

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEBRASKA

In re:)
) Case No. 10-82436
)
PROFESSIONAL VETERINARY)
PRODUCTS, LTD, A NEBRASKA)
CORPORATION,) Chapter 11
)
)
Debtor,)
_____)

In re:)
) Case No. 10-82437
)
EXACT LOGISTICS, LLC,)
) CHAPTER 11
)
)
Debtor,)
_____)

In re:)
) Case No. 10-82438
)
PROCONN, LLC,)
) CHAPTER 11
)
)
Debtor,)
_____)

**JOINT DISCLOSURE STATEMENT FOR JOINT PLAN OF LIQUIDATION
PROPOSED BY PROFESSIONAL VETERINARY PRODUCTS, LTD, EXACT
LOGISTICS, LLC, AND PROCONN, LLC AND THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS**

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EXHIBIT B	SIGNED DISCLOSURE STATEMENT ORDER (WITH THE SOLICITATION PROCEDURES AND BALLOTING INSTRUCTIONS ATTACHED THERETO AS <u>EXHIBIT 2</u>) [TO BE PROVIDED UPON APPROVAL]
EXHIBIT C	LIQUIDATION ANALYSIS

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 4:30 P.M. (PREVAILING CENTRAL TIME) ON [_____], UNLESS THE DEBTORS EXTEND THE VOTING DEADLINE. TO BE COUNTED, THE DEBTORS' MUST ACTUALLY RECEIVE YOUR BALLOT CORRECTLY AND FULLY COMPLETED ON OR BEFORE THE VOTING DEADLINE. INCOMPLETE OR LATE BALLOTS WILL NOT BE COUNTED.

THE DEBTORS PROVIDE NO ASSURANCE THAT THE DISCLOSURE STATEMENT (AND THE EXHIBITS HERETO) THAT IS ULTIMATELY APPROVED IN THE CHAPTER 11 CASES (A) WILL CONTAIN ANY OF THE TERMS IN THIS CURRENT DOCUMENT OR (B) WILL NOT CONTAIN DIFFERENT, ADDITIONAL OR MATERIAL TERMS THAT DO NOT APPEAR IN THIS CURRENT DOCUMENT.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN AND ANY EXHIBITS ATTACHED HERETO IS HIGHLY SPECULATIVE, AND PERSONS SHOULD NOT RELY ON SUCH DOCUMENTS IN MAKING INVESTMENT DECISIONS WITH RESPECT TO (A) THE DEBTORS OR (B) ANY OTHER ENTITIES THAT MAY BE AFFECTED BY THE CHAPTER 11 CASES.

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR THE JOINT PLAN OF LIQUIDATION OF PVP AND ITS DEBTOR AFFILIATES PROCONN AND EXACT UNDER CHAPTER 11 OF THE BANKRUPTCY CODE (THE "PLAN") TO HOLDERS OF CLAIMS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE PLAN. YOU SHOULD NOT RELY UPON OR USE THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR ANY OTHER PURPOSE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(B) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND IS NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AUTHORITY AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT MAY CONTAIN "FORWARD LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY SUCH AS "MAY," "EXPECT," "ANTICIPATE," "ESTIMATE" OR "CONTINUE" OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THE READER IS CAUTIONED THAT ALL FORWARD LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE AND THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD LOOKING STATEMENTS. THE LIQUIDATION ANALYSIS, DISTRIBUTION PROJECTIONS AND OTHER INFORMATION CONTAINED HEREIN AND ATTACHED HERETO ARE ESTIMATES ONLY, AND THE TIMING AND AMOUNT OF ACTUAL DISTRIBUTIONS TO HOLDERS OF ALLOWED CLAIMS MAY BE AFFECTED BY MANY FACTORS THAT CANNOT BE PREDICTED. THEREFORE, ANY ANALYSES, ESTIMATES OR RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE.

NO LEGAL OR TAX ADVICE IS PROVIDED TO YOU BY THIS DISCLOSURE STATEMENT. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR AN EQUITY INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF DISCLOSURE CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE MERITS OF THE PLAN.

IT IS THE DEBTORS' POSITION THAT THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER. RATHER, HOLDERS OF CLAIMS AND EQUITY

INTERESTS AND OTHER ENTITIES SHOULD CONSTRUE THIS DISCLOSURE STATEMENT AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS RELATED TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS.

NO RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR LITIGATION CLAIM OR PROJECTED OBJECTION TO A PARTICULAR CLAIM IS, OR IS NOT, IDENTIFIED IN THE DISCLOSURE STATEMENT. THE LIQUIDATING TRUSTEE MAY SEEK TO INVESTIGATE, FILE AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THE DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS. THE PLAN RESERVES FOR THE LIQUIDATING TRUSTEE THE RIGHT TO BRING CAUSES OF ACTION (DEFINED IN THE PLAN) AGAINST ANY ENTITY OR PARTY IN INTEREST EXCEPT THOSE SPECIFICALLY RELEASED.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THE SUMMARIES DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT AND FINANCIAL ADVISORS EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

THE DEBTORS' MANAGEMENT HAS REVIEWED THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THE DEBTORS HAVE USED THEIR REASONABLE BUSINESS JUDGMENT TO ENSURE THE ACCURACY OF THIS FINANCIAL INFORMATION, NO ENTITY HAS AUDITED THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT, OTHER THAN THE FINANCIAL STATEMENTS INCLUDED IN THE DEBTORS' ACTUAL AUDITED ANNUAL REPORT.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO SO. HOLDERS OF

CLAIMS AND EQUITY INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE DEBTORS FILED THIS DISCLOSURE STATEMENT. HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN MUST RELY ON THEIR OWN EVALUATION OF THE DEBTORS AND THEIR OWN ANALYSIS OF THE TERMS OF THE PLAN, INCLUDING, WITHOUT LIMITATION, ANY RISK FACTORS CITED HEREIN, IN DECIDING WHETHER TO VOTE OR ACCEPT OR REJECT THE PLAN.

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

PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM IN A VOTING CLASS SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN GREATER DETAIL HEREIN.

I. INTRODUCTION

Professional Veterinary Products, LTD (“PVP”), Exact Logistics, LLC (“Exact”) and ProConn, LLC (“ProConn”) (collectively sometimes referred to herein as “Debtors”) and the Official Committee of Unsecured Creditors (the “Committee”), provide this Disclosure Statement to all of Debtors’ creditors and shareholders in order to disclose that information deemed by them to be important and necessary for those creditors exercising their right to vote for acceptance of the Joint Plan of Liquidation filed with the Court on December 17, 2010.

II. DEFINED TERMS AND RULES OF CONSTRUCTION

For purposes of this Joint Disclosure Statement and the Plan, except as expressly provided herein or unless the context otherwise requires, all capitalized terms not otherwise defined, including those capitalized terms used in the preceding Introduction, shall have the meanings ascribed to them in the definition section of the Plan located at Article II.B. of the Plan. Any term used in the Plan that is not defined therein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable. To the extent that there is an inconsistency between a definition in the Plan and a definition set forth in this Disclosure Statement or the Bankruptcy Code, the definition set forth in the Plan shall control. Whenever the context requires, such terms shall include the plural as well as the singular number, the masculine gender shall include the feminine, and the feminine gender shall include the masculine.

III. SUMMARY

Pursuant to section 1125 of the Bankruptcy Code, the Debtors submit this Disclosure Statement to holders of Claims in connection with (a) the solicitation of votes to accept or reject the Plan, dated as of December 17, 2010 and (b) the Confirmation Hearing, which is scheduled for [_____] at ____ p.m. (Central Time) at the Bankruptcy Court.

The following summary is qualified in its entirety by the more detailed information and financial statements contained elsewhere in this Disclosure Statement.

A. The Chapter 11 Cases And The Bankruptcy Sales

On August 20, 2010, the Debtors filed voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code. The Debtors commenced the Chapter 11 Cases in the midst of an ongoing contraction in the industry which resulted in a reduction of margins, increased competition, and culminated in certain credit restrictions effectively rendering their existing business model ineffective. This coupled with an inability to sell their business as a going concern lead the Debtors to seek the Chapter 11 protections available to them to allow them to pursue a sale of all or substantially all of their assets. To facilitate the sale, the Debtors obtained approval from the Bankruptcy Court of Sale and Auction Procedures for the sale of their assets. The marketing efforts managed by the Debtors’ financial advisors BGA Management, LLC d/b/a Alliance Management included direct and published solicitations to Debtors’ competitors and various outside investors. Alliance ultimately contacted 97 firms that had the interest and financial wherewithal to close a sale, and 51 of those signed formal non-disclosure agreements. Of those at least 10 conducted active due diligence during

the weeks leading to the Auction. Ultimately, the Debtors successfully obtained a stalking horse bidder, IVESCO Holdings, LLC (“IVESCO”) to purchase a portion of their assets. On September 9, 2010, the Debtors conducted an Auction at the offices of their counsel McGrath North Mullin & Kratz PC LLO, in Omaha, Nebraska. Following spirited bidding, the Debtors sold substantially all of their then existing inventory to IVESCO for approximately \$1.248 million dollars, and also sold substantially all of Debtors’ intangible property excluding any such property previously sold to Direct Vet Marketing, Inc. (“DVM”) together with certain of Debtors’ furniture, fixtures and equipment that were located at its leased York, PA facility to Walco, Inc., an affiliate of Animal Health International, Inc. (“Walco”) for \$225,000.00. The sales to IVESCO and Walco were approved by the Bankruptcy Court on September 14, 2010, and September 20, 2010 respectively. These sales effectively closed Debtors’ active operations with Debtors’ activities thereafter focused on collection of their remaining accounts receivable, and liquidation of their real estate and other residual assets.

The Debtors in consultation with the Committee have and continue to market and sell Debtors’ remaining assets, and on September 13, 2010 filed the Debtors’ motion to set up procedures to streamline approval of sales of de minimis assets which was approved on September 22, 2010. The Debtors are also actively marketing their real estate consisting of their headquarters and adjacent vacant property located in Omaha, Nebraska.

B. Executory Contracts/Leases

The Debtors have filed motions on the dates listed below to reject the following executory contracts and leases connected with their operations:

<u>Motion</u>	<u>Date Filed</u>	<u>Date Approved</u>
Debtors’ Motion Pursuant to 11 U.S.C. § 365(a) for an Order Authorizing Debtor Professional Veterinary Products, Ltd to Reject Certain Expired Leases of Nonresidential Real Property	09/13/2010	09/29/2010
Stipulation for Rejection of Master Vehicle Lease Agreement and Fleet Management Services Agreement	09/27/2010	09/29/2010
Debtor Professional Veterinary Products, Ltd.’s Motion to Approve Stipulation for Rejection of Unexpired Lease of Nonresidential Real Property	09/29/2010	10/21/2010
Debtors’ Motion Pursuant to 11 U.S.C. § 365(a) for an Order Authorizing Debtor Professional Veterinary Products, Ltd. to Reject That Certain Master Services Agreement With Direct Vet Marketing, Inc.	10/04/2010	10/26/2010
Debtors’ Motion Pursuant to 11 U.S.C. § 365(a) for an Order Authorizing Debtor Professional Veterinary Products, Ltd. to Reject Certain Unexpired Leases of Personal Property	10/19/10	11/01/2010

Debtors' Motion Pursuant to 11 U.S.C. § 365(a) for an Order Authorizing Debtor Professional Veterinary Products, Ltd. to Reject That Certain Executory Contract with CB Richard Ellis/MEGA	11/05/10	12/01/10
Debtors' Motion Pursuant to 11 U.S.C. § 365(a) for an Order Authorizing Debtor Professional Veterinary Products, Ltd. to Reject That Certain Unexpired Lease with IKON Financial Services	11/08/10	12/01/10
Debtors' Motion Pursuant to 11 U.S.C. § 365(a) for an Order Authorizing Debtor Professional Veterinary Products, Ltd. to Reject All Executory Contracts With Jelecoc Systems, Inc.	11/19/10	12/13/10

The Debtors in consultation with the Committee have determined no executory contracts or leases are of value to the Debtors' estates. The Debtors are rejecting all remaining executory contracts and leases through the Plan. The Debtors have provided for a procedure for the assertion of rejection damages in Article VII.C. of the Plan.

C. Wells Fargo Credit Facility

Prior to the Petition Date, the Debtors and Wells Fargo Bank, N.A. ("Wells Fargo") entered into a Credit and Security Agreement dated January 29, 2010, whereby Wells Fargo provided a \$40 million credit facility for the Debtors' use (the "Wells Fargo Credit Facility"). As of the Petition Date, Wells Fargo was owed \$8,454,032.00 under the terms of the Wells Fargo Credit Facility. On August 20, 2010, the Debtors and Wells Fargo sought Bankruptcy Court approval of their Stipulation for Secured Borrowing and Adequate Protection (the "DIP Stipulation"), which effectively continued the Wells Fargo Credit Facility in place and provide a continuing debtor in possession credit facility (the "DIP Facility") to the Debtors through September 30, 2010, to allow them to continue as a going concern pending sale of their assets.

As a result of the Auction Sales, receivables collections and other de minimis sales, the Debtors were successful in paying Wells Fargo the principal and interest due under the Wells Fargo Credit Facility and DIP Facility on September 24, 2010. As part of the Wells Fargo Credit Facility, Wells Fargo has filed its Motion For Entry of Order Allowing Secured Claim and Directing Payment of Secured Claim From Sale Proceeds (Filing No. 257) whereby Wells Fargo asserts that in addition to the principal and interest owed thereunder, that Debtors were liable for the following fees (the "Wells Fargo Fees"):

Unused Line Fee	\$19,468.69
Collateral Exam Fee	\$17,470.21
Termination and Line Reduction Fee	\$1,200,000.00
Treasury Management Fees	\$25,000.00
Total Liquidating Fees	<hr/> \$1,261,938.90

Estimated Attorneys Fees ¹	\$120,000.00
Total Fees Requested	\$1,381,938.90

Debtors and the Committee have challenged Wells Fargo’s right to collect the Wells Fargo Fees, and the parties have currently escrowed \$1,394,303.90 in a segregated account at Wells Fargo (the “Wells Fargo Escrow”) pending a resolution this dispute by either agreement of the interested parties, or an order of the Bankruptcy Court.

In addition, the Committee and with the assistance of its financial advisors investigated Wells Fargo’s pre-petition administration and actions surrounding the Wells Fargo Credit Facility. The DIP Stipulation granted the Committee through and including September 20, 2010, to conduct this investigation. Wells Fargo and the Committee agreed to extend this deadline by another thirty (30) days through and including October 20, 2010. No challenge was made by the Committee to the Wells Fargo Credit Facility.

D. The Purpose Of The Plan

On December 17, 2010, the Debtors filed the Plan with the Bankruptcy Court to facilitate the final liquidation of the Debtors’ estates and the Distribution of the proceeds obtained therefrom to holders of Allowed Claims. The Plan represents the culmination of extensive negotiations by and between the Debtors and the Creditors’ Committee. A copy of the Plan is attached hereto as Exhibit A and incorporated herein by reference.

The Debtors and the Creditors’ Committee believe the Plan provides the best recoveries possible for holders of Allowed Claims and strongly recommend that, if such holders are entitled to vote, they vote to accept the Plan.

IN THE EVENT VOTERS DO NOT ACCEPT THIS CHAPTER 11 PLAN OF LIQUIDATION, THESE CHAPTER 11 CASES MAY BE CONVERTED TO CASES UNDER CHAPTER 7 OF THE BANKRUPTCY CODE.

Pursuant to section 1141(d)(3) of the Bankruptcy Code, the Plan does not contain a discharge for the Debtors as (1) the Plan is a liquidating plan, (2) the Debtors will not be engaging in business after the consummation of the Plan and therefore (3) the Debtors are not entitled to a discharge under section 727(a) of the Bankruptcy Code. The Plan does provide certain releases, injunctions and exculpation to the parties described therein.

E. Treatment Of Claims And Interests

THE FOLLOWING CHART IS A SUMMARY OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS AND THE POTENTIAL DISTRIBUTIONS UNDER THE PLAN. THE AMOUNTS SET FORTH BELOW ARE ESTIMATES ONLY. REFERENCE SHOULD BE MADE TO THE ENTIRE DISCLOSURE

¹ These fees are only an estimate. The actual amount of fees are subject to final determination, an application by Wells Fargo counsel, and approval by the Bankruptcy Court.

STATEMENT AND THE PLAN FOR A COMPLETE DESCRIPTION OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS. THE RECOVERIES SET FORTH BELOW ARE PROJECTED RECOVERIES AND ARE THEREFORE SUBJECT TO CHANGE. THE ALLOWANCE OF CLAIMS MAY BE SUBJECT TO LITIGATION OR OTHER ADJUSTMENTS, AND ACTUAL ALLOW CLAIM AMOUNTS MAY DIFFER MATERIALLY FROM THESE ESTIMATED AMOUNTS.

SUMMARY OF EXPECTED RECOVERIES FOR ALLOWED CLAIMS

<u>Class/Type of Claim or Interest</u>	<u>Projected Claims</u>	<u>Plan Treatment of Class</u>	<u>Projected Recovery Under Plan</u>	<u>Projected Recovery Under Chapter 7 Liquidation</u>
Professional Fee Claims	\$1,500,000.00 (Estimated Amount)	Paid in full in Cash from the Professional Fee Claim Reserve	100%	100%
Administrative Claims ² (Includes Allowed 503(b)(9) Claims) and Allowed Reclamation Claims	\$556,828.15 (Estimated Amount)	Paid in full in Cash from the Administrative Claims Reserve	100%	100%
Priority Tax and Employee Wage Claims	\$374,029.53 (Estimated Amount)	Paid in full in Cash from the Administrative Priority Claims Reserve	100%	100%
Class 1-Wells Fargo Fee Claim/Secured Claim	Not to exceed \$1,381,938.90	Wells Fargo will be paid the Allowed Amount of this estimated claim ³ in full upon final determination of the amount of the Allowed Wells Fargo Fee Claim by the Bankruptcy Court, from the Wells Fargo Fee Escrow which is fully funded.	100%	100%

² The Debtors have for simplicity included Reclamation Claims in this category but have estimated the value of those claims as zero. They are not, however, “Administrative Claims” within the meaning of the Bankruptcy Code.

³ For purposes of the Disclosure Statement, the Debtors have estimated the Wells Fargo Fee Claim at the full amount of the Wells Fargo Fee Reserve. This estimate is not an admission that any amounts are actually currently due and owing to Wells Fargo, and all parties reserve their respective rights regarding the amount of Wells Fargo’s Allowed Claim, if any in this Bankruptcy Case.

Class 2-Bayer Consignment Claim/Other Secured Claims ⁴	\$59,730.00 (Bayer Corporation has asserted a secured claim based upon a consignment agreement. The amount listed is the estimated amount of that secured claim, as to which all parties continue to reserve their rights.)	The parties have resolved the majority of the Bayer Consignment Claim by the Stipulation located at Filing No. 377. There remains \$59,730.00 of outstanding Baytril 100 accounts receivable covered by the Stipulation through October 6, 2010. Bayer will receive Cash on the Effective Date equal to the amount of these receivables collected between October 7, 2010 and the Effective Date from the Bayer Consignment Claim Reserve, with the balance of such reserve distributed to the Liquidating Trustee. Also on the Effective Date, Bayer will be assigned any uncollected Baytril 100 accounts receivable.	100%	100%
Class 3-AgriLabs Secured Claim	\$443,000.00 (Estimated Amount)	To be paid via setoff. ⁵	100%	100%
Class 4-General Unsecured Claims	\$28,600,000.00	Each holder of an Allowed General Unsecured Claim shall receive in full and final satisfaction of such Claim, its Pro Rata share of the Liquidating Trust Fund.	42%-55% ⁶	42%-55%
Class 5-Equity Interests	\$5,611,000.00 (Book Value)	Holders of Equity Interests shall neither receive nor retain any property under	0%	0%

⁴ Multimin USA, Inc. (“Multimin”) has filed four repetitive proofs of claim asserting a secured claim in various amounts up to \$58,975.00 based on an alleged consignment. Any lien claim by Multimin is unperfected, and therefore the Debtors will file an appropriate proceeding to avoid the lien. As such Multimin’s claim will be treated as a Class 4 Unsecured Claim for purposes of the Plan.

⁵ See discussion of AgriLabs setoff rights at Article V.2(c) of this Disclosure Statement.

⁶ The projected recovery range for holders of Allowed General Unsecured Claims may increase based on the ultimate value realized by the Liquidating Trust with respect to the sale of the Debtors’ remaining assets and prosecution of the Causes of Actions and Avoidance Actions.

		the Plan		
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All assets of ProConn, LLC were sold prior to and immediately after the Petition Date, with all proceeds therefrom distributed to Wells Fargo, ProConn’s senior secured lender, and applied to the amounts due under the Wells Fargo Credit Facility. In exchange for all proceeds, Wells Fargo released its lien(s) on ProConn’s assets at the time of the sale(s).

On the Petition Date, Exact Logistics, LLC was not in operation and had no assets. For these reasons, no distributions will be made to any creditors of ProConn or Exact Logistics.

The actual recoveries under the Plan by the Debtors’ creditors will be dependant upon a variety of factors including, without limitation, the ultimate realized value for the Debtors’ remaining assets, and whether, and to what extent, Disputed Claims are resolved in favor of the Debtors rather than the Creditors. Accordingly, the actual amount available for Distribution to, among others, holders of Allowed General Unsecured Claims may differ significantly from these estimates. Such differences may adversely affect the percentage recovery to holders of such Claims under the Plan.

F. Entities Entitled To Vote On The Plan

Under the provisions of the Bankruptcy Code, not all holders of claims against and equity interests in a debtor are entitled to vote on a chapter 11 plan. Holders of Claims that are not Impaired by the Plan are deemed to accept the Plan under section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote on the Plan.

The Classes of Claims and Equity Interests are classified for all purposes, including voting, Confirmation and Distribution pursuant to the Plan and sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim or an Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and will be deemed classified in a different Class to the extent that any remainder of the Claim or Equity Interest qualifies within the description of a different Class.

SUMMARY OF STATUS AND VOTING RIGHTS

Class	Claim	Status	Voting Rights
1	Wells Fargo Fee Claim/Secured Claim	Unimpaired	Deemed to Accept
2	Bayer Consignment Claim/Other Secured Claims	Unimpaired	Deemed to Accept
3	AgriLabs Secured Claim	Unimpaired	Deemed to Accept
4	General Unsecured Claims	Impaired	Entitled to Vote
5	Equity Interests	Impaired	Deemed to Reject

The following sets forth the Classes that are entitled to vote on the Plan and the Classes that are not entitled to vote on the Plan:

- The Debtors **ARE** soliciting votes to accept or reject the Plan from holders of Claims in Class 4 because Allowed Claims in the Voting Classes are Impaired under the Plan and will receive Distributions under the Plan. Accordingly, holders of Allowed Claims in the Voting Classes have the right to vote to accept or reject the Plan.
- The Debtors are **NOT** seeking votes from the holders of Claims in Classes 1, 2, 3, and 5 because those Classes, and the Claims of any holders in those Classes, are either Unimpaired under the Plan or are the holders of Equity Interests in Class 5. Class 5 is Impaired and will receive no Distribution under the Plan. Pursuant to section 1126(g) of the Bankruptcy Code, Class 5 is presumed to reject the Plan.

For a detailed description of the Classes of Claims and the Classes of Equity Interests, as well as their respective treatment under the Plan, see Article III of the Plan.

G. Solicitation Process

The following documents and materials will constitute the Solicitation Package:

- The Plan;
- The Disclosure Statement;
- The Disclosure Statement Order;
- The Confirmation Hearing Notice;
- Appropriate Ballot and voting instructions;
- Pre-addressed, postage pre-paid return envelope; and
- Appropriate letter explaining the solicitation process and urging the holders to vote to accept the Plan.

The Debtors intend to distribute the Solicitation Packages no less than 25 calendar days before the Voting Deadline. The Debtors submit that distribution of the Solicitation Packages at least 25 calendar days prior to the Voting Deadline will provide the requisite materials to holders of Claims entitled to vote on the Plan in compliance with Bankruptcy Rules 3017(d) and 2002(b). The Debtors will make every reasonable effort to ensure that holders who have more than one Allowed Claim in a single voting Class receive no more than one Solicitation Package.

The Solicitation Package will be distributed to holders of Claims in Voting Classes as of the Voting Record Date and in accordance with the Solicitation Procedures. The Solicitation Procedures are annexed as Exhibit 1 to the Disclosure Statement Order. The Solicitation Package (except the Ballots) may also be obtained: (a) from the Debtors' (i) at the Creditor's Committee website at <http://donlinerecano.com/pvp>, (2) by writing (sent via first class mail) to Debtors' counsel, McGrath North Mullin & Kratz, PC LLO, Attention Robert P. Diederich, First National Tower, Suite 3700, 1601 Dodge Street, Omaha, NE 68102, or (b) via PACER at <https://ecf.neb.uscourts.gov/>.

The Notice Parties as of the Voting Record Date, the Internal Revenue Service and the Securities and Exchange Commission will be served paper copies of the Disclosure Statement Order, the Disclosure Statement and all exhibits to the Disclosure Statement, including the Plan. Any Entity that desires additional copies of these documents may obtain copies by contacting Debtors in the manner noted above.

Any Plan Supplement will be filed by the Debtors before the Confirmation Hearing. When filed, any such Plan Supplement will be made available at the Creditors' Committee website at <http://donlinerecano.com/pvp>. The Debtors will not serve paper copies of the Plan Supplement. However, parties also may obtain a copy of the Plan Supplement in the same manner as the Solicitation Package.

H. Voting Procedures

The Voting Record Date is [_____]. The Voting Record Date is the date on which the following will be determined: (a) the holders of Claims (including holders of bonds, debentures, notes and other securities) that are entitled to receive the Solicitation Package in accordance with the Solicitation Procedures; (b) the holders of Claims that are entitled to vote to accept or reject the Plan; and (c) whether Claims have been properly assigned or transferred to an assignee pursuant to Bankruptcy Rule 3001(e) such that the assignee can vote as the holder of a Claim.

The Voting Deadline is 5:00 p.m. (Prevailing Central Time) on [_____]. To ensure that a vote is counted, holders of Allowed Claims must: complete the Ballot; (b) indicate a decision either to accept or reject the Plan; and (c) sign and return the Ballot to the address set forth on the enclosed pre-addressed envelope provided in the Solicitation Package or by delivery by first-class mail, overnight courier or personal delivery, so that all Ballots are **actually received** no later than the Voting Deadline, by the Debtors. Facsimile or electronically transmitted Ballots **will not** be counted.

ANY BALLOT THAT IS PROPERLY EXECUTED BY THE HOLDER OF A CLAIM, BUT THAT DOES NOT CLEARLY INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN OR INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN, WILL NOT BE COUNTED.

EACH HOLDER OF A CLAIM MUST VOTE ALL OF ITS CLAIMS WITHIN A PARTICULAR CLASS EITHER TO ACCEPT OR REJECT THE PLAN AND MAY NOT SPLIT SUCH VOTES. BY SIGNING AND RETURNING A BALLOT, EACH HOLDER OF A CLAIM WILL CERTIFY TO THE BANKRUPTCY COURT AND THE DEBTORS THAT NO OTHER BALLOTS WITH RESPECT TO SUCH CLAIM HAVE BEEN CAST.

BALLOTS

Ballots must be **actually received** by the Voting and Claims Agent by the Voting Deadline as follows:

If sent by the envelope provided or otherwise by First Class Mail:

McGrath North Mullin & Kratz, PC LLO
Attention: Robert P. Diederich
First National Tower, Suite 3700
1601 Dodge Street
Omaha, NE 68102

If sent by Overnight Courier or Personal Delivery:

McGrath North Mullin & Kratz, PC LLO
Attention: Robert P. Diederich
First National Tower, Suite 3700
1601 Dodge Street
Omaha, NE 68102

If you have any questions on the procedures for voting on the Plan, please call the Debtors' Counsel at the following telephone number and ask for Robert Diederich:

(800) 522-3070

IF A BALLOT IS RECEIVED AFTER THE VOTING DEADLINE, IT WILL NOT BE COUNTED UNLESS THE DEBTORS DETERMINE OTHERWISE.

Prior to deciding whether and how to vote on the Plan, each holder in a voting class should consider carefully all of the information in this Disclosure Statement, especially the Risk Factors described herein.

I. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Plan.

The Confirmation Hearing will commence on [] at []
.m. (Prevailing Central Time), before the Honorable Timothy J. Mahoney, United States Bankruptcy Judge, in the United States Bankruptcy Court for the District of Nebraska, at the United States Bankruptcy Court, Roman L. Hruska Courthouse, 111 South 18th Plaza, Bankruptcy Courtroom #8, 2nd Floor, Omaha, NE 68102. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

The Plan Objection Deadline is 12:00 p.m. (noon) (Prevailing Central Time) on []. All Plan Objections must be filed with the Bankruptcy Court and served on the Debtors and certain other parties in accordance with the Disclosure Statement Order on

or before the Plan Objection Deadline. In accordance with the Confirmation Hearing Notice filed with the Bankruptcy Court, Plan Objections or requests for modifications to the Plan, if any, must:

- Be in writing;
- Conform to the Bankruptcy Rules and the Local Bankruptcy Rules;
- State the name and address of the objecting Entity and the amount and nature of the Claim or Equity Interest of such Entity and if the objecting Entity was assigned the claim it must also include the name of the original claimant, original claim amount, and purchase price for the claim if any;
- State with particularity the basis and nature of the Plan Objection and, if practicable, a proposed modification to the Plan that would resolve such Plan Objection; and
- Be filed, contemporaneously with a proof of service, with the Bankruptcy Court and served so that it is **actually received** by the notice parties identified in the Confirmation Hearing Notice on or prior to the Voting Deadline.

THE BANKRUPTCY COURT WILL NOT CONSIDER PLAN OBJECTIONS UNLESS THEY ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE PROCEDURES SET FORTH IN THE DISCLOSURE STATEMENT ORDER.

IV. THE DEBTORS' BUSINESSES

A. General Background

The Debtors began operations in the 1980's as essentially a purchasing cooperative, and grew their business into a leading reseller of animal health products primarily to veterinarians and their related businesses. The Debtors distributed to their customers approximately 20,000 different products including biologicals, pharmaceuticals, parasiticides, instruments and equipment and also offered industry-exclusive programs on inventory management. These products were sourced from more than 300 vendors. During Debtors active operations, approximately 14,000 products were inventoried for immediate shipment and the remaining items were either drop-shipped from the manufacturer to the customer or were special order items. The Debtors did not manufacture any products and were dependant on vendors for their inventoried stock.

As of the Petition Date, PVP had approximately 1,900 shareholders, all of whom were veterinarians or veterinary clinics. The shareholders were located throughout the United States. PVP's shareholders were also the Debtors' primary customers. Because of the number of shareholders, PVP has been required to file various reports with the Securities and Exchange Commission ("SEC"). PVP has been and continues to be compliant with its SEC reporting obligations.

ProConn and Exact are wholly owned subsidiaries of PVP. ProConn consisted of the Debtors' direct marketing area, servicing customers largely in the Southwestern United States. The

Debtors sold the majority of ProConn's assets to Micro Beef Products, Ltd. prior to the Petition Date for the book value of those assets. Exact Logistics was formed as a third party logistics supplier. Exact never had substantial operations.

A variety of events adversely affected the Debtors' businesses culminating in the Chapter 11 filings, as follows:

Consolidation in the veterinary distribution business resulted in existing competitors increasing their market share. This led to greater pricing power, decreasing the Debtors' revenues and profitability and increasing the competition for the Debtors' customers.

Consolidation of the small, privately-held veterinary practices resulting in an increasing number of larger veterinary practices, which have increased purchasing leverage and the ability to negotiate lower product costs. This reduced the Debtors' operating margins and negatively impacted the Debtors' revenues and profitability. These developments resulted in increased marketing expense and had a material adverse effect on the Debtors' business, financial condition and results of operations.

On January 26, 2009, Pfizer announced that it had entered into an agreement to acquire all of the outstanding stock of Wyeth. Pfizer and Fort Dodge, a division of Wyeth, account for approximately 40.6% and 7.2% respectively of the Debtors' purchases during the twelve months ended July 31, 2009. On March 9, 2009, Merck announced that it had entered into an agreement to acquire all of the outstanding stock of Schering-Plough. Merial Limited, a joint venture between Merck & Co., Inc. and Sanofi Aventis S.A., and Intervet-Schering, a subsidiary of Schering-Plough, accounted for approximately 3.6% and 11.6%, respectively of the Debtors' purchases during the twelve months ended July 31, 2009. Consolidation among animal health product vendors resulted in the Debtors' vendors increasing their market share, which gave greater pricing power and made it easier for such vendors to sell their products directly to animal health customers, both of which decreased the Debtors' net sales and profitability.

Additional factors affected the Debtors' purchasing practices and operations of their businesses. Some of their competitors consolidated to create integrated delivery systems with greater market presence. These competitors used their market power to negotiate price reductions with the manufacturers. As the Debtors were forced to reduce their prices, their operating results suffered. As the veterinary distribution industry consolidated, competition for customers became more intense.

The Debtors' financial decline is illustrated by the following:

Nine Months Ended April 30, 2010, and Years Ended July 31, 2009, 2008 and 2007
In Thousands (except per share data)

	<u>July 31,</u> <u>2007</u>	<u>July 31,</u> <u>2008</u>	<u>July 31,</u> <u>2009</u>	<u>Nine Months Ended</u> <u>April 30, 2010</u>
Net sales and other revenues	\$342,699	\$339,838	\$299,729	\$245,841
Cost of Sales	\$301,122	\$295,596	\$266,334	\$222,534
Gross Profit	\$41,577	\$44,242	\$33,395	\$23,307

Operating, General and Administrative Expenses	\$36,077	\$40,434	\$39,804	\$32,409
Operating income (loss)	\$5,500	\$3,808	(\$6,409)	(\$9,102)
Other income (Expense)				
Interest Income	\$260	\$318	\$360	\$181
Interest Expense	(\$1,936)	(\$1,379)	(\$1,095)	(\$1,092)
Equity in earnings of unconsolidated affiliate	\$116	\$53	—	—
Loss on the sale of unconsolidated affiliate	—	(\$571)	—	—
Other	(\$81)	(\$1)	—	—
Other expense—net	(\$1,641)	(\$1,578)	(\$735)	(\$911)
Income (Loss) Per Common Share	\$3,859	\$2,230	(\$7,144)	(\$10,013)
Provision For Income Taxes	\$1,475	\$802	(\$2,771)	(\$2,670)
Net Income (Loss)	\$2,384	\$1,428	(\$4,373)	(\$7,343)
Earning (Loss Per Common Share	\$1,169.27	\$697.92	(\$2,201.91)	(\$3,824.48)

On or about April 7, 2010, the Debtors’ retained BGA Management, LLC d/b/a Alliance Management (“Alliance”), a Minneapolis based financial analyst and turnaround consultant. Alliance was initially hired to assess the Debtors’ financial and operational condition and to review its strategic options. Following the Debtors’ CFO’s resignation, Alliance’s role was expanded to provide day to day financial advice to the Debtors.

The Debtors’ Board through Debtors’ CEO, Steven J. Price, attempted to market the companies as a going concern to competitors if a viable strategic turnaround option alternative could not be developed by Alliance. Alliance was unable to locate a suitable alternative, and the Debtors’ Board and Management decided the Debtors’ existing business model was no longer viable. At that point the Debtors’ Board directed Mr. Price to market the Companies as a going concern.

In an effort to market the Companies as a going concern, Mr. Price contacted Debtors’ competitors to determine if there was an interest in a going concern purchase of the business beginning in June of this year. Mr. Price contacted the following companies to attempt to structure a sale of the Debtors as a going concern between June and the Petition Date:

- (a) MWI Veterinary Supply
- (b) Ivesco, LLC
- (c) Thomas Agribusiness Advisors

- (d) Lextron, Inc.
- (e) Webster Veterinary
- (f) Animal Health International, Inc. (“AHI”)

Despite these efforts only AHI was interested in pursuing a purchase of the Companies as a going concern. AHI, however, refused to consummate a purchase without the assignment of certain of Debtors’ marketing agreements with Pfizer. Any assignment of these contracts to AHI required Pfizer’s consent. Pfizer refused to consent, terminating AHI’s interest in a going concern purchase.

After AHI’s exit as a going concern prospect and into August of 2010, Mr. Price continued to pursue the sale of the Debtors either as a going concern or otherwise. During this time, AHI resurfaced and expressed interest in purchasing certain of the Companies’ assets. On August 6, 2010, AHI delivered a non-binding term sheet offering to purchase up to eighteen million dollars (\$18,000,000.00) of PVP’s inventory at PVP’s net landed cost, certain of PVP’s equipment, software, intellectual property, intangible assets and related property described therein for PVP’s current book value, and to assume PVP’s lease of its York, Pennsylvania facility (the “AHI Purchase”). This purchase would essentially divest the Companies of all their operating assets. AHI also agreed to interview and consider hiring Debtors’ employees as part of the AHI Purchase. The AHI term sheet was conditioned on the sale being conducted under 11 U.S.C. § 363, in a bankruptcy proceeding, and upon the Debtors retaining the majority of its sales force for ultimate employment by AHI.

B. Commencement of the Chapter 11 Case

On August 20, 2010, the Debtors filed a Voluntary Petition Under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Nebraska. Debtors continue in possession of their properties and operations of their businesses as Debtors-in-Possession under §§ 1107 and 1108 of the Bankruptcy Code until closing the sale of substantially all of their inventory and intangible assets as described more fully below. No trustee or examiner has been appointed.

To facilitate a potential sale to AHI or other interested parties, the Debtors commenced the Bankruptcy Case, and obtained approval from the Bankruptcy Court of Sale and Auction Procedures for the sale of their assets. The Debtors conducted intense marketing efforts managed by the Debtors’ financial advisors BGA Management, LLC d/b/a Alliance Management which included direct and published solicitations to Debtors’ competitors and various outside investors, with Alliance ultimately contacting 97 firms that had the interest and financial wherewithal to close a sale, obtaining 51 signed formal non-disclosure agreements, and with at least 10 of these prospects conducting active due diligence during the weeks leading to the Auction. Although AHI ultimately refused to be a stalking horse purchaser, the Debtors successfully obtained a new stalking horse bidder, IVESCO Holdings, LLC (“IVESCO”) to purchase a portion of their assets. On September 9, 2010, the Debtors conducted an Auction at the offices of their counsel McGrath North Mullin & Kratz PC LLO, in Omaha, Nebraska. Following spirited bidding, the Debtors sold substantially all of their then existing inventory to IVESCO for approximately \$1.248 million dollars, and also sold substantially all of Debtors’ intangible property excluding any such property previously sold to Direct Vet Marketing, Inc. (“DVM”) together with certain of Debtors’ furniture, fixtures and equipment that were located at

its leased York, PA facility to Walco, Inc., an affiliate of Animal Health International, Inc. (“Walco”). The sales to IVESCO and Walco were approved by the Bankruptcy Court on September 14, 2010, and September 20, 2010 respectively. These sales effectively closed Debtors’ active sale operations with Debtors’ activities thereafter focused on collection of their remaining accounts receivable, and liquidation of their real estate and other residual assets.

The Debtors in consultation with the Committee have and continue to market and sell Debtors’ remaining De Minimis Assets, and on September 13, 2010 filed the Debtors’ motion to set up procedures to streamline approval of such sales which was approved on September 22, 2010. The Debtors are also actively marketing its real estate consisting of its headquarters and adjacent vacant property located in Omaha, Nebraska. The Debtors also continue to collect their accounts receivable as more particularly described below.

As part of Debtors’ First Day Motions, debtors filed a Motion For An Order (a) Authorizing, But Not Directing, The Debtors To Pay Certain Pre-Petition Wages, Compensation And Employee Benefits And Continue Payment Of Wages, Compensation And Employee Benefits In The Ordinary Course Of Business; And (b) Authorizing And Directing Applicable Banks And Other Financial Institutions To Process And Pay All Checks Presented For Payment And To Honor All Funds Transfer Requests Made By The Debtors Relating To The Foregoing (Filing No. 15) (the “Payroll Motion”). On August 26, 2010, the Court entered its Order granting the Payroll Motion. As part of the Payroll Motion, the Debtors were allowed to pay certain employee benefits in the ordinary course (including health and dental claims in their self funded plan). The Debtors have continued and will continue through the Plan and Liquidating Trustee to pay these benefits under the self funded health plan as the claims run out over the next six (6) months, after which all such benefits shall cease and any claims thereafter shall be deemed denied. Historically, these claims average approximately \$40,000.00 per week, but it is anticipated those amounts will decline given Debtors staff reductions and cessation of operations.

C. Creditors’ Committee

On August 23, 2010, the United States Trustee appointed the following members to the Unsecured Creditors’ Committee:

Lionel Reilly, DVM
20620 Corral Road
Elkhorn, NE 68022

Intervet/SP Animal Health
Attn: Michael J. Marino
1011 Morris Ave
Union, NJ 07083

Pfizer, Inc.
Attn: Michael Gipson, Director, Financial
Services
Global Financial Solutions
6730 Lenox Center Ct.
Memphis, TN 38115

Bayer Corporation
Attn: Deborah Blevins, Director AH Credit
Services
12707 Shawnee Mission Pkwy
P.O. Box 390
Shawnee Mission, KS 66201

Boehringer Ingelheim Vetmedica
Attn: Stephanie Sulzen
2621 North Belt Highway
St. Joseph, MO 64506-4902

Novartis Animal Health US Inc
Attn: Nancy White, Credit Manager
3200 Northline Avenue, Suite 300
Greensboro, NC 27408

Agri Laboratories Ltd
Attn: Helen Taylor, CPA, Chief Financial
Officer
20927 State Route K
P.O. Box 3103
St Joseph, MO 64503

D. Retention of Professionals

At the commencement of the Debtors' reorganization case, the Debtors retained McGrath North Mullin & Kratz PC LLO ("McGrath North") to act as bankruptcy counsel, BGA Management, LLC d/b/a Alliance Management ("Alliance") to act as the Debtors financial advisors, Marvin E. Jewell & Co, P.C. to act as Debtors' tax accountants, and Baird Holm, LLP to act as Debtors' corporate counsel. The Creditors' Committee employed Borges & Associates, LLC as counsel to the Committee, and BDO USA, LLP as financial advisors to the Committee. The retention and employment of the foregoing professionals by the Debtors and the Committee was duly approved by the Bankruptcy Court. In addition the Debtors obtained permission to hire certain ordinary course professionals on October 6, 2010, and have retained among others, CFO Services, Inc. to prosecute certain tax incentive applications, and Jack H. Frisch & Associates and Pfenniger & Associates to prosecute and defend that certain litigation pending with Liberty Express Scripts, Inc. et. al. currently pending in Indiana and more particularly described below.

E. Pre-Petition Equity Security Holders

As of the Petition Date, PVP had approximately 1900 shareholders. These shareholders were either veterinarians or veterinary clinics located throughout the United States. Each shareholder was issued one share of stock. The cost of a share of stock was \$2,000.00 at PVP's infancy, and became \$3,000.00 for the majority of its operating life. The shares were restricted and could only be sold back to PVP, not to any third parties. Exact and ProConn are wholly owned subsidiaries of PVP.

F. Current Status Of Wells Fargo Credit Facility and DIP Credit Facility

On or about September 24, 2010, the Debtors remitted the final payoff balance to Wells Fargo for the principal and interest due under the Wells Fargo Credit Facility including the DIP Credit Facility. In addition, the Debtors and Wells Fargo created an escrow of \$1,394,303.90 in a segregated account at Well Fargo creating the Well Fargo Fee Reserve pending final determination of the amount of the Wells Fargo fees which will be Allowed as the Allowed Wells Fargo Fee Claim. On September 29, 2010, Wells Fargo filed its Motion For Entry Of Order Allowing Secured Claim And Directing Payment of Secured Claim From Sale Proceeds ("Fee Motion") seeking approval of the following fees:

Unused Line Fee	\$19,468.69
Collateral Exam Fee	\$17,470.21
Termination and Line Reduction Fee	\$1,200,000.00
Treasury Management Fees	\$25,000.00
Total Liquidating Fees	<u>\$1,261,938.90</u>
Estimated Attorneys Fees ⁷	\$120,000.00
Total Fees Requested	<u>\$1,381,938.90</u>

Objections to this motion were filed by the Debtors, the Committee, and joined by Boehringer Ingelheim Vetmedica, Inc. (“BIVI”) on October 20, 2010. A hearing was set on the Fee Motion and corresponding objections for November 15, 2010. By agreement among BIVI and all objecting parties, the hearing has been continued for 120 days to allow the parties to conduct discovery.

G. Current Status of Debtors’ Accounts Receivable.

As noted, the accounts receivable were not sold by the Debtors as part of the Bankruptcy Auction Sales. Instead the Debtors have continued to collect these receivables from and after the Petition Date. As of November 23, 2010, the Debtors had total accounts receivable of approximately \$2,957,208.00. On or about November 23, 2010, the Debtors engaged Bessenbacher and Company of Kansas City, Missouri as its collection agency for accounts receivable. In addition, Debtors filed their Motion to Approve Collection Procedures for Bessenbacher’s collections on December 2, 2010. Parties are referenced to this Motion for a description of the collection process and associated fees for those collections.

H. Debtors’ Bank Accounts

The Debtors currently maintain a “lock box” account located at Wells Fargo, and a deposit account at First National Bank of Omaha (“FNBO”). The funds that are deposited in the Wells Fargo lock box account are currently being swept weekly into the FNBO deposit account. Accordingly, the balance of the bank accounts of the Debtors as of December 14, 2010 were as follows:

\$311,376.75	(Wells Fargo Account)
\$6,075,992.87	(FNBO Account)
<u>\$6,387,369.62</u>	(Total)

⁷ These fees are only an estimate. The actual amount of fees are subject to final determination, an application by Wells Fargo counsel, and approval by the Bankruptcy Court.

I. 503(b)(9) Claims/Reclamation Claims/Post-Petition Administrative Claims

Certain claims for goods delivered within 20 days before the date of the filing of the bankruptcy case are entitled to a higher priority distribution than general unsecured claims. These so-called 503(b)(9) Claims consist of claims of suppliers who provided goods to the Debtors during the 20-day period prior to the commencement of the Chapter 11 case. In addition, certain of the Debtors' creditors have asserted reclamation claims pursuant to Bankruptcy Code Section 546(c). These claims are the subject to the procedures approved by virtue of the bankruptcy court's order dated September 29, 2010 ("Reclamation Procedures Order"). The Debtors' and the Committee believe there are valid defenses to all the Reclamation Claims, including that certain of the Reclamation Claims and 503(b)(9) Claims overlap and are only entitled to one recovery.

On September 16, 2010, the Debtors filed their Reclamation Motion. On September 29, 2010, the Court entered the Reclamation Procedures Order approving the Debtors' Reclamation Motion.

Pursuant to the Reclamation Motion, twelve (12) parties filed supporting information for their respective Reclamation Claims. Thereafter, on November 8, 2010, pursuant to the Reclamation Procedures Order, the Debtors filed their Reclamation Notice of whereby the Debtors admitted \$488,230.98 in valid 503(b)(9) Claims and denied the validity of all Reclamation Claims.

The Reclamation Procedures Order provides that after the Reclamation Notice is filed by the Debtors, any party that wishes to object to the proposed treatment must file an objection within fourteen (14) calendar days of the Reclamation Notice or the Reclamation Notice is deemed conclusive as to the amount of the Reclamation Claims and 503(b)(9) Claims. Only BIVI filed an objection to the Reclamation Notice. BIVI asserts a Reclamation Claim in the amount of \$1,747,879.22 all of which the Debtors dispute. The Debtors reasonably believe the maximum possible Allowed Amount of BIVI's Reclamation Claim will not exceed \$690,000.00. The Debtors' objection is now proceeding before the Bankruptcy Court.

Pursuant to the Reclamation Motion and Reclamation Notice, all Reclamation Claims other than BIVI are conclusively denied. The Debtors, however, have assigned no value to BIVI's Reclamation Claim, because they do not believe the claim will become an Allowed Reclamation Claim entitled to any distribution herein.

In addition to the 503(b)(9) claims, creditors may assert Administrative Claims other than Professional Fee Claims for product or services provided to the Debtors post petition which have not been paid. These Administrative Claims will be paid in full in cash within thirty (30) days after they become Allowed Administrative Claims. Creditors wishing to assert such Administrative Claims will need to file a Administrative Expense Request with the Bankruptcy Court no later than the Administrative Claims bar Date or have such claims forever barred as against the Debtors.

J. Causes Of Action

There exists certain causes of action which the bankruptcy estate has and which were not conveyed as part of the Auction Sale. These causes of action include avoidance claims under Chapter 5 of the United States Bankruptcy Code.

In addition, PVP is party to the following actions which will be administered by the Liquidating Trustee from and after the Effective Date:

Professional Veterinary Products, Ltd. v. Liberty Express Scripts, Inc., et al., Cause No. 49D12-0710-CC-043004 (Superior Court of Marion County, Indiana) (the "Liberty Express Litigation").

Professional Veterinary Products, Ltd. v. Arthur Griswold, Doc. 1104 Page 454 (District Court of Douglas County, Nebraska) (the "Griswald Litigation").

Professional Veterinary Products, Ltd. v. Vaccination Services, et al., Case No. 30-2010-00345057 (Superior Court of California, Orange County) (the "Vaccination Services Litigation").

The claim of the Debtors' in the Liberty Express Litigation is for collection of an account receivable in the original principal sum of \$98,663.84. There is a counterclaim alleging Debtors misuse of certain software and inappropriately hired one of the Defendants employees, the value of which is unspecified. The Liberty Express Litigation was scheduled for trial on October 19, 2010 in the Marion County Superior Court, T-1221 City-County Building, 200 E. Washington Street, Indianapolis, Indiana 46204, but in order to complete discovery the trial has since been continued to February 3, 2011.

The claim of the Debtors in the Griswald Litigation is also for the collection of an account receivable in the amount of \$181,242.47. The case is in the discovery stage and is continuing.

The claim of the Debtors in the Vaccination Services Litigation is for the collection of an account receivable in the amount of \$10,565.60. The case is continuing.

In addition, the Committee investigated the actions of Wells Fargo surrounding the administration of the Wells Fargo Credit Facility. The Committee asserted no such claims by the agreed deadline.

Concerning the avoidance actions which the estate or estate's representative may bring, these include generally preference actions and setoff claims concerning payments and/or improvement of creditor positions which occurred in the ninety (90) days prior to the filing of a bankruptcy case. The Liquidation Trustee is tasked with conducting an analysis of such ninety (90) day payments and identifying potential claims of the estate. The list of entities who received payments from the Debtors during the ninety (90) day period immediately preceding the Petition Date or during the one (1) year immediately preceding the Petition Date are encompassed in Exhibits 3(B) and 3(C) respectively to the Debtors' Statement of Financial Affairs, which by reference is incorporated herein. The scope and value of these potential avoidance actions are currently undetermined.

Under the Plan, the Liquidating Trust and the Liquidating Trustee shall enjoy the full time allowed under Section 546(a)(1)(A) of the Bankruptcy Code for the Commencement of the Avoidance Actions. Accordingly, the Liquidating Trust and the Liquidating Trustee shall have until no earlier than August 20, 2012 to commence any Avoidance Actions based on the time within which such action must be commenced.

Nothing contained in this Disclosure Statement is intended by the Debtors or the Creditors' Committee to be construed in any way as an admission of fact nor as establishing or tending to establish any fact or legal conclusion of liability, or any defense to any such claim in any way with respect to the matters referenced in the Disclosure Statement that are or may be subject to further court proceedings including without limitation, adversary proceedings in the Bankruptcy Court or the Liberty Express Litigation. The statements made herein may not be used as evidence in any court for purposes of prosecuting or defending any cause of action of the estate, it being understood and agreed by the proponents of this Disclosure Statement that the statements made herein are for general informational purposes to give notice to creditors and parties in interest in the relevant Classes to make an informed judgment about the Plan. It is further agreed and understood by the proponents hereof that additional information and facts may likely exist beyond that as set forth herein which would provide further and more detailed information than is contained in this Disclosure Statement which additional information may vary and be different from that as set forth herein concerning potential claims and causes of action of the bankruptcy estate with such further information being of varying materiality as to the completeness and accuracy of the statements made in this Disclosure Statement.

K. Deposits

Further, Debtors have claims for reimbursements of pre-paid amounts and deposits to various utilities. These entities and amounts as asserted to be outstanding by Debtors for reimbursement to the estate are as follows:

Metropolitan Utility District	\$513.55
Omaha Public Power District	\$23,544.87
Columbia Gas of Pennsylvania	\$221.64
Met Ed	\$21,650.64
AT&T	\$1,174.32
Cox	\$5,701.40
KeyOn SpeedNet LLC	\$139.90
Qwest	\$3,531.94
Sprint	\$5,465.42
Verizon	\$20,908.33
LightYear	\$12,933.59
	\$95,785.60

L. Other Assets Of The Estate

1. Real Estate. The Debtors own certain real estate located on and near 10067 South 134th Street in Omaha, Nebraska. The real estate consists of the Debtors' headquarters and distribution center and 10 unimproved adjacent acres. The Debtors have entered into listing agreements (the "Listing Agreements") for the sale of this real estate with Investors Realty, Inc. with the Committee's consent and Bankruptcy Court Approval. The initial asking price for the real estate including the ten acre open tract is \$6,350,000.00 for the headquarters and distribution facility and

\$950,000.00 for the unimproved tract. If unsold on or after the Effective Date, the Liquidating Trustee will assume the task of selling the real estate from and after the Effective Date including any rights and obligations under the Listing Agreements. There are no liens or encumbrances on this property.

Debtors' maintain full coverage property and casualty insurance on the headquarters and distribution facility. Depending on the date of sale, Debtors may receive a refund of a part of the premium paid for the insurance.

2. Income Tax Refunds. The Debtors anticipate they will receive the following tax refunds through the use of carrying back on operating losses:

Federal	\$1,776,902.00
State	\$3,626.00

The Debtors estimate receipt of those refunds during the first quarter of 2011.

3. Miscellaneous Assets. The Debtors also own miscellaneous furniture, fixtures, equipment, and similar de minimis assets (the "De Minimis Assets"). The value of these De Minimis Assets is estimated at \$50,000.00 or less. On September 22, 2010, the Court approved procedures for liquidation of De Minimis Assets. That liquidation will continue from and after the Effective Date at the direction of the Liquidating Trustee. As of the date of this Disclosure Statement approximately \$90,000.00 in De Minimis Assets have been sold under those procedures.

4. Tax Incentives. The Debtors may be entitled to certain tax incentives available under Nebraska law. The Debtors retained CFO Services, Inc., as one of its ordinary course professionals with Bankruptcy approval to process the necessary applications and pursue receipt of these tax incentive payments. It is anticipated the Liquidating Trustee will assume these duties and continue to utilize the services of CFO Services, Inc. from and after the Effective Date. Since the Petition Date, the Debtors have received \$162,842.01 in incentive payments. The amount of future incentives that may be received are unknown. CFO Services is paid a percentage of the amount ultimately recovered from these incentives, and it is anticipated this arrangement will continue once assumed by the Liquidating Trustee after the Effective Date.

5. Life Insurance Cash Value. Debtors currently own various life insurance policies with an estimated cash surrender value of \$3,000,351.99. These life insurance policies were purchased to fund a Supplemental Executive Retirement Program ("SERP"), but because the associated Rabbi Trusts were never funded, the Debtors and Committee believe the proceeds of these insurance policies are subject to the claims of the unsecured creditors of the Debtors' Estates. The Life Insurance policies will be monetized and approximately \$3,000,351.99 will be recovered.

6. Directors and Officers' ("D&O") Insurance. The Debtors have purchased an additional one year's coverage for approximately \$31,000.00, which is cancelable upon notice by the Debtors. Any unearned portion of the annual premium will be applied to the \$62,500.00 purchase price for a six year tail through December 2016 to the D&O insurance currently in place with the consent of the Committee.

V. CLASSIFICATION OF CLAIMS AND INTERESTS

A. Introduction

All assets of ProConn, LLC were sold prior to and immediately after the Petition Date, with all proceeds therefrom distributed to Wells Fargo, ProConn's senior secured lender, and applied to the amounts due under the Wells Fargo Credit Facility. In exchange for all proceeds, Wells Fargo released its lien(s) on ProConn's assets at the time of the sale(s).

On the Petition Date, Exact Logistics, LLC was not in operation and had no assets. For these reasons, no distributions will be made to any creditors of ProConn or Exact Logistics.

All Claims and Interests, except Administrative Claims (which include 503(b)(9) Claims), Professional Fee Claims and Priority Tax Claims are placed in the Classes set forth below. In accordance with Bankruptcy Code section 1123(a)(1), Administrative Claims, Professional Fee Claims and Priority Tax Claims, as described below, have not been classified.

A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid in whole or part (including without limitation payments made which modified the amount listed in any of Debtors' schedules even if such amounts were originally listed as liquidated, non-contingent and undisputed), released or otherwise settled prior to the Effective Date.

1. Unsolicited and Unclassified Claims (not entitled to vote on the Plan)

- (a) Professional Fee Claims
- (b) Administrative Claims (includes Allowed 503(b)(9) Claims and Allowed Reclamation Claims)
- (c) Priority Tax and Employee Wage Claims

2. Impaired Voting Claims and Unimpaired Non-Voting Claims (Class 3 is entitled to vote on the Plan)

- (a) Class 1: Wells Fargo Fee Claim/Secured Claim (Unimpaired)
- (b) Class 2: Bayer Consignment Claims/Other Secured Claims (Unimpaired)
- (c) Class 3: AgriLabs Secured Claim//Unsecured Deficiency Claim (Unimpaired)
- (d) Class 4: General Unsecured Claims (Impaired and entitled to vote)

3. Impaired Interests (deemed to have rejected the Plan and, therefore, not entitled to vote on the Plan)

- (a) Class 5: Equity Interests (Impaired and deemed to reject)

B. Treatment Of Claims And Interests

1. Unclassified Claims

- (a) Professional Fee Claims

Except as otherwise provided in the Plan, applications to approve all Professional Fee Claims, which existed prior to the Effective Date (including all final fee applications and those requesting payment of any holdback) shall be filed within forty-five (45) days after the Effective Date. All such applications which are approved by Final Order of the Bankruptcy Court shall be paid by the Liquidating Trustee from the Professional Fee Reserve within five (5) business days after such approval. Post-Effective Date Professional Fees shall be paid in accordance with the terms of the Liquidating Trust and this Plan.

- (b) Administrative Claims (including Allowed 503(b)(9) Claims and Allowed Reclamation Claims)

Except as otherwise provided in the Plan, and subject to the requirements of the Plan, on, or as soon as reasonably practicable after the later of (i) the Initial Distribution Date or (ii) the Distribution Date immediately following the date on which an Administrative Claim, 503(b)(9) Claims or Reclamation Claims become an Allowed Administrative Claim, Allowed 503(b)(9) Claims, or Allowed Reclamation Claims, the Holder of such Allowed Administrative Claim, Allowed 503(b)(9) Claims, or Allowed Reclamation Claims shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such allowed Administrative Claim, 503(b)(9) Claims or Reclamation Claims, (a) Cash paid from the Administrative Claim Reserve equal to the unpaid portion of the Face Amount of such Allowed Administrative Claim Allowed 503(b)(9) Claims, or Allowed Reclamation Claims or (b) such other less favorable treatments as to which such Holder and the Debtors and/or the Liquidating Trustee shall have agreed upon in writing; provided, however, that Allowed Administrative Claims, Allowed 503(b)(9) Claims, or Allowed Reclamation Claims with respect to liabilities incurred by a Debtors in the ordinary course of business during the Chapter 11 Case may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto (x) prior to the Effective Date, by the Debtors and/or the Purchaser(s) (as required by the terms of an applicable Asset Purchase Agreement), and (y) subsequent to the Effective Date, by the Liquidating Trustee.

- (c) Priority Tax and Employee Wage Claims

Except to the extent that an Allowed Priority Tax Claim or Allowed Priority Employee Wage Claim has been paid prior to the Initial Distribution Date, a Holder of an Allowed Priority Tax Claim or Allowed Priority Employee Wage Claim shall be entitled to receive from the Liquidating Trustee, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim or Allowed Priority Employee Wage Claim, cash equal to the allowed amount of such

Priority Tax Claim or Priority Employee Wage Claim to be paid from the Priority Tax and Employee Wage Claim Reserve on the Initial Distribution Date.

2. Impaired Voting Claims and Unimpaired Non-Voting Claims

(a) Class 1: Wells Fargo Fee Claim/Secured Claim

Except to the extent previously paid the Allowed Wells Fargo Fee Claim will be entitled to receive from the Liquidating Trustee, a Distribution from Wells Fargo Fee Claim Reserve equal to 100% of the claimholder's Allowed Wells Fargo Fee Claim on or as soon as reasonably practical after the date on which the Wells Fargo Fee Claim shall have become an Allowed Wells Fargo Fee Claim.

(b) Class 2: Bayer Consignment Claims/Other Secured Claims

Except to the extent previously paid as more particularly described in Article V.D.2. of this Plan, the Allowed Bayer Consignment Claim will be entitled to receive from the Liquidating Trustee, a Distribution from the Bayer Consignment Claim Reserve equal to 100% of the claimholder's Allowed Bayer Consignment Claim on or as soon as reasonably practical after the date on which the Bayer Consignment Claim shall have become an Allowed Bayer Consignment Claim.

The Bayer Consignment Claim will be satisfied by a payment to Bayer equal to the amount of accounts receivable collected by Debtors between October 7, 2010 and the Effective Date from the sale by the Debtors of Baytril 100 (the "Final Bayer Consignment Payment") with any then remaining uncollected accounts receivable generated from the sale by the Debtors of Baytril 100 from and after August 30, 2010 through the Effective Date assigned to Bayer contemporaneously with the Effective Date. The payment to Bayer shall be made from the Bayer Consignment Claim Reserve with any remaining balance in the Bayer Consignment Claim Reserve after such payment remitted to the Liquidating Trust to be utilized as provided in this Plan.

Multimin, USA, Inc. ("Multimin") has filed four repetitive proofs of claim alleging a secured claim in various amounts of up to \$58,975.00 based upon an alleged consignment agreement. The Debtors believe any lien held by Multimin is unperfected, avoidable, and will pursue an action avoid that secured claim. Therefore, Multimin's claim will be treated as a Class 4 Unsecured Claim for all purposes under the Plan.

(c) Class 3: AgriLabs Secured Claim/Unsecured Deficiency Claim

Except to the extent previously satisfied by setoff or otherwise the Allowed AgriLabs Secured Claim will be satisfied via a setoff equal to the book value on AgriLabs books of the stock of AgriLabs owned by PVP (estimated at \$443,000.00) against sums owed by AgriLabs to PVP with the remaining amount, if any, owed to AgriLabs, a Class 4 General Unsecured Claim, but only to the extent it becomes an Allowed General Unsecured Claim. In connection with the liquidation of the AgriLabs Class 4 General Unsecured Claim, the Debtors have asserted rights to certain earned incentive and related payments due from AgriLabs, and will assert those rights in an objection to AgriLabs unsecured claim when filed. If AgriLabs fails to file a claim, the Debtors and the Liquidating Trustee reserve their right to initiate an adversary proceeding against AgriLabs to collect the earned incentives and related payments from AgriLabs. The Debtors, Liquidating Trustee and

AgriLabs reserve all their rights, claims and defenses against each other related to the AgriLabs Class 4 General Unsecured Claim.

(d) **Class 4: General Unsecured Claims**

On, or as soon as reasonable practicable after, the later of (i) the Initial Distribution Date, or (ii) the Distribution Date immediately following the date a General Unsecured Claim becomes an Allowed General Unsecured Claim, the Holder of such Allowed General Unsecured Claim shall, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed General Unsecured Claim, receive from the Liquidating Trustee, its Pro Rata share of the Class 3 Distribution Amount. On each Distribution Date, each Holder of an Allowed General Unsecured Claim will receive its Pro Rata share of the Periodic Class 3 Distribution Amount.

3. Impaired Interests

(a) **Class 5: Equity Interests**

On the Effective Date, the Equity Interests, including but not limited to the Old Common Stock, shall be canceled and each Holder thereof shall not be entitled to, and shall not receive or retain any property or interest in property on account of, such Equity Interests. Class 5 is deemed to have rejected the Plan and, therefore, Holders of Old Equity Interests are not entitled to vote to accept or reject the Plan.

4. Special Provision Regarding Unimpaired Claims

Except as otherwise provided in the Plan, the Confirmation Order, any other order of the Court, or any document or agreement enforceable pursuant to the terms of the Plan, nothing shall affect the rights and defenses, both legal and equitable, of the Liquidating Trust or the Liquidating Trustee with respect to any Unimpaired Claims, including, but not limited to, all rights with respect to legal and equitable defenses to setoffs or recoupments against Unimpaired Claims.

5. Secured, Unsecured and Governmental Claims Bar Dates

All governmental entities within the meaning of the Bankruptcy Code must file a proof of claim on or before the Governmental Claims Bar Date. All Claimants asserting a Secured Claim, or General Unsecured Claim must file a proof of claim on or before the General Bar Date. Failure by any such Claimant to file a valid proof of claim by the applicable Bar Date (notwithstanding the fact the Claimant's claim may not have been listed by the Debtors as "contingent", "unliquidated" or "disputed" in the Debtors' Schedules filed in the Bankruptcy Case) will result in such Claimant being forever barred, estopped, and enjoined from asserting such Claim against the Debtors or the Liquidating Trust (or filing a proof of claim with respect thereto), and the Debtors' and Liquidating Trust's property shall be forever discharged from any and all claims, liabilities, or indebtedness of any nature with respect to such Claim, and the Holder of any such Claim shall not be entitled to share in any dividend or distribution on account of such Claim.

6. Allowed Claims

Notwithstanding any provision herein to the contrary, the Liquidating Trustee shall only make Distribution to Holders of Allowed Claims. No Holder of a Disputed Claim shall receive any Distribution on account thereof until (and then only to the extent that) its Disputed Claim becomes an Allowed Claim. The Liquidating Trustee may, in his or her discretion, withhold Distributions otherwise due hereunder to any Claimholder until the Claims Objection Deadline, to enable a timely objection thereto to be filed. Any Holder of a Claim that becomes an Allowed Claim after the Effective Date will receive its Distribution in accordance with the terms and provisions of this Plan and the Liquidating Trust Agreement.

VI. ACCEPTANCE OR REJECTION OF THE PLAN

A. Impaired Classes of Claims Entitled to Vote

Only Holders of Impaired Claims in Class 4 are entitled to vote to accept or reject the Plan.

B. Acceptance by an Impaired Class

In accordance with Bankruptcy Code section 1126(c) and except as provided in Bankruptcy Code section 1126(e), an Impaired Class of Claims shall have accepted the Plan if the Plan is accepted by the holders of at least two-thirds in dollar amount and more than one-half (1/2) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject the Plan.

C. Presumed Acceptances by Unimpaired Classes

Classes 1, 2, and 3 are Unimpaired by the Plan. Under Bankruptcy Code section 1126(f), such Claimholders are conclusively presumed to accept the Plan, and the votes of such Claimholders will not be solicited.

D. Classes Deemed to Reject Plan

Equity Interest Holders in Class 5 are not entitled to receive or retain any property under the Plan. Under Bankruptcy Code section 1126(g), Holders of Equity Interests in Class 5 are deemed to reject the Plan, and votes of such Equity Interest Holders will not be solicited.

E. Summary of Class Voting on the Plan

Only the votes of Holders of Claim in Class 4 will be solicited with respect to the Plan.

F. Confirmation Pursuant to Bankruptcy Code Section 1129(b)

Because Class 5 is deemed to reject the Plan, the Plan Proponents will (i) seek confirmation of the Plan from the Court by employing the "cramdown" procedures set forth in section 1129(b) of the Bankruptcy Code and/or (ii) modify the Plan in accordance with Article XV.B. hereof. The Plan Proponents reserve the right to alter, amend, modify, revoke, or withdraw the Plan, any Plan Supplement or any Plan Exhibit or schedule, including to amend or modify the Plan, the Plan

Supplement or such Exhibits or schedules to satisfy the requirements of Bankruptcy Code section 1129(b), if necessary.

VII. MEANS FOR IMPLEMENTATION OF THE PLAN

A. Sale

This Plan contemplates the implementation of, and the Distribution of the proceeds from the Auction and Sales of the Debtors' assets and the net proceeds from Causes of Action after payment of Allowed Secured Claims, Allowed Professional Fee Claims, Allowed Administrative Claims, and Allowed Priority Tax Claims. Nothing in the Plan or the Disclosure Statement is intended to supersede, modify or amend the terms of any Sale or sale related settlements.

B. Corporate Action

1. Transfer of Assets to Liquidating Trust

Upon the Effective Date, any and all remaining assets of the Debtors and their Estates, including (a) all Unencumbered Assets and (b) all Cash, shall be transferred to, and vest in, the Liquidating Trust, as set forth in the Liquidating Trust Agreement, subject to any Lien that is not waived, released or discharged on the Effective Date of the Plan; all such assets shall constitute the "Trust Estate", subject to those Liens. For all U.S. federal income tax purposes, all parties must treat the transfer of such assets to the Liquidating Trust as a transfer of such assets to the beneficiaries of the Liquidating Trust followed by a transfer of such assets by such beneficiaries to the Liquidating Trust, with the beneficiaries being treated as the grantors and owners of the Liquidating Trust. Accordingly, because a grantor trust is treated as a pass-through entity for U.S. federal income tax purposes, generally no tax should be imposed on the Liquidating Trust as a result of the transfer of assets thereto nor on income earned or gain recognized by the Liquidating Trust. Instead, the beneficiaries of the Liquidating Trust may be taxed on their allocable share of such net income or gain in each taxable year of the Liquidating Trust, and will be responsible for paying the taxes associated with such income or gain whether or not they received any distributions from the Liquidating Trust in such taxable year.

2. Post-Effective Date Professional Fees. Final Fee Application

The Professionals employed by the Debtors or the Creditors' Committee shall be entitled to reasonable compensation and reimbursement of actual, necessary expenses for pre- and post-petition, as well as pre- and post-Effective Date activities, including the preparation, filing, and prosecution of final fee applications, upon the submission of invoices to the Liquidating Trustee. Any time or expenses incurred in the preparation, filing, and prosecution of final fee applications shall be disclosed by each Professional in its final fee application and shall be subject to approval of the Bankruptcy Court. Upon Bankruptcy Court approval the approved fees including expenses and holdbacks shall be paid by the Liquidating Trustee from the Professional Fee Reserve.

3. Cancellation of Existing Securities and Agreements

Except as otherwise provided in the Plan, the stock of the Debtors and membership interests of Exact Logistics and ProConn and any other promissory notes, share certificates, whether for preferred

or common stock (including treasury stock), other instruments evidencing any Interests, and all options, warrants, calls, rights, puts, awards, commitments, or any other agreements of any character to acquire such Interests shall be deemed canceled and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order, or rule, and the obligations of the Debtors under the notes, share certificates, and other agreements and instruments governing such Claims and Interests shall be discharged. The holders of or parties to such canceled notes, share certificates and other agreements and instruments shall have no rights arising from or relating to such notes, share certificates and other agreements and instruments or the cancellation thereof, except the rights provided pursuant to the Plan.

4. Resignation of Directors/Termination of Officers and Employees

Upon the Effective Date, all directors, officers and employees of the corporation will be deemed, without further corporate or other action, to have resigned and have been terminated from any positions held with the Debtors, whether a director, officer or employee thereof.

5. No Further Action

Each of the matters provided for under the Plan involving the corporate or limited liability company structure of the respective Debtors or corporate or limited liability company action to be taken by or required of the Debtors shall, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized and approved in all respects without any requirement of further action by any Person, including but not limited to, the Liquidating Trust, Holders of Claims or Interests against or in the Debtor, or directors or officers of the Debtor.

6. Effectuating Documents; Further Transactions

The Liquidating Trustee shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

C. Sources for Plan Distribution

All Cash necessary for the Liquidating Trustee to make payments of Cash pursuant to the Plan shall be obtained from the following sources: (a) the Debtors' Cash on hand, (b) the proceeds of the Sale(s), (c) Cash received in liquidating of the Unencumbered Assets of the Debtors (which include Avoidance Actions and other Causes of Action). All Such Cash shall be initially deposited into the Liquidating Trust Fund which shall be deposited in a segregated account at such financial institution as is chosen by the Liquidating Trustee, with the consent of the United States Trustee. From the Liquidating Trust Fund, the Liquidating Trustee will fund the Reserves in the following order and thereafter retain the balance of the funds received from the liquidation for distribution to Holders of Allowed Claims in the manner provided under the Plan:

1. Wells Fargo Fee Claim Reserve
2. Bayer Consignment Claim Reserve
3. Professional Fee Reserve

4. Priority Tax and Employee Wage Claims Reserve

5. Administrative Claim Reserve

D. Funding of Reserves

1. Wells Fargo Fee Reserve

The Debtors have fully funded the Wells Fargo Fee Reserve. The Liquidating Trustee shall subject to the terms and conditions of the Liquidating Trust Agreement, shall pay Wells Fargo its Allowed Wells Fargo Fee Claim, upon entry of a Final Order allowing such Claim.

In the event that Cash remains in the Wells Fargo Fee Reserve after payment in full of the Allowed Wells Fargo Fee Claim, such residual Cash shall be available to be remitted to and used by the Liquidating Trustee to first fund any unfunded Reserves and thereafter for Distribution to creditors in accordance with the terms and conditions of the Plan and Liquidating Trust.

2. Bayer Consignment Claim Reserve

The Debtors, Wells Fargo and Bayer entered into a Stipulation (Filing No. 122) (the “Bayer Stipulation”) which was approved by the Bankruptcy Court (Filing no. 144), whereby the Debtors have segregated at Wells Fargo \$350,000 (the “Bayer Consignment Claim Reserve”) to cover any potential Bayer Consignment Claims which are Allowed by Final Order of the Bankruptcy Court. On November 7, 2010, the Debtors and Bayer entered into a Stipulation (Filing No. 377) which was approved by the Bankruptcy Court on November 30, 2010 (Filing No. 430). Pursuant to this Stipulation, Bayer was paid \$242,596.21 from the Bayer Consignment Claim Reserve representing funds collected by the Debtors from August 30, 2010 through October 6, 2010, and \$59,730.00 representing uncollected accounts receivable from Baytril 100 sales was retained in the Bayer Consignment Claim Reserve, with the remaining \$47,673.79 from the Bayer Consignment Claim Reserve paid to the Debtors. The Bayer Consignment Claim Reserve will retain the \$59,730.00 for eventual distribution as provided in the Plan.

3. Professional Fee Reserve

On or before the Effective Date, the Debtors shall fund the Professional Fee Reserve in the amount of the aggregate Professional Fee Estimate. The Liquidating Trustee shall (i) segregate and shall not commingle the Cash held therein and (ii) subject to the terms and conditions of the Liquidating Trust Agreement, pay each Allowed Professional Fee Claim from the Professional Fee Reserve upon entry of a Final Order allowing such Claim.

In the event that Cash remains in the Professional Fee Reserve after payment of all Allowed Professional Fee Claims, such residual Cash shall be available to be used by the Liquidating Trustee to fund the other Reserves or for Distribution to creditors in accordance with the terms and conditions of the Plan and Liquidating Trust.

4. Priority Tax and Employee Wage Claims Reserve

On or before the later of the Effective Date, the Debtors shall fund the Priority Tax and Employee Wage Claims Reserve in an amount equal to the Allowed and any Disputed Priority Tax and Employee Wage Claims. The Liquidating Trustee shall (i) segregate and shall not commingle the Cash held therein and (ii) subject to the terms and conditions of the Liquidating Trust Agreement, pay each Priority Tax and Employee Wage Claim Holder the amount of their respective Allowed Priority Tax Claim and Allowed Employee Wage Claim from the Priority Tax and Employee Wage Claims Reserve.

In the event that Cash remains in the Priority Tax and Employee Wage Claims Reserve after payment of all Allowed Priority Tax Claims and Allowed Employee Wage Claims, such residual Cash shall be deposited in the Liquidating Trust Fund, and be available to be used by the Liquidating Trustee first to fund the other Reserves and thereafter for Distribution to creditors in accordance with the terms and conditions of the Plan and Liquidating Trust.

5. Administrative Claims Reserve

On or before the later of ten (10) days after the Administrative Claims Bar Date or the Date after which the Debtors or Liquidating Trustee have accumulated sufficient Cash to fully fund the Administrative Claim Reserve, the Debtors shall fund the Administrative Claims Reserve in an amount equal to the Allowed and any Disputed Administrative, 503(b)(9) and Reclamation Claims. The Liquidating Trustee shall (i) segregate and shall not commingle the Cash held therein and (ii) subject to the terms and conditions of the Liquidating Trust Agreement, pay each Administrative Claim Holders the amount of their respective Allowed Administrative Claim from the Administrative Claim Reserve.

In the event that Cash remains in the Administrative Reserve after payment of all Allowed Administrative Claims, such residual Cash shall be deposited in the Liquidating Trust Fund, and be available to be used by the Liquidating Trustee first to fund the other Reserves and thereafter for Distribution to creditors in accordance with the terms and conditions of the Plan and Liquidating Trust.

E. Liquidating Trust

1. Establishment of the Liquidating Trust

The Liquidating Trust shall be established and shall become effective on the Effective Date. The Liquidating Trust shall be deemed to be a liquidation trust for purposes of receiving and holding the proceeds of the Unencumbered Assets (subject to the prior satisfaction of all Allowed Secured, Administrative, and Priority Tax Claims) for the benefit of Classes 4 General Unsecured Claims. All Distributions to the Holders of Allowed General Unsecured Claims shall be from the Liquidating Trust. The Liquidating Trust shall hold and administer the following assets and the Net Proceeds thereof (collectively, the "Liquidating Trust Assets"):

(a) The Unencumbered Assets for liquidating and distribution in accordance with the Plan;

(b) the Reserves, which shall be funded from the Available Cash in the Liquidating Trust Fund and all other cash acquired by the Liquidating Trustee through sale of the Debtors' assets until the same are fully funded, provided that these Reserves shall not constitute part of the res of the Liquidating Trust, but shall be segregated and held separate by the Liquidating Trustee, to be administered in accordance with the Plan; and

(c) all other property of the Debtors and the Estate, and each of them, which shall be deemed assigned by the Debtors to the Liquidating Trust on the Effective Date for liquidation and distribution in accordance with the Plan.

2. Trust Distributions

The Liquidating Trustee shall liquidate all assets of the Debtors and the Estate (including, without limitation, all Causes of Action and all Unencumbered Assets) and utilize as much of the net proceeds generated by such liquidation first to fully fund the Reserves, and thereafter distribute the remainder of the net proceeds from such liquidation in accordance with this Plan and the Liquidating Trust Agreement.

3. Duration of Trust

The Liquidating Trust shall continue to exist until such time as (a) the Bankruptcy Court has entered a Final Order closing the Chapter 11 Case pursuant to Bankruptcy Code section 350(a) and (b) the Liquidating Trustee has administered all assets of the Liquidating Trust and performed all other duties required by the Plan and the Liquidating Trust Agreement. As soon as practicable after the Final Trust Distribution Date, the Liquidating Trustee shall seek entry of a Final Order closing the Chapter 11 Case pursuant to Bankruptcy Code section 350.

4. Liquidation of Causes of Actions

The Liquidating Trustee shall have authority and responsibility for investigating, analyzing, commencing, prosecuting, litigating, compromising, collecting, and otherwise administering the Causes of Action including Avoidance Actions.

5. Liquidating Trustee

(a) Appointment

The Liquidating Trustee shall be an Entity selected by the Creditors' Committee. The appointment of the Liquidating Trustee shall be effective as of the Effective Date. Any Successor Liquidating Trustee(s) shall be selected by the Creditor's Committee.

(b) Term

Unless the Liquidating Trustee resigns, dies earlier or is otherwise removed in accordance with the Liquidating Trust Agreement, the Liquidating Trustee's term shall expire upon termination of the Liquidating Trust pursuant to the Plan and/or the Liquidating Trust Agreement.

(c) Powers and Duties

The Liquidating Trustee shall act in a fiduciary capacity for the Holders of all Allowed Claims and Allowed Interests under the Plan and shall have only those rights, powers and duties conferred to the Liquidating Trustee by the Plan and the Liquidating Trust Agreement, as well as the rights and powers of a trustee under sections 542 and 552 of the Bankruptcy Code, the powers and duties of a trustee appointed under Chapter 11 of the Bankruptcy Code and the powers and duties of a trustee under sections 704(1), (2), (4), (5), (7) and (9) of the Bankruptcy Code including, but not limited to, the powers of a debtor-in-possession under Bankruptcy Code sections 1107 and 1108; provided, however, the Liquidating Trustee shall have no authority to operate the Debtors' businesses. The Liquidating Trustee shall be governed in all things by the terms of the Liquidating Trust Agreement and the Plan. The Liquidating Trustee shall administer the Liquidating Trust, and its assets, and make Distributions from the proceeds of the Liquidating Trust in accordance with the Plan. The Liquidating Trustee shall be authorized, empowered and directed to take all actions necessary to comply with the Plan and exercise and fulfill the duties and obligations arising thereunder, including, without limitation, to:

- (i) employ, retain, and replace one or more attorneys, accountants, auctioneers, brokers, managers, consultants, existing employees of the Debtors other professionals, agents, investigators, expert witnesses, consultants, and advisors as necessary to discharge the duties of the Liquidating Trustee under the Plan and the Liquidating Trust Agreement;
- (ii) object to the allowance of Claims pursuant to the terms of the Plan;
- (iii) establish the Reserves and open, maintain and administer bank accounts as necessary to discharge the duties of the Liquidating Trustee under the Plan and the Liquidating Trust Agreement;
- (iv) pay reasonable and necessary professional fees, costs, and expenses as set forth in the Plan;
- (v) investigate, analyze, commence, prosecute, litigate, compromise, and otherwise administer the Causes of Action and the Avoidance Actions and all related Liens for the benefit of the Liquidating Trust and its beneficiaries, as set forth in the Plan and take all other necessary and appropriate steps to collect, recover, settle, liquidate, or otherwise reduce to Cash the Causes of Action and the Avoidance Actions, including all receivables, and to negotiate and effect settlements and lien releases with respect to all related Claims and all related Liens.
- (vi) administer, sell, liquidate or otherwise dispose of all Unencumbered Assets and such other assets of the Estate that may have value in accordance with the terms of the Plan.
- (vii) represent the Estate before the Bankruptcy Court and other courts of competent jurisdiction with respect to matters concerning the Liquidating Trust;
- (viii) seek the examination of any Entity under and subject to the provisions of Bankruptcy Rule 2004;
- (ix) comply with applicable orders of the Bankruptcy Court and any other court of competent jurisdiction over the matters set forth herein;

(x) comply with all applicable laws and regulations concerning the matters set forth herein;

(xi) exercise such other powers as may be vested in the Liquidating Trust pursuant to the Liquidating Trust Agreement, the Plan, or other Final Orders of the Bankruptcy Court; and

(xii) execute any documents, instruments, contracts, and agreements necessary and appropriate to carry out the powers and duties of the Liquidating Trust.

(d) Fees and Expenses

Except as otherwise provided in the Plan, compensation of the Liquidating Trustee and the costs and expenses of the Liquidating Trustee and the Liquidating Trust (including, without limitation, professional fees and expenses) shall be paid (i) to the extent related to the administration, preservation, maintenance or liquidation of Collateral, from the Net Proceeds of the liquidation of such Collateral; (ii) to the extent related to the administration or liquidation of the Unencumbered Assets, from the Net Proceeds of the Unencumbered Assets; and (iii) from the Liquidating Trust Operating Reserve. The reasonable post-Effective Date fees and expenses of the Liquidating Trustee or the Liquidating Trustee Professionals shall be paid as necessary to discharge the Liquidating Trustee's duties under the Plan and the Liquidating Trust Agreement, without necessity of Bankruptcy Court applications or approval.

(e) Retention of Professionals and Compensation Procedure

On and after the Effective Date, the Liquidating Trustee may engage such professionals and experts as may be deemed necessary and appropriate by the Liquidating Trustee to assist the Liquidating Trustee in carrying out the provisions of the Plan and the Liquidating Trust Agreement (the "Post-Confirmation Professionals"). For services performed from and after the Effective Date, Post-Confirmation Professionals shall receive compensation and reimbursement of expenses in a manner to be determined by the Liquidating Trustee. It is expected that the Liquidating Trustee will engage Borges & Associates, LLC and BDO USA, LLP as Liquidating Trustee Professionals, but this shall not limit the Liquidating Trustee's ability to hire other or additional professionals to properly administer the Liquidating Trust.

(f) Claims Resolution and Compromise

The Liquidating Trustee is authorized to approve compromises of all Claims, Disputed Claims, and Liens pursuant to Bankruptcy Rule 9019(b), the Plan and the Liquidating Trust Agreement, and to execute necessary documents, including Lien releases (subject to the written consent of the party having such Lien) and stipulations of settlement or release, without further order of the Bankruptcy Court, but subject to the notice provisions herein.

(g) Vesting of Assets

On the Effective Date, and subject to the applicable provisions of the Plan, the Sale Orders and respective Asset Purchase Agreements, all Assets and property treated by the Plan, any minutes, and general corporate records of the Debtors, and any books and records relating to the foregoing not otherwise treated by the Plan, shall vest in the Liquidating Trust free and clear of all Liens, Claims, encumbrances, and other interests and shall thereafter be administered, liquidated by sale, collection,

recovery, or other disposition and distributed by the Liquidating Trust in accordance with the terms of the Liquidating Trust Agreement and the Plan.

(h) **Indemnity of Liquidating Trustee and the Liquidating Trust Creditors' Committee**

The Liquidating Trust shall indemnify and hold the Liquidating Trustee and the Liquidating Trust Creditors' Committee (including each of the members thereof, harmless from and against any damages, costs, claims and other liabilities incurred in connection with their respective duties and responsibilities hereunder, other than those damages, costs, claims and other liabilities that result from such party's gross negligence or willful misconduct.

6. The Liquidating Trust Creditors' Committee

On the Effective Date, the Creditors' Committee shall without further action or orders of the Bankruptcy Court become the Liquidating Trust Creditors' Committee. The Liquidating Trust Creditors' Committee shall represent the interests of the Beneficiaries during the existence of the Liquidating Trust, and shall have the obligation to undertake in good faith each of the acts and responsibilities set forth for the Liquidating Trust Creditors' Committee in the Liquidating Trust Agreement and in the Plan, for the benefit of the Beneficiaries. The Liquidating Trust Creditors' Committee shall have such powers, rights, and duties, including with respect to the Liquidating Trustee, the Liquidating Trust Assets and the exercise by the Liquidating Trustee of any discretion otherwise afforded thereto, all as set forth in the Liquidating Trust Agreement and in the Plan (including, without limitation, to (i) remove the Liquidating Trustee, with or without cause, by filing an appropriate motion and obtaining an order from the Bankruptcy Court directing such removal and (ii) select a successor Liquidating Trustee. The Liquidating Trust Creditors' Committee shall be governed by the Liquidating Trust Creditors' Committee By-laws. In addition, the Liquidating Trust Creditors' Committee shall have the right, at its discretion, to retain legal counsel for the Liquidating Trust Creditors' Committee, and the reasonable fees and expenses of such counsel shall be subject to payment as a Post-Confirmation Administrative Claim.

Notwithstanding any provision of this Plan, the Liquidating Trust Agreement or the Liquidating Trust Creditors' Committee By-laws, none of the individual members of the Liquidating Trust Creditors' Committee shall have any obligation or duty to any of the Beneficiaries or any Claimant.

F. No Revesting of Assets in the Debtor

The Unencumbered Assets and property of the Debtors' Estate shall not be vested in the Debtors on or following the Effective Date, but shall be vested in the Liquidating Trust and continue to be subject to the jurisdiction of the Bankruptcy Court following Confirmation of the Plan until such Assets are utilized in the performance of the actions required under the Plan or distributed to Holders of Allowed Claims in accordance with the provisions of the Plan, the Liquidating Trust Agreement, and the Confirmation Order. From and after the Effective Date, all such property shall be distributed in accordance with the provisions of the Plan, the Liquidating Trust Agreement, and the Confirmation Order. The Liquidating Trustee may, however, subject to the terms and conditions of the Liquidating Trust Agreement and the Plan, pay fees and expenses that are incurred after the Effective Date for the

retention of Post-Confirmation Professionals, without application to or approval by the Bankruptcy Court but otherwise subject to the terms of this Plan.

G. Accounts and Reserves

The Liquidating Trustee shall (a) establish one or more general accounts into which shall be deposited all funds not required to be deposited into any other account or Reserve and (b) create, fund, and withdraw funds from, as appropriate, the Reserves and such other accounts maintained or established by the Liquidating Trustee. These accounts may be those currently maintained by the Debtors, or new accounts in the Liquidating Trustee's discretion in accordance with the Liquidating Trust Agreement.

The Liquidating Trustee is authorized to approve compromises of all Claims, Disputed Claims, and Liens pursuant to Bankruptcy Rule 9019(b), the Plan and the Liquidating Trust Agreement, and to execute necessary documents, including Lien releases (subject to the written consent of the party having such Lien) and stipulations of settlement or release, without further order of the Bankruptcy Court, but subject to the notice provisions herein.

The Liquidating Trustee shall serve as Disbursing Agent for the Plan and shall make all distributions required under the Plan, subject to the terms and provisions of the Plan and the Liquidating Trust Agreement. The Liquidating Trustee shall not be required to give any bond or surety or other security for the performance of his or her duties unless otherwise ordered by the Bankruptcy Court or required by the Bankruptcy Code or the Bankruptcy Rules. The Liquidating Trustee shall be authorized and directed to rely upon the Debtors' books and records and the Debtors' representatives and professionals in determining allowed claims entitled to a Distribution under the Plan in accordance with the terms of the Plan.

H. Exemption from Certain Transfer Taxes

Pursuant to Bankruptcy Code section 1146(a), any transfers from the Debtors to the Liquidating Trust or to any other Person pursuant to the Plan in the United States shall not be subject to any stamp tax or similar tax, and the Confirmation Order shall direct the appropriate state or local government officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

I. Tax Effect, Reporting

For all U.S. Federal Income Tax purposes, all parties must treat the transfer of assets transferred to the Liquidating Trust as a transfer of such assets to the beneficiaries to the Liquidating Trust followed by a transfer of such assets by such beneficiaries to the Liquidating Trust, with the beneficiaries being treated as the grantors and owners of the Liquidating Trust. Accordingly, because a Grantor trust is treated as a pass through entity for U.S. Federal Income Tax purposes, generally no tax should be imposed on the Liquidating Trust as a result of the transfer of assets thereto nor on income earned or gain recognized by the Liquidating Trust. Instead, the beneficiaries of the Liquidating Trust may be taxed on their allocable share of such net income or gain in each taxable year of the Liquidating Trust and will be responsible for paying the taxes associated with such income or gain whether or not they received any distributions from the Liquidating Trust in such taxable year.

The Liquidating Trustee is authorized under the Plan on behalf of the Debtor, to request an expedited determination under Bankruptcy Code §505(b) of the tax liability of the Debtors for all taxable periods ending after the petition date through and including the Effective Date. Any such tax claims owing by the Estate would be paid by the Liquidating Trustee in accordance with the terms of the Plan.

By this statement, Debtor, the Creditors' Committee and their respective counsel are not and should not be construed to be rendering tax advice to any creditor, party in interest or recipient of this Disclosure Statement. Notwithstanding the foregoing, should anything contained herein be deemed to be now or at a later time tax advice, the following disclosure is made: To ensure compliance with the requirements imposed by the Internal Revenue Service under Circular 230, Debtors and the Creditors' Committee inform you that any U.S. federal tax advice contained in this communication (including attachments), unless otherwise specifically stated, was not intended or written to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code, or (2) promoting, marketing or recommending to another party any matters addressed herein.

J. Post-Petition Operations

Until closing of the Asset Sales, Debtors continued in the operation of their businesses. Pursuant to operating reports filed with the United States Trustee, Debtors reported the following:

August 20 – November 30, 2010

Gross Receipts	\$22,595,824.58
Cost of Goods Sold	\$17,221,260.19
	<hr/>
Net Cash Flow	\$5,374,564.39
Beginning Cash, August 20, 2010	\$1,041,652.21
	<hr/>
Cash, November 30, 2010	<u>\$6,416,216.60</u>

K. and Settlement of Causes of Action and Avoidance Actions

1. Preservation of Causes of Action and Avoidance Actions

In accordance with the Bankruptcy Code section 1123(b)(3), the Liquidating Trustee shall retain all of the Causes of Action and Avoidance Actions, and other similar claims arising applicable state laws or the Bankruptcy Code. The Liquidating Trustee and the Liquidating Trust may, in accordance with the Liquidating Trust Agreement, enforce, sue on, settle or compromise (or decline to do any of the foregoing) any or all of the Causes of Action and Avoidance Actions.

The Debtors have not conducted a complete investigation into potential Avoidance Actions. The Liquidating Trustee together with the Liquidating Trustee's advisors anticipate conducting an analysis of the payments received by the Debtors within ninety (90) days and one (1) year of the Petition Date as shown in the Statement of Financial Affairs, Exhibit 3(B) and 3(C) (Filing No. 7) filed in the Bankruptcy Case. Parties including but not limited to those listed may be the subject of Avoidance Actions. The Liquidating Trustee reserves the right to investigate, analyze and pursue all Avoidance Actions and Causes of Action that may be discovered prior to or after the Effective Date. Accordingly, in considering the Plan, each party in interest should understand that any and all Causes of Action and Avoidance Actions that may exist against such Entity may be pursued by the Liquidating Trust and/or the Liquidating Trustee. Such Causes of Action and Avoidance Actions shall survive entry of the Confirmation Order for the benefit of the Debtors and their Estates, and, upon the Effective Date, for the benefit of the Liquidating Trust. The Liquidating Trust and the Liquidating Trustee shall enjoy the full time allowed under Section 546(a)(1)(A) of the Bankruptcy Code for the Commencement of any Avoidance Actions.

2. Settlement of Causes of Action and Avoidance Actions

At any time after the Confirmation Date but before the Effective Date, notwithstanding anything in the Plan to the contrary, the Debtors may settle some or all of the Causes of Action and Avoidance Actions pursuant to Bankruptcy Rule 9019 with the approval of the Court and Creditors Committee. After the Effective Date, the Liquidating Trust and/or the Liquidating Trustee, in accordance with the terms of the Plan and the Liquidating Trust Agreement, will determine whether to bring, settle, release, compromise, enforce or abandon such rights (or decline to do any of the foregoing).

L. Effectuating Documents; Further Transactions

The Liquidating Trust and/or the Liquidating Trustee, subject to the terms and conditions of the Liquidating Trust Agreement, shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan that are not inconsistent with the other terms and conditions of the Plan.

VIII. PROVISIONS GOVERNING DISTRIBUTIONS

A. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in this Plan, and only after the funding of the Reserves, or as ordered by the Bankruptcy Court, all Distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Initial Distribution Date by the Liquidating Trustee; provided, however, that the applicable Distribution Date(s) for any Distributions to be made on account of Claims that are or become Allowed Claims on or after the Effective Date which are to be paid from the Reserves shall be contingent upon the current availability of funds in the respective Reserve for the payment of such Distributions. Notwithstanding any other provision of the Plan to the contrary, no Distribution shall be made on account of any Allowed Claim or portion thereof that (i) has been satisfied after the Petition Date; (ii) was incorrectly listed in the schedules as non-contingent, liquidated and undisputed; (iii) is listed in the schedules as contingent, unliquidated, disputed or in a zero amount, and for which a Proof of Claim has not been timely filed; or (iv) is evidenced by a Proof

of Claim that has been amended by a subsequently filed Proof of Claim that purports to amend the prior Proof of Claim.

B. Liquidating Trustee as Disbursing Agent

The Liquidating Trustee shall make all Distributions required under this Plan, subject to the terms and provisions of this Plan and the Liquidating Trust Agreement. The Liquidating Trustee shall not be required to give any bond or surety or other security for the performance of his or her duties unless otherwise ordered by the Bankruptcy Court or required by the Bankruptcy Code or the Bankruptcy Rules. The Liquidating Trustee shall be authorized and directed to rely upon the Debtors' books and records and the Debtors' representatives and professionals in determining Allowed Claims entitled to a Distribution under the Plan in accordance with the terms of the Plan.

C. Delivery of Distributions and Undeliverable or Unclaimed Distributions

Except as otherwise provided in this Plan, and only after the funding of the Reserves, or as ordered by the Bankruptcy Court, all Distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Initial Distribution Date by the Liquidating Trustee; provided, however, that the applicable Distribution Date(s) for any Distributions to be made on account of Claims to be paid from the Reserves that are or become Allowed Claims shall be contingent upon the current availability of funds in the applicable Reserve for the payment of such Distributions. Notwithstanding any other provision of the Plan to the contrary, no Distribution shall be made on account of any Allowed Claim or portion thereof that (i) has been satisfied after the Petition Date; (ii) was incorrectly listed in the schedules as non-contingent, liquidated and undisputed; (iii) is listed in the schedules as contingent, unliquidated, disputed or in a zero amount, and for which a Proof of Claim has not been timely filed; or (iv) is evidenced by a Proof of Claim that has been amended by a subsequently filed Proof of Claim that purports to amend the prior Proof of Claim.

D. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Delivery of Distributions in General

Distributions to Holders of Allowed Claims shall be made by the Liquidating Trustee (a) at the addresses set forth on the Proofs of Claim filed by such Holders (or at the last known addresses of such Holders if no Proof of Claim is filed or if the Debtors have been notified of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to the Liquidating Trustee after the date of any related Proof of Claim, (c) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Liquidating Trustee has not received a written notice of a change of address, (d) at the addresses set forth in the other records of the Debtors or the Liquidating Trustee at the time of the Distribution or (e) in the case of the Holder of a Claim that is governed by an agreement and is administered by an agent or servicer, at the addresses contained in the official records of such agent or servicer.

Distributions shall be made from the Reserves, as applicable, in accordance with the terms of this Plan and the Liquidating Trust Agreement.

In making Distributions under the Plan, the Liquidating Trustee may rely upon the accuracy of the claims register maintained by the Bankruptcy Court in the Chapter 11 Case, as modified by any Final Order of the Bankruptcy Court disallowing any Claims in whole or in part.

2. Undeliverable and Unclaimed Distributions

If the Distribution to any Holder of an Allowed Claim is returned to the Liquidating Trustee as undeliverable or is otherwise unclaimed, no further Distributions shall be made to such Holder unless and until the Liquidating Trustee is notified in writing of such Holder's then-current address, at which time all missed Distributions shall be made to such Holder without interest. Amounts in respect of undeliverable Distributions made by the Liquidating Trustee shall segregate and, with respect to Cash, deposit in a segregated account (the "Unclaimed Distribution Reserve") undeliverable and unclaimed Distributions for the benefit of all such similarly situated Persons or Governmental Units until such time as a Distribution becomes deliverable or is claimed.

Any Holder of an Allowed Claim that does not assert a Claim pursuant to this Plan for an undeliverable or unclaimed Distribution within six (6) months after the last Distribution Date shall be deemed to have forfeited its Claim for such undeliverable or unclaimed Distribution and shall be forever barred and enjoined from asserting any such Claim for an undeliverable or unclaimed Distribution against the Debtors and their Estates, the Liquidating Trustee, the Liquidating Trust, and their respective agents, attorneys, representatives, employees or independent contractors, and/or any of its and their property. In such cases, any Cash otherwise reserved for undeliverable or unclaimed Distributions shall become the property of the Liquidating Trust free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary and shall be distributed in accordance with the terms of this Plan and the Liquidating Trust Agreement. Nothing contained in this Plan or the Liquidating Trust Agreement shall require the Debtors or the Liquidating Trustee to attempt to locate any Holder of an Allowed Claim.

E. Prepayment

Except as otherwise provided in this Plan or the Confirmation Order, the Debtors or the Liquidating Trustee, as the case may be, shall have the right to prepay, without penalty, all or any portion of an Allowed Secured Tax Claim, Allowed Secured Claim, Allowed 503(b)(9) Claim, Allowed Administrative Claim, Allowed Priority Tax Claim or Allowed Non-Tax Priority Claim.

F. Means of Cash Payment

Cash payments made pursuant to this Plan shall be in U.S. dollars and shall be made at the option and in the sole discretion of the Liquidating Trustee by (i) checks drawn on or (ii) wire transfers from a domestic bank selected by the Liquidating Trustee. In the case of foreign creditors, Cash payments may be made, at the option of the Liquidating Trustee, in such funds and by such means as are necessary or customary in a particular jurisdiction.

G. Interest on Claims

Unless otherwise specifically provided for in the Asset Purchase Agreements, the Sale Orders, this Plan, or the Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims, other than to the extent they are included in the Wells Fargo

Fee Claim, which have already been paid, and no Claimholder shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid upon any Disputed Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim.

H. Withholding and Reporting Requirements

In accordance with Bankruptcy Code section 346 and in connection with the Plan and all Distributions thereunder, the Liquidating Trustee shall, to the extent applicable, comply with all withholding and reporting requirements imposed by any U.S. federal, state, local, or non-U.S. taxing authority. The Liquidating Trustee shall be authorized to take any and all actions necessary and appropriate to comply with such requirements.

All Distributions hereunder may be subject to the withholding and reporting requirements. As a condition of making any Distribution under the Plan, the Liquidating Trustee may require the Holder of an Allowed Claim to provide such Holder's taxpayer identification number, and such other information, certification, or forms as necessary to comply with applicable tax reporting and withholding laws. Notwithstanding any other provision of this Plan, each Entity receiving a Distribution pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction of tax obligations on account of any such Distribution.

I. Setoffs

1. By the Debtor

The Liquidating Trustee may, pursuant to Bankruptcy Code section 553, 558 or any other applicable law, but shall not be required to, set off against any Claim, and the payments or other Distributions to be made pursuant to the Plan in respect of such Claim, Claims of any nature whatsoever that the Debtors may have against the Holder of such Claim; provided, however, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Liquidating Trust and/or the Liquidating Trustee, as the case may be, of any such Claim that the Debtors may have against such Holder.

2. By Non-Debtors

Unless otherwise authorized by a Final Order, any Holder of a Claim must assert any setoff rights against a Claim by a Debtors against such Entity by timely filing a Proof of Claim asserting such right of setoff, or an appropriate motion seeking authority to setoff on or before the Confirmation Date or will be deemed to have waived and be forever barred from asserting any right to setoff against a Claim by a Debtor; provided, however, that the right of any Debtors or the Liquidating Trustee, as applicable, to object to the validity of any asserted right of setoff shall be preserved.

J. Procedure for Treating and Resolving Disputed, Contingent and/or Unliquidated Claims

1. Objection Deadline; Prosecution of Objections

Except as set forth in the Plan or Bankruptcy Court Orders with respect to Professional Fee Claims, 503(b)(9) Claims, and Priority Tax Claims, Administrative Claims, and Reclamation Claims all objections to Claims must be filed and served on the Holders of such Claims within one hundred eighty (180) days after the Effective Date, provided however, that the Liquidating Trustee may extend such period without further order of the Bankruptcy Court by providing prior notice of such extension to all parties asserting a claim under the Plan. If an objection has not been filed to a Claim, the Claim to which the Proof of Claim relates will be treated as an Allowed Claim if such Claim has not been allowed earlier, provided however, if all or part of any such Scheduled Claim has been previously satisfied in whole or part by payment or otherwise only the amount if any then remaining due under such Claim shall be treated as an Allowed Claim.

The Liquidating Trustee, with the Creditors' Committee's consent, may file objections, settle, compromise, withdraw, or litigate to judgment objections to Claims whether scheduled or based upon a proof of claim. From and after the Effective Date, the Liquidating Trustee may settle or compromise any Disputed Claim without approval of the Bankruptcy Court but otherwise subject to the terms of this Plan.

2. No Distribution Pending Allowance

Notwithstanding any other provision of the Plan or the Liquidating Trust Agreement, no payments or Distributions shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim. To the extent that a Claim is not a Disputed Claim but is held by a Holder that is or may be liable to the Debtors, the Liquidating Trustee, and/or the Liquidating Trust on account of a Cause of Action, no payments or Distributions shall be made with respect to all or any portion of such Claim unless and until such Claim and liability have been settled or withdrawn or have been determined by Final Order of the Bankruptcy Court or such other court having jurisdiction over the matter. Amounts due to such Disputed Claim shall be held in reserve pending resolution of the dispute.

On each Distribution Date, the Liquidating Trustee will make Distributions (a) on account of any Disputed Claim that has become an Allowed Claim since the preceding Distribution Date and (b) on account of previously Allowed Claims, from the applicable Reserves, or property that would have been distributed to such Claimholders on the dates Distributions previously were made to Holders of Allowed Claims had the Disputed Claims that have become Allowed Claims been Allowed on such dates. Such Distributions will be made pursuant to the provisions of the Plan governing the applicable Class.

3. Distributions After Allowance

Payments and Distributions from the applicable Reserves to each representative Claimholder on account of a Disputed Claim, to the extent that it ultimately becomes an Allowed Claim, will be made in accordance with provisions of the Plan that govern Distributions to such Claimholders. On

the first Distribution Date following the date when a Disputed Claim becomes an undisputed, noncontingent, and liquidated Claim, the Liquidating Trustee will distribute to the Claimholder any Cash from the applicable Reserves that would have been distributed on the dates Distributions were previously made to Claimholders had such Allowed Claim been an Allowed Claim on such dates. After a Final Order has been entered, or other final resolution has been reached with respect to all Disputed Claims, any remaining Cash held in the applicable Reserves shall constitute Available Cash that shall be returned or distributed in accordance with the other provisions of this Plan, the Liquidating Trust and the Funding Agreement. All Distributions made under Article VII of the Plan on account of an Allowed Claim will be made together with any dividends, payments, or other Distributions made on account of, as well as any obligations arising from, the distributed property as if such Allowed Claim had been an Allowed Claim on the dates Distributions were previously made to Holders of Allowed Claims included in the applicable Class.

4. De Minimis Distributions

The Liquidating Trustee shall not have any obligation to make a Distribution on account of an Allowed Claim from any Reserve or otherwise if (a) the aggregate amount of all Distributions authorized to be made from such Reserve or otherwise on the Distribution Date in question (other than the final Distribution Date) is or has a value less than \$250,000, or (b) if the amount to be distributed to the specific Holder of the Allowed Claim on the particular Distribution Date does not constitute a final Distribution to such Holder and such Distribution has a value less than \$500.00.

K. Allocation of Plan Distributions Between Principal and Interest

To the extent that any Allowed Claim entitled to a Distribution under this Plan is composed of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for all income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

L. Distribution Record Date

The Liquidating Trustee shall have no obligation to recognize the transfer of or sale of any participation in any Allowed Claim that occurs after the close of business on the Distribution Record Date, and will be entitled for all purposes herein to recognize and distribute only to those Holders of Allowed Claims who are Holders of such Claims, or participants therein, as of the close of business on the Distribution Record Date. Instead, the Liquidating Trustee shall be entitled to recognize and deal for all purposes under this Plan with only those record holders stated on the official claims register as of the close of business on the Distribution Record Date.

IX. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Rejected Contracts and Leases

Except as otherwise provided in the Confirmation Order, the Plan, or any other Plan Document, the Confirmation Order shall constitute an order under Bankruptcy Code section 365 rejecting all prepetition executory contracts, including purchase orders, and unexpired leases to which any of the Debtors are a party, to the extent such contracts or leases are executory contracts or

unexpired leases, on and subject to the occurrence of the Effective Date, unless such contract or lease (a) previously shall have been assumed, assumed and assigned, or rejected by the Debtor, (b) previously shall have expired or terminated pursuant to its own terms before the Effective Date, or (c) is the subject of a pending motion to assume or reject on the Confirmation Date.

B. Assumed Contracts and Leases

The Debtors are not assuming any Leases or Executory Contracts under the Plan and all leases and executory contracts are deemed rejected on the Effective Date.

C. Bar to Rejection Damages

If the rejection of an executory contract or unexpired lease pursuant to Article _____ above gives rise to a Claim by the other party or parties to such contract or lease, such Claim shall be forever barred and shall not be enforceable against the applicable Debtors or their Estates, the Liquidating Trust, or their respective successors or properties unless a Proof of Claim is filed and served on the Liquidating Trustee and counsel for the Liquidating Trustee within thirty (30) days after service of a notice of the Effective Date or such other date as is prescribed by the Bankruptcy Court.

X. CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions to Confirmation

The following are conditions precedent to the occurrence of the Confirmation Date:

1. The entry of a Final Order finding that the Disclosure Statement contains adequate information pursuant to Bankruptcy Code section 1125;
2. The proposed Confirmation Order shall be, in form and substance, reasonably acceptable to the Plan Proponents; and
3. All provisions, terms and conditions hereof are approved in the Confirmation Order.

B. Conditions to Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in writing in accordance with Article VIII.C. of the Plan:

1. The Confirmation Order shall have been entered and become a Final Order and shall provide that the Debtor, the Liquidating Trust and the Liquidating Trustee are authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, and other agreements or documents created in connection with the Plan or effectuate, advance, or further the purposes thereof;
2. All Plan Exhibits shall be, in form and substance, reasonably acceptable to the Plan Proponents, and shall have been executed and delivered by all parties signatory thereto;

3. The Debtors shall be authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, and the agreements or documents created in connection with the Plan;

4. All other actions, documents, and agreements necessary to implement the Plan shall have been effected or executed; and

5. The Reserves shall have been funded.

C. Waiver of Conditions

Each of the conditions set forth in Articles X.A. and X.B. of the Plan may be waived in whole or in part by the Plan Proponents. The failure to satisfy or waive any condition to the Effective Date may be asserted by the Plan Proponents regardless of the circumstances giving rise to the failure of such condition to be satisfied. The failure of a party to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

XI. ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS

A. Professional Fee Claims

All requests for payment of Professional Fees rendered through the Effective Date (the "Fee Applications") must be filed no later than forty (45) days after the Effective Date.

B. Substantial Contribution Compensation and Expenses Bar Date

Any Person who wishes to make a Substantial Contribution Claim based on facts or circumstances arising after the Petition Date, must file an application with the Clerk of the Court, on or before the Final Administrative Claims Bar Date, and serve such application on counsel for the Plan Proponents and as otherwise required by the Court and the Bankruptcy Code on or before the Final Administrative Claims Bar Date, or be forever barred from seeking such compensation or expense reimbursement. Objections, if any, to the Substantial Contribution Claim must be filed no later than the Administrative Claims Objection Deadline, unless extended by Order of the Court.

C. Other Administrative Claims

All other Administrative Expenses Requests arising after the Petition Date, other than Professional Fee Claims, must be filed with the Court and served on counsel for the Plan Proponents no later than the Final Administrative Claims Bar Date. Unless the Debtor, the Liquidating Trustee, or any other party in interest objects within sixty (60) days after the Administrative Claims Bar Date (the "Administrative Claims Objection Deadline") to an Administrative Claim asserted in a properly filed Administrative Expense Request, such Administrative Claim shall be deemed allowed in the amount requested. In the event that the Debtor, the Liquidating Trustee, or any other party in interest objects to an Administrative Claim, the Bankruptcy Court shall determine the allowed amount of such Administrative Claim.

XII. EFFECT OF PLAN CONFIRMATION

A. Binding Effect

This Plan shall be binding upon and inure to the benefit of the Debtor, all present and former Holders of Claims and Interests, and their respective successors and assigns, including, but not limited to, the Liquidating Trust and the Liquidating Trustee.

B. Compromise and Settlement

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the Distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims and Equity Interests. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all Claims and Equity Interests, as well as a finding by the Bankruptcy Court that such compromise or settlement is fair, equitable, reasonable and in the best interests of the Debtors, the Estates and holders of Claims and Equity Interests.

C. Releases

1. Releases by the Debtors. Notwithstanding anything contained in the Plan to the contrary, as of the Effective Date, for good and valuable consideration provided by each of the Releasees, including, without limitation: (a) the discharge of debt and all other good and valuable consideration paid pursuant to the Plan or otherwise; and (b) the services of the Debtors' employees, officers, directors and professionals in facilitating the expeditious implementation of the Auction Sale or the liquidation, each of the Debtors hereby provide a full discharge and release to the Releasees (and each such Releasee so released shall be deemed released and discharged by the Debtors) and their respective properties from any and all Causes of Action and any other debts, obligations, rights, suits, damages, actions, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, at equity, whether for tort, contract, violations of federal or state securities laws, or otherwise, based in whole or in part upon any act or omission, transaction, or other occurrence or circumstances existing or taking place prior to or on the Effective Date arising from or related in any way to the Debtors, including, without limitation, those that any of the Debtors or the Liquidating Trustee would have been legally entitled to assert or that any holder of a Claim or Equity Interest or other Entity would have been legally entitled to assert for or on behalf of any of the Debtors or Estates and further including those in any way related to the Chapter 11 Cases or the Plan; *provided, however*, that the foregoing provisions of this Paragraph shall not operate to waive or release from any Causes of Action or Avoidance Actions preserved by the Plan or any Plan Supplement or any defenses thereto; *provided, further*, that the foregoing provisions of this Paragraph shall not operate to waive or release any Causes of Action or Avoidance Actions accrued by the Debtors in the ordinary course of business against the holders of General Unsecured Claims.

2. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the releases set forth in this Paragraph pursuant to the Bankruptcy Rule 9019 and its finding that they are: (a) in exchange for good and valuable consideration, representing a good faith settlement and compromise of the Claims and Causes of Action thereby released; (b) in the best interests of the

Debtors and all holders of Claims; (c) fair, equitable and reasonable; (d) approved after due notice and opportunity for hearing; and (e) a bar to any of the Debtors or the Liquidating Trustee asserting any Claim or Cause of Action thereby released.

D. Exculpation

Notwithstanding anything contained in the Plan to the contrary, the Exculpated Parties shall neither have nor incur any liability to any Entity for any and all Claims and Causes of Action arising on or before the Effective Date, including any act taken or omitted to be taken in connection with, or related to, formulating, negotiating, preparing, disseminating, implementing, administering, confirming or consummating the Plan, the Disclosure Statement, Liquidating Trust Agreement, DIP Facility, or any other contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other post-petition act taken or omitted to be taken in connection with or in contemplation of the Auction Sale or Debtors' continuing liquidation or otherwise occurring from and after the Petition Date in the Bankruptcy Cases, *provided, however*, that the foregoing provisions of this Paragraph shall have no effect on the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct; *provided, further*, that each Exculpated Party shall be entitled to reply upon the advice of counsel concerning its duties pursuant to, or in connection with, the above referenced documents; *provided, further*, that the foregoing provisions of this Paragraph shall not apply to any acts, omissions, Claims, Causes of Action or other obligations expressly set forth in and preserved by the Plan or any plan supplement or any defenses thereto.

None of the Exculpated Parties shall have or incur any liability to, or be subject to any right of action by, any Holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, shareholders, employees, representatives, financial advisors, attorneys or affiliates, or any of their successors or assigns, for any act or omission occurring on or after the Petition Date in connection with, relating to, or arising out of, the filing or administration of Debtors' Chapter 11 Cases, the administration of the Assets of the Consolidated Estate, the pursuit of Confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the Liquidating Trust, or the property to be distributed under the Plan, except for their willful misconduct or gross negligence.

E. Release and Injunction

1. From and after the Effective Date, all Entities are permanently enjoined from commencing or continuing in any manner against the Releasees, their successors and assigns, and their assets and properties, as the case may be, any suit, action or proceeding, on account of or respecting any Claim, demand, liability, obligation, debt, right, Cause of Action, interest or remedy released or to be released pursuant to the Plan or Confirmation Order.

2. Except as otherwise expressly provided for in the Plan, from and after the Effective Date, all Entities shall be precluded from asserting against the Releasees or their successor and assigns and their assets and properties, any other Claims or Equity interests based upon any documents, instruments, or any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

3. The rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan shall be in exchange for and in complete satisfaction of Claims and Equity Interest of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, against the Debtors or any of their assets or properties. On the Effective Date, all such Claims against, and Equity Interests in, the Debtors shall be satisfied and released in full.

4. Except as otherwise expressly provided for in the Plan or in obligations issues pursuant to the Plan, all Parties and Entities are permanently enjoined, on and after the Effective Date, on account of any Claim or Equity Interest satisfied and released hereby, from:

(a) commencing or continuing in any manner any action or other proceeding of any kind against any of the Debtors, their successors and assigns and their assets and properties;

(b) enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against any Debtor, their successor an assigns and their assets and properties;

(c) creating, perfecting or enforcing any encumbrance of any kind against any Debtor or the property or estate of any Debtor;

(d) asserting any right of setoff or subrogation of any kind against any obligation due from any Debtor or against the property or estate of any of the Debtors, except to the extent a right to setoff or subrogation is asserted with respect to timely filed proof of claim; or

(e) commencing or continuing in any manner any action or other proceeding of any kind in respect of any Claim or Equity Interest or Cause of Action released or settled hereunder.

F. Releases of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, liens, pledges or other security interests against property of the Estates shall be fully released and discharged (excluding only such valid liens or security interests held by Wells Fargo in the Wells Fargo Fee Reserve) and all right, title and interest of any holder of such mortgages, deeds of trust, liens, pledges or other security interest shall revert to the Debtors and the Liquidating Trustee.

G. Indemnification Obligations

Except as otherwise provided in this Plan or any contract, instrument, release, or other agreement or document entered into in connection with this Plan, any and all indemnification obligations that the Debtors have pursuant to a contract, instrument, agreement, certificate of incorporation, by-law, comparable organizational document or any other document, or applicable law shall be rejected as of the Effective Date, to the extent executory.

XIII. RETENTION OF JURISDICTION

Under Bankruptcy Code sections 105(a) and 1142, and notwithstanding entry of the Confirmation Order, substantial consummation of the Plan and occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the

Chapter 11 Case and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim, the resolution of any objections to the allowance or priority of Claims or Interests and the determination of requests for the payment of claims entitled to priority under Bankruptcy Code section 507(a)(1), including compensation of any reimbursement of expenses of parties entitled thereto;

2. Hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under Bankruptcy Code sections 330, 331, 503(b), 1102 and 1129(a)(4); provided, however, that from and after the Effective Date, the payment of the fees and expenses of the retained Professionals of the Liquidating Trust and/or the Liquidating Trustee shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

3. Hear and determine all matters with respect to the assumption or rejection of any executory contract or unexpired lease to which one of the Debtors is a party or with respect to which one of the Debtors may be liable, and to hear, determine and, if necessary, liquidate any Claims arising therefrom;

4. Effectuate performance of and payments under the provisions of the Plan;

5. Hear and determine any and all adversary proceedings, motions, applications and contested or litigated matters arising out of, under or related to the Chapter 11 Case, the Plan or the Liquidating Trust Agreement;

6. Enter such orders as may be necessary or appropriate to execute, implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents created in connection with the Plan, the Disclosure Statement or the Confirmation Order;

7. Hear and determine disputes arising in connection with the interpretation, implementation, consummation or enforcement of the Plan, including disputes arising under agreements, documents or instruments executed in connection with the Plan;

8. Consider any modifications of the Plan, cure any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

9. Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with implementation, consummation, or enforcement of the Plan or the Confirmation Order;

10. Enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified or vacated;

11. Hear and determine any matters arising in connection with or relating to the Plan, the Plan Supplement, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan, the Plan Supplement, the Disclosure Statement or the Confirmation Order;
12. Enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Case;
13. Except as otherwise limited herein, recover all assets of the Debtors and property of the Estates, wherever located;
14. Hear and determine matters concerning state, local and federal taxes in accordance with Bankruptcy Code sections 346, 505 and 1146;
15. Hear and determine all matters related to the property of the Estates, including, but not limited to, the Unencumbered Assets, from and after the Confirmation Date;
16. Hear and determine the Causes of Action and the Avoidance Actions;
17. Hear and determine all disputes involving the existence, nature or scope of the injunctions, indemnifications, exculpation and releases granted pursuant to this Plan, the Sale Orders and/or the Asset Purchase Agreement;
18. Hear and determine all disputes or other matters arising in connection with the interpretation, implementation or enforcement of the Asset Purchase Agreement, the Sale Orders, and/or the Sale-Related Settlements;
19. Hear and determine all matters related to (i) the property of the Estates from and after the Confirmation Date, (ii) the winding up of the Debtors' affairs, and (iii) the activities of the Liquidating Trust and/or the Liquidating Trustee, including (A) challenges to or approvals of the Liquidating Trustee's activities, (B) resignation, incapacity or removal of the Liquidating Trustee and successor Liquidating Trustees, (C) reporting by, termination of and accounting by the Liquidating Trustee, and (D) release of the Liquidating Trustee from his or her duties;
20. Hear and determine disputes with respect to compensation of the Liquidating Trustee and the Liquidating Trustee Professionals;
21. Hear and determine all disputes involving the existence, nature and/or scope of the injunctions and releases provided herein, including any dispute relating to any liability arising out of any termination of employment or the termination of any employee or retiree benefit provision, regardless of whether such termination occurred prior to or after the Effective Date;
22. Hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code;
23. Enforce all orders previously entered by the Bankruptcy Court;

24. Dismiss any and/or all of the Chapter 11 Cases or convert it to a case under Chapter 7 of the Bankruptcy Code; and

25. Enter a final decree closing the Chapter 11 Case.

XIV. MISCELLANEOUS PROVISIONS

A. Modifications and Amendments

The Plan Proponents may alter, amend or modify the Plan or any Exhibits thereto under Bankruptcy Code section 1127(a) at any time prior to the Confirmation Date. After the Confirmation Date and prior to substantial consummation of the Plan as defined in Bankruptcy Code section 1101(2), the Plan Proponents may, under Bankruptcy Code section 1129(b), institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of the Plan so long as such proceedings do not adversely affect the treatment of Holders of Claims; provided, however, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Court.

B. Severability of Plan Provision

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, then the Bankruptcy Court, at the request of the Plan Proponents, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holder, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

C. Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of that Person.

D. Payment of Statutory Fees

All fees then due and payable pursuant to 28 U.S.C. § 1930, as determined by the Court at the Confirmation Hearing, shall be paid on or before the Effective Date by the Debtors. All such fees that become due and payable thereafter by the Debtors shall be paid by the Liquidating Trustee. The Debtor, through the Liquidating Trustee, shall file post-confirmation quarterly reports or any pre-confirmation monthly operating reports not filed as of the Confirmation Hearing in conformance with the U.S. Trustee Guidelines. The U.S. Trustee shall not be required to file a request for payment of its quarterly fees, which shall be paid by the Debtors and/or the Liquidating Trustee.

E. Revocation, Withdrawal or Non-Consummation

The Plan Proponents reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans. If the Plan Proponents revoke or withdraw the Plan, or if Confirmation or Consummation of the Plan does not occur, then, (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for Consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver of release of any Claims by or against, or any Interests in, such Debtors or any other Person, (ii) prejudice in any manner the rights of such Debtors or any other Person, or (iii) constitute an admission of any sort by such Debtors or any other Person.

F. Service of Documents

Any notice, request or demand required or permitted to be made or provided to or upon a Debtor, the Creditors' Committee and/or the Liquidating Trustee under the Plan shall be (a) in writing, (b) served by (i) certified mail, return receipt requested, (ii) hand delivery, (iii) overnight delivery service, (iv) first class mail, or (v) facsimile transmission, (c) deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, and (d) addressed as follows:

The Debtors:

McGrath North Mullin & Kratz, PC LLO
Attention: Robert P. Diederich
First National Tower, Suite 3700
1601 Dodge Street
Omaha, NE 68102
Telephone: (402) 341-3070
Facsimile: (402) 341-0216

The Creditors' Committee:

Borges & Associates, LLC
Attention: Wanda Borges
575 Underhill Blvd., Ste. 118
Syosset, New York 11791
Telephone: (516) 677-8200
Facsimile: (516) 677-0806

The Liquidating Trustee:

Vicky Winkler
c/o Marlene Rabinowitz
BDO Consulting
135 West 50th Street, 20th Floor
New York, NY 10020

Telephone: (212) 885-8348
Facsimile: (212) 515-2589

G. Effect on Sale Orders, Asset Purchase Agreements, and Sale-Related Settlements

Nothing contained in the Plan or any Confirmation Order shall be deemed to conflict with, or derogate from, the Sale Orders, the Asset Purchase Agreement or the Sale-Related Settlements, such that, to the extent that there are any inconsistencies between the terms of the Sale Orders, the Asset Purchase Agreement or the Sale-Related Settlements, on the one hand, and the Plan and the Confirmation Order, on the other hand, the terms of the Sale Orders, the Asset Purchase Agreement and the Sale-Related Settlements shall govern.

H. Tax Reporting and Compliance

The Liquidating Trustee is hereby authorized, on behalf of the Debtor, to request an expedited determination under Bankruptcy Code section 505(b) of the tax liability of the Debtors for all taxable periods ending after the Petition Date through and including the Effective Date.

I. Filing of Additional Documents

On or before substantial Consummation of this Plan, the Debtors shall file such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

J. Final Report

Notwithstanding anything to the contrary in the Bankruptcy Rules providing for earlier closure of these Chapter 11 Cases, when all Disputed Claims against the Estate have become Allowed Claims or have been disallowed by Final Order, and all remaining Liquidating Trust Assets have been liquidated and converted into Cash (other than those Assets abandoned), and such Cash has been distributed in accordance with the Plan, or at such earlier time as the Liquidating Trustee deems appropriate, the Liquidating Trustee shall file a final accounting, together with a final report, and shall seek authority from the Bankruptcy Court to close these cases in accordance with the Bankruptcy Code and the Bankruptcy Rules. The Liquidating Trustee shall serve until such time as the entry of a final decree closing these Chapter 11 Cases, at which time the Liquidating Trustee and the Post Confirmation Professionals engaged by them shall be discharged and shall have no further responsibilities under the Plan. Further the Liquidating Trust Creditors' Committee shall be dissolved at such time, and the members thereof shall have no further responsibilities as members of the Liquidating Trust Creditors' Committee, whether under the Plan or otherwise.

XV. BANKRUPTCY CODE REQUIREMENTS FOR CONFIRMATION

The Bankruptcy Court will confirm the Plan only if it finds that all of the requirements of § 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a Plan are that the Plan: (i) is accepted by all impaired classes of claims and equity interests, or if rejected or deemed

rejected by an impaired Class, satisfies the "cramdown" standard; (ii) is feasible; and (iii) is in the "best interests" of creditors and stockholders (interest holders) impaired under the Plan.

Section 1129 of the Bankruptcy Code which sets forth the requirements that must be satisfied in order for the Plan to be confirmed, lists the following requirements for the approval of any plan of reorganization:

1. A plan must comply with the applicable provisions of the Bankruptcy Code.
2. The proponent of a plan must comply with the applicable provisions of the Bankruptcy Code.
3. A plan must be proposed in good faith and not by any means forbidden by law.
4. Any payment made or to be made by the proponent, by the debtor, or by a person issuing securities or acquiring property under a plan, for services or for costs and expenses in or in connection with the case, or in connection with such plan and incident to the case, must be approved by, or be subject to the approval of, the court as reasonable.
5. (i)(A) The proponent of a plan must disclose the identity and affiliations of any individual proposed to serve, after confirmation of such plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan and the debtor, or a successor to the debtor under such plan; and

(B) The appointment to, or continuance in, such office of such individual, must be consistent with the interests of creditors and equity security holders and with public policy; and

(ii) The proponent of a plan must disclose the identity of any insider that will be employed or retained by the reorganized debtor, and the nature of any compensation for each insider.
6. Any governmental, regulatory commission with jurisdiction, after confirmation of a plan, over the rates of the debtor must approve any rate change provided for in such plan, or such rate change is expressly conditioned on such approval.
7. Each holder of a claim or interest in an impaired class of claims or interests must have accepted the plan or must receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date, or, if the class is a class of secured claims that elects non-recourse treatment of the claims under § 1111(b) of the Bankruptcy Code, each holder of a claim in such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims. This is the so-called "best interests" test.
8. With respect to each class of claims or interests, such class must accept the plan or not be impaired under the plan (subject to the "cramdown" provisions discussed herein.)

9. Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, a plan must provide that:

(i) with respect to an administrative claim and certain claims arising in an involuntary case, on the effective date of the plan, the holder of the claim will receive on account of such claim cash equal to the allowed amount of the claim;

(ii) with respect to a class of priority wage, employee benefit, consumer deposit and certain other claims described in §507(a)(3)-(6) of the Bankruptcy Code, each holder of a claim of such class will receive

(A) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(B) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim; and

(iii) with respect to a priority tax claim of a kind specified in §507(a)(8) of the Bankruptcy Code, the holder of such claim will receive on account of such claim deferred cash payments, over a period not exceeding five (5) years after the date of the order for relief, of a value, as of the date of assessment of such claim of a value, as of the effective date of the plan equal to the allowed amount of such claim, and such treatment must be in a manner not less favorable than the most favored non-priority unsecured claim provided for by the Plan (other than cash payments made to a class of creditors under §1122(b)).

10. If a class of claims is impaired under a plan, at least one class of claims that is impaired under such plan must have accepted the plan, determined without including any acceptance of the plan by any insider; except that in a case in which the debtor is an individual, the debtor may retain property included in the estate subject to the requirements of 11 U.S.C. §1129(a)(14) described in ¶15 below.

11. Confirmation of a plan must not be likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan unless such liquidation or reorganization is proposed in the plan. This is the so-called "feasibility" requirement.

12. All fees payable under § 1930 of the Bankruptcy Code, as determined by the court at the hearing on confirmation of the plan, must have been paid or the plan must provide for the payment of all such fees on the effective date of the plan.

13. A plan must provide for the continuation after its effective date of payment of all retiree benefits, as that term is defined in § 1114 of the Bankruptcy Code, at the level established pursuant to either subsection (e)(1)(B) or (g) of §1114 of the Bankruptcy Code, at any time prior to confirmation of such plan, for the duration of the period the debtor has obligated itself to provide such benefits.

14. An individual debtor may not obtain confirmation unless post-petition domestic support obligations are paid in full.

15. In those chapter 11 cases in which the debtor is an individual, and in which the holder of an allowed unsecured claim objects to the confirmation of the Plan, the court will confirm the Plan only if the value, as of the effective date of the Plan, of the property to be distributed under the Plan on account of such claim is not less than the amount of such claim; or the value of the property to be distributed under the Plan is not less than the projected disposable income of the debtor (as defined in 11 U.S.C. §1325(b)(2) to be received during the five (5) year period beginning on the date that the first payment is due under the Plan, or during the period for which the Plan provides payments, whichever is longer.

This Disclosure Statement discusses two of these requirements: (a) acceptance by impaired classes; and (b) the "best interests" standard. The Debtors believe that the Plan meets all the requirements of § 1129(a) of the Bankruptcy Code (other than as to voting, which has not taken place) and will seek a ruling of the Court to this effect at the hearing on confirmation of the Plan. You are urged to consult your own attorneys to evaluate each of the standards for confirmation of the Plan under the Bankruptcy Code.

A. Vote Required for Acceptance; Confirmation

The Bankruptcy Code defines acceptance of a plan by an impaired class of claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots (other than any holders who are found by the Bankruptcy Court to have cast their ballots in bad faith). The Bankruptcy Code defines acceptance of a plan by an impaired class of equity interests as acceptance by holders of at least two-thirds in number of the equity interests of that class that actually cast ballots other than any holders who are found by the Bankruptcy Court to have cast their ballots in bad faith.

In addition to this voting requirement, § 1129 of the Bankruptcy Code requires that a plan be accepted by each holder of a claim or interest in an impaired class or that the plan otherwise be found by the Court to be in the best interests of each holder of a claim or interest in an impaired class. See "Best Interests Test" below.

If one Class of impaired Claims or Interests accepts the Plan, the Court may confirm the Plan under the "cramdown" provisions of § 1129(b) of the Bankruptcy Code, which permits the confirmation of a plan over the dissenting votes of creditors or equity interest holders that have voted, as a Class, to reject the plan, provided that certain standards are met. See "Cramdown" below.

In the event any Voting Class votes against the Plan, and the Plan is not withdrawn, the terms of the Plan may be modified by the Debtor, as necessary to effect a "cramdown" on such dissenting Class or Classes by reallocating value from all Classes Junior to the objecting Class or Classes to any impaired senior Classes until such impaired senior Classes are paid in accordance with the absolute priority rule of § 1129(b) of the Bankruptcy Code. Any such modifications or amendments shall be filed with the Bankruptcy Court and served on all parties in interest entitled to receive notice of the hearing on the confirmation of the affected Plan. Subject to the conditions set forth in the Plan, a determination by the Bankruptcy Court that the Plan is not confirmable pursuant to § 1129 of the Bankruptcy Code will not limit or affect the Debtors' ability to modify the Plan to satisfy the provisions of § 1129 of the Bankruptcy Code.

B. Fair and Equitable Test; Cramdown

Any Voting Class that fails to accept the Plan will be deemed to have rejected the Plan. Notwithstanding such rejections, the Bankruptcy Court may confirm the Plan and the Plan will be binding upon all Classes, including the Classes rejecting the Plan, if the Debtors demonstrate to the Bankruptcy Court that at least one impaired Class of Claims has accepted the Plan and that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each non-accepting Class. A plan does not discriminate unfairly if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are similar to those of the dissenting class and if no class receives more than it is entitled to for its claims or interests.

The Bankruptcy Code establishes different "fair and equitable" tests for the secured and unsecured creditors as follows:

1. Secured Creditors. Either (i) each secured creditor in a non-accepting impaired class retains the liens securing its secured claim and receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each secured creditor in a non-accepting impaired class realizes the indubitable equivalent of its allowed secured claim or (iii) the property securing the claim is sold free and clear of liens with such liens to attach to the proceeds and the treatment of such liens on proceeds as provided in clause (i) or (ii) of this subparagraph.

2. Unsecured Creditors. Either (i) each unsecured creditor in a non-accepting impaired class receives or retains under the plan property having a present value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive or retain any property under the Plan, unless new value is given by and through the operation of the Chapter 11 Plan; additionally, with respect to those cases in which the Debtor is an individual and in which the holder of an allowed unsecured claim objects to the confirmation of the Plan, the court will confirm the Plan only if the value, as of the effective date of the Plan, of the property to be distributed under the Plan on account of such claim is not less than the amount of such claim; or the value of the property to be distributed under the Plan is not less than the projected disposable income of the debtor (as defined in 11 U.S.C. §1325(b)(2) to be received during the five (5) year period beginning on the date that the first payment is due under the Plan, or during the period for which the Plan provides payments, whichever is longer.

THE PROPONENTS BELIEVE THAT THE PLAN DOES NOT DISCRIMINATE UNFAIRLY WITH RESPECT TO ANY CLASS AND IS FAIR AND EQUITABLE WITH RESPECT TO EACH IMPAIRED CLASS, THEREFORE, THE PROPONENTS INTEND TO SEEK CONFIRMATION OF THE PLAN EVEN IF LESS THAN THE REQUISITE NUMBER OF FAVORABLE VOTES ARE OBTAINED FROM ANY VOTING CLASS.

DATED this 17th day of December, 2010.

**PROFESSIONAL VETERINARY
PRODUCTS, LTD, A Nebraska Corporation,
et al, Debtors**

UNSECURED CREDITORS COMMITTEE,

By: /s/ Robert J. Bothe
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**ATTORNEY FOR UNSECURED
CREDITORS COMMITTEE**

ATTORNEYS FOR DEBTORS

CERTIFICATE OF SERVICE

I hereby certify that on December 17, 2010, I caused filing of the foregoing with the Clerk of the Bankruptcy Court using the CM/ECF system.

/s/ Robert J. Bothe
Robert J. Bothe