCE OF THEIR PROFESSIONALS. THE DEBTORS'
9 MANAGEMENT DID NOT PREPARE SUCH FINANCIAL PROJECTIONS TO COMPLY
10 WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED
11 BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS ("AICPA")
12 OR THE RULES AND REGULATIONS OF THE UNITED STATES SECURITIES AND
13 EXCHANGE COMMISSION. THE DEBTORS' INDEPENDENT ACCOUNTANTS HAVE
14 NEITHER COMPILED NOR EXAMINED THE FINANCIAL PROJECTIONS THAT
15 ACCOMPANY THE DISCLOSURE STATEMENT AND, ACCORDINGLY, DO NOT EXPRESS
16 AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE
17 FINANCIAL PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE FINANCIAL
18 PROJECTIONS, AND DISCLAIM ANY ASSOCIATION WITH THE FINANCIAL
19 PROJECTIONS. EXCEPT FOR PURPOSES OF THE DISCLOSURE STATEMENT, THE
20 DEBTORS DO NOT PUBLISH FINANCIAL PROJECTIONS OF THEIR ANTICIPATED
21 FINANCIAL POSITION OR RESULTS OF OPERATIONS.

22 MOREOVER, THE FINANCIAL PROJECTIONS CONTAIN CERTAIN STATEMENTS
23 THAT ARE "FORWARDLOOKING STATEMENTS" WITHIN THE MEANING OF THE
24 PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS
25 ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS, AND UNCERTAINTIES,
26 MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS OR THE
27 REORGANIZED DEBTORS, INCLUDING THE CONSUMMATION AND IMPLEMENTATION
28 OF THE PLAN, ACHIEVING OPERATING EFFICIENCIES, MAINTENANCE OF GOOD

1 EMPLOYEE RELATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS
2 AND ACTIONS OF GOVERNMENTAL BODIES, NATURAL DISASTERS AND UNUSUAL
3 WEATHER CONDITIONS, ACTS OF TERRORISM OR WAR, INDUSTRY-SPECIFIC
4 RISK FACTORS (AS DETAILED IN SECTION IV OF THE DISCLOSURE STATEMENT
5 ENTITLED "RISK FACTORS"), AND OTHER MARKET AND COMPETITIVE
6 CONDITIONS.

7 HOLDERS OF CLAIMS AND INTERESTS ARE CAUTIONED THAT THE
8 FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT
9 GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS
10 MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN
11 THE FORWARD-LOOKING STATEMENTS, AND THE DEBTORS UNDERTAKE NO
12 OBLIGATION TO UPDATE ANY SUCH STATEMENTS. THE FINANCIAL
13 PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE
14 NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH,
15 THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED
16 AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC,
17 COMPETITIVE, INDUSTRY, REGULATORY, MARKET, AND FINANCIAL
18 UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH WILL BE BEYOND THE
19 DEBTORS' OR REORGANIZED DEBTORS' CONTROL. THE DEBTORS CAUTION THAT
20 NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF
21 THE FINANCIAL PROJECTIONS OR TO THE DEBTORS' OR REORGANIZED
22 DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME
23 ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND
24 CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE DEBTORS
25 PREPARED THE FINANCIAL PROJECTIONS MAY BE DIFFERENT FROM THOSE
26 ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS
27 THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A
28 MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER.

1 THE DEBTORS AND THE REORGANIZED DEBTORS, AS APPLICABLE, DO NOT
2 INTEND AND UNDERTAKE NO OBLIGATION TO UPDATE OR OTHERWISE REVISE
3 THE FINANCIAL PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES
4 EXISTING OR ARISING AFTER THE DATE ON WHICH THE DISCLOSURE
5 STATEMENT IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF
6 UNANTICIPATED EVENTS. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT
7 BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL
8 RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR
9 REJECT THE PLAN, HOLDERS OF CLAIMS MUST MAKE THEIR OWN
10 DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE
11 RELIABILITY OF THE FINANCIAL PROJECTIONS AND SHOULD CONSULT WITH
12 THEIR OWN ADVISORS. YOU ARE ADVISED TO CONSULT WITH YOUR
13 ACCOUNTANT OR FINANCIAL ADVISOR IF YOU HAVE ANY QUESTIONS
14 PERTAINING TO THESE FINANCIAL STATEMENTS.

15 **VII. EFFECT OF CONFIRMATION**

16 **A. Discharge**

17 This Plan provides that upon Confirmation, the Debtors shall
18 be discharged of liability for payment of debts incurred before
19 confirmation of the Plan, to the extent specified in 11 U.S.C. §
20 1141. However, the discharge will not discharge any liability
21 imposed by the Plan.

22 **B. Revesting of Property in the Debtor**

23 Except as provided in the Plan, the confirmation of the Plan
24 revests all of the property of the estate in the Debtors.

25 **C. Modification of Plan**

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

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

5 **D. Post-Confirmation Status Report**

6 Within 120 days of the entry of the order confirming the Plan,
7 the Proponents shall file a status report with the Court explaining
8 what progress has been made toward consummation of the confirmed
9 Plan. The status report shall be served on the United States
10 Trustee, the twenty largest unsecured creditors, and those parties
11 who have requested special notice. Further status reports shall be
12 filed every 120 days and served on the same entities.

13 **E. Quarterly Fees**

14 Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to date
15 of confirmation shall be paid to the United States Trustee on or
16 before the effective date of the plan. Quarterly fees accruing
17 under 28 U.S.C. § 1930(a)(6) after confirmation shall be paid to
18 the United States Trustee in accordance with 28 U.S.C. § 1930(a)(6)
19 until entry of a final decree, or entry of an order of dismissal or
20 conversion to chapter 7.

21 **F. Post-Confirmation Conversion/Dismissal**

22 A creditor or party in interest may bring a motion to convert
23 or dismiss the case under § 1112(b), after the Plan is confirmed,
24 if there is a default in performing the Plan. If the Court orders,
25 the case converted to Chapter 7 after the Plan is confirmed, then
26 all property that had been property of the Chapter 11 estate, and
27 that has not been disbursed pursuant to the Plan, will revert in
28 the Chapter 7, estate. The automatic stay will be reimposed upon

1 the revested property, but only to the extent that relief from stay
2 was not previously authorized by the Court during this case.

3 The order confirming the Plan may also be revoked under very
4 limited circumstances. The Court may revoke the order if the order
5 of confirmation was procured by fraud and if the party in interest
6 brings an adversary proceeding to revoke confirmation within 180
7 days after the entry of the order of confirmation.

8 **G. Final Decree**


9 Once the estate has been fully administered as referred to in
10 Bankruptcy Rule 3022, the Proponents, or other party as the Court
11 shall designate in the Plan Confirmation Order, shall file a motion
12 with the Court to obtain a final decree to close the case.

13 DATED: November 28, 2012

14 NESBITT PORTLAND PROPERTY LLC;
15 NESBITT BELLEVUE PROPERTY LLC;
16 NESBITT LYNNWOOD PROPERTY LLC;
17 NESBITT COLORADO SPRINGS PROPERTY
18 LLC; NESBITT LIVONIA PROPERTY LLC;
19 NESBITT BLUE ASH PROPERTY LLC

20 By: 
21 PATRICK M. NESBITT, Manager

22 SUSI & GURA
23 A Professional Corporation

24 By: 
25 JONATHAN G. GURA
26 Attorneys for Debtors and
27 Debtors-in-Possession
28