EXHIBIT B

Redline

~~***SOLICITATION VERSION***~~

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
NORTHWEST BANCORPORATION OF ILLINOIS, INC.,[1]	)	Case No. 15-[_____] (___)-15245 (CAD)
Debtor.	)	

DISCLOSURE STATEMENT FOR DEBTOR'S PREPACKAGED CHAPTER 11 PLAN OF REORGANIZATION (WITH TECHNICAL MODIFICATIONS)

Prepared By:

James H.M. Sprayregen, P.C.
David R. Seligman, P.C.
Brad Weiland
KIRKLAND & ELLIS LLP
300 North LaSalle
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200

Proposed Counsel to the Debtor and Debtor in Possession

Dated: ~~April 29~~May 19, 2015

[1] The Debtor in this chapter 11 case, along with the last four digits of the Debtor's federal tax identification number is: Northwest Bancorporation of Illinois, Inc. **(**0422**)**. The location of the Debtor's corporate headquarters and the service address for the Debtor is: 300 East Northwest Highway, Palatine, Illinois 60067.

THE DEBTOR IS PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS AND INTERESTS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE DEBTOR'S PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE. ~~NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE.~~ BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VIII HEREIN.

THE PLAN IS SUPPORTED BY THE DEBTOR AND THE PARTIES TO THE PLAN SUPPORT AGREEMENT AND ALL SUCH PARTIES URGE HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED TO ACCEPT THE PLAN.

THE DEBTOR URGES EACH HOLDER OF A CLAIM TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN AND CERTAIN STATUTORY PROVISIONS. ALTHOUGH THE DEBTOR BELIEVES THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTOR'S MANAGEMENT AND/OR CONSULTANTS, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTOR DOES NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(B) AND IS NOT NECESSARILY PREPARED IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS.

THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AUTHORITY AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AUTHORITY HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN.

IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTOR RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTOR'S BOOKS AND RECORDS AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTOR'S BUSINESS. WHILE THE DEBTOR BELIEVES THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTOR AS OF THE DATE HEREOF AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTOR'S BUSINESS AND THEIR FUTURE RESULTS AND OPERATIONS. THE DEBTOR EXPRESSLY CAUTIONS READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

~~THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER.~~ THE DEBTOR MAY SEEK TO

INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE DEBTOR IS MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTOR MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTOR HAS NO AFFIRMATIVE DUTY TO DO SO, AND EXPRESSLY DISCLAIMS ANY DUTY TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THIS DISCLOSURE STATEMENT WAS DISTRIBUTED. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION, MODIFICATION, OR AMENDMENT. THE DEBTOR RESERVES THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN.

THE DEBTOR HAS NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTOR HAS NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTOR OR THE VALUE OF ITS PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AND INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE RESTRUCTURING TRANSACTIONS CONTEMPLATED THEREBY.

TABLE OF CONTENTS

Field Code Changed

Field Code Changed

EXHIBITS

I. INTRODUCTION

Northwest Bancorporation of Illinois, Inc. ("Northwest") as a debtor and debtor in possession (the "Debtor"), submits this disclosure statement (the "Disclosure Statement") pursuant to section 1125 of the Bankruptcy Code to Holders of Claims against and Interests in the Debtor in connection with the solicitation of acceptances with respect to the *Debtor's Prepackaged Chapter 11 Plan of Reorganization* (the "Plan"), dated April 29, 2015.[2] A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference.

THE DEBTOR BELIEVES THAT THE REORGANIZATION TRANSACTION CONTEMPLATED UNDER THE PLAN IS FAIR AND EQUITABLE, MAXIMIZES THE VALUE OF THE DEBTOR'S ESTATE, AND PROVIDES THE BEST RECOVERY TO CLAIM HOLDERS. THE DEBTOR STRONGLY RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

II. OVERVIEW OF THE PLAN

In an effort to effect the financial restructuring contemplated by the Plan, the Debtor plans to commence a chapter 11 case in a United States Bankruptcy Court having jurisdiction (the "Bankruptcy Court") following the completion of the solicitation process. The Debtor, upon commencement of the Chapter 11 Case, intends to file the Plan, this Disclosure Statement, and a motion seeking to approve the Disclosure Statement and solicitation process and confirm the Plan.

The Plan provides for a comprehensive restructuring of the Debtor's pre-bankruptcy obligations and maximizes recoveries available to all constituents. Specifically, the Plan contemplates that the Debtor, with the support of a majority of its principal creditor constituency (e.g., the Electing TruPS Holders), will seek to confirm a chapter 11 plan of reorganization contemplating a comprehensive balance-sheet restructuring (the "Reorganization Transaction").

Further, the Plan facilitates the Sale Transaction and recapitalization of First Bank which should take place, or is expected to take place, pursuant to the Stock Purchase Agreement at some date after the Effective Date. River Branch Capital LLC, the Debtor's investment banker and financial advisor, has performed and continues to perform a marketing process to obtain a buyer to purchase the Debtor or its assets. As a sale of the Debtor will result in an ownership change in First Bank, the prospective buyer will also need to make a capital contribution to the Debtor in an amount sufficient to receive regulatory approval for First Bank's recapitalization and ownership change. Both the Debtor and the Debtor's investment banker, River Branch Capital LLC, are optimistic that the Restructuring Transaction will right-size the Debtor's balance sheet, resulting in a substantially more attractive business to investors to close on the Sale Transaction and recapitalize First Bank.

The general terms of the Reorganization Transaction are set forth below.

- Plan Financing. The Electing TruPS Holders will fund $700,000.00 (the "Plan Funding TruPS Contribution") into an escrow no later than April 28, 2015, with such amount to be used to fund the Reorganization Transaction. In exchange for funding the Plan Funding TruPS Contribution, the Electing TruPS Holders will receive, upon effectiveness of the Plan, their Pro Rata portion of the Junior Amended TruPS. In addition, the Management Plan Support Parties will fund $300,000.00 (a portion of which in an amount of $180,000.00 is financed by the Electing TruPS Holders through loans by the Electing TruPS Holders to the Management Plan Support Parties) (the "Plan Funding

[2] Capitalized terms used but not otherwise defined in this Disclosure Statement have the meanings ascribed to such terms in the Plan. The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. In the case of any inconsistency between this Disclosure Statement and the Plan, the Plan will govern. **The summary provided in this Disclosure Statement of any documents attached to this Disclosure Statement, including the Plan, are qualified in their entirety by reference to the Plan, the exhibits and other materials referenced in the Plan, the Plan Supplement, and the documents being summarized. In the event of any inconsistencies between the terms of this Disclosure Statement, the Restructuring Support Agreement, the Term Sheet, and/or the Plan, the Plan shall govern.**

Management Contribution") into an escrow no later than April 28, 2015, with such amount to be used to fund the Reorganization Transaction. In exchange for the Plan Funding Management Contribution, the Management Plan Support Parties will receive their Pro Rata portion of $300,000.00 of the Junior Amended TruPS.

- Treatment of TruPS Claims (Class 3).

  - Non-Electing TruPS Claims Treatment: Holders of Allowed TruPS Claims who do not make the TruPS Election shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Claim in Class 3, receive a Pro Rata share (based on the amount of their Allowed TruPS Claims relative to the Allowed TruPS Claims of any other Holder of TruPS Claims that does not make the TruPS Election) of Senior Amended TruPS in the amount of $800,000.00 and any accrued and unpaid interest under the applicable TruPS indentures and the applicable Trust Junior Subordinated Debentures will be irrevocably waived and excused; provided that, if all Holders of TruPS Claims make the TruPS Election, there shall be no Non-Electing TruPS Distribution, and the principal face amount of all Junior Amended TruPS shall be $11,500,000.00 in the aggregate.

  - Electing TruPS Holders Treatment: Holders of Allowed TruPS Claims who do make the TruPS Election shall (a) forego any rights to a portion of the Non-Electing TruPS Distribution and agree that any distributions to the Electing TruPS Holders under the Plan will be expressly subordinated to the distributions to Non-Electing TruPS Holders; (b) receive, in full and final satisfaction, settlement, release, and discharge of and in exchange for all but not less than all of such Holder's Allowed TruPS Claims, such Holder's Pro Rata share (based on the amount of such Holder's TruPS Claim relative to the Allowed TruPS Claim of any other Holder that makes the TruPS Election) of the Electing TruPS Distribution; and (c) fund in Cash such Holder's Pro Rata share (based on the amount of such Holder's Allowed TruPS Claims relative to the Allowed TruPS Claims of any other Holder of TruPS Claims that makes the TruPS Election) of the Plan Funding TruPS Contribution.[3]

- Treatment of Other Claims and Interests (Classes 1, 2, 4, and 5)

  - Allowed Claims in Class 1 - Other Priority Claims. The Debtor does not believe that any Other Priority Claims exist and will dispute any such Claims, if any, that are asserted. In the event that the Bankruptcy Court enters a Final Order finding that a Holder has an Allowed Other Priority Claim, that Holder shall receive payment in full in Cash on account of such Other Priority Claim.

  - Allowed Claims in Class 2 - Secured Claims. The Debtor does not believe than any Secured Claims exist and will dispute any such Claims, if any, that are asserted. In the event that the Bankruptcy Court enters a Final Order finding that a Holder has an Allowed Secured Claim, that Holder shall receive: (a) payment in full, in Cash; (b) receive the collateral securing any such Allowed Secured Claim; or (c) such other treatment such that the Holder shall be rendered Unimpaired.

  - Allowed Claims in Class 4 - General Unsecured Claims. Holders of Allowed General Unsecured Claims shall receive payment in full in Cash.

---

[3] Each Electing TruPS Holder shall be required to place its Pro Rata portion of the Plan Funding TruPS Contribution in the Plan Funding Escrow on or before April 28, 2015. Failure to make the payment on or before April 28, 2015 will invalidate any TruPS Election. Any Holder of TruPS Claims that makes the TruPS Election by checking the box above but fails to make the payment into the Plan Funding Escrow by April 28, 2015 shall irrevocably result in such Holder of TruPS Claim to be deemed to have elected to not make the TruPS Election.

- Allowed Claims in Class 5 - Section 510(b) Claims. All Section 510(b) Claims shall be cancelled without any distribution.

- Treatment of Interests (Classes 6 and 7). Holders of Interests will receive no distribution on account of such Interests. Minority Interests will be a terminated upon effectiveness of the Plan. Majority Interests will be reinstated as of the Effective Date subject in all respects to the Recapitalization Right to Purchase and solely to comply with applicable regulations pending the exercise of the Recapitalization Right to Purchase. Once certain conditions (the "Sale Conditions") identified in the Stock Purchase Agreement have been satisfied, Holders of Majority Interests will sell their Majority Interests to the Plan Sponsor for a nominal amount as specified in the Stock Purchase Agreement. The Sale Conditions include the following:

  - Full recapitalization of First Bank led by the Plan Sponsor, including the injection of cash into First Bank in an amount sufficient to receive regulatory approval for First Bank's recapitalization and ownership change.

  - Receipt of all required regulatory approvals.

As provided by Article IV.C of the Plan, the Debtor may undertake certain Restructuring Transactions to implement the Plan. Nevertheless, the Debtor does not intend to transfer substantial operating assets prior to the Effective Date. For the avoidance of doubt, nothing herein shall limit the respective rights and authority of the Reorganized Debtor to sell, transfer, or otherwise convey assets to any third party, in any case subject to applicable law.

It is important to note that the Debtor has virtually no cash on hand with which to pay Claims of any priority, and standing alone the Debtor could not fund a reorganization. Indeed, the money necessary to fund the Plan is being provided solely by (i) the Electing TruPS Holders, who, by making the TruPS Election, will be agreeing to fund a maximum of $880,000 (including a $180,000 to the Management Plan Support Parties) and (ii) the Management Plan Support Parties, who are agreeing to fund $120,000, plus take a $180,000 loan from the Electing TruPS Holders. Moreover, under the Plan Support Agreement certain Holders of TruPS Claims and the Management Plan Support Parties have already agreed and committed to fund this $1 million aggregate Plan funding amount, subject to the terms and conditions of the Plan and the Plan Support Agreement. Without the funding provided by these parties, and in particular the $880,000 funded by the Electing TruPS Holders, the Debtor would likely be forced into a "free fall" bankruptcy with no plan, no stalking horse bidder for its primary asset (First Bank), and no clear source of funding for even Administrative Claims. As such, the funding provided by the Electing TruPS Holders and the Management Plan Support Parties is critical to the Debtor's ability to reorganize and preserve value for its creditors.

III. IMPORTANT INFORMATION ABOUT TH IS DISCLOSURE STATEMENT

A. Key Terms Used in this Disclosure Statement

The following are some of the defined terms used in this Disclosure Statement. This is not an exhaustive list of defined terms in the Plan or this Disclosure Statement, but is provided for ease of reference only. Please refer to the Plan for additional defined terms.

References to the "Bankruptcy Court" are to the United States Bankruptcy Court having jurisdiction over the Chapter 11 Case or any other court having jurisdiction over the Chapter 11 Case, including, to the extent of the withdrawal of the reference under 28 U.S.C. § 157, the applicable United States District Court.

References to the "Bankruptcy Rules" mean the Federal Rules of Bankruptcy Procedure promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Bankruptcy Court.

References to the "Chapter 11 Case" means the chapter 11 case to be initiated by the Debtor in the Bankruptcy Court.

References to a "Claim" are to any claim against the Debtor as defined in section 101(5) of the Bankruptcy Code.

References to the "Confirmation Hearing" are to the hearing held by the Bankruptcy Court on confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be continued from time to time.

References to the "Confirmation Date" are to the date upon which the Bankruptcy Court enters the Confirmation Order on the Docket of the Chapter 11 Case, within the meaning of Bankruptcy Rules 5003 and 9021.

References to "Interests" means any equity security in the Debtor as defined in section 101(16) of the Bankruptcy Code, including all issued, unissued, authorized, or outstanding shares of capital stock of the Debtor together with any warrants, options, or contractual rights to purchase or acquire such equity securities at any time and all rights arising with respect thereto.

References to "Person" means to a person, as the term is defined in section 101(41) of the Bankruptcy Code.

References to the "Plan" are to the *Debtor's Chapter 11 Plan of Reorganization* dated April 29, 2015, a copy of which is attached as **Exhibit A** hereto and incorporated herein by reference.

References to the "Plan Supplement" are to the compilation of documents and forms of documents, schedules, and exhibits to the Plan, to be Filed seven (7) days prior to the Confirmation Hearing, as amended, supplemented, or modified from time to time in accordance with the terms of the Plan, the Purchase Agreement, the Plan Support Agreement, the Bankruptcy Code, and the Bankruptcy Rules. Except as specifically provided otherwise in the Plan, each document, schedule, and exhibit included in the Plan Supplement shall be reasonably acceptable to the Plan Sponsor.

B. Additional Important Information

The confirmation and effectiveness of the Plan are subject to certain material conditions precedent described herein. There is no assurance that the Plan will be confirmed, or if confirmed, that the conditions required to be satisfied for the Plan to go effective will be satisfied (or waived).

You are encouraged to read this Disclosure Statement in its entirety, the Plan and the section entitled "Risk Factors" before submitting your ballot to vote on the Plan.

Summaries of the Plan and statements made in this Disclosure Statement are qualified in their entirety by reference to the Plan. The summaries of the financial information and the documents annexed to this Disclosure Statement or otherwise incorporated herein by reference are qualified in their entirety by reference to those documents. The statements contained in this Disclosure Statement are made only as of the date of this Disclosure Statement, and there is no assurance that the statements contained herein will be correct at any time after such date. Except as otherwise provided in the Plan or in accordance with applicable law, the Debtor is under no duty to update or supplement this Disclosure Statement.

The information contained in this Disclosure Statement is included for purposes of soliciting acceptances to, and Confirmation of, the Plan and may not be relied on for any other purpose. In the event of any inconsistency between the Disclosure Statement and the Plan, the relevant provisions of the Plan will govern.

IV. QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND THE PLAN

A. What is chapter 11?

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Consummating a plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor, and any other entity as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtor's liabilities in accordance with the terms of the confirmed plan.

B. Why is the Debtor sending me this Disclosure Statement?

You are receiving this Disclosure Statement because you are a Holder of a Claim entitled to vote to accept or reject the Plan. Prior to voting on the Plan, you are encouraged to read this Disclosure Statement and all documents attached to this Disclosure Statement in their entirety. As reflected in this Disclosure Statement, there are risks, uncertainties, and other important factors that could cause the Debtor's actual performance or achievements to be materially different from those it may project, and the Debtor undertakes no obligation to update any such statement. Certain of these risks, uncertainties, and factors are described in Section IX of this Disclosure Statement, entitled "Risk Factors."

C. Am I entitled to vote on the Plan?

Your ability to vote on, and your distribution under, the Plan, if any, depends on what type of Claim or Interest you hold (if any). Each category of Holders of Claims or Interests, as set forth in Article III of the Plan pursuant to section 1122(a) of the Bankruptcy Code, is referred to as a "Class." Each Class's respective classification and voting status is set forth below:

Class	Claims and Interests	Status	Voting Rights
Class 1	Other Priority Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
Class 2	Secured Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
Class 3	TruPS Claims	Impaired	Entitled to Vote
Class 4	General Unsecured Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
Class 5	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 6	Majority Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 7	Minority Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

D. What will I receive from the Debtor if the Plan is consummated?

1. Summary of Treatment

The following table provides a summary of the anticipated recovery to Holders of Allowed Claims and Interests under the Plan. Any estimates of Claims in this Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation and meet the conditions necessary to consummate the Plan.

Class	Name of Class Under the Plan	Description of Class	Percentage Recovery Under the Plan	Plan Treatment and Voting Rights
N/A	Administrative Claims	Holders of Allowed Administrative Claims against the Debtor	100%	Each Holder shall receive payment in full in cash.
N/A	Priority Tax Claims	Holders of any Priority Tax Claim against the Debtor	100%	Each Holder shall receive payment in cash in a manner consistent with section 1129(a)(9)(C) of the Bankruptcy Code.
Class 1	Other Priority Claims	Holders of all Other Priority Claims against the Debtor	100%	Each Holder shall receive payment in full in cash. Unimpaired; deemed to accept.
Class 2	Secured Claims	Holders of all Secured Claims against the Debtor	100%	Each Holder shall receive, at the option of the Debtor: (a) payment in full in Cash; (b) receipt of the collateral securing any such Claim; or (c) other treatment rendering such Claim Unimpaired. Unimpaired; deemed to accept.
Class 3	TruPS Claims	Holders of all TruPS Claims against the Debtor	5.4–28.7%[4]	Non-Electing TruPS Claims Treatment: Each Holder of an Allowed TruPS Claim that does not make the TruPS Election shall receive its Pro Rata share (based on the amount of its Allowed TruPS Claims relative to the Allowed TruPS Claims of any other Holder of TruPS Claims that does not make the TruPS Election) of the Non-Electing TruPS Distribution; provided that, if all Holders of TruPS Claims make the TruPS Election, there shall be no Non-Electing TruPS Distribution, and the principal face amount of all Junior Amended TruPS shall be $11,500,000.00 in the aggregate. Electing TruPS Holders Treatment:

[4] Based on principal face amount of Amended TruPS, not taking into account (a) the Plan Funding TruPS Contribution, (b) the relative risk of Amended TruPS instruments, or (c) the subordination of the Junior Amended TruPS.

Class	Name of Class Under the Plan	Description of Class	Percentage Recovery Under the Plan	Plan Treatment and Voting Rights
				Each Holder of Allowed TruPS Claims who makes the TruPS Election shall (a) forego any rights to a portion of the Non-Electing TruPS Distribution and agree that any distributions to the Electing TruPS Holders under the Plan will be expressly subordinated to the distributions to Non-Electing TruPS Holders; (b) receive, in full and final satisfaction, settlement, release, and discharge of and in exchange for all but not less than all of such Holder's Allowed TruPS Claims, such Holder's Pro Rata share (based on the amount of such Holder's TruPS Claim relative to the Allowed TruPS Claim of any other Holder that makes the TruPS Election) of the Electing TruPS Distribution; and (c) fund in Cash such Holder's Pro Rata share (based on the amount of such Holder's Allowed TruPS Claims relative to the Allowed TruPS Claims of any other Holder of TruPS Claims that makes the TruPS Election) of the Plan Funding TruPS Contribution. Impaired, entitled to vote.
Class 4	General Unsecured Claims	Holders of all General Unsecured Claims against the Debtor	100%	Each Holder shall receive payment in full in cash. Unimpaired; deemed to accept.
Class 5	Section 510(b) Claims	Holders of all Section 510(b) Claims against the Debtor	0%	Section 510(b) Claims shall be cancelled and released without any distribution on account of such Claims. Impaired; deemed to reject.
Class 6	Majority Interests	Majority Interests in the Debtor	0%	Majority Interests in the Debtor will be reinstated as of the Effective Date subject in all respects to the Recapitalization Right to Purchase and solely to comply with applicable regulations pending the exercise of the Recapitalization Right to Purchase without any distribution on account of such Majority Interest. Impaired; deemed to reject

Class	Name of Class Under the Plan	Description of Class	Percentage Recovery Under the Plan	Plan Treatment and Voting Rights
Class 7	Minority Interests	Minority Interests in the Debtor	0%	Minority Interests in the Debtor will be discharged, cancelled, released, and extinguished without any distribution on account of such Minority Interest. Impaired; deemed to reject

E. What will I receive from the Debtor if I hold an Allowed Administrative Claim or a Priority Tax Claim?

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article II of the Plan. Administrative Claims will be satisfied as set forth in Article II of the Plan, and Priority Tax Claims will be satisfied as set forth in Article II of the Plan.

F. If the Plan provides that I get a distribution, do I get it upon Confirmation or when the Plan goes effective, and what is meant by "Confirmation," "Effective Date," and "Consummation?"

"Confirmation" of the Plan refers to approval of the Plan by the Bankruptcy Court. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan by the Bankruptcy Court, there are conditions that need to be satisfied or waived so that the Plan can go effective. Initial distributions to Holders of Allowed Claims will only be made on the date the Plan becomes effective—the "Effective Date"—or as soon as practicable thereafter, as specified in the Plan.

G. What are the sources of cash required to fund the Plan?

The Plan will be funded by the Plan Funding TruPS Contribution and the Plan Funding Management Contribution, as described in Article II above.

H. Will the final amount of Electing TruPS Holders affect my recovery under the Plan?

Electing TruPS Holders will share Pro Rata their recovery in the Junior Amended TruPS with a principal face amount of $10,700,000.00 in the aggregate unless all Holders of TruPS Claims make the TruPS Election, in which case all Electing TruPS Holders will share Pro Rata their recovery in the Junior Amended TruPS with a principal face amount of $11,500,000.00 in the aggregate.

Holders of TruPS Claims that do ***not*** make the TruPS Election or fail to make the TruPS Election will share Pro Rata their recovery in the Senior Amended TruPS with a principal face amount of $800,000.00 in the aggregate.

I. Will there be releases and exculpation granted to parties in interest as part of the Plan?

Yes, the Plan provides for releases and exculpation of the Debtor, the Plan Sponsor, and other parties in interest as set forth in Article VIII of the Plan.

J. What is the deadline to vote on the Plan?

The Voting Deadline is April 28, 2015, at 5:00 p.m. (prevailing Central Time).

K. How do I vote for or against the Plan?

Detailed instructions regarding how to vote on the Plan are contained on the ballots distributed to Holders of Claims that are entitled to vote on the Plan. If your vote was solicited by your broker, dealer, commercial bank, trust company, a trustee, or other nominee ("Master Ballot Agent"), you must complete a ballot (the "Beneficial Owner Ballot") and transmit your vote to the Master Ballot Agent in accordance with the instructions contained in the Solicitation Package sent to you – including by the deadline set forth therein. For additional detail regarding the solicitation and tabulation procedures for holders of Class 3 - TruPS Claims, see Article X of the Disclosure Statement.

The Master Ballot Agent will complete a Ballot summarizing votes cast by beneficial owners (the "Master Ballot") and submit such Master Ballot by the Voting Deadline. All Master Ballots must be completed and signed so that they are ***actually received*** by April 28, 2015, at 5:00 p.m. (prevailing Central Time) using the following delivery methods: (a) if by mail to: Northwest Bancorporation of Illinois, Inc., c/o Kirkland & Ellis LLP, Attn: Brad Weiland, 300 North LaSalle Street, Chicago, IL 60654; if by E-mail to: brad.weiland@kirkland.com; or (c) if by fax: (312) 862-2200. *See* Article X of this Disclosure Statement.

L. What is a Confirmation Hearing and when is the Confirmation Hearing set to occur?

Section 1128 of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on confirmation of the Plan and recognizes that any party in interest may object to confirmation of the Plan. At the Confirmation Hearing, the Bankruptcy Court will determine whether to approve the Disclosure Statement and whether the Plan should be Confirmed in light of both the affirmative requirements of the Bankruptcy Code and objections, if any, that are timely filed. **The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.**

Upon commencement of the Chapter 11 Case and scheduling of the Confirmation Hearing, the Debtor will provide notice of the Confirmation Hearing, which notice will provide that objections to the Disclosure Statement and Confirmation of the Plan must be filed and served at or before 4:00 p.m., prevailing Central Time, on the date that is seven days prior to the initial date of the Confirmation Hearing. Unless objections to the Disclosure Statement or Confirmation are timely served and filed, they may not be considered by the Bankruptcy Court.

The Debtor will publish the notice of the Confirmation Hearing, which will contain the deadline for objections to the Plan and the date and time of the Confirmation Hearing, in the national edition of *The Chicago Tribune* to provide notification to those persons who may not receive notice by mail. The Debtor may also publish the notice of the Confirmation Hearing in such trade or other publications as the Debtor may choose.

M. What is the purpose of the Confirmation Hearing?

The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under the plan of reorganization, any person acquiring property under the plan of reorganization, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of the plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

N. What is the effect of the Plan on the Debtor's ongoing business?

Because the Reorganization Transaction contemplated by the Plan is purely a balance sheet restructuring, there are no material changes expected to occur to the Debtor's ongoing operations on account of the Plan.

O. Who do I contact if I have additional questions with respect to this Disclosure Statement or the Plan?

If you have any questions regarding this Disclosure Statement or the Plan, please contact the Debtor's legal counsel, Kirkland & Ellis LLP:

By mail at:
Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, Illinois 60564
Attention: Edwin S. del Hierro, P.C.;
David R. Seligman, P.C.; and
Brad Weiland

By telephone at:
(312) 862-2000

By fax at:
(312) 862-2200

Copies of the Plan, this Disclosure Statement and any other publicly filed documents in this Chapter 11 Case are available upon written request to the Debtor's proposed counsel at the address above or the Bankruptcy Court's website at www.ilnb.uscourts.gov (for a fee).

P. Who Supports the Plan?

The Plan is supported by the Debtor, the Electing TruPS Holders, the Management Plan Support Parties, and Holders the Majority Interests.

V. ~~Background to~~BACKGROUND TO THIS ~~chapter~~CHAPTER 11 ~~Case~~CASE

A. The Debtor's Business

The Debtor is a one-bank holding company headquartered in Palatine, Illinois. Through its wholly-owned subsidiary, First Bank, the Debtor operates one full service banking branch. First Bank is a state charted institution and is regulated by the Federal Deposit Insurance Corporation (the "FDIC") and the State of Illinois Department of Financial and Professional Regulation, Division of Banking (the "Division"). The Debtor has no employees.

The Debtor's historic and identifiable headquarters location is at 300 East Northwest Highway, Palatine, Illinois where it is the fourth largest bank ranked by deposit market share. As of December 31, 2014 First Bank had assets of $243.5 million, with regulatory Leverage and Total Risk Based capital ratios of 8.10 percent and 11.96 percent, respectively.

First Bank opened its doors 40 years ago in Palatine, Illinois. By 1981, as Palatine's commercial district expanded, First Bank decided to open its third facility at 300 East Northwest Highway to accommodate Palatine's increasing geographic area. In 1985, First Bank changed its name to the current First Bank and Trust Company of Illinois to reflect First Bank's ultimate intention to expand its reach into the greater metropolitan Chicago area. Beginning in 1985, First Bank experienced rapid expansion, outgrowing its existing headquarters in less than 10 years. In 1993, First Bank broke ground on a new three-story addition to its Northwest Highway location - quadrupling its physical size.

B. The Debtor's Capital Structure and Prepetition Indebtedness

1. Corporate Structure

The Debtor is a bank holding company incorporated under the laws of the state of Delaware. First Bank is the Debtor's wholly-owned operating subsidiary, which carries on the business of operating a commercial bank headquartered in Palatine, Illinois. Approximately 90 percent of the Debtor's equity is owned by Robert Hershenhorn and his family. The Debtor also owns all of the issued and outstanding common securities of Capital Trust I, Capital Trust II and Statutory Trust I (described in more detail below).

2. Prepetition Indebtedness: the TruPS

In July 2001, the Debtor issued $35.0 million in fixed and floating rate trust preferred securities ("TruPS") through three separate trusts (Capital Trust I, Capital Trust II and Statutory Trust I). In addition, and in the normal course of business, the trusts issued common equity securities to the Debtor in the aggregate amount of $1.1 million. Obligations under the TruPS are unsecured.

TruPS are a hybrid form of security that has characteristics of both debt and equity. Regulatory changes in the late 1990s allowed for banks to include 25 percent of their outstanding TruPS in their calculation of Tier 1 capital. To qualify as Tier 1 capital, a TruPS had to provide for a five-year deferral of interest period which, once triggered, would temporarily suspend the obligation of the TruPS issuer to make interest payments due on the TruPS. During the deferral period, interest on the TruPS accrues and becomes due once the deferral period ends.

Beginning in April of 2010, the Debtor elected to begin deferral of interest payments on the TruPS issued through Statutory Trust I followed by an election in July of 2010 to begin deferral on the remaining outstanding TruPS issued through Capital Trust I & Capital Trust II. The deferral periods for all three of these issuances will soon come to an end.

The table below summarizes the Debtor's issued and outstanding trust preferred securities.

Projected Amounts Outstanding Under Trust Preferred Securities as of March 23, 2015

Trust Preferred Security	Principal	Accrued and Unpaid Distributions	Total	End of Deferral Period	Percent of Total Claim Amount
Hershenhorn Capital Trust	$17,000,000.00	$11,764,653.63	$28,764,653.63	7/25/2015	56.38%
Hershenhorn Capital Trust II	$6,000,000.00	$1,505,004.79	$7,505,004.79	7/25/2015	14.71%
Hershenhorn Statutory Trust I	$12,000,000.00	$2,745,538.27	$14,745,538.27	4/30/2015	28.90%
Total	$35,000,000.00	$16,015,196.69	$51,015,196.69		100.00%

Trust Preferred Security	Capital Security Principal	Accrued and Unpaid Distributions	Common Security Principal	Unpaid Interest	Total	Percent of Total Claim Amount
Hershenhorn Capital Trust	$17,000,000.00	$11,764,653.63	$526,000.00	$364,012.22	$29,654,665.85	56.38%
Hershenhorn Capital Trust II	$6,000,000.00	$1,505,004.79	$186,000.00	$46,655.15	$7,737,659.94	14.71%
Hershenhorn Statutory Trust I	$12,000,000.00	$2,745,538.27	$372,000.00	$85,111.69	$15,202,649.96	28.91%
Total	$35,000,000.00	$16,015,196.69	$1,084,000.00	$495,779.06	$52,594,975.75	100.00%

VI. EVENTS LEADING TO THE CHAPTER 11 FILING

The global economic downturn that began in 2007 adversely impacted the Debtor's sole operating asset, First Bank. As a community banking institution, First Bank's loan portfolio was primarily made up of real estate lending, with a majority consisting of construction and development, commercial real estate, and multifamily loans. Given First Bank's lending footprint, primarily located in areas that saw rapid growth over the past two decades, real estate construction and development loans were a significant part First Bank's business prior to the onset of the financial crisis in 2007. Since first incurring losses, management has acted to solve problem credits and proactively manage First Bank for a return to profitability. These efforts have focused on achieving improved loan quality, returning to a state of positive net earnings, and stabilizing its loan portfolio.

On January 5, 2011, the FDIC, together with the Division, and First Bank entered into a Stipulation to the Issuance of a Consent Order (the "Consent Order") regarding First Bank's overall condition and the implementation or revision of policies and procedures to cure certain deficiencies noted by the FDIC and the Division during their joint safety and soundness examination of First Bank conducted as of March 31, 2010. Under the terms of the Consent Order, First Bank is, among other things, required to maintain a Tier 1 Leverage Ratio of at least 9.5 percent and a Total Risk Based Capital Ratio of at least 13.5 percent. At December 31, 2014, First Bank's Tier 1 Leverage Ratio and Total Risk Based Capital Ratio were 8.10 percent and 10.90 percent, respectively. In addition, First Bank is restricted from declaring or paying any dividend to the Debtor, or any other party, without prior written consent from the FDIC and the Division.

On May 31, 2011, the Federal Reserve Bank of Chicago (the "Fed") and the Debtor mutually agreed to enter into, with reference made to the Consent Order, a Written Agreement. Under the terms of the Written Agreement, the Debtor and its Board of Directors agreed to, among other things, take appropriate steps, including the utilization of Debtor resources, to ensure First Bank complies with the Consent Order, to not directly or indirectly incur or increase any debt, and to not declare or pay any dividends without prior written approval from the Fed.

First Bank's Board and Management have made strides to improve the overall condition of the institution, increase capital ratios and reduce adversely classified assets from peak levels. In addition, First Bank has changed select members of its management team, many of its loan employees, and completely revamped its credit policies and procedures. In the summer of 2014, the Debtor retained professionals to provide guidance and advice, including advice regarding the Debtor's obligations to creditors and other stakeholders. The Debtor prepared tax, financial, and other information intended to facilitate discussions and development of a restructuring solution that would optimize value and recoveries to all constituents. Throughout the latter half of 2014, the Debtor's management and advisors made numerous contacts with potential investors in or purchasers of the Debtor and/or First Bank.

In an effort to forge a consensual resolution, the Debtor, its shareholders, various creditors, and the Plan Sponsor engaged in discussions regarding potential reorganization or sale alternatives. These extensive, arm's-length discussions, which occurred over several months and resulted in the parties exchanging multiple proposals, were productive and ultimately concluded in the Plan Support Agreement. The Plan Support Agreement serves as the foundation for the Debtor's proposed restructuring. Specifically, the Plan Support Agreement enables the Reorganization Transaction, which is described in more detail herein and in the Plan.

Following the execution of the Plan Support Agreement, the Debtors commenced a prepackaged solicitation of the Plan on March 31, 2015, by delivering a copy of the Plan and this Disclosure Statement (including Ballots) to Holders of Claims entitled to vote to accept or reject the Plan. The Debtors have established April 28, 2015, at 5:00 p.m., prevailing Central Time, as the deadline for the receipt of votes to accept or reject the Plan (the "Voting Deadline"). The Debtors will seek Bankruptcy Court approval of the Voting Deadline at the Confirmation Hearing. On the Petition Date, the Debtor will file a voting report (the "Voting Report") setting forth the voting results for Class 3 Claims. The Debtors believe that the Voting Report will show that Holders of Claims entitled to vote have overwhelmingly (or unanimously) voted to accept the Plan. Accordingly, on the Petition Date, the Debtors intend to file the Plan, this Disclosure Statement and schedule the Confirmation Hearing to consider approval of this Disclosure Statement and confirmation of the Plan.

VII. ADMINISTRATION OF THE CHAPTER 11 CASE

A. First Day Motions and Certain Related Relief

1. First Day Relief

To minimize disruption to the Debtor's operations and effectuate the terms of the Plan, upon the commencement of the Chapter 11 Case, the Debtor intends to file motions seeking various relief, including authority to: (1) continue utilizing the Debtor's prepetition cash management system; (2) set a bar date for 180 days after the Petition Date for all Claims held by governmental entities and for 30 days after the Petition date for all other Claims; ~~(3) extending, and, upon prompt confirmation of the Plan, waiving the requirement to file schedules of assets and~~

~~liabilities and statements of financial affairs; and (4~~and (3) establishing notification and hearing procedures for the transfers of equity interests.

2. Confirmation Motion

Additionally, the Debtor intends to file a motion seeking entry of an order: (1) scheduling the Confirmation Hearing; (2) establishing the deadline for objections to the adequacy of the Disclosure Statement and confirmation of the Plan and related procedures; (3) approving the procedures used in the Debtor's prepetition solicitation; and (4) directing the U.S. Trustee not to schedule a meeting of creditors under section 341 of the Bankruptcy Code.

3. Administrative Motions

~~The Debtor intends to file a motion seeking a procedural order approving the notice, case management and administrative procedures to govern this Chapter 11 Case. The Debtor also~~The Debtor intends to file motions and/or applications seeking certain customary relief, including orders approving the retention of the Debtor's bankruptcy advisors, including Kirkland & Ellis LLP as legal counsel and River Branch Capital, LLC ("River Branch") as financial advisor.

B. Exclusivity

Under the Bankruptcy Code, a debtor has the exclusive right to file and solicit acceptance of a plan or plans of reorganization for an initial period of 120 days from the date on which the debtor filed for voluntary relief (which may be extended by the Bankruptcy Court for a period of up to 18 months from the petition date) (the "Exclusive Filing Period"). If a debtor files a plan within this initial exclusive period, then the debtor has the exclusive right for 180 days from the petition date to solicit acceptances to the plan (which may be extended by the Bankruptcy Court for a period of up to 20 months from the petition date) (the "Exclusive Solicitation Period"). During these exclusive periods, no other party in interest may file a competing plan of reorganization, however, a court may extend these periods upon request of a party in interest and "for cause."

VIII. RISK FACTORS

Holders of Claims should read and consider carefully the risk factors set forth below before voting to accept or reject the Plan. Although there are many risk factors discussed below, these factors should not be regarded as constituting the only risks present in connection with the Debtor's business or the Plan and its implementation.

A. Certain Bankruptcy Law Considerations

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to Holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes.

1. Parties in Interest May Object to the Plan's Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtor believes that the classification of the Claims under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtor created Classes of Claims, each encompassing Claims that are substantially similar to the other Claims in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. Failure to Satisfy Vote Requirements

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtor intends to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtor may seek to confirm an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

3. The Debtor May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the Bankruptcy Court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that this Disclosure Statement, the balloting procedures and voting results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for Confirmation had not been met.

Confirmation of the Plan is also subject to certain conditions as described in Article IX of the Plan. If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims would receive with respect to their Allowed Claims.

The Debtor, subject to the terms and conditions of the Plan and the Plan Support Agreement, reserves the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in a less favorable treatment of any non-accepting Class, as well as of any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

4. Nonconsensual Confirmation

In the event that any Impaired Class of Claims or Interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one Impaired Class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. The Debtor believes that the Plan satisfies these requirements, and the Debtor may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increased expenses relating to Accrued Professional Compensation Claims.

5. The Debtor May Object to the Amount or Classification of a Claim

Except as otherwise provided in the Plan, the Debtor reserves the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

6. Risk of Non-Occurrence of the Effective Date

Although the Debtor believes that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur.

7. Contingencies Could Affect Votes of Impaired Classes to Accept or Reject the Plan

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtor cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the percentage recoveries to Holders of Allowed Claims under the Plan.

8. Necessary Governmental Approvals May Not Be Granted

Pursuant to the terms of the Stock Purchase Agreement, consummation of the Reorganization Transaction depends upon approval of Federal Deposit Insurance Corporation, and all other approvals required by governmental authorities. Failure by any governmental authority to grant a necessary approval could prevent consummation of the Reorganization Transaction.

9. Releases, Injunctions, and Exculpations Provisions May Not Be Approved

Article VIII of the Plan provides for certain releases, injunctions, and exculpations. However, all of the releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved.

B. Risk Factors that May Affect the Value of Securities to be Issued Under the Plan

1. Debtor Cannot State with Certainty What Recovery Will Be Available to Holders of Allowed Claims in Voting Classes

The Debtor cannot know with certainty, at this time, the number or amount of Claims in Voting Classes that will ultimately be Allowed. Accordingly, because certain Claims under the Plan will be paid on a Pro Rata basis, the Debtor cannot state with certainty what recoveries will be available to Holders of Allowed Claims in Voting Classes.

2. Actual Amounts of Allowed Claims May Differ from the Estimated Claims and Adversely Affect the Percentage Recovery on Unsecured Claims

The Claims estimates set forth in Article IV.D above, "What will I receive from the Debtor if the Plan is consummated?," are based on various assumptions. The actual amounts of Allowed Claims may differ significantly from those estimates should one or more underlying assumptions prove to be incorrect. Such differences may adversely affect the percentage of recovery.

3. Plan Support Agreement May Terminate

The Electing TruPS Holders, Management Plan Support Parties, and the Majority Interests have agreed to support the Plan; *provided*, that certain conditions must be met, including, without limitation, that: (a) the filing and approval of this Disclosure Statement within the time periods specified in the Plan Support Agreement; (b) the

Confirmation of the Plan within the time periods specified in the Plan Support Agreement; (c) the closing of the Reorganization Transaction within the time periods specified in the Plan Support Agreement; and (d) an event giving rise to termination of the Plan Support Agreement has not occurred (which events are set forth in the Plan Support Agreement).

To the extent that the terms or conditions of the Plan Support Agreement are not satisfied, or to the extent events giving rise to termination of the Plan Support Agreement occur, the Plan Support Agreement may terminate prior to the Confirmation or Consummation of the Plan, which could result in the loss of support for the Plan by important creditor constituents. Any such loss of support could adversely affect the Debtor's ability to confirm and consummate the Plan.

4. Sale Transaction May Not Consummate

The Debtor expects to close on the Sale Transaction following the Effective Date. There is no guaranty that any Entity will express interest in the Sale Transaction. Even assuming the Debtor was to execute the Stock Purchase Agreement with a Plan Sponsor, the Sale Transaction may not be consummated. For example, the Plan Sponsor could breach the Stock Purchase Agreement, or other conditions to consummation of the Stock Purchase Agreement could fail to be satisfied, including failing to raise the capital necessary to recapitalize First Bank. In addition, the consummation of the Sale Transaction may be subject to prior consent of or approval by certain governmental Entities that may delay or withhold such consent or approval.

5. A Liquid Trading Market for the Reinstated Majority Interests in the Reorganized Debtor May Terminate or May Not Develop

There can be no assurances that liquid trading markets for the Reinstated Majority Interests will develop or be maintained, respectively. The liquidity of any market for the Reinstated Majority Interests will depend, among other things, upon the number of holders of Reinstated Majority Interests, and the Reorganized Debtor's financial performance, and the market for similar securities, none of which can be determined or predicted. Therefore, the Debtor cannot provide assurances that an active trading market will develop or continue, or if a market exists, what the liquidity or pricing characteristics of that market will be.

6. Small Number of Holders or Voting Blocks May Control the Reorganized Debtor

Consummation of the Plan may result in a small number of holders owning a significant percentage of the shares of the Reinstated Majority Interests. These holders may, among other things, exercise a controlling influence over the Reorganized Debtor and have the power to elect directors and approve significant transactions.

7. Impact of Interest Rates

Changes in interest rates may affect the fair market value of the Debtor's assets and/or the distributions to Holders of Claims under the Plan.

C. Disclosure Statement Disclaimer

1. Information Contained Herein Is for Soliciting Votes

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

2. This Disclosure Statement Was Not Approved by the United States Securities and Exchange Commission

This Disclosure Statement was not filed with the United States Securities and Exchange Commission under the United States Securities Act of 1933, as amended (the "Securities Act") or applicable state securities laws ("Blue Sky Laws"). Neither the United States Securities and Exchange Commission nor any state regulatory

authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained herein, and any representation to the contrary is unlawful.

3. Reliance on Exemptions from Registration

This Disclosure Statement has been prepared pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(b) and is not necessarily in accordance with federal or state securities laws or other similar laws.

4. No Legal or Tax Advice Is Provided to You by this Disclosure Statement

This Disclosure Statement is not legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim should consult his or her own legal counsel and accountant with regard to any legal, tax, and other matters concerning his or her Claim. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

~~***5. No Admissions Made***~~

~~The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any Entity (including, without limitation, the Debtor and the Plan Sponsor, nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtor, Plan Sponsor, Holders of Allowed Claims, or any other parties in interest, nor (c) be deemed or construed as a finding of fact or conclusion of law with respect to any matter or controversy.~~

~~***6.***~~***5. Failure to Identify Litigation Claims or Projected Objections***

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The Debtor, the Plan Sponsor, or the Reorganized Debtor, as the case may be, may seek to investigate, file, and prosecute Claims and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or objections to Claims.

~~***7.***~~***6. No Waiver of Right to Object or Right to Recover Transfers and Assets***

The vote by a Holder of an Allowed Claim or Interest for or against the Plan does not constitute a waiver or release of any Claims, Causes of Action, including Causes of Action against any "insider" as that term is defined in section 101(31) of the Bankruptcy Code, or rights of the Debtor or the Plan Sponsor (or any party in interest, as the case may be) to object to that Holder's Allowed Claim, or recover any preferential, fraudulent, or other voidable transfer of assets, regardless of whether any Claims or Causes of Action, including Causes of Action against any "insider" as that term is defined in section 101(31) of the Bankruptcy Code, of the Debtor or its respective Estates are specifically or generally identified herein.

~~***8.***~~***7. Information Was Provided by the Debtor and Was Relied Upon by the Debtor's Advisors***

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

~~***9.***~~***8. Potential Exists for Inaccuracies, and the Debtor Has No Duty to Update***

The statements contained in this Disclosure Statement are made by the Debtor as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has

not been a change in the information set forth herein since that date. While the Debtor has used its reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan~~, the Debtor nonetheless cannot, and does not, confirm the current accuracy of all statements appearing in this Disclosure Statement.~~. Further, although the Debtor may subsequently update the information in this Disclosure Statement, the Debtor has no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

~~10.~~9. No Representations Outside This Disclosure Statement Are Authorized

No representations concerning or relating to the Debtor, this Chapter 11 Case, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the proposed counsel to the Debtor.

IX. BEST INTERESTS OF CREDITORS AND PLAN ALTERNATIVES

A. Liquidation Under Chapter 7

Notwithstanding acceptance of the Plan by a voting Impaired Class, in order to confirm the Plan, the Bankruptcy Court must still independently determine that the Plan is in the best interests of each Holder of a Claim or Interest in any such Impaired Class which has not voted to accept the Plan, meaning that the Plan provides each such Holder with a recovery that has a value at least equal to the value of the recovery that each such Holder would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date. Accordingly, if an Impaired Class does not vote unanimously to accept the Plan, the best interests test requires the Bankruptcy Court to find that the Plan provides to each member of such Impaired Class a recovery on account of the Class member's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the recovery that each such Class member would receive if the Debtor were liquidated under chapter 7.

The Debtor believes that the Plan satisfies the best interest test because, among other things, the recoveries expected to be available to Holders of Allowed Claims under the Plan will be greater than the recoveries expected to be available in a chapter 7 liquidation.

In a typical chapter 7 case, a trustee is elected or appointed to liquidate a debtor's assets and to make distributions to creditors in accordance with the priorities established in the Bankruptcy Code. Generally, secured creditors are paid first from the proceeds of sales of their collateral. If any assets remain in the bankruptcy estate after satisfaction of secured creditors/ claims from their collateral, administrative expenses are next to be paid. Unsecured creditors, like the Holders of TruPS Claims, are paid from any remaining sale proceeds, according to their respective priorities. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims in relationship to the total amount of allowed claims held by all unsecured creditors with the same priority. Finally, equity interest holders receive the balance that remains, if any, after all creditors are paid.

The Debtor believes that liquidation under chapter 7 of the Debtor's business would result in significantly lower recoveries to all Holders of TruPS Claims and Holders of other Claims as compared to distributions contemplated under the Plan. River Branch Capital LLC has performed a marketing process to sell the assets and/or the equity interests in the Debtor. This process has failed to yield a buyer that would purchase the Debtor, or its assets, in a sale that would yield any recoveries to creditors.

Accordingly, the Debtor believes the Plan is in the best interests of creditors.

B. Alternative Plans

If no plan can be Confirmed or become effective, the Debtor may determine it is necessary or appropriate either to pursue a sale of substantially all of its assets under section 363 of the Bankruptcy Code or the Chapter 11 Case may be converted to a case under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be

elected or appointed to liquidate the assets of the Debtor for distribution in accordance with the priorities established by the Bankruptcy Code and discussed in section IX.A above. The Debtor believes that the Plan, as described herein, enables the Holders of TruPS Claims to realize the greatest possible value under the circumstances and that, compared to any alternative plan, the Plan has the greatest chance to be confirmed and consummated.

X. SOLICITATION AND VOTING PROCEDURES

This Disclosure Statement, which is accompanied by a Ballot or Ballots to be used for voting on the Plan, is being distributed to the Holders of Claims in those Classes that are entitled to vote to accept or reject the Plan. The procedures and instructions for voting and related deadlines are set forth herein.

A. Holders of Claims Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all holders of claims against a debtor are entitled to vote on a chapter 11 plan. The table in section IV.C of this Disclosure Statement, provides a summary of the status and voting rights of each Class (and, therefore, of each Holder within such Class absent an objection to the Holder's Claim) under the Plan. As shown in the table, the Debtor is soliciting votes to accept or reject the Plan only from Holders of Claims in Class 3 - TruPS Claims.

The Holders of Claims in Class 3 - TruPS Claims are Impaired under the Plan and may, in certain circumstances, receive a distribution under the Plan. Accordingly, Holders of Claims in Class 3 - TruPS Claims have the right to vote to accept or reject the Plan. **The Debtor believes that each and every Holder of a Claim in Class 3 - TruPS Claims is an "accredited investor,"** as that term is defined by the Securities and Exchange Commission ("SEC") for the purposes of rule 506 of Regulation D promulgated under the Securities Act ("Accredited Investor"). As such, the Debtor believes it is only soliciting Accredited Investors. However, in any event, only Accredited Investors are eligible to vote on the Plan.

The Debtor is ***not*** soliciting votes from Holders of Claims and Interests in Classes 1, 2, 4, 5, 6, or 7.

B. Solicitation Package

The votes of the Holders of Class 3 - TruPS Claims on the Plan are being solicited on an out-of-court basis using a package of solicitation materials (the "Solicitation Package"). The following materials constitute the Solicitation Package, which the Debtor will cause to be distributed to Holders of Claims and Interests entitled to vote to accept or reject the Plan:

- the appropriate Ballot(s) and applicable voting instructions, together with a pre-addressed, postage pre-paid return envelope and directions for electronically transmitting such Ballot(s) to the Debtor's Counsel; and
- this Disclosure Statement, including the Plan and all other exhibits.

C. Distribution of the Solicitation Package

The Debtor distributed or caused to be distributed the Solicitation Packages to Holders of Claims and Interests on April 1, 2015.

The Solicitation Package (except the Ballots) may also be obtained by: (a) calling the Debtor's counsel at (312) 862-2200; (b) writing to Northwest Bancorporation of Illinois, Inc., Claims Processing c/o Kirkland & Ellis LLP, Attn: Brad Weiland, 300 North LaSalle Street, Chicago, IL 60654; or (c) emailing bweiland@kirkland.com. When the Debtor files the Chapter 11 Case, you may also obtain copies of any pleadings filed with the Bankruptcy Court for a fee via PACER at http://www.ecf.ilnb.uscourts.gov.

No later than five days prior to the Confirmation Hearing, the Debtors intend to file the Plan Supplement. As the Plan Supplement is updated or otherwise modified, such modified or updated documents will be made

available on the Debtors' restructuring website. The Debtors will not serve paper or CD-ROM copies of the Plan Supplement; however, parties may obtain a copy of the Plan Supplement from the Debtor's counsel by: (a) calling the Debtor's counsel at the telephone number set forth above; (b) emailing the Debtor's counsel at the email address listed above; or (c) writing to the Debtor's counsel at the address set forth above.

D. Solicitation of Certain Class 3 - TruPS Claims

Where the beneficial owner of a Class 3 - TruPS Claim cannot be solicited directly, the Debtor will solicit votes through the Master Ballot Agent for such beneficial owners. The following procedures will be used to solicit and tabulate votes from such Holders of Allowed Class 3 - TruPS Claims:

- The Debtor will cause the Solicitation Package to be mailed by first class mail, postage prepaid, to each Master Ballot Agent for distribution to the Holders of Allowed Class 3 - TruPS Claims as of the Voting Record Date.

- The Debtor will (i) contact each Master Ballot Agent to determine the number of Solicitation Packages needed by the Master Ballot Agent for distribution to the Holders of Allowed Class 3 - TruPS Claims for whom the Master Ballot Agent performs services and (ii) deliver to each Master Ballot Agent a Master Ballot and the requisite number of Solicitation Packages and Beneficial Owner Ballots.

- The Master Ballot Agents will distribute Solicitation Packages and notices –including any additional instructions required by the Master Ballot Agent – to the Holders for whom they provide services within seven (7) days of receiving the Solicitation Packages. Each Master Ballot Agent will include a Beneficial Owner Ballot as part of each Solicitation Package sent to a beneficial owner of an Allowed Class 3 - TruPS Claim together with a return envelope provided by and addressed to the Master Ballot Agent. The beneficial owners of the Class 3 - TruPS Claims must return the Beneficial Owner Ballots to the Master Ballot Agents in the manner and by the deadline in the instructions accompanying the Beneficial Owner Ballots provided by the Master Ballot Agent.

- Upon receipt of the completed Beneficial Owner Ballots from the beneficial owners of the Class 3 - TruPS Claims, the Master Ballot Agent will separate and summarize the votes of its respective beneficial owners of Class 3 - TruPS Claims on a Master Ballot in accordance with the instructions attached to the Master Ballot.

- After tallying on the Master Ballot the votes of the applicable beneficial owners of the Class 3 - TruPS Claims that return the Beneficial Owner Ballots, the Master Ballot Agents will return the completed Master Ballot to the Debtor's counsel by no later than the Voting Deadline. The Master Ballot Agent will be required to retain the Beneficial Owner Ballots cast by the beneficial owners of Class 3 - TruPS Claims for inspection for a period of one year following the Effective Date.

E. Voting Record Date

The Voting Record Date is March 30, 2015. The Voting Record Date is the date on which it will be determined which Holders of Claims in the Voting Classes are entitled to vote to accept or reject the Plan and whether Claims have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee can vote as the Holder of a Claim.

F. Voting on the Plan

The Voting Deadline is April 28, 2015, at 5:00 p.m. (prevailing Central Time). Beneficial owners of Class 3 - TruPS Claims must complete the Ballot for beneficial owners (the "Beneficial Owner Ballot"). If your vote was solicited by a Master Ballot Agent, you must complete the Beneficial Owner Ballot and transmit your vote to the Master Ballot Agent in accordance with the instructions contained in the Solicitation Package sent to you – including by the deadline set forth therein. The Master Ballot Agent will complete a Master Ballot and submit such

Master Ballot by the Voting Deadline. In order to be counted as votes to accept or reject the Plan, all Ballots and Master Ballots, as applicable, must be properly executed, completed and delivered (either by using the return envelope provided, by first class mail, overnight courier, or personal delivery) so that they are **actually received** on or before the Voting Deadline by the Debtor's counsel at:

DELIVERY OF BALLOTS

If by Mail to:

Northwest Bancorporation of Illinois, Inc., Claims Processing
c/o Kirkland & Ellis LLP
Attn: Brad Weiland
300 North LaSalle Street
Chicago, IL 60654

If by E-Mail to:

bweiland@kirkland.com

If by Fax:

(312) 862-2200

IT IS IMPORTANT TO FOLLOW THE SPECIFIC INSTRUCTIONS PROVIDED ON EACH BALLOT OR MASTER BALLOT.

G. Ballots Not Counted

No ballot will be counted toward Confirmation if, among other things: (i) it is illegible or contains insufficient information to permit the identification of the Holder of the Claim; (ii) it was cast by an entity that is not entitled to vote on the Plan; (iii) it was cast for a Claim listed in the Schedules as contingent, unliquidated or disputed for which the applicable bar date has passed and no proof of claim was timely filed; (iv) it was cast for a Claim that is subject to an objection pending as of the Voting Record Date; (v) it was returned to the Debtor, the Debtor's agents/representatives (other than the Debtor's counsel), an indenture trustee or the Debtor's financial advisors instead of the Debtor's counsel; (vi) it is unsigned; (vii) it is not clearly marked to either accept or reject the Plan or it is marked both to accept and reject the Plan; or (viii) the Holder of the Claim is not an Accredited Investor or does not fully and accurately provide sufficient information on the applicable Ballot to indicate such Holder's Accredited Investor status.

H. TruPS Election

All Holders of Class 3 TruPS Claims will have the option to make the TruPS Election, subject to the terms and conditions of the Plan. By default, Holders of Class 3 TruPS Claims will receive, on account of such claims, a Pro Rata share of the Non-Electing TruPS Distribution.

By making the TruPS Election, Holders of Class 3 TruPS Claims will instead ***irrevocably choose to***:

forego any rights to a portion of the Non-Electing TruPS Distribution and agree that any distribution to such Holder under the Plan will be expressly subordinated to the distributions to Holders of TruPS Claims that do ***not*** make the TruPS Election; ***and***

receive, in full and final satisfaction, settlement, release, and discharge of and in exchange for all but not less than all of such Holder's Allowed TruPS Claims, such Holder's Pro Rata share (based on the amount of such Holder's Allowed TruPS Claim relative to the Allowed TruPS Claim of any other Holder that makes the above TruPS Election) of the Electing TruPS Distribution; ***and***

fund in Cash such Holder's Pro Rata share (based on the amount of such Holder's Allowed TruPS Claims relative to the Allowed TruPS Claims of any other Holder of TruPS Claims that makes the above TruPS Election) of the Plan Funding TruPS Contribution.[5]

IF YOU HAVE ANY QUESTIONS ABOUT THE SOLICITATION OR VOTING PROCESS, PLEASE CONTACT BRAD WEILAND AT (312) 862-2000 OR BRAD.WEILAND@KIRKLAND.COM ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE OR OTHERWISE NOT IN COMPLIANCE WITH THE SOLICITATION ORDER WILL NOT BE COUNTED.

XI. CONFIRMATION OF THE PLAN

A. Requirements for Confirmation of the Plan

Among the requirements for Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code are: (i) the Plan is accepted by all Impaired Classes of Claims, or if rejected by an Impaired Class, the Plan "does not discriminate unfairly" and is "fair and equitable" as to the Class; (ii) the Plan is feasible; and (iii) the Plan is in the "best interests" of Holders of Claims.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies all of the requirements of section 1129 of the Bankruptcy Code. The Debtor believes that: (i) the Plan satisfies or will satisfy all of the necessary statutory requirements of chapter 11; (ii) the Debtor has complied or will have complied with all of the necessary requirements of chapter 11; and (iii) the Plan has been proposed in good faith.

B. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization of the debtor, or any successor to the debtor (unless such liquidation or reorganization is proposed in the plan of reorganization).

To determine whether the Plan meets this feasibility requirement, the Debtor has analyzed their ability to meet their respective obligations under the Plan.

Pursuant to the Plan, the Debtor's operating business will continue to operate in the ordinary course. As such, the Debtor believes that the confirmation of the Plan is not likely to be followed by a further financial reorganization and, therefore, is feasible.

C. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, except as described in the following section, that each class of claims or equity interests impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such a class is not required.[6]

---

[5] Each Electing TruPS Holder shall be required to place its Pro Rata portion of the Plan Funding TruPS Contribution in the Plan Funding Escrow on or before April 28, 2015. Failure to make the payment on or before April 28, 2015 will invalidate any TruPS Election. Any Holder of TruPS Claims that makes the TruPS Election by checking the box above but fails to make the payment into the Plan Funding Escrow by April 28, 2015 shall irrevocably result in such Holder of TruPS Claim to be deemed to have elected to not make the TruPS Election.

[6] A class of claims is "impaired" within the meaning of section 1124 of the Bankruptcy Code unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the claim or equity interest entitles the holder of such claim or equity interest or (b) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal,

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by Holders of at least two-thirds in a dollar amount and more than one-half in a number of allowed claims in that class, counting only those claims that have ***actually*** voted to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually cast their ballots in favor of acceptance.

D. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it; *provided, however,* that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as a "cramdown" so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any Impaired Class rejects the Plan, the Debtor reserves the right to seek to confirm the Plan utilizing the "cramdown" provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtor will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code.

1. No Unfair Discrimination

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (e.g., classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

The Debtor believes that the different treatment between those TruPS Holders that make the TruPS Election and those TruPS Holders that do not make the TruPS Election is fair. Recoveries to Holders of TruPS Claims has been structured to (a) minimize risk to TruPS Holders that do not make the TruPS Election by providing recoveries in Senior Amended TruPS and (b) recognize the significant funding contributions that Electing TruPS Holders are making through the Plan Funding TruPS Contribution, a substantial majority of the cash used to fund the Plan, by offering the Electing TruPS Holders higher recoveries in the Junior Amended TruPS, a riskier instrument that is subordinate and junior in right of payment to the Senior Amended TruPS.

The Debtor also believes that the different treatment of Holders of Minority Interests and Holders of Majority Interests is fair. Though Majority Interests will be Reinstated under the Plan, the Majority Interests will be subject in all respects to the Recapitalization Right to Purchase, pursuant to which all of the Majority Interests will be sold for $10.00 on or after the Effective Date, subject to the terms and conditions of the Stock Purchase Agreement, including the requirement that any Entity seeking to purchase the Majority Interests will be required to make a significant capital contribution to the Debtor for the purpose of recapitalizing First Bank. Therefore, while each Class will receive disparate treatment for technical reasons related to and required to effectuate the transactions contemplated by the Stock Purchase Agreement and the Plan Support Agreement, the Debtors believe the final economic treatment of both classes will be effectively the same.

2. Fair and Equitable Test

The "fair and equitable" test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount

---

equitable or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

of the allowed claims in the class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in the class.

The Debtor submits that if the Debtor "cramsdown" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured so that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. The Debtor believes that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

XII. CERTAIN SECURITIES LAW MATTERS

A. Amended TruPS.

The Plan provides that Holders of certain Allowed Class 3 TruPS Claims will receive their Pro Rata share of the Amended TruPS.

The Debtors believe that the Amended TruPS constitute "securities," as defined in Section 2(a)(1) of the Securities Act, Section 101 of the Bankruptcy Code, and applicable Blue Sky Law. The Debtors further believe that the offer and sale of the Amended TruPS pursuant to the Plan are, and subsequent transfers of the Amended TruPS by the Holders thereof that are not "underwriters," as defined in Section 2(a)(11) of the Securities Act and in the Bankruptcy Code, will be exempt from federal and state securities registration requirements under various provisions of the Securities Act, the Bankruptcy Code and state securities laws.

B. Issuance and Resale of Amended TruPS Under the Plan.

1. Exemption from Registration.

Section 4(a)(2) of the Securities Act provides that the registration requirements of section 5 of the Securities Act shall not apply to the offer and sale of a security in connection with transactions not involving any public offering. Transactions meeting the requirements of rule 506 promulgated thereunder by the SEC are deemed to qualify for the exemption provided for in section 4(a)(2) without any need to examine any factors other than the requirements of rule 506. By virtue of section 18 of the Securities Act, section 4(a)(2) also provides that any state Blue Sky Law requirements shall not apply to such offer or sale conducted in compliance with SEC rules or regulations issued under section 4(a)(2), such as Regulation D promulgated under the Securities Act.

Each Holder of a Claim that is entitled to vote (e.g., only Holders of TruPS Claims that are Accredited Investors) will be requested to make representations that are set forth in the Ballot regarding such Holder's qualifications to be an offeree in a private offering exempt from registration from the Securities Act by virtue of Section 4(a)(2) and that such Holder is an Accredited Investor. The Debtors are relying on section 4(a)(2) of the Securities Act, rule 506 of Regulation D promulgated under the Securities Act, and similar Blue Sky Law provisions, to exempt from registration under the Securities Act and Blue Sky Law the offer to the Holders of Senior Secured Notes Claims of Amended TruPS prior to the filing of the Chapter 11 Cases, including without limitation in connection with the Solicitation.

Section 1145 of the Bankruptcy Code provides that the registration requirements of section 5 of the Securities Act (and any state Blue Sky Law requirements) shall not apply to the offer or sale of stock, options, warrants or other securities by a debtor if (a) the offer or sale occurs under a plan of reorganization; (b) the recipients of the securities hold a claim against, an interest in, or claim for administrative expense against, the debtor; and (c) the securities are issued in exchange for a claim against or interest in a debtor or are issued principally in such exchange and partly for cash and property. After the filing of the Chapter 11 Cases, the Debtors are relying on the exemption from the Securities Act, and equivalent state law registration requirements, provided by section 1145(a) of the Bankruptcy Code, to exempt from registration under the Securities Act and Blue Sky Law the offer and sale of the Amended TruPS under the Plan.

In reliance upon these exemptions, the offer and sale of the Amended TruPS will not be registered under the Securities Act or any state Blue Sky Law.

Because the issuance of the Amended TruPS under the Plan are covered by section 1145 of the Bankruptcy Code, the Amended TruPS may be resold without registration under the Securities Act or other federal securities laws, unless the Holder is an "underwriter" (as discussed below) with respect to such securities, as that term is defined in section 2(a)(11) of the Securities Act and in the Bankruptcy Code. In addition, the Amended TruPS generally may be able to be resold without registration under state securities laws pursuant to various exemptions provided by the respective Blue Sky Law of those states; however, the availability of such exemptions cannot be known unless individual state Blue Sky Laws are examined. Therefore, recipients of the Amended TruPS are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state Blue Sky Law in any given instance and as to any applicable requirements or conditions to such availability.

2. Resales of Amended TruPS; Definition of Underwriter.

Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer," (a) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the debtor, if such purchase is with a view to distribution of any security received or to be received in exchange for such claim or interest; or (b) offers to sell securities offered or sold under a plan for the Holders of such securities; or (c) offers to buy securities offered or sold under a plan from the Holders of such securities, if such offer to buy is (i) with a view to distribution of such securities and (ii) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (d) is an issuer of the securities within the meaning of section 2(a)(11) of the Securities Act. In addition, a Person who receives a fee in exchange for purchasing an issuer's securities could also be considered an underwriter within the meaning of section 2(a)(11) of the Securities Act.

The definition of an "issuer" for purposes of whether a Person is an underwriter under Section 1145(b)(1)(D) of the Bankruptcy Code, by reference to section 2(a)(11) of the Securities Act, includes as "statutory underwriters" all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. The reference to "issuer," as used in the definition of "underwriter" contained in section 2(a)(11) of the Securities Act, is intended to cover "controlling persons" of the issuer of the securities. "Control," as defined in Rule 405 of the Securities Act, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a "controlling Person" of such debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. Moreover, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent (10%) or more of a class of securities of a reorganized debtor may be presumed to be a "controlling Person" and, therefore, an underwriter.

Resales of the Amended TruPS by Persons deemed to be "underwriters" (which definition includes "controlling Persons") are not exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Under certain circumstances, Holders of Amended TruPS who are deemed to be "underwriters" may be entitled to resell their Amended TruPS pursuant to the limited safe harbor resale provisions of Rule 144. However, the Debtors do not presently intend to make publicly available the requisite current information regarding the Debtors, and as a result, Rule 144 may not be available for resales of Amended TruPS by persons deemed to be underwriters. Whether any particular Person would be deemed to be an "underwriter" (including whether such Person is a "controlling Person") with respect to the Amended TruPS would depend upon various facts and circumstances applicable to that Person. Accordingly, the Debtors express no view as to whether any Person would be deemed an "underwriter" with respect to the Amended TruPS. In view of the complex nature of the question of whether a particular Person may be an "underwriter," the Debtors make no representations concerning the right of any Person to freely resell Amended TruPS. **Accordingly, the Debtors recommend that potential recipients of Amended TruPS consult their own counsel concerning their ability to freely trade such securities without compliance with the federal and state securities laws**.

C. No Listing of Amended TruPS.

The Debtor will not be required to file periodic reports with the SEC following emergence. Moreover, the Debtors will not seek to list the Amended TruPS on a national securities exchange.

XIII. CERTAIN UNITED STATES INCOME TAX CONSEQUENCES OF THE PLAN

The following is a summary of certain United States federal income tax consequences of the Plan to the Debtor and certain Holders of Allowed Claims. This summary is based on the Internal Revenue Code of 1986, as amended (the "IRC"), Treasury Regulations thereunder ("Treasury Regulations") and administrative and judicial interpretations and practice, all as in effect on the date of this Disclosure Statement and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained and the Debtor does not intend to seek a ruling from the Internal Revenue Service as to any of the tax consequences of the Plan discussed below. There can be no assurance that the Internal Revenue Service will not challenge one or more of the tax consequences of the Plan described below.

This summary does not apply to Holders of Allowed Claims that are not United States persons (as such term is defined in the IRC) or that are otherwise subject to special treatment under United States federal income tax law (including, without limitation, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies, employees of the Debtor, persons holding Claims that are a hedge against, or that are hedged against, currency risk or that are part of a straddle, constructive sale, or conversion transaction). Moreover, this summary does not purport to cover all aspects of United States federal income taxation that may apply to the Debtor, the reorganized Debtor, or Holders of Allowed Claims or Interests based upon their particular circumstances. Additionally, except as otherwise specified, this summary does not discuss any tax consequences that may arise under any laws other than United States federal income tax law, including under state, local, or foreign tax law.

If a partnership (or other entity treated as a partnership or other pass-through entity for United States federal income tax purposes) is a Holder, the tax treatment of a partner (or other owner) generally will depend upon the status of the partner (or other owner) and the activities of the entity. Partners (or other owners) of partnerships (or other pass-through entities) that are Holders should consult their respective tax advisors regarding the United States federal income tax consequences of the Plan.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE UNITED STATES FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

A. Certain United States Income Tax Consequences to the Debtor

1. Cancellation of Debt Income

As of the date hereof, the Debtor's shareholders have elected to treat the Debtor as an "S Corporation" for U.S. federal income tax purposes. As a general matter, income (including COD Income, defined below) and losses incurred by an S Corporation are treated as income and losses of an S Corporation's shareholders (subject to a variety of complex rules that are beyond the scope of this Disclosure Statement). However, the Bankruptcy Exception (defined below) does apply to COD Income incurred by S Corporations.

In general, absent an exception, a taxpayer will realize and recognize cancellation of indebtedness income ("COD Income") upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (1) the adjusted issue price of the

indebtedness satisfied, over (2) the sum of (a) the issue price of any new indebtedness of the taxpayer issued and (b) the fair market value of any new consideration (including any new equity or cash) given in satisfaction of such indebtedness at the time of the exchange.

Under section 108 of the IRC, a taxpayer is not required to include COD Income in gross income if the taxpayer is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that case (the "Bankruptcy Exception"). Instead, as a consequence of such exclusion, a taxpayer-debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income. In general, tax attributes will be reduced in the following order: (a) net operating losses ("NOLs") (which, in the case of S Corporations, are based on current taxable year losses and losses that the S corporation's shareholders were unable to utilize in prior years); (b) most tax credits; (c) capital loss carryovers; (d) tax basis in assets (but not below the amount of liabilities to which the debtor remains subject (the "Liability Floor Rule")); (e) passive activity loss and credit carryovers; and (f) foreign tax credits; however, several of these categories do not apply to S corporations. Alternatively, the taxpayer can elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the IRC. Because the Plan provides that Holders of certain Allowed Claims will receive their pro rata share of new debt, the amount of COD Income will depend on, among other things, the adjusted issue price of the new indebtedness. Certain of these figures cannot be known with certainty until after the Effective Date. Accordingly, the amount of COD Income the Debtor may incur, and resulting attribute reduction (including to the basis of the Debtor's assets), is uncertain, but in no event will the basis of the Debtor's assets be reduced below the amount determined in accordance with the Liability Floor Rule.

On the Effective Date or as soon as reasonably practicable thereafter (the "Issuance Date"), the Reorganized Debtor may issue one or more shares of preferred stock in the Debtor to render the Debtor ineligible to be an S Corporation; provided that such issuance shall not materially affect the recoveries to and treatment of Claims and Interests under the Plan. As a result, the Debtor's taxable year will be bifurcated into two short taxable years. The first short taxable year will be treated as if the Debtor is an S Corporation (the "S Corp Taxable Year"). The Debtor expects that S Corp Taxable Year will be treated as beginning on January 1, 2015, and ending on the day immediately before the Issuance Date. The second short taxable year will be treated as if the Debtor is a standard "C Corporation" (the "C Corp Taxable Year"). The Debtor expects that the C Corp Taxable Year will be treated as beginning on the Issuance Date and ending on December 31, 2015.

Accordingly, the Debtor expects, but cannot guarantee, that (1) any COD Income resulting from the Plan will be treated as having been realized during the S Corp Taxable Year, and (2) income or loss following the Effective Date will be treated as having been realized during the C Corp Taxable Year.

2. Limitation of Tax Attributes

In general, the acquirer of an S corporation does not acquire any suspended losses that existed at the time of an acquisition. Additionally, to the extent any NOLs exist as of the Effective Date, the Debtor expects that such NOLs will be subject to reduction under section 108 of the IRC. Accordingly, the Debtor does not expect that it will have any net operating losses or similar attributes (other than tax basis, as discussed above) that can be applied to income, if any, generated in the C Corp Taxable Year (or to any period thereafter).

B. Certain United States Income Tax Consequences to Holders of Class 3 Claims.

As an initial matter, the treatment of any such U.S. Holder will depend, in part, on whether the TruPS and the Amended TruPS are determined to be stock or "securities". Whether a Claim that is surrendered and debt instruments received pursuant to the Plan constitute "securities" is determined based on all the facts and circumstances. Most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for United States federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest in the

obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued.

The character of any recognized gain as capital gain or ordinary income will be determined by a number of factors, including the tax status of the Holder, the nature of the Claim in such Holder's hands (including whether the Claim constitutes a capital asset), whether the Claim was purchased at a discount, whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to its Claim, and whether any part of the Holder's recovery is treated as being on account of accrued but unpaid interest. Accrued interest and market discount are discussed below.

1. Consequences for U.S. Holders Receiving Amended TruPS.

a. Treatment if the TruPS and the Amended TruPS are Determined to be "Securities."

If a Class 3 Claim and the TruPS and Amended TruPS are both determined to be "securities," then the exchange of such Claim for Amended TruPS should be treated as a reorganization under the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim should not recognize gain or loss with respect to such exchange.

U.S. Holders should obtain a tax basis in the Amended TruPS, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to the tax basis of the surrendered Claim. The holding period for the Amended TruPS should include the holding period for the surrendered Claims.

The tax basis of any Amended TruPS determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the Amended TruPS received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such Amended TruPS should begin on the day following the Effective Date.

b. Treatment if the TruPS or the Amended TruPS Are Determined Not to Be "Securities."

Some of the Class 3 Claims may not be "securities." In such case, a U.S. Holder of such Claims will be treated as receiving its distributions under the Plan in a taxable exchange under section 1001 of the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between the issue price of the Amended TruPS and such U.S. Holder's adjusted basis, if any, in such Claim.

U.S. Holders of such Claims should obtain a tax basis in the Amended TruPS received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to the fair market value of the Amended TruPS as of the date such property is distributed to the U.S. Holder. The holding period for the Amended TruPS should begin on the day following the Effective Date.

The tax basis of any Amended TruPS determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the Amended TruPS received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such Amended TruPS should begin on the day following the Effective Date.

2. Accrued but Untaxed Interest

To the extent that any amount received by a Holder of a surrendered Allowed Claim under the Plan is attributable to accrued but unpaid interest (or original issue discount) and such amount has not previously been included in the Holder's gross income, such amount should be taxable to the Holder as ordinary interest income.

Conversely, a Holder of a surrendered Allowed Claim may be able to recognize a deductible loss to the extent that any accrued interest (or original issue discount) on the debt instruments constituting such Claim was previously included in the Holder's gross income, but was not paid in full by the Debtors.

The extent to which the consideration received by a Holder of a surrendered Allowed Claim will be attributable to accrued interest (or original issue discount) on the debts constituting the surrendered Allowed Claim is unclear. Holders of Claims with accrued interest (or original issue discount) should consult with their tax advisors regarding the allocation of the consideration.

3. Market Discount

Under the "market discount" provisions of sections 1276 through 1278 of the IRC, some or all of any gain realized by a Holder exchanging the debt instruments constituting its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of accrued "market discount" on the debt constituting the surrendered Allowed Claim.

In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if the Holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest," or (b) in the case of a debt instrument issued with "original issue discount," its adjusted issue price, by at least a *de minimis* amount (equal to 0.25 percent of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a Holder on the taxable disposition (determined as described above) of debts that it acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debts were considered to be held by the Holder (unless the Holder elected to include market discount in income as it accrued). To the extent that the surrendered debts that had been acquired with market discount are exchanged in a tax-free or other reorganization transaction for other property (as may occur here), any market discount that accrued on such debts but was not recognized by the Holder may be required to be carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, redemption or other disposition of such property may be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged debt instrument. These rules are complex, their application is uncertain, and Holders of Allowed Claims should consult their own tax advisors regarding their application.

4. Information Reporting and Backup Withholding

The Debtor will withhold all amounts required by law to be withheld from payments of interest (or original issue discount). The Debtor will comply with all applicable reporting requirements of the IRC. In general, information reporting requirements may apply to distributions or payments made to a Holder of a Claim. Additionally, backup withholding, currently at a rate of 28 percent, will generally apply to such payments unless, in the case of a U.S. Holder, such U.S. Holder provides a properly executed IRS Form W-9 or, in the case of Non-U.S. Holder, such Non-U.S. Holder provides a properly executed applicable IRS Form W-8 (or otherwise establishes such Non-U.S. Holder's eligibility for an exemption). Any amounts withheld under the backup withholding rules will be allowed as a credit against such Holder's federal income tax liability and may entitle such Holder to a refund from the IRS, provided that the required information is provided to the IRS.

In addition, from an information reporting perspective, U.S. Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION

THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR NON-U.S. TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

Recommendation

In the opinion of the Debtor, the Plan is preferable to all other available alternatives and provides for a larger distribution to the Debtor's creditors than would otherwise result in any other scenario. Accordingly, the Debtor recommends that Holders of Claims entitled to vote on the Plan vote to accept the Plan and support Confirmation of the Plan.

Dated: ~~April 29~~May 19, 2015

Respectfully submitted,

Northwest Bancorporation of Illinois, Inc.

By: _____

Name: Alan Reasoner
Title: President

EXHIBIT A

Plan of Reorganization (with Technical Modifications)

[Exhibit Filed Elsewhere and Omitted in this Instance]

EXHIBIT B

Form of Stock Purchase Agreement

EXHIBIT C

Financial Statements

EXHIBIT D

Form of Plan Support Agreement