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17 **UNITED STATES BANKRUPTCY COURT**
18 **FOR THE DISTRICT OF ARIZONA**

19 PRM FAMILY HOLDING COMPANY,
20 L.L.C., *et al.*,

21 Debtors,

Chapter 11

Case No. 2:13:-bk-09026-SSC

(Jointly Administered)

22 This Filing Applies to:

- 23 All Debtors
24 Specified Debtors

25 **DISCLOSURE STATEMENT WITH RESPECT TO JOINT PLAN OF LIQUIDATION**
26 **OF PRM FAMILY HOLDING COMPANY, L.L.C., PURSUANT TO 11 U.S.C. § 1125**
27

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1 **I. INTRODUCTION**

2 The Official Committee of Unsecured Creditors (the “Committee”) and the Debtors
3 (collectively the “Plan Proponents”) hereby submit this disclosure statement (the “Disclosure
4 Statement”) to holders of Claims against and interests in the Debtors in connection with the
5 solicitation of acceptances of the Joint Plan of Liquidation Dated July 25, 2014, as the same may
6 be amended (the “Plan”). Unless otherwise defined herein, all capitalized terms contained herein
7 have the respective meanings assigned to them in the Plan.
8

9 This Disclosure Statement describes certain aspects of the Plan, the Debtors’ chapter 11
10 cases (the “Cases”), the Debtors’ liquidation and wind-down and the formation of the Creditor
11 Trust. The Plan proposes the following treatment: holders of allowed CNG Secured Claims,
12 allowed secured tax claims and allowed other secured claims will be paid in full. The holders of
13 allowed administrative claims will be paid with proceeds as assets of the Estates are liquidated by
14 the Creditor Trustee (“Creditor Trustee”), or as agreed between the Creditor Trustee and the
15 claim holder. Holders of allowed priority tax claims and other priority claims will be paid in
16 order of priority from the Creditor Trust (“Creditor Trust”). Allowed general unsecured claims
17 will be deemed to hold Unsecured Creditor Trust Interests and will receive pro rata distributions
18 from the Creditor Trust, and the Debtors’ equity securities will be cancelled and terminated. The
19 Plan will be funded in part by a contribution from related third parties, Provenzano Family
20 members and their respective trusts (together the “Plan Funding Source”), in exchange for an
21 acknowledgement, affirmation and ratification that the Estates and their creditors hold no claims
22 and fully release any claims (actual or contingent) against the Plan Funding Source. The Creditor
23 Trustee will be charged with: (i) pursuing claims and causes of action on behalf of the Creditor
24 Trust; (ii) analyzing and reconciling claims that have been filed against the Debtors’ Estates; and
25 (iii) making distributions on account of allowed claims in accordance with the Plan and the
26
27

1 Creditor Trust Agreement entered into with respect thereto. For a complete understanding of the
2 Plan, you should read the Disclosure Statement, the Plan and the exhibits and schedules thereto,
3 in their entirety.

4 The Plan Proponents believe that confirmation of the Plan is in the best interests of all
5 parties, including the Creditors and Estates. Accordingly, the Plan Proponents urge each Creditor
6 that is impaired hereunder, and entitled to vote with respect to the Plan, to vote to accept the Plan.
7 Detailed voting instructions are set forth in Section III.A. of this Disclosure Statement. To be
8 counted, a ballot containing your vote to accept or to reject the Plan must be received by counsel
9 to the Committee by no later than 5:00 p.m. (Central Time) on _____, 2014.

11 **NO REPRESENTATIONS CONCERNING THE DEBTORS ARE AUTHORIZED**
12 **BY THE PLAN PROPONENTS OTHER THAN AS SET FORTH IN THIS DISCLOSURE**
13 **STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE**
14 **YOUR ACCEPTANCE THAT ARE OTHER THAN AS CONTAINED IN THIS**
15 **DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN**
16 **ARRIVING AT YOUR DECISION. THE INFORMATION CONTAINED HEREIN HAS**
17 **NOT BEEN SUBJECTED TO A CERTIFIED AUDIT. HOWEVER, THE DATA IN THE**
18 **PLAN PROPONENTS' POSSESSION IS BASED ON THE RECORDS OF THE**
19 **DEBTORS. THE PLAN PROPONENTS ARE UNABLE TO WARRANT OR**
20 **REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY**
21 **INACCURACY, ALTHOUGH EFFORT HAS BEEN TAKEN TO MAKE SURE IT**
22 **FAIRLY REPRESENTS THE CURRENT POSITION OF THE ESTATES.**

25 **FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND INTERESTS, THIS**
26 **DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE**
27 **PLAN ITSELF QUALIFIES ALL SUMMARIES. IF ANY INCONSISTENCY EXISTS**

1 BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE
2 PLAN ARE CONTROLLING. SUMMARIES OF CERTAIN PROVISIONS OF
3 AGREEMENTS REFERRED TO IN THIS DISCLOSURE STATEMENT DO NOT
4 PURPORT TO BE COMPLETE, AND ARE SUBJECT TO AND QUALIFIED IN THEIR
5 ENTIRETY BY REFERENCE TO, THE FULL TEXT OF THE APPLICABLE
6 AGREEMENTS.
7

8 THIS DISCLOSURE STATEMENT IS PREPARED IN ACCORDANCE WITH
9 SECTION 1125 OF THE BANKRUPTCY CODE SO AS TO PROVIDE "ADEQUATE
10 INFORMATION" TO THE CREDITORS IN THIS PROCEEDING. CREDITORS ARE
11 URGED TO CONSULT WITH THEIR OWN INDIVIDUAL COUNSEL OR EACH
12 OTHER AND TO REVIEW ALL OF THE RECORDS HEREIN IN ORDER TO FULLY
13 UNDERSTAND THE DISCLOSURES MADE, ANY PLANS FILED HEREIN AND ANY
14 OTHER PERTINENT INFORMATION IN THIS PROCEEDING. ANY PLAN WILL BE
15 COMPLEX, ESPECIALLY SINCE IT REPRESENTS A PROPOSED LEGALLY
16 BINDING AGREEMENT, AND ANY INTELLIGENT JUDGMENT CONCERNING ANY
17 PROPOSED PLAN CANNOT BE MADE WITHOUT FULLY UNDERSTANDING THE
18 INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND THE FULL
19 COMPLEXITIES OF ANY PLAN PROPOSED HEREIN. THIS DISCLOSURE
20 STATEMENT IS NOT INTENDED TO TAKE THE PLACE OF THE PLAN. EACH
21 CREDITOR IS URGED TO STUDY THE PLAN IN FULL AND TO CONSULT ITS
22 PROFESSIONALS WITH RESPECT TO THE PLAN, ITS TAX IMPLICATION(S) AND
23 ITS EFFECT ON HIS, HER OR ITS RIGHTS.
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26 Any Creditor having questions regarding the Plan or the Disclosure Statement may
27 contact counsel for the Plan Proponents:

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fpetersen@mcrazlaw.com
Counsel for the Debtors

The cost of distributing the Plan and Disclosure Statement as well as the costs, if any, of soliciting acceptances, will be paid from property of the Estates, as defined in the Plan and as allowed by the Bankruptcy Court. The Professional Fees of the Plan Proponents' counsel are not contingent upon the acceptance of the Plan, and are payable as a cost of administration, upon Bankruptcy Court approval.

II. SUMMARY OF THE PLAN

General Overview of the Plan	
Plan	Joint Plan of Liquidation Dated July 25, 2014.
Plan Proponents	The Committee and the Debtors. The members of the Committee are: (i) Valassis; (ii) G H Dairy El Paso; (iii) All American Plastic & Packaging; (iv) Marcus Food Co.; and (v) Hidden Villa Ranch.
General Purpose	All remaining assets of the Debtors' Estates will be transferred to the Creditor Trust and will be held for the benefit of the holders of (i) Allowed Administrative Claims, Allowed Priority Tax Claims and Allowed Priority Claims (to the extent such holders have claims unpaid as of

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the Effective Date), and (ii) Allowed General Unsecured Claims. The holders of Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Priority Claims and Allowed General Unsecured Claims will participate pursuant to the priority scheme established by the Bankruptcy Court's Order. The provisions of the Creditor Trust will be implemented under the direction of the Creditor Trustee, who will be designated prior to the Confirmation Hearing.

Summary of Claims

Administrative Claims

Administrative Claims consist of two subcategories: (i) Allowed Professional Fee Claims; and (ii) Other Allowed Administrative Expense Claims.

Allowed Professional Fee Claims consist of the Allowed Administrative Claims of Professional Persons, including attorneys, accountants and financial advisors retained by the Debtors or the Committee, or to be compensated under sections 327, 328, 330, 331, 363, 503 or 1103 of the Bankruptcy Code.

Other Allowed Administrative Expense Claims consist of expenses which are or become allowed under section 503(b) of the Bankruptcy Code, other than Allowed Professional Fee Claims, which are entitled to priority under section 507(a)(2) of the Bankruptcy Code, and include: (i) any actual and necessary costs and expenses incurred by the Debtors after the Petition Date with respect to preserving the Estates and operating the Debtors' business; (ii) all fees and charges properly assessed against the Estates pursuant to 28 U.S.C. § 1930; and (iii) all Allowed Claims of Creditors as specified in section 503(b)(9) of the Bankruptcy Code ("503(b)(9) Claims").

It is expected that each holder of an Allowed Administrative Claim will be paid from the proceeds of liquidated assets by the Creditor Trust and will be deemed to hold a Creditor Trust Interest on account of its Allowed Administrative Claim.

Each holder of an Allowed 503(b)(9) Claim will receive payments as may be agreed in writing between the Creditor Trustee and the holder of the Allowed 503(b)(9) Claim. It is anticipated that any 503(b)(9) Claims held by the Plan Funding Source, or its related parties, will be waived without any payment.

The Plan Proponents estimate that as of the Confirmation Date allowed and unpaid Professional Fee claims will not exceed \$345,000 for the professionals of the Debtors and the Committee.

The Plan Proponents estimate that other unpaid allowed Administrative Expense Claims, including 503(b)(9) Claims, will not exceed \$2.4 million as of the Confirmation

<p>1</p> <p>2</p> <p>3</p>	<p>Date.</p> <p>The estimated percentage recovery of the allowed Administrative Expense Claims will be a pro rata share of estate assets or in amounts agreed by the parties.</p>
<p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p>	<p>Priority Claims (Class 1)</p> <p>Class 1 consists of all Allowed Priority Claims (other than Priority Tax Claims) that are not Secured Claims and that are entitled to priority in payment under the Bankruptcy Code. Such Claims constitute Priority Claims only to the extent allowed under sections 507(a)(4) and (5) of the Bankruptcy Code.</p> <p>Class 1 Priority Claims are impaired under the Plan. Each holder of a Class 1 Priority Claim will be deemed to hold a Creditor Trust Interest on account of its Allowed Priority Claim.</p> <p>The Plan Proponents believe that the only priority claim asserted against the Debtors is by CIGNA, which will not exceed \$400,000.00 as of the Confirmation Date, and which is disputed by the Plan Proponents. In addition, certain general unsecured creditors may have asserted Priority Claims without a valid basis, and such claims are also subject to dispute. The estimated recovery by Class 1 Priority Claims, if any, will depend upon the Creditor Trust's liquidation of remaining Estate assets, including Causes of Action.</p>
<p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p>	<p>Priority Tax Claims (Class 2)</p> <p>Class 2 Priority Tax Claims consist of Unsecured Claims of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.</p> <p>Class 2 Priority Tax Claims are impaired under the Plan. Each holder of a Class 2 Priority Tax Claim will be deemed to hold a Creditor Trust Interest on account of its Allowed Priority Tax Claim.</p> <p>Each holder of an Allowed Priority Tax Claim, to the extent unpaid as of the Effective Date, will be paid in full by the Creditor Trust and will be deemed to hold an Creditor Trust Interest on account of its Allowed Priority Tax Claim.</p> <p>The Plan Proponents estimate that Allowed Priority Tax Claims will not exceed \$523,000.00 as of the Confirmation Date.</p> <p>The recovery by Allowed Priority Tax Claimants will depend upon the Creditor Trust's liquidation of remaining Estate assets, including Causes of Action.</p>
<p>24</p> <p>25</p> <p>26</p> <p>27</p>	<p>Secured Claims (Classes 3a, 3b and 3c)</p> <p>Class 3a consists of the CNG Secured Claim.</p> <p>The CNG Secured Claim is unimpaired under the Plan. In full and complete satisfaction of Class 3a Claims, the holder of the Allowed Class 3a Claim has received the Debtors' assets securing the Class 3a Claim. CNG has waived the CNG Unsecured Claim.</p>

<p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p>	<p>Class 3b consists of Secured Tax Claims.</p> <p>The Secured Tax Claims are unimpaired under the Plan. The Creditor Trust will pay Allowed Class 3b Secured Tax Claims in full and in cash, or shall surrender the collateral securing their Claim in satisfaction of their Secured Tax Claim, on the later of: (i) as soon as practicable following the Effective Date; (ii) thirty (30) days after such claims become Allowed Secured Tax Claims; and (iii) such other time as may be agreed in writing between the Creditor Trust and the holder of the Allowed Class 3b Secured Tax Claim.</p> <p>The Plan Proponents estimate Allowed Secured Tax Claims are \$0 as of the Confirmation Date.</p> <p>The estimated Allowed Secured Tax Claims are believed to have been satisfied.</p> <p>Class 3c consists of all Other Secured Claims.</p> <p>The Other Secured Claims are unimpaired under the Plan. The Creditor Trust will pay holders of Allowed Class 3c Other Secured Claims in full and in cash, or shall surrender the collateral securing their Claim in satisfaction of their Other Secured Claim, on the later of: (i) as soon as practicable following the Effective Date; (ii) thirty (30) days after such claims become Allowed Other Secured Claims; and (iii) such other time as may be agreed in writing between the Creditor Trust and the holder of the Allowed Class 3c Other Secured Claim.</p> <p>The Plan Proponents estimate Allowed Other Secured Claims are \$0 as of the Confirmation Date.</p> <p>The Other Allowed Secured Claims are believed to previously have been paid in full.</p>
<p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p>26</p>	<p>Unsecured Claims (Class 4)</p> <p>Class 4 consists of General Unsecured Claims arising prior to the Petition Date.</p> <p>General Unsecured Claims are impaired under the Plan. Each holder of an Allowed General Unsecured Claim will be deemed to hold an Unsecured Creditor Trust Interest on account of its allowed Class 4 claim.</p> <p>At this time, the Plan Proponents are unable to determine the amounts that will be distributed to holders of General Unsecured Claims. General Unsecured Claims in the amount of approximately \$20 million have been filed by creditors or scheduled against the Debtors. However, Allowed General Unsecured Claims may be less, based on the Creditor Trustee's resolution of Avoidance Actions and claims reconciliation activities.</p> <p>The estimated percentage recovery of the Allowed General Unsecured Claims is Unknown.</p>
<p>27</p>	<p>Equity Securities (Class 5)</p> <p>Class 5 consists of the Equity Securities. The holders of the Equity Securities will not receive a distribution under the</p>

1		Plan and all Equity Securities will be cancelled and terminated.
2		The estimated percentage recovery with respect to the Equity Securities is 0%.
3		
4	Implementation of Plan	The Plan will create a Creditor Trust funded by all remaining assets in the Estate, as well as a contribution from the Plan Funding Source with a value of \$1.6 million.
5		
6	Substantive Consolidation	The Confirmation Order will contain one or more provisions substantively consolidating the Estates into the Estate of PRM Family Holding Company, L.L.C. Except as otherwise provided in the Plan, such substantive consolidation will not (other than for purposes related to the Plan) cause any Debtor to be liable under the Plan for any claim for which it otherwise is not liable, and the liability for any such claim will not be affected by such substantive consolidation. On the Confirmation Date, any intercompany claims of Debtors against any other Debtors will be extinguished and cancelled.
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12	Vesting of Assets	On the Effective Date, the assets of the Estates will be transferred to and vest in the Creditor Trust and be deemed contributed thereto, subject to the terms of the Plan.
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14	Effective Date	The Effective Date will be a date after the occurrence of: (i) the Court entering the Confirmation Order, which will be in full force and effect and will not have been vacated, amended, modified or stayed, and if it is the subject of any appeal, reconsideration or other review, no stay of the Confirmation Order will be in effect and (ii) the effectiveness of the Creditor Trust Agreement. The foregoing conditions may be waived by the Plan Proponents.
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III. VOTING AND CONFIRMATION PROCEDURES

Under the Bankruptcy Code, classes of claims that are unimpaired under a chapter 11 plan are deemed to have accepted the plan and are not entitled to vote to accept or reject the plan. Classes of claims and interests that are not entitled to receive any distribution on account of their claims or interests are deemed to have rejected the plan and are not entitled to vote to accept or reject the plan.

Under the terms of the Plan, the holders of Claims in Class 1, 2, and 4 are impaired and are entitled to vote to accept or reject the Plan.

1 the Committee, Freeborn & Peters LLP, Attention: Thomas R. Fawkes, Esq., 312.360.6000.

2 **B. Confirmation Hearing**

3 Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to
4 hold a hearing to determine whether the Plan meets the section 1129 requirements for
5 confirmation (the “*Confirmation Hearing*”). Any party-in-interest may object to confirmation of
6 the Plan. The Confirmation Hearing has been set for _____, 2014. Notice of the
7 Confirmation Hearing has, or will be, provided to all holders of claims and interests and other
8 parties-in-interest (the “*Confirmation Notice*”).
9

10 Objections, if any, to confirmation of the Plan must: (i) be in writing; (ii) state the name
11 and address of the objecting party and the nature of the claim or interest of such party; (iii) state
12 with particularity the basis and nature of any objection; and (iv) in accordance with Bankruptcy
13 Rule 3020(b)(1), be filed, together with proof of service, with the Bankruptcy Court and served
14 on the following parties so that they are received no later than 5:00 p.m. (Mountain Standard
15 Time) on _____, 2014 (the “*Objection Deadline*”), or such other date established by
16 the Plan Proponents: (a) counsel to the Committee, FREEBORN & PETERS LLP, 311 South
17 Wacker Drive, Suite 3000, Chicago, Illinois 60606-6677 (Attn: Richard S. Lauter, Esq.) and
18 SCHIAN WALKER, P.L.C., 1850 North Central Avenue, #900, Phoenix, Arizona 85004-4531
19 (Attn: Dale C. Schian, Esq.); (b) Office of the United States Trustee, 230 North First Avenue,
20 Suite 204, Phoenix, Arizona 85003 (Attn: Larry L. Watson, Esq.); and (c) counsel to CNG,
21 WINTHROP COUCHOT PROFESSIONAL CORPORATION, 660 Newport Center Dr., #400,
22 Newport Beach, California 92660 (Attn: Robert E. Opera, Esq.). **UNLESS AN OBJECTION**
23 **TO PLAN CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE**
24 **CONSIDERED BY THE BANKRUPTCY COURT.**
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1 **IV. GENERAL INFORMATION**

2 **A. Description and History of the Debtors' Business**

3 **1. The Debtors**

4 PRM Family Holding Company, L.L.C. was formed on May 12, 2010, and is owned by
5 the following: Michael A. Provenzano III Non-Grantor Trust owns a 29.8609% interest; Steven
6 R. Provenzano Non-Grantor Trust owns a 19.5639% interest; Richard S. Provenzano Non-
7 Grantor Trust owns a 19.5639% interest; Jeffrey C. Provenzano Non-Grantor Trust owns a
8 19.5639% interest; Survivor's Trust owns a 3.6896% interest; Pro's Ranch Markets Holding, Inc.
9 owns a 4.2100% interest; and Pro and Sons Holding, Inc. holds a 3.5478% interest. PRM Family
10 Holding Company, L.L.C. is the sole member of Prodigio Mercado, LLC, Pro's ABQ Ranch
11 Markets, LLC, Pro's ELP Ranch Markets, L.L.C., Pro and Son's, LLC (CA) and Pro's Ranch
12 Markets (CA), LLC. Pro's ELP Ranch Markets, L.L.C. is the sole member of Pro's ELP Ranch
13 Markets Beverage Company, L.L.C.
14

15 Prodigio Mercado, L.L.C. was formed in 2003 and operated three Pro's Ranch Markets
16 located at 5833 South Central Avenue, Phoenix, Arizona, 3223 West Indian School Road,
17 Phoenix, Arizona and 3415 West Glendale Avenue, Phoenix, Arizona.
18

19 Pro's ABQ Ranch Markets, L.L.C. was formed in 2008 and operated two Pro's Ranch
20 Markets located at 4201 Central Avenue NW, Albuquerque, New Mexico and 320 East Wyatt
21 Drive, Las Cruces, New Mexico.

22 Pro's ELP Ranch Markets, L.L.C. was formed in 2006 and operated two Pro's Ranch
23 Markets located at 703 North Zaragoza Road, El Paso, Texas and 10501 Gateway Boulevard,
24 Suite 600, El Paso, Texas.

25 Provenzano's, L.L.C. was formed in 2001 and operated four Pro's Ranch Markets located
26 at 5802 West Thomas Road, Phoenix, Arizona, 1602 Roosevelt Street, Phoenix, Arizona, 6730
27

1 West Camelback Road, Phoenix, Arizona and 1118 E. Southern Avenue, Mesa, Arizona.

2 Pro & Son's, L.L.C. (formerly Pro & Son's, Inc. formed in 1997) was formed in 2010 and
3 hold title to intellectual property and related rights (tangible and intangible) owned by the
4 Debtors.

5 Pro's Ranch Markets (CA), L.L.C. (formerly Pro's Ranch Market, Inc. formed in 1997)
6 was formed in 2010 and was the central paymaster, manager, internal wholesaler, overseer of
7 trucking and distribution, payor of all APS and provider of employees to all of the Debtors'
8 stores.
9

10 **2. The Debtors' Business Operations**

11 Since 1982, the Debtors have operated grocery stores commonly known as Pro's Ranch
12 Markets, catering to a variety of ethnically diverse customers and Hispanic shoppers in the
13 Southwest. There were seven stores located in the Phoenix, Arizona area, one store located in
14 Albuquerque, New Mexico, one store located in Las Cruces, New Mexico and two stores located
15 in El Paso, Texas. In addition, there was a warehouse and distribution facility in Phoenix, an
16 office and distribution facility in Glendale, Arizona and a warehouse facility in Ontario,
17 California.
18

19 Collectively, the Debtors employed approximately 2,274 full and part time employees.
20 The employees performed a variety of critical functions related to the operation of the Debtors'
21 business. The Debtors' weekly payroll was approximately \$750,000.

22 **B. The Pre-Petition Secured Indebtedness**

23 **1. Bank of America**

24 Pursuant to an Amended and Restated Credit Agreement dated July 1, 2011 (the "*Credit*
25 *Agreement*"), Bank of America, N.A. ("*BofA*") and Grocers Capital Company ("*GCC*") agreed to
26 provide a secured credit facility to the Debtors. Pursuant to the Credit Agreement, BofA provided
27

1 a “Revolving Credit Facility” in the amount of \$40,000,000 and GCC provided a “Term B
2 Facility” in the amount of \$5,000,000.

3 In conjunction with the Credit Agreement, Pro and Sons Holding, Inc., Pro’s Ranch
4 Markets Holding, Inc., Michael A. Provenzano, Jr., individually and as trustee of the Survivor’s
5 Trust of the Provenzano Family Trust, Michael A. Provenzano, III, individually and as trustee of
6 the MAP III 2003 Grantor Trust and the MAP III 2003 Non-Grantor Trust, Steven R.
7 Provenzano, individually and as trustee of the SRP 2003 Grantor Trust and the SRP 2003 Non-
8 Grantor Trust, Richard S. Provenzano, individually and as trustee of the RSP 2003 Grantor Trust
9 and the RSP 2003 Non-Grantor Trust and Jeffrey C. Provenzano, individually and as trustee of
10 the JCP 2003 Grantor Trust and the JCP 2003 Non-Grantor Trust (collectively, the “*Guarantors*”)
11 guaranteed all loan obligations under the Amended and Restated Credit Agreement.
12

13 Subsequently, the Debtors, BofA and GCC entered into two series of amendments to the
14 Credit Agreement, pursuant to which BofA and GCC waived certain events of default and
15 amended and extended the Credit Agreement.
16

17 In connection with the amendments, the Guarantors entered into reaffirmations of their
18 continuing guaranties.

19 The Debtors, BofA and GCC entered into forbearance agreements (the “*Forbearance*
20 *Agreements*”) on September 30, 2012 and October 17, 2012. Pursuant to the Forbearance
21 Agreements, BofA and GCC agreed to forbear with respect to certain events of default and
22 amended the Credit Agreement.
23

24 In connection with the Forbearance Agreements, the Guarantors entered into further
25 reaffirmations of their continuing guaranties.

26 In connection with the Credit Agreement, the Debtors granted BofA and GCC a first
27 priority security interest in substantially all of the Debtors’ collateral, excepting certain of the

1 Debtors' assets, including (i) the Debtors' leasehold interests, and fixtures located, on the real
2 property from which they operate; (ii) deposit accounts not held with BofA; or (iii) the Debtors'
3 certificated vehicles and rolling stock (collectively, the "*BofA Collateral*"). In addition, Pro and
4 Son's, LLC granted BofA a security interest in its trademarks.

5
6 Further, a Pledge Agreement was entered into on July 1, 2011, pursuant to which the
7 Debtors' membership interests (but not the membership interests in PRM Family Holding
8 Company, LLC) were pledged to BofA.

9 **2. Unified Grocers, Inc.**

10 Pro's Ranch Market (CA), LLC was a shareholder of Unified Grocers, Inc. ("*Unified*
11 *Grocers*"). Unified Grocers provides merchandise to the Debtors pursuant to a Supply
12 Agreement (terminated pre-petition). The Debtors owed Unified Grocers approximately \$6.3
13 million as of the petition date for goods sold to the Debtors. In addition, a subsidiary of Unified
14 Grocers, Grocers Capital Company ("*GCC*") lent the Debtors pursuant to a Loan Agreement
15 approximately \$8.3 million, secured by a collateral interest in the Debtors' assets, subordinate to
16 the Credit Agreement with BofA. The debt owed by the Debtors to GCC was part of the Credit
17 Agreement discussed above. GCC's collateral was the Debtors' Class A, Class B and Class E
18 shares in the Unified Grocers cooperative, deposits with Unified Grocers and accrued patronage
19 or dairy dividends. Pursuant to the Credit Agreement, GCC had a second position lien on the
20 BofA Collateral, though it had no equity beyond BofA's senior Lien.

21
22 **3. 97531 Lending, LLC**

23
24 On or about May 24, 2013, 97531 Lending, LLC ("*97531*") provided \$100,000 pursuant
25 to its loan agreement with the aforementioned Debtors. The Debtors repaid 97531 in full from
26 the proceeds of the CNG DIP Loan, discussed below.

1 proceedings against the Debtors and all acts to obtain property from the Debtors were stayed
2 under section 362 of the Bankruptcy Code.

3 **A. Relevant Chapter 11 Filings**

4 **1.** The Debtors filed various motions and applications on the first day of these
5 Cases, including, among other things: (i) joint administration of the Cases; (ii) authority to
6 continue using the Debtors' existing cash management system; (iii) authorization to pay certain
7 pre-petition compensation and benefits owed to the Debtors' employees; (iv); authorization to
8 establish procedures to determine PACA and PASA Claims; and (v) authorization to provide
9 utilities with adequate assurance. All of these first-day motions were approved by the Bankruptcy
10 Court.
11

12 **2. Retention of Professionals.** The Court appointed to represent the Debtors:
13 (i) Mesch, Clark & Rothschild, P.C. as bankruptcy counsel; (ii) HS Capital Partners (formerly HG
14 Capital Partners), as financial advisor; (iii) Gursej Schneider, as accountants; (iv) Landegger,
15 Baron, Lavenant & Ingber, as special counsel; (v) The Cavanagh Law Firm, as special
16 immigration and labor counsel; and (vi) Arizona Liquor Industry Consultants, as liquor license
17 broker.
18

19 **3. Schedules and Statements.** Each of the Debtors' Schedules of Assets and
20 Liabilities and Statement of Financial Affairs were submitted and filed with the Bankruptcy Court
21 on June 20, 2013 (as may have been amended, the "*Schedules and Statements*"). The meeting of
22 creditors under section 341(a) of the Bankruptcy Code was held on July 9, 2013, in Phoenix,
23 Arizona, at which representatives of the Debtors were questioned by creditors, creditors'
24 representatives and a representative from the Office of the United States Trustee. Creditors are
25 expressly referred to the Debtors' Schedules and Statements, as amended from time to time as
26 necessary, on file in these proceedings for the purpose of becoming fully informed as to the
27

1 assets, liabilities and financial affairs of the Debtors as of the Petition Date.

2 **4. Debtors' Motion to Obtain Post-Petition Financing Pursuant to 11**
3 **U.S.C. §364(b) (DE 142)**

4 On July 10, 2013, the Debtors filed a motion seeking the authority to borrow \$1,000,000
5 from Michael A. Provenzano, Jr., Michael A. Provenzano, III, and Richard S. Provenzano (the
6 "*Provenzano 364 Motion*"), which funds were to be earmarked for the payment of the Debtors'
7 Allowed Administrative Professional Fees. On October 31, 2013, a Notice of Term Sheet was
8 filed on the record (Docket No. 549). A stipulation to allow the Debtors to hold these funds as a
9 new value contribution from Michael A. Provenzano, Jr., Michael A. Provenzano, III, and
10 Richard S. Provenzano was entered into on the record at the hearing held on November 13, 2013
11 (Docket No. 609).

12
13 While certain interested parties negotiated the form of order for the Provenzano 364
14 Motion, the Debtors began settlement discussions with its lenders, the Committee, and other
15 interested parties as discussed below. The case changed from the Debtors seeking to reorganize
16 to the Debtors moving forward on a sale of substantially all of its assets pursuant to 11 U.S.C.
17 §363. The Provenzano 364 Motion, while approved by the Court, never resulted in a signed order.

18 **5. Motion To Use Cash Collateral, the Debtors' Chapter 11 Plan, the**
19 **Trustee Motion and Global Settlement.**

20 **a.** The Bankruptcy Court entered several orders authorizing the use of
21 cash collateral by the Debtors so as to allow the continued operation of their business (Docket
22 Nos. 35, 63, 103, 106, 260, 325, 478, 520, 619, 828). Pursuant to the Docket No. 828, the
23 Debtors were authorized to use the cash collateral of CNG (the successor in interest to BofA, See
24 Section 6 below) through March 2, 2014.

25
26 **b.** On September 23, 2013, the Debtors filed their *Joint Plan of*
27 *Reorganization* (Docket No. 382) (the "*Initial Plan*") and accompanying Disclosure Statement

1 with the Bankruptcy Court. The Initial Plan contemplated a reorganization of the Debtors
2 through a recasting of the BofA indebtedness to the amount of the BofA Collateral and a
3 substantial new value capital raise from the Guarantors and from new third-party investors.

4 c. Starting on November 5, 2013, the Debtors, BofA, GCC and the
5 Committee participated in a mediation conducted by Susan Boswell, an attorney with the law firm
6 of Quarles & Brady LLP. During the mediation, CNG was identified as a potential purchaser for
7 the Debtors' assets, and the mediation parties invested substantial time and resources crafting a
8 global settlement that would entail (i) CNG's purchase of BofA's note; (ii) CNG's purchase of
9 substantially all of the Debtors' assets in a private sale transaction through a credit bid and a
10 substantial infusion of cash to satisfy the Debtors' administrative expenses; (iii) the waiver of
11 certain claims by GCC; and (iv) mutual releases by and between CNG and the Guarantors.

12 d. This global settlement was effectuated through the Bankruptcy
13 Court's approval of three motions: (i) the Debtors' *Motion for Order (A) Authorizing the Private*
14 *Sale of Substantially All Assets Free and Clear; and (B) Authorizing Assumption and Assignment*
15 *of Executory Contracts and Unexpired Leases* (Docket No. 666) (the "*CNG Sale Motion*"); (ii)
16 the Debtors' *Motion for Emergency Order: (A) Approving a Settlement Under Rule 9019; (B)*
17 *Approving, a Stipulation Allowing Secured Claims and the Validity, Priority and Enforceability*
18 *of Liens Under Section 502* (Docket No. 667) (the "*Settlement Motion*"); and (iii) the Debtors'
19 *Motion To Obtain Emergency and Further Post-Petition Financing Pursuant to 11 U.S.C. §*
20 *364(c) and 11 U.S.C. § 105* (Docket No. 668) (the "*CNG DIP Motion*").

21 **6. CNG Sale Motion.**

22 a. On January 24, 2014, the Court approved the CNG Sale Motion.
23 Pursuant to the CNG Sale Motion, the Debtors sold substantially all of their assets to CNG in a
24 private sale transaction, pursuant to an Asset Purchase Agreement (the "*CNG Asset Purchase*
25
26
27

1 *Agreement*”) for an aggregate price of \$53.6 million (consisting of a credit bid of \$39.6 million
2 and a cash contribution of \$14 million to the Debtors (the “*Plan Fund*”). The assets sold
3 pursuant to the *Motion for Order Authorizing the Private Sale of Sustainably all of the Assets*
4 *Free and Clear . . .* (Docket No. 666) specifically included “causes of action arising under
5 Chapter 5 of the Bankruptcy Code against Bank of America or its successor, the Debtors and their
6 Guarantors, including those arising under their loan documents, notes and security instruments.”
7 (pg. 10) The Plan Fund (in addition to the Plan Funding Source and the liquidation of other
8 Estate assets by the Creditor Trust) will allow payment of creditors according to the priority set
9 forth in this Plan and the Bankruptcy Code.

11 **b.** The CNG Sale Motion also resolved the Debtors’ outstanding
12 issues with their largest unsecured creditor, Unified Grocers/GCC.

13 **c.** The CNG Sale Motion assigned all claims against any insiders
14 pursuant to 11 U.S.C. §547 or 11 U.S.C. §548 to CNG. CNG waived and agreed not to pursue
15 any such claims at the time of the closing of the Sale.

17 **d.** A hearing on the CNG Sale Motion took place on January 28, 2014,
18 pursuant to which the Bankruptcy Court granted the CNG Sale Motion, approving the private sale
19 of the Debtors’ assets to CNG. The CNG sale transaction closed on February 10, 2014.

20 **e.** Although the sale closed on February 10, 2014, the Debtors still
21 needed to resolve several outstanding issues regarding secured claims, inventory, PACA, and tax
22 issues to finalize the sale before CNG would allow the release of all sale funds from escrow.

23 **f.** The Debtors made payments of approximately \$6,000,000 to all
24 allowed PACA claims directly from escrow.

25 **g.** Beginning on March 6, 2014 and continuing through the date of this
26 Disclosure Statement, CNG has been releasing escrow funds to the Debtors. As of the date of this
27

1 Disclosure Statement, approximately \$100,000 remains in the escrow account, and the Debtors
2 estimate that approximately \$40,000 of these escrow funds will ultimately be released to the
3 Debtors.

4 **h.** It was originally estimated that post-closing, after payment of
5 certain closing costs and other administrative expenses, approximately \$4.75 million would
6 remain for distribution to holders of 503(b)(9) Claims and General Unsecured Claims. However,
7 the Asset Purchase Agreement between CNG and the Debtors provided for certain purchase price
8 adjustments based on, *inter alia*, the Debtors' inventories and cash holdings as of the closing date.
9 At closing, it was determined that there were significant deviations between anticipated and
10 actual inventory and cash holdings at closing, as well as unanticipated additional postpetition
11 accounts payable, which resulted in an effective reduction in the net sale proceeds of
12 approximately \$5.6 million. In order to equalize the shortfall, the Provenzano family obtained a
13 loan from CNG of approximately \$2.4 million, and has agreed to make an additional contribution
14 to the estates, pursuant to the Plan, of \$1.6 million. The remaining portion of the shortfall is
15 anticipated to be made up from negotiated adjustments on post-petition and 503(b)(9) Claims.
16
17

18 **7. CNG DIP Motion.**

19 **a.** On February 27, 2014, the Court entered its *Final Order*
20 *Authorizing Post-Petition Financing Pursuant to 11 U.S.C. § 364(c) and 11 U.S.C. § 105* (Docket
21 No. 966), granting the CNG DIP Motion and approving the CNG DIP Loan. The CNG DIP Loan
22 has been paid in full from the proceeds of the sale.

23 **B. Committee Participation in the Cases**

24 Pursuant to section 1102(a) of the Bankruptcy Code, on July 2, 2013, the U.S. Trustee
25 appointed the Committee, which is comprised of the following Creditors: (i) Valassis; (ii) G H
26 Dairy El Paso; (iii) All American Plastic & Packaging; (iv) Marcus Food Co.; and (v) Hidden
27

1 Villa Ranch. The Committee retained Freeborn & Peters LLP as its counsel, Schian Walker,
2 P.L.C. as its local counsel and O’Keefe & Associates Consulting, LLC as its financial advisor.

3 Since the appointment of the Committee, the Committee has taken an active role in the
4 Debtors’ Cases. Consistent with its duties under section 1103 of the Bankruptcy Code, the
5 Committee: (i) consulted with the Debtors on the administration of the Cases; (ii) investigated the
6 validity, priority and extent of the liens and security interests of BofA and Unified Grocers/GCC
7 in the Debtors’ assets; (iii) investigated the acts, conduct, assets, liabilities and financial condition
8 of the Debtors, the operation of their business and matters relevant to the Cases; (iv) contributed
9 substantially with respect to the reconciliation of PACA and PASA Claims; (v) participated in the
10 multi-party mediation and contributed to the formulation and execution of the global settlement;
11 and (vi) drafted and formulated the Plan and this Disclosure Statement.
12

13 VI. FINANCIAL INFORMATION

14 A. Assets

15 The Plan Proponents believe that the following assets, each of which will either be used to
16 fund payments to be made under the Plan on the Effective Date or transferred to the Creditor
17 Trust no later than seven (7) days after the Effective Date, will be available to fund distributions
18 to Creditors in accordance with the Plan and the Creditor Trust Agreement:
19

20 1. **Cash Held by the Debtors.** The Debtors are currently holding Cash in the
21 approximate amount of \$235,000.00. The Cash will be used by the Creditor Trust to make
22 distributions to holders of Allowed Claim according to their respective priorities under the Plan.
23 In addition, on or before the Effective Date, the Plan Funding Source will make, or cause to be
24 made, directly or indirectly, a contribution (comprised of cash, post-petition loans to the estate,
25 and acquired administrative priority claims based on the cost of acquiring such claims, rather than
26 the face value of such claims) with a value of \$1,600,000 to the Creditor Trust, to be used to
27

1 satisfy administrative expense claims or for distribution to the beneficiaries of the Creditor Trust.

2 **2. Avoidance Actions Against Non-Insiders.** The Committee believes that
3 the Creditor Trustee may be able to pursue claims against recipients of preferential transfers made
4 in the ninety (90) days prior to the commencement of these Cases under section 547(b) of the
5 Bankruptcy Code (the “*Avoidance Actions*”). Pursuant to the Debtors’ Schedules and Statements,
6 the Debtors made approximately \$51 million in transfers to non-Insiders in the ninety (90) days
7 prior to the Petition Date, some of which may be preferential transfers. While the Committee has
8 not fully analyzed potential preference claims that may be brought by the Creditor Trustee, the
9 proceeds of any recoveries with respect to claims would be earmarked for distributions under the
10 Plan and the Creditor Trust Agreement. As noted above, all pre-petition claims against Insiders,
11 including avoidance actions, were transferred to CNG as part of the sale. Such claims are not
12 assets of the Estate, nor available to fund a recovery to any creditor.
13

14 **3. Class Action Claims Held by Estates**

15 The Creditor Trust will pursue claims held by the Estates in several class action lawsuits.
16 These class claims which the Creditor Trust will hold include claims against Visa/MasterCard,
17 and for price-fixing in the tomato, potato, chocolate, and information technology industries. Such
18 claims may be worthless or may provide recovery of millions of dollars for the Creditor Trust and
19 its beneficiaries. Since certain of these claims, such as the Visa/MasterCard claims, trade in a
20 secondary market, the Creditor Trust will evaluate the value of these claims and determine the
21 best course of disposition for these claims.
22

23 **4. Other Causes of Action**

24 The Creditor Trustee may have additional causes of action against third parties that are
25 unknown at this time. The Creditor Trustee will be empowered to investigate the Debtors’
26 relationship with such other third parties for the purpose of evaluating potential additional
27

1 litigation claims. The proceeds of any litigation against third parties, or any other beneficial result
2 from the settlement of such litigation, would also be earmarked for distribution to holders of
3 Allowed Claims under the Plan and the Creditor Trust Agreement. As noted above, all pre-
4 petition claims against Insiders, including avoidance actions, were transferred to CNG as part of
5 the sale. Such claims are not assets of the Estate, nor available to fund a recovery to any creditor.
6

7 **B. Liabilities**

8 **1. Secured Claims**

9 As noted above, the CNG Secured Claim has been satisfied by CNG's purchase of the
10 Debtors' assets pursuant to the CNG Asset Purchase Agreement. The CNG Unsecured Claim has
11 been waived.

12 **2. Administrative Claims**

13 **a. Debtors' Professionals.** As of the anticipated Confirmation Date,
14 the Debtors' Professionals estimate that they will be owed approximately \$120,000 for counsel,
15 and \$50,000 for their financial advisor, with respect to accrued but unpaid Professional Fee
16 Claims.
17

18 **b. Committee's Professionals.** As of the anticipated Confirmation
19 Date, the Committee's Professionals estimate that they will be owed approximately \$175,000
20 with respect to accrued but unpaid Professional Fee Claims.

21 **c. Other Administrative Expense Claims.** Other administrative
22 expense claims (including 503(b)(9) Claims) are estimated to be \$2.4 million on the Effective
23 Date.
24

25 **3. Priority Claims**

26 **a. Claims of Governmental Unit Taxing Bodies.** The Plan
27 Proponents believe that Priority Tax Claims are in the approximate amount of \$400,000.

1 **b. Other Priority Claims.** The Plan Proponents believe that non-tax
2 priority claims against the Debtors are in the approximate amount of \$523,000. This figure is
3 subject to further reconciliation or other adjustment by the Debtors, the Committee or the Creditor
4 Trustee.

5 **4. Unsecured Claims.**

6 **a. General Unsecured Claims.** General Unsecured Claims in Class 4
7 total approximately \$20 million, based upon the Schedules and Statements and the proofs of
8 claim filed. However, Allowed Unsecured Claims may ultimately be less than this estimated
9 amount, based on resolution of Avoidance Actions and claims reconciliation by the Creditor
10 Trustee.

11 **5. Equity Securities.**

12 This class of interests consists of the Debtors' Equity Securities.

13 **VII. PLAN OF LIQUIDATION**

14 **A. Objectives of the Plan**

15 The primary objectives of the Plan are to: (i) transfer the remaining Estates' assets to the
16 Creditor Trust, which will be charged with liquidating them, reconciling claims, prosecuting
17 Avoidance Actions and other causes of action for the benefit of Creditors and making
18 distributions to Creditors; and (ii) maximize value to all Creditor groups on a fair and equitable
19 basis under the priorities established by the Bankruptcy Code and applicable law.

20 The Plan Proponents believe that the Plan provides holders of Allowed Claims with a
21 more timely recovery of not less than the recovery they would receive without approval of the
22 Plan, or upon conversion of these cases to a chapter 7 liquidation.

23 The statements contained in this Disclosure Statement include summaries of the
24 provisions contained in the Plan and in documents referred to therein. The statements contained in
25

1 this Disclosure Statement do not purport to be precise or complete statements of all the terms and
2 provisions of the Plan or documents referred to therein, and reference is made to the Plan and to
3 such documents for the full and complete statements of such terms and provisions.

4 The Plan itself and the documents referred to therein control the actual treatment of claims
5 against and interests in the Debtors, and will be binding upon all holders of claims against and
6 interests in the Debtors upon the Confirmation Date. In the event of any conflict between this
7 Disclosure Statement, on the one hand, and the Plan or any other operative document, on the
8 other hand, the terms of the Plan and such other operative documents, including, without
9 limitation, the Creditor Trust Agreement, are controlling.

11 **B. Means of Implementation of the Plan**

12 **1. Substantive Consolidation.**

13 **a. Claims.** The Confirmation Order will contain one or more
14 provisions substantively consolidating the Estates into the Estate of PRM Family Holding
15 Company, L.L.C. Upon the Effective Date, and except as otherwise provided in the Plan: (i) any
16 obligation of any Debtor and all guaranties thereof executed by another Debtor or Debtors will be
17 treated as a single obligation and any obligation of two or more Debtors, and all multiple Claims
18 against such entities on account of such joint obligations, will be treated and allowed only as a
19 single Claim against the consolidated Debtors; and (ii) each Claim against any Debtor will be
20 deemed filed against the consolidated Debtors and will be deemed a single Claim against and a
21 single obligation of the consolidated Debtors. Except as set forth in the Plan, such substantive
22 consolidation will not (other than for purposes related to the Plan) cause any Debtor to be liable
23 under the Plan for any Claim for which it otherwise is not liable, and the liability for any such
24 Claim will not be affected by such substantive consolidation. On the Confirmation Date, the
25 Intercompany Claims of Debtors against any other Debtors will be extinguished and cancelled.

1 **b.** A creditor’s vote to accept the Plan will be deemed such creditor’s
2 agreement to accept, as consideration for any and all allowed claims against any and all Debtors,
3 the treatment specified in the Plan and, the treatment of such creditor’s claim pursuant to the Plan
4 on a non-substantive consolidation basis.

5 **c. Non-Effect.** The substantive consolidation effected pursuant to the
6 Plan will not affect (other than for purposes related to funding distributions under the Plan): (i)
7 the legal and organizational structure of the Debtors; (ii) defenses to any causes of action
8 (including Avoidance Actions) or requirements for any third party to establish mutuality to assert
9 a right of setoff; and (iii) distributions out of any insurance policies or proceeds of such policies.

11 **2. Vesting of Assets.** On the Effective Date, the assets of the Estates
12 (including, without limitation, the contribution from the Plan Funding Source, the Plan Fund and
13 all causes of action) will be transferred to and vest in the Creditor Trust and be deemed
14 contributed thereto, subject to the terms of the Plan. All property held in the Creditor Trust for
15 distribution pursuant to the Plan will be held solely in trust for the holders of Allowed
16 Administrative Claims, Class 1 Claims, Class 2 Claims, and Class 4 Claims and will not be
17 deemed property of the Debtors.

19 **3. Creditor Advisory Board.** Prior to the Effective Date, the Committee will
20 select three (3) Creditors to serve on an advisory board (the “*Creditor Advisory Board*”). The
21 duties of the Creditor Advisory Board shall be: (a) to select a successor Creditor Trustee in the
22 event that the initial Creditor Trustee needs or is required to resign or is unable to complete its
23 duties as Creditor Trustee; (b) to advise the Creditor Trustee with respect to his or her duties,
24 including the reconciliation of claims, distributions to beneficiaries of the Creditor Trust and
25 Avoidance Actions; and (c) to file any necessary pleadings with the Bankruptcy Court
26 challenging any actions of the Creditor Trustee as permitted under the Creditor Trust Agreement.
27

1 The Creditor Trustee shall provide the Creditor Advisory Board with any Quarterly Reports.

2
3 **4. Cancellation of Equity Securities.** On the Effective Date, all of the equity
4 securities in the Debtors will be and are deemed to be cancelled and of no further force, whether
5 surrendered or not. Upon receipt by the Debtors (or the Creditor Trust) of the Plan Funding
6 Contribution with a value of \$1.6 million from the Plan Funding Source, the Guarantor Release
7 Parties are fully and forever released from any claims or causes of action held by the Debtors and
8 the Creditor Trust.
9

10 **5. Creditor Trust Asset Administration.** The Creditor Trustee will
11 administer the Creditor Trust assets pursuant to the Plan and the Creditor Trust Agreement from
12 and after the Effective Date.

13 **6. Conditions to Confirmation.** The Confirmation Order must be reasonably
14 acceptable in form and substance to the Plan Proponents.
15

16 **7. Conditions to Effective Date.** The following are conditions precedent to
17 the occurrence of the Effective Date, unless waived in writing by the Plan Proponents: (i) the
18 Confirmation Order will be a final order and no stay will be in effect with respect thereto, and (ii)
19 the effectiveness of the Creditor Trust Agreement.

20 **8. Administrative Claims Bar Date.** Notwithstanding anything to the
21 contrary or alternative provided by prior orders of the Bankruptcy Court regarding allowance or
22 payment of Professional Fee Claims, all Persons requesting payment of Administrative Claims
23 (Professional Fee Claims or Other Administrative Expense Claims) shall file applications for
24 payment no later than sixty (60) days after the Effective Date of the Plan. Objections to such
25 applications for payment, if any, must be written, filed with the Bankruptcy Court and served on
26 the applicable parties within twenty-one (21) days after the filing deadline. Any Administrative
27

1 Claims for which applications are not timely filed in accordance herewith will be deemed
2 discharged and barred from being asserted against the Debtors; provided, however, that,
3 previously approved or Allowed applications for Administrative Claims do not need to be re-
4 filed, other than the filing of a final fee application with respect to Professional Fee Claims which
5 an interim fee application has been filed; and provided, further, however, that no 503(b)(9)
6 Claims filed after September 27, 2013 (the date by which 503(b)(9) Claims were required to be
7 filed in these cases pursuant to the *Order Establishing Bar Date To File Claims and Establishing*
8 *Procedures for § 503(b)(9) Claims* (Docket No. 305) will be allowed.

10 **9. Termination of Committee.** The Committee will terminate automatically
11 upon the Effective Date. Upon termination of the Committee, the Committee will be dissolved
12 and its members shall be deemed released of their duties and responsibilities in connection with
13 the cases or the plan and its implementation, and the retention or employment of the Committee's
14 counsel will terminate, except for ministerial duties or any duties imposed pursuant to the Plan
15 (including, without limitation, filing applications for allowance and payment of Claims for
16 professional fees).

18 **10. Case Administration.** From and after the Effective Date and continuing
19 through the date that a final decree closing the cases is entered, the Creditor Trustee will possess
20 the rights of the Debtors for all matters arising in, arising under or related to the cases. In addition
21 to, and without limiting the generality of the foregoing, for all matters arising in, arising under or
22 related to the cases, the Creditor Trustee will: (i) have the right to appear and be heard on matters
23 brought before the Bankruptcy Court or other courts of competent jurisdiction; (ii) access to the
24 records of, or related to, the Debtors (without limitation, but shall be responsible to pay any actual
25 cost related to accessing such records); (iii) be entitled to notice and opportunity for hearing;
26 (iv) be entitled to participate in all matters brought before the Bankruptcy Court, including, but
27

1 not limited to, adversary proceedings; (v) have exclusive standing to commence Avoidance
2 Actions and other causes of action; (vi) be entitled to request the Bankruptcy Court to enter a final
3 decree closing the Cases; and (vii) be entitled to receive notice of all applications, motions and
4 other papers and pleadings set before the Bankruptcy Court in these Cases.

5
6 **11. Filing of Additional Documents.** The Creditor Trustee may file with the
7 Bankruptcy Court such agreements and other documents as may be necessary or appropriate to
8 effectuate and further evidence the terms and conditions of the Plan.

9 **12. Creditor Trust Professionals.** Upon the Effective Date, the Creditor
10 Trustee may retain such professionals as it may deem necessary to effectuate the Plan and the
11 Creditor Trust Agreement. The professionals retained by the Creditor Trustee are not required to
12 be “disinterested” as that term is defined in the Bankruptcy Code and may include, without
13 limitation, counsel and financial advisors of any party in the cases. The Creditor Trustee’s
14 retention of any such Professionals is deemed not to pose any conflict of interest, and no conflict
15 will exist by virtue of the filing of applications by professional persons for allowance of
16 administrative claims.
17

18 **13. INJUNCTION.** EXCEPT AS OTHERWISE PROVIDED IN THE PLAN
19 OR THE CONFIRMATION ORDER, ON AND AFTER THE CONFIRMATION DATE,
20 EXCEPT AS OTHERWISE SET FORTH IN THE PLAN, ALL PERSONS AND ENTITIES
21 WHO HAVE HELD, HOLD OR MAY HOLD LIENS, CLAIMS OR INTERESTS IN OR
22 AGAINST THE DEBTORS OR ANY OF THE DEBTORS ARE, WITH RESPECT TO OR ON
23 ACCOUNT OF ANY SUCH LIENS, CLAIMS OR INTERESTS, PERMANENTLY ENJOINED
24 FROM TAKING ANY ACTION AGAINST OR AFFECTING THE DEBTORS OR ANY OF
25 THEM OR THE CREDITOR TRUST OR ANY OF THEIR RESPECTIVE PROPERTY,
26 DIRECT OR INDIRECT TRANSFEREES, DIRECT OR INDIRECT SUCCESSORS IN
27

1 INTEREST, REPRESENTATIVES, AGENTS, OR PROFESSIONALS: (I) COMMENCING,
2 CONDUCTING OR CONTINUING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY
3 SUIT, ACTION OR OTHER PROCEEDING OF ANY KIND (INCLUDING, WITHOUT
4 LIMITATION, ANY PROCEEDING IN A JUDICIAL, ARBITRAL, ADMINISTRATIVE OR
5 OTHER FORUM); (II) ENFORCING AGAINST, LEVYING UPON OR ATTACHING
6 (INCLUDING, WITHOUT LIMITATION, ANY PRE-JUDGMENT ATTACHMENT); (III)
7 ENFORCING, LEVYING, ATTACHING (INCLUDING, WITHOUT LIMITATION, ANY
8 PRE-JUDGMENT ATTACHMENT), COLLECTING OR OTHERWISE RECOVERING BY
9 ANY MANNER OR MEANS WHETHER DIRECTLY OR INDIRECTLY, OF ANY
10 JUDGMENT, AWARD, DECREE, CLAIM OR ORDER; (IV) CREATING, PERFECTING OR
11 OTHERWISE ENFORCING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY
12 LIENS, CLAIMS OR INTERESTS OF ANY KIND; (V) OTHER THAN AS OTHERWISE
13 EXPRESSLY PROVIDED FOR IN THE PLAN, ASSERTING ANY RIGHT OF SETOFF,
14 SUBORDINATION OR RECOUPMENT OF ANY KIND, DIRECTLY OR INDIRECTLY,
15 AGAINST ANY OBLIGATION; AND (VI) TAKING ANY ACTIONS IN ANY PLACE AND
16 IN ANY MANNER WHATSOEVER THAT DO NOT CONFORM TO OR COMPLY WITH
17 THE PROVISIONS OF THE PLAN.
18
19

20 **14. Discharge.** Upon the Effective Date, any Person that has or could have had
21 a Claim that arose prior to the Confirmation Date shall be deemed to have forever waived,
22 released and discharged the Debtors, and each of them, from any and all Claims, rights and
23 liabilities. On the Effective Date, all such Persons shall be forever precluded and enjoined,
24 pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such enjoined
25 Claim against the Debtors, or any of them, or the Creditor Trust.
26

27 **15. Exculpation and Limitation of Liability.** Neither the Committee, the

1 Debtors, the Creditor Trust, nor any of their respective members, officers, directors, shareholders,
2 employees, advisors, attorneys or agents or representatives acting in such capacity, will have or
3 incur any liability to, or be subject to any right of action by, any Person or entity, for any act or
4 omission in connection with, relating to or arising out of, the Cases or the pursuit of confirmation
5 of the Plan, except to the extent arising out of fraud, willful misconduct or gross negligence, and
6 in all respects will be entitled to rely reasonably upon the advice of counsel with respect to their
7 duties and responsibilities under the Plan.
8

9 **16. Channeling Injunction for Insiders. In exchange for funding**
10 **approximately \$2.4 million for an inventory shortage required to close the CNG sale,**
11 **satisfying the claims of Unified Grocers/GCC and affiliates by making payments and**
12 **obligating themselves to a \$7 million note, and making, or causing to make, directly or**
13 **indirectly an additional contribution (comprised of cash, forgiveness of post-petition loans**
14 **to the Estate, and the forgiveness of administrative claims against the Debtors purchased**
15 **post-petition) in an amount of \$1,600,000 (calculated using the purchase price of claims,**
16 **rather than the face amount of such claims); (i) each holder of any claim against the**
17 **Debtors, or any of them, shall be deemed to unconditionally and forever look to the**
18 **Creditor Trust in full satisfaction of such claims, obligations, suits, judgments, damages,**
19 **demands, debts, rights, causes of action and liabilities whatsoever whether liquidated or**
20 **unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or**
21 **unforeseen, then existing or thereafter arising, in law, equity or otherwise, that are based in**
22 **whole or part on any act, omission, transaction, event, or other occurrence taking place on**
23 **or prior to the Effective Date against the Debtors, or any of them, their equity security**
24 **holders, the Guarantors of any of the Debtors' obligations, MAPS Acquisition Enterprises,**
25 **LLC and all of the above parties' respective members, managers, trustees, beneficiaries,**
26
27

1 **officers, directors, shareholders, affiliates, professionals, employees, agents assigns and**
2 **successors (collectively the “Guarantor Released Parties”).**

3 **17. Quarterly Reports.** The Creditor Trustee will prepare and file with the
4 Bankruptcy Court a report (each a “*Quarterly Report*”) within thirty (30) days after the
5 conclusion of every calendar quarter setting forth: (i) all distributions to Creditors during the
6 calendar quarter; (ii) a summary of the Creditor Trust deposits and disbursements during the
7 calendar quarter; and (iii) a summary of the Creditor Trust Assets. As used in this section,
8 “calendar quarter” will mean a three month period of time, and the first calendar quarter will
9 commence on the first day of the first month immediately following the occurrence of the
10 Effective Date.

12 **VIII. STATUS AND EXISTENCE OF EXECUTORY**

13 **CONTRACTS AND OTHER LITIGATION**

14 **A. Executory Contracts**

15 **1. Contracts Deemed Rejected.** All executory contracts or unexpired leases
16 of the Debtors that: (i) are not identified as being assumed in the Plan Supplement; (ii) have not
17 expired by their own terms; or (iii) have not otherwise been assumed or rejected prior to the
18 Confirmation Date will be deemed rejected pursuant to section 365 of the Bankruptcy Code on
19 the Confirmation Date.

20 **2. Bar Date for Rejection Damages.** All proofs of claim with respect to
21 Claims arising from the rejection of executory contracts or unexpired leases pursuant to Section
22 6.2 of the Plan must, notwithstanding any other order of the Bankruptcy Court that may provide
23 for a different date, be filed with the Bankruptcy Court not later than thirty (30) days after the
24 Effective Date. The Claims of any Person arising from the rejection of executory contracts or
25 unexpired leases pursuant to Section 6.1 of the Plan that fails to timely file a proof of claim will
26
27

1 be discharged under section 1141(d) of the Bankruptcy Code and forever barred from assertion
2 against the Debtors, the Creditor Trust, or their respective assets or Estates.

3 **B. Litigation**

4 During the ninety (90) days prior to the Petition Date, the Debtors paid approximately \$51
5 million to their non-insider creditors (the “*Non-Insider Preferential Transfers*”). The Creditor
6 Trustee will be authorized to analyze and, if appropriate, file adversary proceedings under, *inter*
7 *alia*, sections 547 and 550 of the Bankruptcy Code to avoid and recover the Non-Insider
8 Preferential Transfers that have not been previously consensually resolved.
9

10 These potential claims are not exhaustive, and if a specific cause of action or defendant is
11 not identified herein, it is because such cause of action or defendant is not known to the Plan
12 Proponents at this time. On behalf of the Debtors and Estates, rights to any cause of action that
13 may be identified after the Effective Date shall be preserved for the Creditor Trustee. The
14 recoveries, if any, from any litigation brought by the Creditor Trustee will depend on many
15 factors, which cannot be predicted at this time. The Creditor Trustee may elect not to pursue
16 certain causes of action (including Avoidance Actions), the pursuit of which the Creditor Trustee
17 deems not to be in the best interest of the Estates or the Creditor Trust.
18

19 Except as specifically provided herein or in the Confirmation Order, nothing contained in
20 the Plan or the Confirmation Order shall be deemed to be a waiver or the relinquishment of any
21 rights, claims or causes of action (including Avoidance Actions) that the Creditor Trustee may
22 choose to assert on behalf of the Estates or the Creditor Trust in accordance with any provision of
23 the Bankruptcy Code or any non-bankruptcy law.
24

25 All causes of action shall survive confirmation and the commencement of prosecution of
26 Causes of Action shall not be barred or limited by *res judicata* or estoppel, whether judicial,
27 equitable or otherwise, based upon confirmation of the Plan. The Creditor Trustee’s right to

1 commence and prosecute causes of action (including Avoidance Actions) shall not be abridged or
2 materially altered in any manner by reason of confirmation of the Plan.

3 Notwithstanding, any and all claims, actual or contingent, by the Estates, the Creditor
4 Trustee, or the Creditor Trust, against any of the Guarantor Released Parties will be
5 unconditionally and forever released upon confirmation, and are not being transferred to the
6 Creditor's Trust. The Creditor's Trust shall have no rights of any kind or nature whatsoever,
7 expressed or implied, statutory or common law, to investigate or prosecute any such claims
8 against the Guarantor Released Parties.
9

10 **C. Objections to Claims**

11 The Plan Proponents believe that objections to certain claims will be warranted, and from
12 and after the Effective Date, the Creditor Trustee will have authority to file, settle, compromise,
13 withdraw or litigate to judgment objections to claims. The Creditor Trustee will have standing to
14 file objections to such claims even if such Claims were scheduled by the Debtors as undisputed,
15 liquidated and non-contingent. The Creditor Trustee may file objections to such claims prior to
16 the commencement of distributions to a particular Class of Claims.
17

18 **IX. CONFIRMATION AND CONSUMMATION PROCEDURE**

19 The Bankruptcy Court may confirm the Plan only if it determines that the Plan complies
20 with the requirements of chapter 11, including, among other things, that: (i) the Plan has properly
21 classified claims and interests; (ii) the Plan complies with applicable provisions of the Bankruptcy
22 Code; (iii) the Plan Proponents have complied with applicable provisions of the Bankruptcy
23 Code; (iv) the Plan Proponents have proposed the Plan in good faith and not by any means
24 forbidden by law; (v) the Plan has been accepted by the requisite votes of all classes of creditors
25 (except to the extent that "cramdown" is available under section 1129(b) of the Bankruptcy
26 Code); (vi) the Plan is in the "best interests" of all holders of claims or interests in an impaired
27

1 class; (vii) the Plan is “feasible” in that confirmation of the Plan is not likely to be followed by
2 the liquidation or need for further restructuring of the Debtors, unless the Plan contemplates
3 liquidation; and (viii) all required fees and expenses have been paid or the Plan provides for the
4 payment of such fees on the Effective Date.

5 Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

6 **A. Solicitation of Votes**

7 Under the Bankruptcy Code, only classes of claims and interests that are impaired under
8 the plan are entitled to vote to accept or reject a plan. A class is impaired if the legal, equitable or
9 contractual rights to which the holders of claims or interests are entitled are modified, other than
10 by curing defaults and reinstating the debt. Classes of claims and interests that are not impaired
11 are conclusively presumed to have accepted the plan and are not entitled to vote on a plan.
12 Classes of claims and interests whose holders will receive or retain no property under the plan are
13 deemed to have rejected a plan and are not entitled to vote on a plan. Creditors who hold disputed
14 or disallowed claims are not entitled to vote to accept or reject the plan.
15

16 Under the Plan, the holders of Allowed Claims in Class 4 are entitled to vote to accept or
17 reject the Plan. All other classes of claims or interests are deemed under the Bankruptcy Code to
18 have accepted or rejected the Plan. This Disclosure Statement and an appropriate ballot are being
19 distributed to all holders of claims who are entitled to vote on the Plan.
20

21 Under the Bankruptcy Code, a class of claims accepts a plan if holders of at least two-
22 thirds in dollar amount and more than one-half in number of the claims properly voted in that
23 class, voted to accept.
24

25 A vote may be disqualified if the Bankruptcy Court determines, after notice and a hearing,
26 that acceptance or rejection was not solicited or procured in good faith or in accordance with the
27 provisions of the Bankruptcy Code.

1 Any ballot that is properly completed, executed and timely returned to counsel to the
2 Committee but does not indicate an acceptance or rejection of the Plan, or indicates both an
3 acceptance and a rejection of the Plan, will be deemed to be a vote to accept the Plan. Whenever a
4 creditor casts more than one ballot voting the same claim before the voting deadline, the last
5 ballot received before the voting deadline is deemed to reflect the voter's intent and will therefore
6 supersede any prior ballots. Creditors must vote all of their claims within a particular class under
7 the Plan either to accept or reject the Plan and may not split their vote, and thus a ballot that
8 partially accepts and partially rejects the Plan will not be counted.
9

10 **B. The Confirmation Hearing**

11 The Confirmation Hearing is scheduled for _____, 2014 at _____m. before the
12 Bankruptcy Court at 230 N. First Ave., Suite 101, Phoenix, Arizona 85003. At the Confirmation
13 Hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements
14 of the Bankruptcy Code. Prior to the Confirmation Hearing, the Plan Proponents will submit a
15 report to the Bankruptcy Court reflecting the votes received with respect to the acceptance or
16 rejection of the Plan by the parties entitled to vote thereon.
17

18 Any party-in-interest may object to confirmation of the Plan. Any objection to
19 confirmation of the Plan must be made in writing and filed with the Bankruptcy Court and served
20 on all required parties on or before the objection deadline that has been set by the Bankruptcy
21 Court. Unless an objection to confirmation is timely served and filed, it may not be considered by
22 the Bankruptcy Court.
23

24 **C. Confirmation**

25 At the confirmation hearing, the Bankruptcy Court will confirm the Plan only if all of the
26 applicable requirements of section 1129 of the Bankruptcy Code are met. Among the
27 requirements for confirmation of a plan are that the plan: (i) has been accepted by all impaired

1 classes of claims and equity interests or, if rejected by an impaired class, that the plan “does not
2 discriminate unfairly” and is “fair and equitable” as to such class; (ii) is feasible; and (iii) is in the
3 “best interests” of creditors and stockholders that are impaired under the plan and that vote, or are
4 deemed, to reject the plan.

5
6 **1. Unfair Discrimination and Fair and Equitable Tests**

7 To obtain confirmation of a plan over the objection of a class of claims or interests that
8 rejects such plan, it must be demonstrated that the plan “does not discriminate unfairly” and is
9 “fair and equitable” with respect to each such non-accepting class. In order for a plan to be found
10 to be “fair and equitable” and thus subject to confirmation by “cramdown” under section 1129(b)
11 of the Bankruptcy Code, the Plan Proponents must demonstrate:

12 **b. For a Class of Unsecured Creditors:** That either: (i) each
13 impaired unsecured creditor receives or retains, under the plan, property of a value equal to the
14 amount of its allowed claim; or (ii) the holders of claims and interests that are junior to the claims
15 of the dissenting class will not receive any property under the plan if claims in the dissenting class
16 are not paid in full.
17

18 Holders of Equity Securities in Class 5 are presumed, under section 1126(g) of the
19 Bankruptcy Code, to have rejected the Plan. The Plan Proponents request confirmation of the
20 Plan under section 1129(b) of the Bankruptcy Code notwithstanding the deemed rejection of the
21 Plan by Class 5. The Plan Proponents believe that the Plan may be confirmed by one class of
22 impaired creditors.

23
24 **2. Best Interests Test**

25 With respect to each impaired class of claims and interests, confirmation of a plan requires
26 that each holder of a claim or interest either: (i) accept the plan; or (ii) receive or retain under the
27 plan property of a value, as of the effective date, that is not less than the value such holder would

1 receive or retain if the debtor was liquidated under chapter 7 of the Bankruptcy Code. The Plan
2 Proponents believe that holders of Impaired Claims and interests in each Impaired Class under the
3 Plan would receive less under a chapter 7 liquidation than under the Plan over a lengthier period
4 of time. This difference is represented in the liquidation analysis (the “*Liquidation Analysis*”)
5 attached hereto as **Exhibit B**.

6
7 To calculate the probable distribution to holders of each impaired class of claims and
8 interests if a debtor was liquidated under chapter 7, a bankruptcy court must first determine the
9 aggregate dollar amount that would be generated from such debtor’s assets in a chapter 7 case
10 under the Bankruptcy Code. This “liquidation value” would consist primarily of the proceeds
11 from a forced sale of the debtor’s assets by a chapter 7 trustee.

12 The amount of liquidation value available to unsecured creditors would be reduced by,
13 first, the claims of secured creditors to the extent of the value of their collateral and, second, by
14 the costs and expenses of liquidation, as well as by other administrative expenses and costs of the
15 bankruptcy case. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the
16 compensation of a trustee, as well as that of counsel and other professionals retained by the
17 trustee, asset disposition expenses and all unpaid expenses incurred until the liquidation is
18 completed.
19

20 The Plan Proponents believe that the Plan meets the “best interests of creditors” test of
21 section 1129(a)(7) of the Bankruptcy Code. The Plan Proponents believe that the members of
22 each Impaired Class will receive greater value more quickly under the Plan than they would in a
23 chapter 7 liquidation proceeding. The Plan will provide a more expeditious and greater recovery
24 than under chapter 7 due to: (i) the value the Plan Proponents believe that the Creditor Trustee
25 will bring to the Estates in reconciling overstated and invalid Claims and from avoidance actions
26 and other causes of action; (ii) the Plan Funding Source providing a contribution with a value of
27

1 \$1,600,000 that would not be made in a chapter 7²; and (iii) by avoiding the additional expenses
2 associated with conversion to a chapter 7 case, such is the liquidation process being undertaken
3 by professionals with no familiarity with the assets, business and creditors of these cases.

4 The Plan Proponents submits that a significant distinction between the Plan and
5 converting the cases to chapter 7 are the substantial chapter 7 administrative costs that will result
6 from such conversion. Pursuant to section 326 of the Bankruptcy Code, the statutory chapter 7
7 trustee fee (the “*Chapter 7 Trustee Fee*”) must not exceed 25% of the first \$5,000 disbursed, 10%
8 on any amount disbursed in excess of \$5,000 but not in excess of \$50,000, 5% on any amount
9 disbursed in excess of \$50,000 but not in excess of \$1,000,000, and reasonable compensation not
10 to exceed 3% on any amounts in excess of \$1,000,000. Any such Chapter 7 trustee fee will
11 directly reduce any recovery for creditors.
12

13 A chapter 7 trustee will likely also retain professionals for purposes similar to those
14 retained by the Creditor Trustee. The chapter 7 trustee and his or her professionals, however, may
15 be unfamiliar with the Debtors’ operations and these cases. Given this reality, the Plan
16 Proponents estimates that the fees of a chapter 7 trustee’s professionals will exceed the fees of the
17 Trustee’s professionals, who will likely be professionals previously appointed by the Court in
18 these cases.
19

20 The Plan Proponents submit that the Plan will provide a recovery that is greater than the
21 amount each creditor would receive under a chapter 7 liquidation. The Creditor Trustee will retain
22 professionals, but given the added expense of the chapter 7 trustee’s professionals to become
23 generally familiar with the Debtors’ Estates, the Plan Proponents submits that the fees of any
24 professionals of the Creditor Trust should be less than the professional fees of a chapter 7 trustee.
25

26 _____
27 ² In a chapter 7 liquidation, the value of such contribution will be even greater because acquired
administrative priority claims would participate in any distribution based on their face value,
rather than the cost basis for acquiring such claim, which is 50% greater.

1 Accordingly, the Plan meets the “best interests” test.

2 **X. TAX CONSEQUENCES**

3 The Plan Proponents are not qualified to advise creditors of the specific respective tax
4 impact on each of them as a result of treatment provided in the Plan and therefore make no
5 representation as to that. The Debtors are not expected to suffer adverse tax consequences as a
6 result of the Plan.
7

8 In accordance with the Plan, holders of general unsecured claims will receive a
9 distribution on such claims. Any holder of a general unsecured claim will realize a loss in an
10 amount equal to such claim, minus any recovery, on an adjusted tax basis.

11 The tax consequences to holders of general unsecured claims will differ and will depend
12 on factors specific to such holder, including but not limited to: (i) whether the claim, or a portion
13 thereof, constitutes a claim for interest or principal; (ii) the origin of the claim; (iii) the type of
14 consideration received in exchange for the claim; (iv) whether the holder is a United States person
15 or a foreign person for tax purposes; (v) whether the holder reports income on the accrual or cash
16 basis method; and (vi) whether the holder has taken a bad debt deduction or otherwise recognized
17 a loss with respect to the claim.
18

19 THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX
20 CONSEQUENCE TO EACH HOLDER OF A CLAIM. FURTHERMORE, THE TAX
21 CONSEQUENCES OF THE PLAN MAY BE COMPLEX AND, IN SOME CASES,
22 UNCERTAIN. THEREFORE, IT IS IMPORTANT THAT EACH HOLDER OF A CLAIM
23 OBTAIN ITS OWN PROFESSIONAL ADVICE REGARDING THE TAX CONSEQUENCES
24 TO SUCH HOLDER OF A CLAIM AS A RESULT OF THE PLAN.
25

26 **XI. RISK FACTORS**

27 Holders of claims and interests against the Debtors should read and consider carefully the

1 information set forth below, as well as other information set forth in this Disclosure Statement
2 (and the documents delivered together herewith and/or incorporated by reference), prior to voting
3 to accept or reject the Plan. This information, however, should not be regarded as necessarily
4 setting forth the only potential risks involved in connection with the Plan and its implementation.

5
6 **A. Failure To Satisfy Vote Requirement**

7 In the event that sufficient votes accepting the Plan are not received and, as a result, the
8 Plan is not confirmable, the Plan Proponents will assess the alternatives available, including:
9 (i) amending the Plan; or (ii) converting these Cases to chapter 7 liquidation proceedings. There is
10 a risk that either of these alternatives will result in less favorable treatment of claims than
11 provided in the Plan.

12 **B. Non-Consensual Confirmation**

13 In the event any impaired class of claims does not accept the Plan, the Bankruptcy Court
14 may nevertheless confirm such Plan at the Plan Proponents' request if at least one impaired class
15 of claims has accepted the Plan if the Bankruptcy Court determines that the Plan "does not
16 discriminate unfairly" and is "fair and equitable" with respect to such dissenting Impaired
17 Class(es). The Plan Proponents believe that the Plan satisfies these requirements, although there
18 can be no assurances that the Bankruptcy Court will make the findings necessary to reach this
19 result.
20

21 **C. Risk of Non-Occurrence of the Effective Date**

22 Although the Plan Proponents believe that if the Plan is confirmed, the Effective Date will
23 occur soon after the Confirmation Date of the Plan, there can be no assurance that all conditions
24 to the occurrence of the Effective Date will occur. In the event the Effective Date does not occur,
25 the Plan Proponents will assess the alternatives available to them at that time.
26
27

1 **D. Risk of Inability To Pay All Allowed Priority Tax Claims and Allowed**
2 **Administrative Claims**

3 The possibility exists that the Creditor Trustee will not have or obtain sufficient Cash to
4 pay all Allowed Professional Fee Claims, Allowed Other Allowed Administrative Claims (the
5 amount as agreed to with respect to Allowed 503(b)(9) Claims), Allowed Priority Tax Claims,
6 Allowed Secured Tax Claims and Other Allowed Secured Claims pursuant to the terms of the
7 Plan.

8 To the extent there is insufficient cash to pay in full all Administrative Expense Claims,
9 the Plan will not be feasible.

10 **E. Amount of Allowed Claims**

11 The total amount of all claims may materially exceed the estimated amounts of allowed
12 claims assumed in the development of the Plan and in this Disclosure Statement. The amount and
13 timing of the distributions that will ultimately be received by any particular holder of an allowed
14 claim in any class may be materially and adversely affected if the estimates are exceeded as to
15 any class.
16

17 **XII. ALTERNATIVES TO CONFIRMATION AND**
18 **CONSUMMATION OF THE PLAN**

19 The Plan Proponents believe that the Plan affords holders of claims the potential for the
20 greatest recovery and, therefore, is in the best interests of such holders.

21 If, however, the requisite acceptances are not received, or the Plan is not confirmed and/or
22 consummated, the theoretical alternatives include: (i) formulation of an alternative plan of
23 liquidation; or (ii) liquidation of the Debtors and their Estates under chapter 7 of the Bankruptcy
24 Code.
25

26 **A. Alternative Plan(s) of Liquidation**

27 If the Plan is not confirmed, the Plan Proponents or any other party may attempt to

1 formulate and propose a different plan or plans of liquidation. The Debtors could suffer from
2 liquidity issues during an extended chapter 11 process while another plan of liquidation is
3 formulated and confirmed.

4 The Plan Proponents believe that the Plan enables creditors to realize the greatest possible
5 value under the circumstances and, compared to any other or later alternative plans, has the
6 greatest likelihood of being confirmed and consummated.

8 **B. Chapter 7 Liquidation of the Debtors**

9 If no plan is confirmed, the Debtors may be forced to liquidate under chapter 7 of the
10 Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the
11 Debtors' assets for distribution to creditors in accordance with the priorities established by the
12 Bankruptcy Code. It is impossible to predict precisely how the proceeds of the liquidation would
13 be distributed to the respective holders of claims against or interests in the Debtors.

14 The Plan Proponents believe that in a liquidation under chapter 7, before creditors
15 received any distribution, additional administrative expenses related to the appointment of a
16 trustee and the trustee's attorneys, accountants and other professionals would cause a substantial
17 diminution in the value of the Debtors' Estates. The assets available for distribution to creditors
18 would be reduced by such additional expenses and by claims, some of which would be entitled to
19 priority. The Liquidation Analysis, discussed in Section IX.C.2 (the "best interests test"), and
20 attached as Exhibit B hereto, suggests that unsecured creditors would receive *de minimis*
21 distributions on their Claims in a liquidation.

23 **XIII. CONCLUSION**

24 The Plan Proponents submit that under the Plan, holders of claims stand to receive a
25 meaningful recovery on their claims, while at the same time avoiding the additional fees and
26 expenses that would be incurred upon conversion to chapter 7. The Plan Proponents believe that
27

1 the distributions provided in the Plan are fair and equitable, and the Plan Proponents strongly
2 recommend acceptance of the Plan.

3 If you are eligible to vote on the Plan, please do so by completing and returning the
4 enclosed ballot.

5 Dated this 25th day of July, 2014.

6
7 OFFICIAL COMMITTEE OF
UNSECURED CREDITORS

8 By: /s/ Richard S. Lauter
9 One of Its Attorneys

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16 and

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18 L.L.C., *ET AL.*

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LIST OF EXHIBITS

Exhibit A.....Joint Plan of Liquidation Dated July 25, 2014
Exhibit B.....Liquidation Analysis

(To be filed subsequently)

Exhibit A

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17 **UNITED STATES BANKRUPTCY COURT**
18 **FOR THE DISTRICT OF ARIZONA**

19 PRM FAMILY HOLDING COMPANY,
20 L.L.C., *et al.*,

21 Debtors,

Chapter 11

Case No. 2:13:-bk-09026-SSC

(Jointly Administered)

22 This Filing Applies to:

- 23 All Debtors
24 Specified Debtors

25 **JOINT PLAN OF LIQUIDATION DATED JULY 25, 2014**
26
27

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1 The Official Committee of Unsecured Creditors (the “Committee”) of PRM Family
2 Holding Company, L.L.C. and its affiliated debtor entities (the “Debtors”)¹ and the Debtors
3 hereby submit this Joint Plan of Liquidation of PRM Family Holding Company, L.L.C. dated July
4 25, 2014 (the “Plan”) under section 1123 of the Bankruptcy Code.

6 ARTICLE I

7 Definitions

8 The following terms, when used in the Plan, have the following meanings unless the
9 context otherwise requires:

10 1.1 “**503(b)(9) Claim**” means a Claim of a Creditor of the kind specified in section
11 503(b)(9) of the Bankruptcy Code and that was filed by the Bar Date pursuant to the procedures
12 set forth in the Bar Date Order.

13 1.2 “**Administrative Claim**” means a Claim of a Creditor of the kind specified in
14 section 503(b) of the Bankruptcy Code that is entitled to priority under section 507(a)(2) of the
15 Bankruptcy Code, and includes: (i) actual and necessary costs and expenses incurred by the
16 Debtors after the Petition Date with respect to preserving the Estates and operating the Debtors’
17 business; (ii) any Professional Fee Claims approved by the Bankruptcy Court under section 330
18 of the Bankruptcy Code that are incurred on or before the Confirmation Date; (iii) all fees and
19 charges properly assessed against the Estates under 28 U.S.C. § 1930; and (iv) all Allowed
20 503(b)(9) Claims.

21 1.3 “**Allowed Claim**” or “**Allowed . . . Claim**” means a Claim, proof of which is filed
22 within the time fixed by the Bankruptcy Court, or that has been, or is hereafter, scheduled by the
23 Debtors as liquidated in amount and not disputed or contingent, and to which no objection to
24 allowance thereof has been raised by the Debtors or the Creditor Trustee within the applicable
25 period fixed pursuant to the Plan, or as to which a Final Order allowing such Claim has been
26 entered.

27 1.4 “**Avoidance Action**” means a claim or cause of action, and the proceeds thereof,
against Persons arising under sections 544, 545 and 547 through 550 of the Bankruptcy Code, or
under related state or federal statutes and common law, including fraudulent transfer laws,
whether or not litigation is commenced before or after the Effective Date to prosecute such
Avoidance Actions.

1.5 “**Bank of America**” means Bank of America, N.A.

¹ Collectively, the Debtors and their case numbers are PRM Family Holding Company, L.L.C.
(2:13-bk-09026-SSC); Prodigio Mercado, LLC (2:13-bk-09028-SSC); Pro’s ABQ Ranch Markets, LLC
(2:13-bk-09030-SSC); Pro’s ELP Ranch Markets, LLC (2:13-bk-09033-SSC); Pro’s ELP Ranch Markets
Beverage Company, LLC (2:13-bk-09034-SSC); Pro and Son’s LLC (2:13-bk-09036-SSC); Pro’s Ranch
Markets (CA), LLC (2:13-bk-09037-SSC); and Provenzano’s LLC (2:13-bk-09039-SSC).

1 1.6 “**Bankruptcy Code**” means Title 11 of the United States Code, 11 U.S.C. §§ 101,
2 *et seq.*

3 1.7 “**Bankruptcy Court**” means the United States Bankruptcy Court for the District
4 of Arizona.

5 1.8 “**Bankruptcy Rules**” means the Federal Rules of Bankruptcy Procedure and the
6 Local Rules of the Bankruptcy Court, as now in effect.

7 1.9 “**Bar Date**” means the applicable bar date by which a proof of Claim must be
8 filed, as established by the Bar Date Order.

9 1.10 “**Bar Date Order**” means that certain *Order Establishing Bar Date To File*
10 *Claims and Establishing Procedures for § 503(b)(9) Claims* (Docket No. 305).

11 1.11 “**Business Day**” means any day, other than a Saturday, Sunday or “legal holiday”
12 as that term is defined in Bankruptcy Rule 9006(a).

13 1.12 “**Cases**” means, separately and collectively, the proceeding commenced under
14 chapter 11 of the Bankruptcy Code on the Petition Date, styled *In re PRM Family Holding*
15 *Company, L.L.C.*, Case No. 2:13-bk-09026-SSC, and each of the following bankruptcy
16 proceedings jointly administered therewith: Prodigio Mercado, L.L.C., Case No. 2:13-bk-09028-
17 SSC; Pro’s ABQ Ranch Markets, L.L.C., Case No. 2:13-bk-09030-SSC; Pro’s ELP Ranch
18 Markets, L.L.C., Case No. 2:13-bk-09033-SSC; Pro’s ELP Ranch Markets Beverage Company,
19 L.L.C., Case No. 2:13-bk-09034-SSC; Pro & Son’s, L.L.C., Case No. 2:13-bk-09036-SSC; Pro’s
20 Ranch Markets (CA), L.L.C., Case No. 2:13-bk-09037-SSC; and Provenzano’s, L.L.C., Case No.
21 2:13-bk-09037-SSC.

22 1.13 “**Cash**” means legal tender of the United States of America and equivalents
23 thereof.

24 1.14 “**Causes of Action**” means all claims and causes of action of the Debtors as of the
25 Effective Date, whether arising under any contract, the Bankruptcy Code, or other federal or state
26 law, including, but not limited to, all litigation pending in any jurisdiction in which any of the
27 Debtors is a plaintiff, defendant or other party, and all other adversary proceedings and lawsuits,
28 together with all products and proceeds thereof. Causes of Action shall be limited to the Non-
29 Insider Actions and expressly excludes any claims against the Guarantor Released Parties.

30 1.15 “**Claim**” means any right to payment, other than an Administrative Claim, whether
31 or not the right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured,
32 unmatured, disputed, undisputed, legal, equitable, secured or unsecured, as defined by section
33 101(5) of the Bankruptcy Code.

34 1.16 “**Class**” means a class of holders of Claims as described in the Plan.

35 1.17 “**CNG**” means CNG Ranch, LLC.

1 1.18 “**CNG Asset Purchase Agreement**” means that certain asset purchase agreement
2 by and between CNG and the Debtors pursuant to which CNG purchased substantially all of the
3 Debtors’ assets.

4 1.19 “**CNG Secured Claim**” means the portion of CNG’s Claim that is a Secured
5 Claim.

6 1.20 “**CNG Unsecured Claim**” means that portion of CNG’s Claim that is an
7 Unsecured Claim.

8 1.21 “**Committee**” means the Official Committee of Unsecured Creditors appointed in
9 these Cases on July 2, 2013, under section 1102 of the Bankruptcy Code.

10 1.22 “**Confirmation Date**” means the date of entry of the Confirmation Order.

11 1.23 “**Confirmation Hearing**” means the hearing at which the Confirmation Order is
12 first considered by the Bankruptcy Court.

13 1.24 “**Confirmation Order**” means the order of the Bankruptcy Court confirming the
14 Plan.

15 1.25 “**Creditors**” means all Persons holding Claims against the Debtors.

16 1.26 “**Creditor Advisory Board**” means the board created pursuant to the Creditor
17 Trust Agreement, which shall have the duties and powers set forth in the Creditor Trust
18 Agreement.

19 1.27 “**Creditor Trust**” means a common law trust to be established pursuant to the
20 Plan, the Creditor Trust Agreement and the Confirmation Order for the sole and exclusive benefit
21 of the holders of Allowed Administrative Claims, Allowed Unsecured Priority Tax Claims,
22 Allowed Class 1 Claims and Allowed Class 3 Claims. The Creditor Trustee shall liquidate and
23 distribute the Creditor Trust Assets, in accordance with the Creditor Trust Agreement.

24 1.28 “**Creditor Trust Agreement**” means the agreement to be executed as soon as
25 reasonably practicable after the Confirmation Date, which will govern the obligations of the
26 Creditor Trustee with respect to oversight of the liquidation of the Creditor Trust Assets, the
27 distribution of the Net Trust Proceeds of the Creditor Trust Assets and the administration of the
Creditor Trust, as further set forth in the Creditor Trust Agreement and the Plan.

1.29 “**Creditor Trust Assets**” means those assets to be transferred to and vested in the
Creditor Trust pursuant to the Plan and the Confirmation Order, plus all proceeds, earnings and
replacements arising from or relating to these assets and all assets acquired by the Creditor Trust
at any time. The Creditor Trust Assets shall include any assets of the Debtors that are held by the
Debtors, including, without limitation, all “Excluded Assets” as that term is defined in the CNG
Asset Purchase Agreement, the Plan Fund, the Plan Funding Contribution and any and all
proceeds from any Avoidance Actions or Causes of Action engaged in by the Creditor Trust, and
any and all proceeds thereof.

1 1.30 “**Creditor Trustee**” means such Person or entity, including any replacements
2 thereof or successors thereto, as designated in the Plan Supplement on or prior to the Plan
3 Supplement Filing Date and approved by the Bankruptcy Court, as necessary or appropriate, to
4 serve as custodian for the Creditor Trust and to oversee the liquidation and distribution of the
5 Creditor Trust Assets held therein for the benefit of the holders of Allowed Administrative
6 Claims, Allowed Unsecured Priority Tax Claims, Allowed Class 1 Claims and Allowed Class 3
7 Claims pursuant to the Plan, the Confirmation Order and the Creditor Trust Agreement.

8 1.31 “**Creditor Trustee’s Expenses**” means the reasonable fees, costs and expenses
9 incurred by the Creditor Trustee and any Professionals retained by it in connection with the
10 performance of its duties and responsibilities under the Plan and Creditor Trust Agreement, as
11 well as any other reasonable and necessary costs of administration of the Creditor Trust, including
12 U.S. Trustee fees incurred during the post-Confirmation Date period, which may be paid from the
13 Creditor Trust Assets.

14 1.32 “**Creditor Trust Interest**” means the beneficial interest in the Creditor Trust.

15 1.33 “**Debtors**” means, collectively, PRM Family Holding Company, L.L.C., Prodigio
16 Mercado, L.L.C., Pro’s ABQ Ranch Markets, L.L.C., Pro’s ELP Ranch Markets, L.L.C., Pro’s
17 ELP Ranch Markets Beverage Company, L.L.C., Pro & Son’s, L.L.C., Pro’s Ranch Markets
18 (CA), L.L.C. and Provenzano’s, L.L.C., all as debtors and debtors-in-possession in the Cases.

19 1.34 “**Disclosure Statement**” means the Disclosure Statement regarding and in support
20 of the Plan that is filed by the Plan Proponents and approved by the Bankruptcy Court.

21 1.35 “**Disputed Claim**” means any Claim that is not an Allowed Claim.

22 1.36 “**Distributing Party**” means the party obligated to make any distribution
23 permitted or required under the Plan, whether the Debtors or the Creditor Trustee.

24 1.37 “**Effective Date**” means the date on which all of the conditions to the effectiveness
25 of the Plan as specified in section 7.9 of the Plan, have been satisfied or waived in accordance
26 therewith.

27 1.38 “**Equity Security**” has the meaning provided by section 101(16) of the
Bankruptcy Code.

1.39 “**Equity Security Holder**” has the meaning provided by section 101(17) of the
Bankruptcy Code.

1.40 “**Estates**” means the estates of the Debtors created in these Cases under section
541 of the Bankruptcy Code.

1.41 “**Executory Contract**” means a contract or lease to which one or more of the
Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the
Bankruptcy Code.

1 1.42 “**Final Order**” means an order or judgment as to which the time to appeal or seek
2 direct review or rehearing has expired and as to which no appeal or petition for review or
rehearing is pending.

3 1.43 “**GCC**” means Grocers Capital Company, a subsidiary of Unified Grocers, Inc.

4 1.44 “**General Unsecured Claim**” means any Unsecured Claim, arising prior to the
5 Petition Date that is not a Professional Fee Claim, Other Administrative Expense Claim,
Unsecured Priority Tax Claim, Class 1 Claim, Class 2 Claim, Class 3a Claim, Class 3b Claim,
6 Class 3c Claim, Class 5 Equity Securities or Intercompany Claim.

7 1.45 “**Guarantors**” means Pro and Sons Holding, Inc., Pro’s Ranch Markets Holding,
8 Inc., Michael A. Provenzano, Jr., individually and as trustee of the Survivor’s Trust of the
Provenzano Family Trust, Michael A. Provenzano, III, individually and as trustee of the MAP III
9 2003 Grantor Trust and the MAP III 2003 Non-Grantor Trust, Steven R. Provenzano, individually
and as trustee of the SRP 2003 Grantor Trust and the SRP 2003 Non-Grantor Trust, Richard S.
10 Provenzano, individually and as trustee of the RSP 2003 Grantor Trust and the RSP 2003 Non-
Grantor Trust and Jeffrey C. Provenzano, individually and as trustee of the JCP 2003 Grantor
11 Trust and the JCP 2003 Non-Grantor Trust.

12 1.46 “**Guarantor Released Parties**” means the Debtors, the Guarantors, MAPS
13 Acquisition Enterprises, LLC and each of their respective members, managers, trustees,
beneficiaries, officers, directors, shareholders, affiliates, professionals, employees, agents, assigns
14 and successors.

15 1.47 “**Impaired**” means any Class, or any Claim or Interest in a Class that is impaired
16 within the meaning of section 1124 of the Bankruptcy Code, and includes, without limitation,
Classes 1, 2, 4 and 5.

17 1.48 “**Intercompany Claim**” means any Claim held by a Debtor against any other
18 Debtor.

19 1.49 “**Interest**” means the legal, equitable, contractual and other rights of the holders of
20 any Equity Securities in the Debtors, including the rights of any entity to purchase or demand the
issuance of any Equity Securities, including: (i) conversion, exchange, voting, participation and
21 dividend rights; (ii) liquidation preferences; (iii) stock options, warrants and put rights; and
(iv) share-appreciation rights.

22 1.50 “**Lien**” has the meaning provided by section 101(37) of the Bankruptcy Code.

23 1.51 “**Net Trust Proceeds**” means the proceeds received by the Creditor Trustee from
24 time to time from the sale or other disposition of the Creditor Trust Assets, net of the reasonable
or necessary costs of such sale or other disposition, including reasonable fees and expenses of the
25 Creditor Trustee’s legal counsel and other Professionals incurred in connection therewith.

26 1.52 “**Non-Insider Actions**” means a Cause of Action against a Person that is not an
27 insider of the Debtors as defined in section 101(31) of the Bankruptcy Code (including the
Guarantors), including, but not limited to, Avoidance Actions.

1 1.53 “**Other Administrative Expense Claim**” means an Administrative Claim that is
2 not a Professional Fee Claim.

3 1.54 “**Other Secured Claim**” means a Secured Claim other than the CNG Secured
4 Claim and Secured Tax Claims.

5 1.55 “**PACA Claims**” means Claims under the Perishable Agricultural Commodities
6 Act.

7 1.56 “**PASA Claims**” means Claims under the Packers’ and Stockyards’ Act.

8 1.57 “**Person**” means an individual, corporation, partnership, joint venture, association,
9 joint stock company, limited liability company, limited liability partnership, trust, estate,
10 unincorporated organization or other entity.

11 1.58 “**Petition Date**” means May 28, 2013.

12 1.59 “**Plan**” means this Joint Plan of Liquidation, together with all exhibits, schedules,
13 and annexes hereto, all as may be modified, supplemented, or amended from time to time.

14 1.60 “**Plan Fund**” means that remaining portion of the estimated \$14,000,000, as part
15 of the purchase price, in Cash that CNG agreed to transfer to the Debtors pursuant to the CNG
16 Asset Purchase Agreement for purposes of making distributions to Creditors pursuant to this Plan.
17 For the avoidance of doubt, the Plan Fund may be less than \$14,000,000 due to the Debtors’ use
18 of a portion of the Plan Fund to pay certain closing costs of the sale of the Debtors’ assets to
19 CNG.

20 1.61 “**Plan Funding Source**” means the combination of entities or individuals who
21 make the Plan Funding Contribution, by or on behalf of the Guarantor Released Parties.

22 1.62 “**Plan Funding Contribution**” means \$1,600,000 to be contributed, or caused to
23 be contributed, directly or indirectly, by the Plan Funding Source, comprised of cash, forgiveness
24 of post-petition loans to the Estates, and the forgiveness of administrative priority claims against
25 the Debtors purchased post-petition. For purposes of determining the amount of the Plan Funding
26 Contribution, such amount will be calculated based on the purchase price of claims, rather than
27 the face amount of such claims.

 1.63 “**Plan Proponents**” means the Committee and the Debtors.

 1.64 “**Plan Supplement**” means the supplemental annex to the Plan consisting of a
 23 compilation of documents and forms of documents, schedules and exhibits to be filed on the Plan
 24 Supplement Filing Date, as amended, modified or supplemented from time to time in accordance
 25 with the terms hereof and in accordance with the Bankruptcy Code and Bankruptcy Rules,
 26 including, without limitation, the Creditor Trust Agreement.

 1.65 “**Plan Supplement Filing Date**” means the date that is five (5) Business Days
 26 prior to the Voting Deadline.

1 1.66 “**Priority Claim**” means a Claim, other than an Administrative Claim or Priority
2 Tax Claim that is entitled to priority in payment under section 507(a) of the Bankruptcy Code.
3 With respect to the Claims of employees or former employees, such Claims constitute Priority
4 Claims only to the extent permissible under sections 507(a)(4) and (a)(5) of the Bankruptcy Code
5 or prior order of the Bankruptcy Court.

6 1.67 “**Priority Tax Claims**” means a Claim of a governmental unit of the kind
7 specified in section 507(a)(8) of the Bankruptcy Code and that is not a Secured Tax Claim.

8 1.68 “**Pro Rata**” means proportionately so that the ratio of the amount of the
9 distribution made on account of a particular Allowed Claim to the distribution made on account
10 of all Allowed Claims of the Class in which the particular Allowed Claim is included is the same
11 as the ratio of the amount a particular Allowed Claim to the total amount of the Allowed Claims
12 of the Class of which a particular Allowed Claim is included.

13 1.69 “**Professional Fee Claim**” means a Claim of a Professional Person for
14 compensation for services rendered in these Cases prior to the Confirmation Date under sections
15 327, 328, 330, 331, 363, 503 or 1103 of the Bankruptcy Code, for such Professional Person.

16 1.70 “**Professional**” or “**Professional Persons**” means Persons, including attorneys,
17 accountants and financial advisors retained by the Debtors, the Committee or the Creditor
18 Trustee, or to be compensated under sections 327, 328, 330, 331, 363, 503 or 1103 of the
19 Bankruptcy Code or as set forth in the Creditor Trust Agreement (with respect to Professionals
20 retained by the Creditor Trustee).

21 1.71 “**Secured Claim**” means a Claim secured by a lien on property of the Estates, or a
22 Claim subject to set off under section 553 of the Bankruptcy Code, to the extent of the value of
23 such Creditor’s interest in property of the Estates, or to the extent of the amount subject to set off,
24 as the case may be.

25 1.72 “**Secured Creditor**” means the holder of a Secured Claim.

26 1.73 “**Secured Tax Claim**” means a secured Claim of a governmental unit that (a) is
27 senior in priority to the liens and security interests securing the CNG Secured Claim and
28 (b) would otherwise meet the description of an unsecured claim of a governmental unit under
29 section 507(a)(8) of the Bankruptcy Code but for the secured status of such Claim.

30 1.74 “**Unified Grocers**” means collectively Unified Grocers, Inc. and its subsidiary
31 GCC, who provided merchandise to the Debtors pursuant to a Supply Agreement and remained
32 owed approximately \$6.3 million and a Loan Agreement in the amount of \$8.3 million. The debt
33 owed by the Debtors to Unified Grocers is part of the First Amended and Restated Credit
34 Agreement with Bank of America. Unified Grocers collateral is all Class A, Class B and Class E
35 shares of Unified Grocers, deposits with Unified Grocers and accrued patronage or dairy
36 dividends. In addition, Unified Grocers has a second lien on collateral that was subject to Bank
37 of America’s (now CNG’s) lien, other than the shareholder or membership interests that Pro’s
38 Ranch Market (CA), L.L.C. owned in Unified Grocers, Inc.

1 1.75 “**Unsecured Claim**” means a Claim not secured by a Lien on property of the
2 Estates and not entitled to be classified as a Priority Claim under section 507 of the Bankruptcy
Code.

3 1.76 “**U.S. Trustee**” means the United States Trustee.

4 1.77 “**Voting Deadline**” means the deadline for the submission of acceptances or
5 rejections of the Plan as provided by the order of the Bankruptcy Court approving the procedures
for solicitation of votes on the Plan.

6 **Rules of Interpretation and Computation of Time.** For purposes of the Plan, unless
7 otherwise provided herein: (i) whenever from the context it is appropriate, each term, whether
8 stated in the singular or the plural, will include both the singular and the plural; (ii) unless
9 otherwise provided in the Plan, any reference in the Plan to a contract, instrument, release or other
10 agreement or document being in a particular form or on particular terms and conditions means
11 that such document will be substantially in such form or substantially on such terms and
12 conditions; (iii) any reference in the Plan to an existing document or schedule filed or to be filed
13 means such document or schedule, as it may have been or may be amended, modified or
14 supplemented pursuant to the Plan; (iv) any reference to any entity as a holder of a Claim or
Interest includes the entity’s successors and assigns; (v) all references in the Plan to Sections,
Articles and Exhibits are references to Sections, Articles and Exhibits of or to the Plan; (vi) the
15 words “herein,” “hereunder” and “hereto” refer to the Plan in its entirety rather than to a
particular portion of the Plan; (vii) captions and headings to Articles and Sections are inserted for
16 convenience of reference only and are not intended to be a part of or to affect the interpretation of
the Plan; (viii) the rules of construction set forth in section 102 of the Bankruptcy Code will
17 apply; and (ix) in computing any period of time prescribed or allowed by the Plan, the provisions
of Bankruptcy Rule 9006(a) will apply.

18 **ARTICLE II**

19 **Unclassified Claims**

20 Section 1123(a)(1) of the Bankruptcy Code provides that Administrative Claims and
21 Priority Tax Claims are not classified under the Plan.

22 2.1 **Allowed Administrative Claims** include the following:

23 2.1.1 **Allowed Administrative Claims of any Professional Person** include
24 Allowed Professional Fee Claims.

25 2.1.2 **Other Allowed Administrative Expense Claims** include the Allowed
26 Administrative Claims of parties other than Professional Persons.

27 **ARTICLE III**

Designation of Classified Claims and Interests

Under section 1123(a)(1) of the Bankruptcy Code, Claims and Interests are classified as

1 follows:

2 3.1 **Class 1** consists of all Allowed Priority Claims (other than Priority Tax Claims).

3 3.2 **Class 2** consists of all Allowed Priority Tax Claims.

4 3.3 **Class 3a** consists of the CNG Secured Claim. CNG has waived the CNG
5 Unsecured Claim in its entirety.

6 3.4 **Class 3b** consists of the Allowed Secured Tax Claims.

7 3.5 **Class 3c** consists of the Other Allowed Secured Claims.

8 3.6 **Class 4** consists of all Allowed General Unsecured Claims.

9 3.7 **Class 5** consists of the Equity Securities.

11 **ARTICLE IV**

12 **Impairment of Classes**

13 4.1 **Impaired Classes of Claims Entitled To Vote.** Except as otherwise ordered by
14 the Bankruptcy Court, Class 1, Class 2 and Class 4 are Impaired, and holders of Claims in those
15 Classes are entitled to vote to accept or reject the Plan.

16 4.2 **Classes Deemed To Accept the Plan.** Class 3a, Class 3b and Class 3c are
17 unimpaired by the Plan, and holders of such Claims are conclusively presumed to have accepted
18 the Plan under section 1126(f) of the Bankruptcy Code. The votes of Creditors holding these
19 Claims will therefore not be solicited.

20 4.3 **Classes Deemed To Reject the Plan.** Holders of Equity Securities in Class 5 will
21 not receive or retain any distribution under the Plan on account of such interests. Under section
22 1126(g) of the Bankruptcy Code, Class 5 is Impaired and is conclusively presumed to have
23 rejected the Plan, and the votes of holders of Class 5 interests therefore will not be solicited.

24 4.4 **Cram Down.** The Plan Proponents will request confirmation of the Plan under
25 section 1129(b) of the Bankruptcy Code with respect to each Class that rejects the Plan.
26
27

1 **ARTICLE V**

2 **Treatment of Claims and Interests**

3 **5.1 Allowed Professional Fee Claims and Other Allowed Administrative Expense**
4 **Claims.**

5 5.1.1 Allowed Professional Fee Claims and Other Allowed Administrative
6 Expense Claims (including Allowed 503(b)(9) Claims) will be paid in accordance with the
7 Creditor Trust Agreement and this Plan. In accordance with the Creditor Trust Agreement, all
8 Creditor Trust Assets will be transferred to the Creditor Trust no later than seven (7) days after
9 entry of the Confirmation Order, or as otherwise provided in the Confirmation Order. The
10 Creditor Trustee shall liquidate the Creditor Trust Assets, as applicable, and distribute the Net
11 Trust Proceeds in accordance with this Plan, the Confirmation Order and the Creditor Trust
12 Agreement.
13

14 5.1.2 Distributions of the Net Trust Proceeds from the Creditor Trust will be
15 made by the Creditor Trustee in accordance with the Creditor Trust Agreement to the holders of
16 Allowed Professional Fee Claims and Other Allowed Administrative Expense Claims from time
17 to time on dates determined by the Creditor Trustee, within a reasonable time after the creation of
18 appropriate reserves as determined by the Creditor Trustee in an amount that would be sufficient
19 to: (i) make a distribution on account of Disputed Claims that are Professional Fee Claims or
20 Other Administrative Expense Claims; and (ii) pay the Creditor Trustee's Expenses in full.
21

22 5.1.3 No Professional Fee Claims will be paid prior to such Claims becoming
23 Allowed Professional Fee Claims pursuant to Section 7.10 herein, but all Professional Fee Claims
24 shall be paid within twenty (20) days of becoming Allowed Professional Fee Claims, provided
25 that the Creditor Trust has sufficient Cash to make such distribution(s).
26
27

1 5.1.4 Allowed Professional Fee Claims and Other Allowed Administrative
2 Expense Claims (other than Allowed 503(b)(9) Claims) will be paid from the proceeds of
3 liquidated assets by the Creditor Trustee and will be deemed to hold a Creditor Trust Interest on
4 account of its Allowed Administrative Claim.

5 5.1.5 Pursuant to agreements between the holders of Allowed 503(b)(9) Claims
6 and the Debtors, holders of Allowed 503(b)(9) Claims will receive payments as may be agreed in
7 writing between the Creditor Trustee and the holder of the Allowed 503(b)(9) Claim. It is
8 anticipated that any 503(b)(9) Claims held by the Plan Funding Source, or its related parties, will
9 be waived without any payment.
10

11 **5.2 Class 1 Claims.**

12 5.2.1 Allowed Priority Claims will be paid in accordance with the Creditor Trust
13 Agreement and this Plan. In accordance with the Creditor Trust Agreement, the Creditor Trust
14 Assets will be transferred to the Creditor Trust no later than seven (7) days after entry of the
15 Confirmation Order, or as otherwise provided in the Confirmation Order. The Creditor Trustee
16 will liquidate the Creditor Trust Assets, as applicable, and distribute Net Trust Proceeds in
17 accordance with this Plan, the Confirmation Order and the Creditor Trust Agreement.
18

19 5.2.2 Distributions of the Net Trust Proceeds from the Creditor Trust will be
20 made by the Creditor Trustee in accordance with the Creditor Trust Agreement to the holders of
21 Allowed Priority Claims from time to time on dates determined by the Creditor Trustee, within a
22 reasonable time after the creation of appropriate reserves as determined by the Creditor Trustee in
23 an amount that would be sufficient to: (i) satisfy all alleged Administrative Claims in full; (ii)
24 make a distribution on account of Disputed Claims that are Priority Claims or Priority Tax
25 Claims; and (iii) pay the Creditor Trustee's Expenses in full.
26
27

1 5.2.3 Allowed Class 1 Claims will be paid from the proceeds of liquidated assets
2 by the Creditor Trustee and will be deemed to hold a Creditor Trust Interest on account of its
3 Allowed Class 1 Claim.

4 5.3 **Class 2 Claims.**

5 5.3.1 Allowed Priority Tax Claims shall be paid in full, in accordance with the
6 Creditor Trust Agreement and this Plan. In accordance with the Creditor Trust Agreement, the
7 Creditor Trust Assets will be transferred to the Creditor Trust no later than seven (7) days after
8 entry of the Confirmation Order, or as otherwise provided in the Confirmation Order. The
9 Creditor Trustee will liquidate the Creditor Trust Assets, as applicable, and distribute the Net
10 Trust Proceeds in accordance with this Plan, the Confirmation Order and the Creditor Trust
11 Agreement. To the extent there is a conflict between these three documents, the Confirmation
12 Order shall control over the other two documents, and this Plan shall control over the Creditor
13 Trust Agreement.

14 5.3.2 Distributions of the Net Trust Proceeds from the Creditor Trust will be
15 made by the Creditor Trustee in accordance with the Creditor Trust Agreement (and in
16 accordance with sections 507(a)(8) and 1129(a)(9)(C) of the Bankruptcy Code) to the holders of
17 Allowed Priority Tax Claims from time to time on dates determined by the Creditor Trustee,
18 within a reasonable time after the creation of appropriate reserves as determined by the Creditor
19 Trustee in an amount that would be sufficient to: (i) satisfy all alleged Administrative Claims in
20 full; (ii) make a distribution on account of Disputed Claims that are Priority Tax Claims or
21 Priority Claims; and (iii) pay the Unsecured Creditor Trustee's Expenses in full.

22 5.4 **Class 3a Claims.** In full and complete satisfaction of Class 3a Claims, the holder
23 of the Allowed Class 3a Claim has received substantially all of the Debtors' assets securing the
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1 Class 3a Claim pursuant to the CNG Asset Purchase Agreement. CNG has waived the CNG
2 Unsecured Claim in its entirety.

3 **5.5 Class 3b Claims.** The Creditor Trust will pay holders of Allowed Class 3b
4 Secured Tax Claims in full and in Cash, or shall surrender the collateral securing their Claim in
5 satisfaction of their Secured Tax Claim, on the later of: (i) as soon as practicable following the
6 Effective Date; (ii) thirty (30) days after such Claims become Allowed Secured Tax Claims; and
7 (iii) such other time as may be agreed in writing between the Creditor Trust and the holder of the
8 Allowed Class 3b Secured Tax Claim.
9

10 **5.6 Class 3c Claims.** The Creditor Trust will pay holders of Allowed Class 3c Other
11 Secured Claims in full and in Cash, or shall surrender the collateral securing their Claim in
12 satisfaction of their Other Secured Claim, on the later of: (i) as soon as practicable following the
13 Effective Date; (ii) thirty (30) days after such Claims become Other Allowed Secured Claims;
14 and (iii) such other time as may be agreed in writing between the Creditor Trust and the holder of
15 the Allowed Class 3c Other Secured Claim.
16

17 **5.7 Class 4 Claims.**

18 **5.7.1** Allowed Class 4 Claims will be paid Pro Rata in accordance with the
19 Creditor Trust Agreement and the Plan. In accordance with the Creditor Trust Agreement, the
20 Creditor Trust Assets will be transferred to the Creditor Trust no later than seven (7) days after
21 entry of the Confirmation Order. The Creditor Trustee will liquidate the Creditor Trust Assets, as
22 applicable, and distribute the Net Trust Proceeds in accordance with this Plan and the Creditor
23 Trust Agreement.
24

25 **5.7.2** Pro Rata distributions of the Net Trust Proceeds from the Creditor Trust
26 will be made by the Creditor Trustee in accordance with the Creditor Trust Agreement to the
27 holders of Allowed Class 4 General Claims from time to time on dates determined by the Creditor

1 Trustee, within a reasonable time after the creation of appropriate reserves as determined by the
2 Creditor Trustee in an amount that would be sufficient to: (i) satisfy all alleged Administrative
3 Claims in full; (ii) satisfy all alleged Priority Tax Claims and Priority Claims in full; (iii) make a
4 Pro Rata distribution on account of Disputed Claims that are Class 4 General Unsecured Claims;
5 and (iv) pay the Creditor Trustee's Expenses in full.

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7 5.8 **Class 5 Equity Securities.** Holders of Class 5 Equity Securities will not receive a
8 distribution under the Plan. Upon the Confirmation Date of the Plan, all Equity Securities will be
9 canceled and terminated.

10 **ARTICLE VI**

11 **Treatment of Executory Contracts**

12 6.1 **Contracts Deemed Rejected.** All Executory Contracts of the Debtors that: (i) are
13 not identified as being assumed in the Plan Supplement; (ii) have not expired by their own terms;
14 or (iii) have not otherwise been assumed prior to the Confirmation Date, will be deemed rejected
15 under section 365 of the Bankruptcy Code on the Effective Date.

16
17 6.2 **Bar Date for Rejection Damages.** All proofs of claim with respect to Claims
18 arising from the rejection of Executory Contracts pursuant to Section 6.1 of the Plan must,
19 notwithstanding any other order of the Bankruptcy Court that may provide for a different date, be
20 filed with the Bankruptcy Court not later than thirty (30) days after the Effective Date. The
21 Claims of any Person arising from the rejection of executory contracts or unexpired leases
22 pursuant to Section 6.1 of the Plan that fails to timely file a proof of claim will be discharged
23 under section 1141(d) of the Bankruptcy Code and forever barred from assertion against the
24 Debtors, the Creditor Trust, or their respective assets or Estates.
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1 **ARTICLE VII**

2 **Means of Implementation of the Plan**

3 **7.1 Substantive Consolidation of Estates.**

4 7.1.1 **Claims.** The Confirmation Order will contain one or more provisions
5 substantively consolidating the Estates into the Estate of PRM Family Holding Company, L.L.C.
6 Upon the Effective Date, and except as otherwise provided in the Plan: (i) any obligation of any
7 Debtor and all guaranties thereof executed by another Debtor or Debtors will be treated as a
8 single obligation and any obligation of two or more Debtors, and all multiple Claims against such
9 entities on account of such joint obligations, will be treated and allowed only as a single Claim
10 against the consolidated Debtors and (ii) each Claim against any Debtor will be deemed a Claim
11 against the consolidated Debtors and will be deemed a single Claim against and a single
12 obligation of the consolidated Debtors. Except as set forth in the Plan, such substantive
13 consolidation will not (other than for purposes related to the Plan) cause any Debtor to be liable
14 under the Plan for any Claim for which it otherwise is not liable, and the liability for any such
15 Claim will not be affected by such substantive consolidation. On the Confirmation Date, any
16 Intercompany Claims of Debtors against any other Debtors will be extinguished and cancelled.

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19 7.1.2 **Voting/Approval.** A Creditor's vote to accept the Plan will be deemed
20 such Creditor's agreement to accept, as consideration for any and all Allowed Claims against any
21 and all Debtors, the treatment specified in the Plan and, the treatment of such Creditor's Claim
22 pursuant to the Plan on a non-substantive consolidation basis.

23
24 7.1.3 **Non-Effect.** The substantive consolidation effected pursuant to this
25 Section 7.1 will not affect (other than for purposes related to funding distributions under the
26 Plan), (i) the legal and organizational structure of the Debtors; (ii) defenses to any Causes of
27 Action (including Avoidance Actions) or requirements for any third party to establish mutuality

1 to assert a right of setoff; and (iii) distributions out of any insurance policies or proceeds of such
2 policies.

3 **7.2 Vesting of Assets.** On the Effective Date, assets of the Estates (including, without
4 limitation, the contribution from the Plan Funding Source, the Plan Fund and all Causes of
5 Action) will be transferred to and vest in the Creditor Trust and be deemed contributed thereto,
6 subject to the terms of the Plan. All Causes of Action shall survive confirmation and the
7 commencement of prosecution of Causes of Action shall not be barred or limited by any *res*
8 *judicata* or estoppel, whether judicial, equitable or otherwise, based upon confirmation of the
9 Plan. The Creditor Trustee's right to commence and prosecute Causes of Action (including,
10 without limitation, Avoidance Actions) shall not be abridged or materially altered in any manner
11 by reason of confirmation of the Plan. All property held in the Creditor Trust for distribution
12 pursuant to the Plan will be held solely in trust for the holders of Allowed Administrative Claims,
13 Class 1 Claims, Class 2 Claims, and Allowed Class 4 Claims and will not be deemed property of
14 the Debtors. Any Person holding assets of the Estates are hereby authorized and directed to take
15 such steps as may be necessary or appropriate to confirm such transfer and contribution of the
16 Creditor Trust Assets to the Creditor Trust, subject to oversight from the Creditor Trustee.

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19 Notwithstanding, any and all claims, actual or contingent, by the Estates, the Committee, the
20 Creditor Trustee, or the Creditor Trust, against any of the Guarantor Released Parties are
21 unconditionally and forever released on the Confirmation Date, and any and all claims, actual or
22 contingent, are not being transferred to the Creditor Trust. The Creditor Trust shall have no rights
23 of any kind or nature whatsoever, expressed or implied, statutory or common law, to investigate
24 or prosecute any such claims against the Guarantor Released Parties.

25
26 **7.3 Creditor Advisory Board.** Prior to the Effective Date, the Committee will select
27 three (3) Creditors to serve on the Creditor Advisory Board. The duties of the Creditor Advisory

1 Board shall be: (a) to select a successor Creditor Trustee in the event that the initial Creditor
2 Trustee needs or is required to resign or is unable to complete its duties as Creditor Trustee; (b) to
3 advise the Creditor Trustee with respect to his or her duties, including the reconciliation of
4 Claims, distributions to beneficiaries of the Creditor Trust and Avoidance Actions; and (c) to file
5 any necessary pleadings with the Bankruptcy Court challenging any actions of the Creditor
6 Trustee as permitted under the Creditor Trust Agreement. The Creditor Trustee shall provide the
7 Creditor Advisory Board with any Quarterly Reports.

9 **7.4 Cancellation of Equity Securities.** On the Effective Date, all of the Equity
10 Securities in the Debtors will be and are deemed to be canceled and of no further force or effect,
11 whether surrendered or not. Upon receipt by the Debtors (or the Creditor Trust) of the Plan
12 Funding Contribution with a value of \$1.6 million from the Plan Funding Source, the Guarantor
13 Released Parties are fully and forever released from any claims or causes of action held by the
14 Debtors and the Creditor Trust.

16 **7.5 Exemption from Transfer Taxes.** Under, and to the fullest extent permitted by,
17 section 1146(a) of the Bankruptcy Code, the making or delivery of any instrument whatsoever in
18 furtherance of or in connection with the Plan (including, without limitation the Creditor Trust
19 Agreement) will not be subject to any document recording tax, stamp tax, conveyance fee,
20 mortgage tax, real estate transfer tax, mortgage recording tax, filing or recording fee, or other
21 similar tax or governmental assessments.

22 **7.6 Creditor Trust Asset Administration.** The Creditor Trustee will administer the
23 Creditor Trust Assets pursuant to the Plan and the Creditor Trust Agreement from and after the
24 Effective Date.

26 **7.7 Dissolution of the Debtors.** Promptly following the Effective Date, the Creditor
27 Trustee will effectuate a dissolution of the Debtors through the Arizona, Delaware, New Mexico,

1 Texas and California Secretaries of State. The dissolution of the Debtors will not affect the
2 ability of the Creditor Trustee to bring Causes of Action with respect to Claims held by the
3 Debtors.

4 7.8 **Conditions to Confirmation.** The conditions to the occurrence of the
5 Confirmation Date are (i) approval of the Bankruptcy Court of the Disclosure Statement, and
6 (ii) entry of the Confirmation Order in form and substance acceptable to the Plan Proponents.
7

8 7.9 **Conditions to Effective Date.** The following are conditions precedent to the
9 occurrence of the Effective Date, unless waived in writing by the Plan Proponents: (i) the
10 Confirmation Order will be a Final Order and no stay will be in effect with respect thereto; and
11 (ii) the effectiveness of the Creditor Trust Agreement.

12 7.10 **Administrative Claims Bar Date.** Notwithstanding anything to the contrary or
13 alternative provided by prior orders of the Bankruptcy Court regarding allowance or payment of
14 Professional Fee Claims, all Persons requesting payment of Administrative Claims (Professional
15 Fee Claims or Other Administrative Expense Claims, but not including 503(b)(9) Claims, which
16 were required to be filed in accordance with the Bar Date Order) shall file applications for
17 payment no later than sixty (60) days after the Effective Date. Objections to such applications for
18 payment, if any, must be written, filed with the Bankruptcy Court and served on the applicable
19 parties within twenty-one (21) days after the filing deadline. Any Administrative Claims for
20 which applications are not timely filed in accordance herewith will be deemed discharged and
21 barred from being asserted against the Debtors; *provided, however, that*, previously approved or
22 Allowed applications for Administrative Claims do not need to be re-filed, other than the filing of
23 a final fee application with respect to Professional Fee Claims for which an interim fee
24 application has been filed; and provided, further, however, that no 503(b)(9) Claims filed after
25 September 27, 2013 (the date by which 503(b)(9) Claims were required to be filed in these cases
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1 pursuant to the *Order Establishing Bar Date To File Claims and Establishing Procedures for*
2 *§ 503(b)(9) Claims* (Docket No. 305) will be allowed.

3 **7.11 Termination of Committee.** The Committee will terminate automatically upon
4 the Effective Date. Upon termination of the Committee, the Committee will be dissolved and its
5 members will be deemed released of their duties and responsibilities in connection with the Cases
6 or the Plan and its implementation, and the retention or employment of the Committee's counsel
7 will terminate, except for ministerial duties or any duties imposed pursuant to the Plan (including,
8 without limitation, filing applications for allowance and payment of Claims for professional fees).

9 **7.12 Case Administration.** From and after the Effective Date and continuing through
10 the date that a final decree closing the Cases is entered, the Creditor Trustee will possess the
11 rights of the Debtors for all matters arising in, arising under or related to the Cases. In addition
12 to, and without limiting the generality of the foregoing, for all matters arising in, arising under or
13 related to the Cases, the Creditor Trustee will: (i) have the right to appear and be heard on
14 matters brought before the Bankruptcy Court or other courts of competent jurisdiction; (ii) access
15 the records of, or related to, the Debtors (without limitation, but shall be responsible to pay any
16 actual cost related to accessing such records); (iii) be entitled to notice and opportunity for
17 hearing; (iv) be entitled to participate in all matters brought before the Bankruptcy Court,
18 including, but not limited to, adversary proceedings; (v) have exclusive standing to commence
19 Avoidance Actions and other Causes of Action; (vi) be entitled to request the Bankruptcy Court
20 to enter a final decree closing the Cases; and (vii) be entitled to receive notice of all applications,
21 motions and other papers and pleadings set before the Bankruptcy Court in these Cases.

22 **7.13 Objections to Claims.**

23 **7.13.1** From and after the Effective Date, the Creditor Trustee will have authority
24 to file, settle, compromise, withdraw or litigate to judgment objections to Claims. The Creditor
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1 Trustee will have standing to file objections to such Claims even if such Claims were scheduled
2 by the Debtors as undisputed, liquidated and non-contingent. The Creditor Trustee may file
3 objections to such Claims prior to the commencement of distributions to a particular Class of
4 Claims.

5
6 7.13.2 If the Creditor Trustee objects to a Claim, payment will be withheld only
7 with respect to the amount actually in dispute, and such objection will not affect payments or
8 distributions under the Plan on the undisputed portion of the Claim.

9 7.14 **Filing of Additional Documents.** The Creditor Trustee may file with the
10 Bankruptcy Court such agreements and other documents as may be necessary or appropriate to
11 effectuate and further evidence the terms and conditions of the Plan.

12 7.15 **Creditor Trustee's Professionals.** Upon the Effective Date, the Creditor Trustee
13 may retain such Professionals as it deems necessary to effectuate the Plan and the Creditor Trust
14 Agreement. The Professionals retained by the Creditor Trustee are not required to be
15 "disinterested" as that term is defined in the Bankruptcy Code and may include, without
16 limitation, counsel and financial advisors of any party in these Cases. The Creditor Trustee's
17 retention of any such Professionals is deemed not to pose any conflict of interest, and no conflict
18 will exist by virtue of the filing of applications by Professional Persons for allowance of
19 Administrative Claims in accordance with Section 5.1 of the Plan.
20

21 7.16 **INJUNCTION.** EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR
22 THE CONFIRMATION ORDER, ON AND AFTER THE CONFIRMATION DATE, EXCEPT
23 AS OTHERWISE SET FORTH IN THE PLAN, ALL PERSONS AND ENTITIES WHO HAVE
24 HELD, HOLD OR MAY HOLD LIENS, CLAIMS OR INTERESTS IN OR AGAINST THE
25 DEBTORS OR ANY OF THE DEBTORS ARE, WITH RESPECT TO OR ON ACCOUNT OF
26 ANY SUCH LIENS, CLAIMS OR INTERESTS, PERMANENTLY ENJOINED FROM
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1 TAKING ANY ACTION AGAINST OR AFFECTING THE DEBTORS OR ANY OF THEM
2 OR THE CREDITOR TRUST OR ANY OF THEIR RESPECTIVE PROPERTY, DIRECT OR
3 INDIRECT TRANSFEREES, DIRECT OR INDIRECT SUCCESSORS IN INTEREST,
4 REPRESENTATIVES, AGENTS, OR PROFESSIONALS: (I) COMMENCING,
5 CONDUCTING OR CONTINUING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY
6 SUIT, ACTION OR OTHER PROCEEDING OF ANY KIND (INCLUDING, WITHOUT
7 LIMITATION, ANY PROCEEDING IN A JUDICIAL, ARBITRAL, ADMINISTRATIVE OR
8 OTHER FORUM); (II) ENFORCING AGAINST, LEVYING UPON OR ATTACHING
9 (INCLUDING, WITHOUT LIMITATION, ANY PRE-JUDGMENT ATTACHMENT);
10 (III) ENFORCING, LEVYING, ATTACHING (INCLUDING, WITHOUT LIMITATION, ANY
11 PRE-JUDGMENT ATTACHMENT), COLLECTING OR OTHERWISE RECOVERING BY
12 ANY MANNER OR MEANS WHETHER DIRECTLY OR INDIRECTLY, OF ANY
13 JUDGMENT, AWARD, DECREE, CLAIM OR ORDER; (IV) CREATING, PERFECTING OR
14 OTHERWISE ENFORCING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY
15 LIENS, CLAIMS OR INTERESTS OF ANY KIND; (V) OTHER THAN AS OTHERWISE
16 EXPRESSLY PROVIDED FOR IN THE PLAN, ASSERTING ANY RIGHT OF SETOFF,
17 SUBORDINATION OR RECOUPMENT OF ANY KIND, DIRECTLY OR INDIRECTLY,
18 AGAINST ANY OBLIGATION; AND (VI) TAKING ANY ACTIONS IN ANY PLACE AND
19 IN ANY MANNER WHATSOEVER THAT DO NOT CONFORM TO OR COMPLY WITH
20 THE PROVISIONS OF THE PLAN.
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24 7.17 **Discharge.** Upon the Effective Date, any Person that has or could have had a
25 Claim that arose prior to the Confirmation Date shall be deemed to have forever waived, released
26 and discharged the Debtors, and each of them, from any and all Claims, rights and liabilities. On
27 the Effective Date, all such Persons shall be forever precluded and enjoined, pursuant to section

1 524 of the Bankruptcy Code, from prosecuting or asserting any such enjoined Claim against the
2 Debtors, or any of them, or the Creditor Trust.

3 **7.18 Exculpation and Limitation of Liability.** Neither the Committee, the Debtors,
4 the Creditor Trust, nor any of their respective members, officers, directors, shareholders,
5 employees, advisors, attorneys or agents or representatives acting in such capacity, will have or
6 incur any liability to, or be subject to any right of action by, any Person or entity, for any act or
7 omission in connection with, relating to or arising out of, the Cases or the pursuit of confirmation
8 of the Plan, except to the extent arising out of fraud or willful misconduct, and in all respects will
9 be entitled to rely reasonably upon the advice of counsel with respect to their duties and
10 responsibilities under the Plan.

11
12 **7.19 Channeling Injunction for Insiders.** In exchange for funding approximately
13 \$2.4 million from an inventory shortage required to close the CNG sale, satisfying the claims of
14 Unified Grocers/GCC and affiliates by making payments and obligating themselves to a \$7
15 million note, and an additional contribution, or causing to provide an additional contribution,
16 directly or indirectly (comprised of cash, forgiveness of post-petition loans to the Estate, and
17 forgiveness of administrative claims against the Debtors purchased post-petition) in an amount of
18 \$1,600,000 (calculated using the purchase price of claims, rather than the face amount of such
19 claims); (i) each holder of any claim against the Debtors, or any of them, shall be deemed to
20 unconditionally and forever look to the Creditor Trust in full satisfaction of such claims,
21 obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities
22 whatsoever whether liquidated or unliquidated, fixed or contingent, matured or unmatured,
23 known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or
24 otherwise, that are based in whole or part on any act, omission, transaction, event, or other
25 occurrence taking place on or prior to the Effective Date against the Guarantor Released Parties.
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27

1 delivery; or (iii) reputable overnight delivery service, freight prepaid, with copies to the following
2 parties and as may otherwise be set forth in the Plan Supplement:

3 The Debtors:

4 Michael McGrath, Esq.
5 Mesch, Clark & Rothschild, P.C.
6 259 North Meyer Avenue
7 Tucson, Arizona 85701
8 Telephone: 520.624.8886
9 Facsimile: 520.798.1037
10 E-Mail: mmcgrath@mcrazlaw.com

11 *Counsel for the Debtors*

12 The Committee:

13 Richard S. Lauter, Esq.
14 Freeborn & Peters LLP
15 311 South Wacker Drive, Suite 3000
16 Chicago, Illinois 60606
17 Telephone: 312-360-6000
18 Facsimile: 312-360-6520
19 E-Mail: rlauter@freeborn.com

20 *Counsel for the Committee*

21 9.3 **Lapsed Distributions.** Any distribution that has not been cleared within ninety
22 (90) days of the date of the distribution will lapse. With respect to any lapsed distributions, the
23 lapsed distribution will revert to the Creditor Trust and be distributed Pro Rata to the remaining
24 beneficiaries of the Creditor Trust in accordance with the Plan and the Creditor Trust Agreement.

25 9.4 **Undeliverable and Unclaimed Distributions.** If any distribution is returned as
26 undeliverable, no further distributions to such Creditor will be made unless the Creditor Trustee is
27 notified in writing of the Creditor's current address. Upon receipt of the notification, the Creditor
Trustee will remit all missed distributions to the Creditor without interest. All claims for
undeliverable distributions must be made on or before the first anniversary of the Confirmation
Date of the Plan. If a claim is not made within that time, all unclaimed distributions will revert to
the Creditor Trust and be distributed Pro Rata to the remaining beneficiaries of the Creditor Trust.

1 Nothing in the Plan will require the Creditor Trustee to attempt to locate any holder of an
2 Allowed Claim.

3 **ARTICLE X**

4 **Retention of Jurisdiction**

5 This Bankruptcy Court will retain jurisdiction over these Cases for the following
6 purposes:

7 10.1 Resolution of any and all objections to Claims.

8 10.2 Determination of all questions and disputes regarding all Causes of Action,
9 controversies, disputes or conflicts, whether or not subject to pending actions as of the
10 Confirmation Date, between: (i) the Debtors and any other Person relating to any Claim or any
11 term of the Plan or any transaction or act occurring under or pursuant to the Plan; (ii) the Creditor
12 Trustee and any other party; or (iii) otherwise under the Plan, the Confirmation Order or any other
13 order issued by the Bankruptcy Court in connection with these Cases.
14

15 10.3 The correction of any defect and the curing of any omission or inconsistency in the
16 Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of the
17 Plan.
18

19 10.4 Modification of the Plan after confirmation pursuant to the Bankruptcy Code and
20 the Bankruptcy Rules.

21 10.5 Allowance of all Claims and applications for payment of Administrative Claims
22 and professional fees and expenses which may be paid by the Debtors or the Creditors Trustee
23 pursuant to the provisions of the Plan and the Bankruptcy Code, including but not limited to any
24 professionals retained to pursue Avoidance Actions or otherwise retained by the Creditor Trustee
25 and resolution of all disputes pertaining thereto.
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Exhibit B