

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF SOUTH CAROLINA**

IN RE:) CHAPTER 11
)
Stacy's, Inc.,) Case No. 13-03600-dd
)
)
)
Debtor.)

DISCLOSURE STATEMENT

Filed by the Debtor on December 12, 2013

Table of Contents

I. **INTRODUCTION**..... 4

II. **FINANCIAL DATA, PROPERTY AND HISTORY OF THE DEBTORS**... 5

A. THE CONDITION OF THE DEBTOR PRE-PETITION.....5

B. THE FILING OF THE PETITION..... 9

1. FIRST DAY MOTIONS.....9

a. UTILITIES.....10

b. EMPLOYEES.....10

c. CRITICAL VENDORS..... 11

d. CASH COLLATERAL..... 11

2. PROFESSIONALS.....16

3. THE UNSECURED CREDITORS COMMITTEE..... 17

4. RECLAMATION AND ADMINISTRATIVE CLAIMS..... 17

5. PREFERENCE CLAIMS.....	18
6. THE UNITED STATES TRUSTEE.....	18
7. PREPARATION FOR THE SALE.....	19
8. THE TRUST.....	20
9. PENDLETON PROPAGATION PROPRTIES, LLC.....	21
10. INSURANCE.....	22
11. OPERATIONS.....	22
12. SALE AND DISTRIBUTION OF PROCEEDS.....	22
13. EXECUTORY CONTRACTS.....	25
14. SUMMARY OF MONTHLY REPORTS.....	26
15. POST CLOSING ASSETS.....	26
16. TAX CONSEQUENCES.....	29
17. CONTINUING EMPLOYMENT.....	29
C. ASSETS AND LIABILITIES.....	29
1. ASSETS.....	29
2. LIABILITIES.....	30
a. SECURED CREDITORS.....	30
b. ADMINISTRATIVE PRIORITY CLAIMS.....	31
c. UNSECURED PRIORITY CLAIMS.....	32
d. UNSECURED DEFICIENCY CLAIM OF BOTW.....	32

- e. GENERAL UNSECURED CLAIMS..... 32
- f. EQUITY HOLDERS..... 33
- D. LIQUIDATION ANALYSIS..... 33
- E. AVOIDANCE ACTIONS..... 34
- III. SUMMARY OF PROPOSED PLAN..... 34
- IV. FEASIBILITY OF PROPOSED PLAN..... 39
- V. CONCLUSION..... 39

I. INTRODUCTION

Stacy's, Inc. ("Debtor") is the Chapter 11 Debtor and provides this Disclosure Statement (the "Disclosure Statement") to all of the Debtor's known creditors pursuant to §1125 of the United States Bankruptcy Code (11 U.S.C. §101 et seq. [the "Bankruptcy Code"]). The purpose of the Disclosure Statement is to provide such information as may be deemed material, important, and necessary for the creditors of the Debtor to make a reasonably informed decision in exercising their right to vote for the acceptance of the Plan of Reorganization of the Debtor (the "Plan"). The Plan was filed by the Debtor simultaneously with this Disclosure Statement.

EXCEPT WHERE SPECIFICALLY STATED OTHERWISE, THE DISCLOSURE STATEMENT HAS BEEN PREPARED BY THE DEBTOR AND HAS BEEN PREPARED BASED ON INFORMATION AVAILABLE TO THE DEBTOR. NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO THE VALUE OF ASSETS OF THE DEBTOR) ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY.

The Plan represents a legally binding arrangement and should be read in its entirety, as opposed to relying on the summary in this Disclosure Statement. Capitalized terms used but not defined herein have the meanings assigned to them in the Plan.

Various classes under the Plan are shown as impaired. Impairment is defined to mean any changes in the terms of the contracts or agreements between the Debtor and creditors, which alters the terms of the agreements between the parties.

Bankruptcy Court approval of the Disclosure Statement does not constitute approval by the Bankruptcy Court of the Plan itself.

No securities will be issued pursuant to the Plan.

An Official Committee of Unsecured Creditors (the “Committee”) was appointed in this case on June 26, 2013, and is represented by Moore & Van Allen, PLLC (“MVA”). The members of the Committee, as amended on July 3, 2013, are shown on **Exhibit A**.

The Court will set a date for a hearing on the acceptance of the Plan. At the time that the confirmation hearing is set, all creditors and parties in interest will be asked to vote on the Plan by completing a ballot.

For a Plan to be confirmed, at least one impaired class must vote in favor of the Plan. A class is deemed to have voted in favor of the Plan if more than 50% of the members voting in that class cast a ballot in favor of the Plan, and, at the same time, two-thirds (2/3) or more of the dollar amounts owed to creditors voting in that class also vote affirmatively in favor of the Plan. In other words, for a class to have voted in favor of the Plan, at least a majority of the voters and two-thirds of the dollars of the votes owed to the class must have voted in favor of the Plan.

II. FINANCIAL DATA, PROPERTY AND HISTORY OF THE DEBTOR

A. The Condition of the Debtor Pre Petition

The Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code on June 21, 2013 (the “Petition Date”). Prior to the filing, the Debtor spent several months reviewing and considering options available for maximizing the value of the Debtor’s assets and ongoing business operation.

Until 2009, the Debtor had been owned and controlled by Louis Stacy, who had created the business from humble beginnings in the late 1960s. It grew exponentially in the intervening years, becoming extremely successful, with large profits and a widespread distribution network

to established repeat customers. However, in 2009, Mr. Stacy became very ill and was unable to continue his control of the company.

In 2010, the company incurred a substantial loss, with increasing losses each subsequent year. Although the Debtor continued to be optimistic about the profitability of the fiscal year ending in May, 2013, it was concerned about its relationship with Bank of the West (“BOTW”), especially in light of communications regarding the renewed financing.

In 2012, although the Debtor had sustained large losses for quite some time, it continued to believe that the business would turn itself around and become profitable. The enormity of the problem became more apparent towards the end of 2012, when the Debtor was engaged in discussions with its largest creditor, BOTW. Some of the loans that the Debtor had outstanding with BOTW had matured at that time, and BOTW had assured the Debtor that it would refinance. However, BOTW had not specified all of the terms of the refinancing and continued to consider the amount it was willing to refinance. The terms of the refinancing were of concern to the Debtor, especially in light of its financial losses in the last several years.

The Debtor eventually executed new loan documents with BOTW and as of the Petition Date, its outstanding obligations with BOTW were as follows:

- a. A revolving line of credit with an approximate outstanding balance of \$15,379,764.47 (the “BOTW LOC”) which the Debtor used prepetition to fund its operating expenses;
- b. A term loan with an approximate outstanding balance of \$1,500,500.00 (the “BOTW Term Loan”), which the Debtor used to refinance existing capital improvements;
- c. An equipment loan with an approximate outstanding balance of \$389,846.84 (the “BOTW Equipment Loan”), which the Debtor used to purchase various equipment essential to its operation;

- d. A secured guaranty of a term loan made by BOTW to the Trust with an approximate outstanding balance of \$4,858,324 (the “BOTW Trust Loan”); and
- e. A credit card obligation (the BOTW LOC, BOTW Term Loan, BOTW Equipment Loan, BOTW Trust Loan, and credit card obligation are collectively referred to as the “BOTW Loans”).

The total outstanding balance of the BOTW Loans as of June 21, 2013 was approximately \$22,500,000 secured by the following assets of Stacy’s: (i) accounts; (ii) chattel paper; (iii) inventory; (iv) equipment; (v) fixtures; (vi) farm products; (vii) water rights; (viii) instruments; (ix) investment property; (x) documents; (xi) commercial tort claims; (xi) deposit accounts; (xii) letter-of-credit rights; (xiii) general intangibles; (xiv) supporting obligations; and (xv) records of, accession to and proceeds and products of the foregoing.

The BOTW Loans were also secured by four parcels of real estate owned by entities that are related to the Debtor and on which the Debtor’s operations were conducted, as follows:

Farm 1, LLC (“Farm 1”);

Farm 2, LLC (“Farm 2”);

Farm Investments, LLC (“Farm Investments”);

Garden Center Real Estate, LLC (“Garden Center”).

These entities were owned by the Louis O. Stacy, Jr. Revocable Trust (the “Trust”), and the real estate owned by these entities was leased to the Debtor.

A wholly owned subsidiary of the Debtor, Stacy’s Service Company, LLC (“SSC”) handled the Debtor’s trucking operation and shipped the Debtor’s plants to states along the east coast and into the Midwest. SSC owned 43 tractors and trailers, which were used in the Debtor’s

operations. The Debtor is the sole managing member of SSC and has complete control of SSC's assets.

During the spring of 2013, after the new loan documents were in place with BOTW, the financial condition of the Debtor continued to deteriorate. Because of the cyclical nature of the Debtor's business, the profitability of the spring season has always been vital to its survival. Unfortunately, many factors contributed to the dismal financial results for spring of 2013, with the eventual result that the Debtor had a loss of about \$8 million for its fiscal year, ending June 1, 2013.

The Debtor had begun considering its options in early 2013, when it became concerned about its historic losses and its relationship with BOTW. It had already retained Barton Law Firm, PA ("Barton"), but it reached out to an Investment Banker, SSG Advisors, LLC ("SSG"), and to a financial advisor, Marty Ouzts ("Ouzts"), in order to insure that it considered all possible solutions to its financial distress. As the spring season continued to deteriorate and the massive losses became more and more inevitable, the sale of the company became the obvious next step.

While the Debtor requested that SSG reach out confidentially to potential purchasers, it began negotiating confidentially with Metrolina Greenhouses, Inc. ("Metrolina") to determine whether an Asset Purchase Agreement could be agreed upon. Although the Debtor had determined that a sale was its best option, it also knew that any information leaked to the public about its financial condition without having an executed asset purchase agreement would doom the sale and would not allow any transaction as an ongoing business. This would only allow a sale of non operating assets, for a rock bottom price, which was not in anyone's best interests.

After much negotiation, the Debtor was able to reach an agreement with Metrolina regarding a sale of its assets, the SSC assets and the Trust assets. The offer from Metrolina increased by \$6 million over a period of several months, until the final APA was executed. The bankruptcy was filed the next day, in order to allow a marketing process through the bankruptcy which was sufficient to explore all possible competing purchasers.

B. The Filing of the Petition

Because the Debtor was very concerned about the reaction of its employees to the filing of the bankruptcy, immediate discussions with the employees took place upon the filing. The employees were advised of the filing and of the Debtor's intentions regarding its continuing operations. The continuing operations were vital to a successful sale and relied upon the continuing confidence and efforts of the employees. These conferences were successful although they were complicated by the number of employees and the need for a translator. During the course of the bankruptcy prior to the sale, the Debtor was able to maintain all of the essential employees.

The first call made on the Petition Date was to BOTW, to advise them of the filing and the reasons behind this action. The Debtor was determined to provide all available information to BOTW and to insure that BOTW was familiar with the reasoning behind the filing and the fact that it was designed to maximize benefit for BOTW and all of the Debtor's creditors.

1. First Day Motions

Also on the Petition Date, the Debtor filed first day motions, seeking authorization to use cash collateral, to pay critical vendors, to pay its employees and to continue to have access to utility services.

a. UTILITIES

As a result of the hearing on the first day motion, the Debtor was able to continue to have access to all of its utility providers, including AT&T, Blue Ridge Electric Cooperative, Duke Energy, York County Natural Gas Authority, and York County Electric Cooperative. It was able to avoid having to post a bond for such service and, in fact, was able to continue dealing with most of its utilities in exactly the same way that it had dealt with them pre petition. The order provided that the utilities could require pre payment and subsequent true up and some of the utilities required that procedure to be followed. The Debtor was able to comply with these requirements.

b. EMPLOYEES

As noted above, one of the primary concerns of the Debtor was its ability to retain its employees and the ongoing operations. It tried to provide reassurance to the employees about the impact of the ongoing Chapter 11, the logistics of the sale and its ability to continue paying payroll and employee benefits without interruption. This proved difficult because of the necessity of providing the employees with a WARN notice. This notice was required because of the anticipated sale, which would have caused the termination of the employees and their rehiring by the purchaser. The timing of the APA and the Petition Date required that such notice be provided at the same time that the Debtor was attempting to reassure the employees about the stability of the company and the continuation of their jobs. The notice was provided by hand delivery to those employees on site at the Debtor's place of business and by mail to those who worked at the various locations outside of the Debtor's place of business.

Despite these challenges, the Debtor was able to retain its employees, to continue the business and to obtain court approval for the sale, which enabled the continuation of the business

and the maximization of benefit for the creditors, in addition to the employees. During its peak season, the Debtor had up to 1,000 employees, all of whom have benefited from the bankruptcy through their continuing pay and benefits without interruption.

c. CRITICAL VENDORS

Because of the very stringent standard for treatment of critical vendors, Stacy's was very careful about its request for critical vendor treatment and asked for such treatment for only one creditor. That creditor was believed to meet all of the requirements of such treatment, since it was unique in the industry, vital to the continuing operation and it refused to continue doing business with the Debtor post petition absent payment of the pre petition obligation.

This creditor, Sun Gro Horticultural Distribution, Inc. ("SunGro"), provided the Debtor with a special media composition, created to the Debtor's exact secret specifications. The Debtor believed that inability to obtain this product would substantially undermine its continuing operations and result in a loss of customers.

The Court became concerned about payment of SunGro post petition, since its pre petition claim was substantial. At the Court's suggestion, the Debtor reached out again to SunGro to advise them of the Court's concern and about the possible termination of their working relationship with the Debtor. This phone call resulted in an agreement with SunGro which avoided the need for critical vendor recognition and which allowed the Debtor to continue working with SunGro post petition on a pre-payment basis.

d. CASH COLLATERAL

Because of the BOTW lien on the Debtor's assets, especially its accounts receivable, the Debtor requested that it be allowed to use post petition cash collateral for its continuing operations. The Debtor had deliberately sought to avoid the need for debtor in possession

financing during the Chapter 11 and intended to operate using only its ongoing cash flow. BOTW was naturally concerned about this ongoing cash flow and the Debtor monitored its projections and its actual cash flow very carefully on an ongoing basis and provided information to BOTW on a real time basis as the funds were collected and used in the ongoing operations.

On the Petition Date, the Debtor filed an emergency motion for the use of cash collateral (the "Initial Cash Collateral Motion"). At the time of filing, the Debtor had about \$22,000 in its operating account, but it had substantial outstanding accounts receivable which it hoped to use to continue operating until the closing of the anticipated sale.

A hearing was held on the Initial Cash Collateral Motion on June 25, 2013, and an order approving the interim use of cash collateral was entered on June 26, 2013 (the "First Order"), allowing the Debtor to use cash collateral through July 26, 2013, pursuant to a budget attached to the First Interim Order.

On July 17, 2013, the Debtor, BOTW, and Committee entered into a consent order extending the use of cash collateral through August 1, 2013 (the "Second Order").

On August 1, 2013, the Debtor, BOTW, and the Committee entered into another consent order extending the use of cash collateral through August 16, 2013 (the "Third Order").

On August 12, 2013, a hearing was held regarding the Debtor's proposed use of cash collateral, and the Court entered an order on August 14, 2013, authorizing the Debtor's use of cash collateral (the "Fourth Order") pursuant to an attached budget running through August 30, 2013.

The Fourth Order provides that it is without prejudice to the right of the Debtor to make further application to the Court for the use of cash collateral.

The First Order, Second Order, Third Order, and Fourth Order (collectively “Cash Collateral Orders”) all granted BOTW a replacement lien on the Collateral in the same validity and priority as BOTW’s pre-petition lien, but only to the extent of diminution of the value of BOTW’s collateral. As of the negotiation of the Fourth Order on August 12, 2013, the Debtor projected that it would have funds in its operating account in the amount of approximately \$5,513,534 as of August 30, 2013. As indicated above, the actual funds in that account as of August 30, 2013 amounted to approximately \$6,478,433, which was an overage of approximately \$1,000,000, giving rise to the tax liability on the increased revenue. (See **Exhibit B**, which tracks the cash collateral projections during the case.)

Pursuant to the Sale Motion, the Debtor sought approval of a sale of substantially all of its assets to MG Acquisition, Inc. (“MG”), which is a subsidiary of Metrolina.

On August 21, 2013, the Debtor, BOTW, the Committee, and other parties entered into a Consent Order (1) Authorizing the Sale of Assets of the Debtor Free and Clear of Liens, Claims, Encumbrances, and Other Interests Pursuant to 11 U.S.C. §363; and (2) Authorizing the Assumption and Assignment or Rejection of Certain Executory Contracts Pursuant to 11 U.S.C. §365, Subject to Final Approval by the Court of the Winning Bidder Subsequent to the Auction (the “Sale Order”).

Pursuant to the Sale Order, BOTW was to pay \$1,400,000 of the sale proceeds to the Debtor which constituted a carve-out for administrative claims of \$950,000 and a carve-out for general unsecured claims of \$450,000. In addition, BOTW agreed to pay the fee of SSG Advisors, Inc. (“SSG”), certain post petition trade payables, the Debtor’s closing expenses, the deed recording fees, and the prorated property taxes for 2013 from the sales proceeds.

The administrative carve-out of \$950,000 was a mutually agreed upon carve out from the sales proceeds for the payment of certain administrative expenses, including professional fees and administrative claims pursuant to 11 U.S.C. § 503(b)(9). The Sale Order only addresses the sales proceeds and does not address the cash collateral in any way.

On August 30, 2013, the Debtor had approximately \$6,478,434 in its operating account from the Debtor's operations, which is about \$3.3 million more than the Debtor initially projected on the Petition Date.

On or around August 30, 2013, BOTW received approximately \$18,321,647. Of this, BOTW received \$5,446,947 from the cash collateral in the operating account.

Subsequent to the closing of the sale, on or about September 30, 2013, the Debtor and MG reached an agreement on the working capital adjustment, which resulted in an additional payment to BOTW of approximately \$585,006 on October 3, 2013. The working capital adjustment consisted of the outstanding accounts receivable and inventory conveyed to MG. Pursuant to the APA, to the extent that this number exceeded \$11.5 million, MG was obligated to make payment to BOTW for any overage.

The determination of the balance of the working capital took quite some time, since the business had continued to operate and the accounts receivable and inventory fluctuated constantly pending closing. This fluctuation also impacted the balance in the operating account, since the funds in the operating account would increase as the inventory was sold and the accounts receivable collected. In other words, there is an inverse correlation between the balance of the working capital and the funds in the operating account. If the operating revenue had been as low as originally projected, there would have been no tax payment required, since the Debtor had sustained substantial losses in prior years which would have allowed sufficient reduction in

tax obligations to completely avoid payment of any taxes. Because the Debtor actually had a much better performing summer, the tax obligations were greater than the offset allowed by the prior years' losses.

It was not possible to determine the final balance in the account and the working capital adjustment until all of the adjustments had been made and this took several weeks after the closing. At that time, it became apparent that the funds in the operating account were much higher than originally anticipated. The revenue collected and in the operating account was sufficiently high to require payment of taxes on the revenue and this was communicated to BOTW immediately upon the recognition of the tax liability, on or about September 25, 2013. This communication with BOTW was further supported with the calculations provided by Ouzts, which determined the final balance in the operating account and the probable tax hit on these funds. The estimates by Ouzts ranged from an initial estimate of \$400,000 to a subsequent estimate of \$600,000 and has now been determined with some finality to be a tax obligation of \$525,000 based upon the revenue in existence as of August 30, 2013. All of this information and complete analysis and backup have been provided to BOTW and its agent, Cordes and Company ("Cordes"), on a constant basis. In fact, Cordes was in daily communication with Ouzts and the Debtor as the tax obligation was analyzed, and Cordes attempted to suggest other deductions and setoffs which could be used to reduce the tax obligation. Because the tax year continues and funds are continuing to be paid into Stacy's as the Chapter 11 continues, the taxes will increase, but it is not possible at this time to determine the amount of the increase, since it is not possible to determine with certainty how much will be received by the Debtor from various sources during the tax year. **Exhibit J** outlines the funds presently available and anticipated for potential recovery in the future. As these future funds are collected, the Debtor intends to make the

payments incurred by these revenues from those revenues, just as it intends to make the tax payment from the funds in the operating account as of August 30, 2013 from the funds existing as of that date.

BOTW has received approximately \$18.9 million as a result of the Debtor's ongoing operations and the sales process. As part of this payment, on August 30, the Debtor distributed \$5,446,947 from its operating account to BOTW, as shown on **Exhibit D**. After closing of the month, reconciliation of the bank records, calculation of the working capital adjustment and review of the various NOLs from prior tax returns and state tax returns, it is apparent that the distribution to BOTW was too much, since it does not leave sufficient funds in the operating account to make payment of the expenses generated by the operations through August 30, 2013. Most notably, it does not allow for payment of income taxes to the IRS in the amount of \$525,000, which are the result of the income and expenses generated during the operations, which allowed the payment to BOTW from the operating account. As indicated on **Exhibit H**, the cash collateral funds are needed to make essential payments in the amount of \$668,000, which includes a tax obligation of \$525,000. The operating account is short about \$136,796 which will need to be returned to the Debtor by BOTW so that these expenses can be paid.

All of these issues are before the Court as a result of a Motion for Use of Cash Collateral, which is scheduled for hearing on December 23, 2013.

2. Professionals

Because of the complexity of the ongoing case, it has been necessary to employ certain professionals as approved by the Bankruptcy Court. During the case, Barton has been approved as the attorney for the Debtor; SSG has been approved as the Investment Banker; Ouzts has been approved as the accountant for the estate; Ogletree, Deakins, Nash, Smoak & Stewart, P.C.

(“Ogletree”) has been approved as the employment lawyers; and Faulkner and Thompson, P.A. (“Faulkner”) has been approved as the accountants to assist with the financial review and termination of the 401(k). In addition, the Committee employed MVA as counsel.

3. The Unsecured Creditors Committee

As noted above, the Committee was formed in the case on June 26, 2013, and was amended on July 3, 2013. After consideration and interviews, the Committee chose MVA as its counsel. Barton assisted with this employment and with negotiating a confidentiality agreement with the Committee so that it could be given access to the data room. Numerous meetings occurred with counsel for the Committee to bring it up to speed with the events in the bankruptcy prior to its involvement and to consider the best options for proceeding with the sale in the bankruptcy.

The Committee was active in negotiations with BOTW and MG and participated vigorously in the progress that was made.

The Debtor has assigned to the Committee its ability to pursue recovery of the account receivable due from the Trust. This assignment has been approved by the Court and the Committee is exploring its recovery options.

4. Reclamation and Administrative Claims

Prior to the Petition Date, the Debtor continued to conduct business and maintain the value of the ongoing operation in anticipation of a sale of the business. As a result, some product was ordered and delivered within 45 days of the Petition Date, giving rise to potential reclamation claims.

After the Petition Date, several claims were asserted, which were not recoverable as reclamation claims, and some of these claims were transitioned into administrative claims

pursuant to 11 U.S.C. § 503(b)(9). As of the end of September 2013, \$477,397.48 of these administrative claims had been asserted. Review of allowed amounts and application of potential avoidance offsets may result in reduction and further revision of these claim amounts. The Debtor has reviewed the claims and the potential avoidance recoveries and has entered into various agreements with these administrative claimants to reduce their administrative claims and/or make payment of the avoidance recoveries. In addition, the Debtor has requested repayment of certain post petition amounts which were deposited with some of the administrative claimants in order to prepay for goods received post petition and which were overpaid. It has been able to resolve most of these issues but has filed adversary proceedings against two of the administrative claimants and is preparing to file a third adversary proceeding. (See **Exhibit C**).

5. Preference Claims

A preference analysis has been conducted, which indicates that there may be as much as \$1,872,533.26 in preference recovery, subject to defenses. As noted above, the avoidance claims involving the administrative claimants are in the process of being resolved. The remaining avoidance recoveries are in a preliminary analysis stage based primarily on payments made within the 90 days prior to the petition date without consideration of possible defenses.

6. The United States Trustee

The Debtor has worked closely with the United States Trustee (the “US Trustee”) to insure compliance with its requirements and to insure that it received the information it needed. As usual, this included an Initial Debtor Interview for the purpose of insuring that the Debtor understood its responsibilities and for the purpose of providing all requested information to the US Trustee. This was followed by the hearing pursuant to 11 U.S.C. § 341, at which the Debtor

answered questions from all creditors and parties in interest, including the US Trustee. In addition, the Debtor has filed various Bank Account and Insurance Reports and monthly reports, tracking its cash flow and financial condition. It has also made quarterly payments, based on cash flow during the second and third quarters.

7. Preparation for the Sale

As noted above, the Debtor had reviewed various options pre-petition and determined that the best alternative for maximizing payments to its creditors would be a sale of the assets of the estate. Its efforts during the case focused on making the company as attractive as possible to prospective purchasers, identifying such purchasers, providing information and access to such purchasers and doing due diligence with regard to these purchasers. Unfortunately, the Debtor's very poor cash flow immediately prior to filing and for the fiscal year ending June 1, 2013, made it a less than ideal candidate for acquisition. A financial review obtained post petition indicated that the Debtor lost about \$8 million in its operations for fiscal year end 2013.

In preparation for marketing, a data room was created to provide the basic information which potential purchasers might need for their initial consideration of this transaction. The data room contained thousands of documents with massive amounts of financial detail. Since many of the prospective purchasers were also competitors of the Debtor, no one was allowed access to the data room unless they executed confidentiality agreements. During the marketing process, 14 interested parties executed a confidentiality agreement and accessed the data room.

Over the course of the marketing process, prospective purchasers visited the property, met with the Debtor's management and requested and received additional information. At least 155 prospective purchasers were contacted concerning the availability of this business.

8. The Trust

The sale of the business necessarily involved the sale of the real estate on which the business operated. The real estate was not owned by the Debtor but was owned by four different companies, which were in turn owned by the Trust, which was in turn owned by Louis Stacy, the founder of the Debtor. Because of Mr. Stacy's poor health, the Trust was managed by two Trustees, both of whom had been in management positions with the Debtor pre-petition. In order to avoid the appearance of any conflict of interest, both of these Trustees, William M. Perry, III ("Perry") and Linda S. Koon, resigned their management positions with the Debtor pre-petition, and Perry also resigned as trustee of the Trust.

In an effort to avoid duplication of administrative expense, the entities owning the trust property did not file bankruptcy. This enabled the streamlined and efficient sale of the business assets but was cumbersome with regard to the potential outstanding liens and with regard to requiring the sale pursuant to 11 U.S.C. § 363. Various methods of accomplishing the sale including non-estate assets were considered, including the possible transfer of the real estate into the Debtor's bankruptcy estate, but were rejected by the Trust. The Trust also had to take into account the tax consequences of the sale and all parties spent quite a bit of time trying to determine the appropriate allocation of the sales proceeds between the Debtor's assets and the Trust assets.

There was also some confusion regarding ownership of some of the assets being conveyed, with consideration of initial payment of the purchase price, proper designation of ownership, etc. This was resolved through conveyance of some property from the Trust to the Debtor in order to properly recognize the original purchaser of the property.

9. Pendleton Propagation Properties, LLC

Prior to the filing of the bankruptcy, the Debtor decided to lease a propagation facility to allow it to grow its own seedlings, rather than acquiring them from a third party. This was anticipated as a cost saving measure which would yield substantial benefit over time.

The managers of the Debtor entered into negotiations with Aris Horticulture, Inc. (“Aris”) for a lease of a propagation facility, containing approximately 56 acres, of which 14 acres consisted of green houses and buildings, for a large scale propagation of seedlings which would be ready for planting as the weather allowed. Because the lease was a lease with an option to purchase, Perry, Linda Koon, and Tim Brindley formed a new entity as the party to enter into the primary lease with the owner and then subleased the property to the Debtor. The terms of the basic lease provided that the lessor, Pendleton Propagation Properties, LLC (“PPP”), would pay less than it would receive from the Debtor through the sublease. Apparently, the owners of PPP expected to save the excess received from the sublease and use it to exercise the option to purchase when that came available.

In anticipation of the Chapter 11, PPP agreed to terminate the intermediate lease and simply allow the Debtor to deal directly with the property owner. The funds which had been accumulated by PPP had been distributed to the owners of PPP, but Linda Koon and Tim Brindley agreed to pay those funds, along with the security deposit, into the bankruptcy estate. This has occurred and the Debtor has received a total of \$172,824.05, which is part of the funds currently in the operating account. Further, when the prospective purchaser indicated a desire to assume the lease, PPP assigned the lease to the Debtor so that the Debtor could assign it as part of the asset sale transaction. The Debtor also anticipates receipt of an insurance refund paid on behalf of PPP, in the amount of \$14,430. To date, the other member of PPP, Perry, has refused

to return the funds he received from PPP to the Debtor, and it appears that litigation will be necessary in order to recover these funds.

10. Insurance

At the time of filing, the Debtor had thirteen insurance policies. These have been reviewed in depth to determine which are necessary and which can be discontinued, with potential return of unearned premiums. After consultation with the Committee, many of the insurance policies were not terminated, but were continued in order to provide protection for the assets of the estate, including the Directors & Officers policy, the Crime policy, the Umbrella policy, and the Business Auto policy.

11. Operations

During the initial stages of the case, some creditors acted in violation of the automatic stay. One creditor executed a claim and delivery against a vehicle on which it did not have a lien and removed the vehicle out of state. One creditor removed several hundred gallons of fuel from a tank on site. Other violations occurred but all were dealt with without the need for litigation and the property which had been removed was returned.

12. Sale and Distribution of Proceeds

As indicated, the primary objective of the Chapter 11 was always intended to be the sale of the company. Towards that end, the case was filed only after an executed APA was in hand with MG and a marketing strategy was in place with SSG. Pursuant to the APA, it was vital that the company continue to operate on a profitable basis, in order to comply with the APA and attract other potential bidders.

The company struggled with profitability during the Chapter 11, encountering the normal resistance from customers and creditors to the continuing operations. It lost a number of its

Home Depot distribution locations during the Chapter 11, which caused MG to re-evaluate its offer and to reduce it during the due diligence period.

Although the Debtor believed that this sale strategy was designed to maximize the return for all parties, including BOTW, BOTW continued to express concern about use of cash collateral and the marketing process. Numerous meetings and discussions were not productive in reaching a solution to this impasse. Because part of the assets being sold were owned by entities which were not part of the Chapter 11 and because BOTW had not consented to the sale or to the use of cash collateral, the passage of time created doubts about the ability of the 363 sale to be consummated.

In addition, some of the assets to be sold were subject to various liens other than BOTW, and Barton had been unable to reach these creditors or their counsel to discuss the sale. These discussions continued, necessitating modifications to the APA and the notice, as the assets being transferred were changed.

Further, the APA involved not only the sale of assets but also the assumption or rejection of various executory contracts. The purchaser had not yet determined which contracts it wanted to assume, so discussions continued regarding the terms of these contracts and the funds required for assumption or rejection.

Pursuant to Section 363, a sale within a Chapter 11 can be authorized by the Court in various circumstances, one of which is the consent of the secured party. In the absence of such consent, other subsections of Section 363 provide sufficient authorization, including a bona fide dispute as to the secured party's claim. As the date for the sale approached without a successful resolution with BOTW, it became more and more obvious that litigation might be unavoidable in order to move forward with the sale.

During the week prior to the sale hearing, Barton spoke with counsel for BOTW numerous times and eventually coordinated a conference call with chambers to discuss the sale and the positions of the parties. During that conference call, all counsel advised the Court that they were committed to make the sale process work and that they would be available all weekend to continue settlement discussions. Barton advised all parties that a failure to reach an agreement would necessitate the filing of litigation prior to Monday's hearing.

When settlement discussions continued to be unsuccessful, litigation was filed in preparation for the hearing to approve the sale.

During the conference in court prior to the hearing, all parties and counsel attempted to reach an agreement over an extended period of time, and, after much negotiation, an agreement was reached. This agreement provided approval of the sale, with an agreement as to distribution of sales proceeds and a carve-out for the unsecured creditors.

Notice of the sale was provided to anyone who might be a potential purchaser and several parties visited the Debtor's location and underwent extensive due diligence. Unfortunately, none of these parties provided a competing bid, and MG was the successful purchaser pursuant to the approved APA. MG was approved by the Court on August 26, 2013, with closing scheduled for August 30, 2013.

The closing involved numerous continuing discussions and gathering of financial and business information. The sales price also involved various adjustments, based on the existence of outstanding accounts receivable and inventory as of the closing date. These numbers were required to be determined within 96 hours of closing, which necessitated a company-wide inventory of the existing stock. This inventory, which required on site counting of hundreds of thousands of plants in August in South Carolina, resulted in heat exhaustion for many of those

involved but was finally completed in time for closing. However, these numbers were subsequently adjusted by BOTW and MG.

As with all closings involving numerous parties and various types of property being transferred, the closing was complicated and time consuming but was completed by August 30, 2013. The final calculation and true ups continued post closing and the final working capital adjustment payment was not made until October 3, 2013. At this time, continuing issues remain unresolved as to the sales proceeds, including claims for the sale of unencumbered assets. (See **Exhibit D** for a chart showing how funds have flowed to BOTW since the closing of the sale).

All told, the Bank received \$18,321,647 by September 30, 2013, with additional distributions anticipated. As of September 30, 2013, Barton was holding \$2,367,300 in her trust account for payment of administrative claims, taxes, the unsecured creditor carve out and other expenses. Barton also held \$191,768.25 in her retainer trust account to be applied against fees and expenses awarded. As of November 14, 2013, the Debtor continued to hold approximately \$716,528 from operations, which includes the PPP recoveries and the funds realized from the sale of a Chevrolet Silverado to Wayne Koon.

13. Executory Contracts

The Bankruptcy Schedules list a number of executory contracts. Three of these contracts with First Citizens were subsequently determined to be disguised secured transactions and treated as secured claims. The remaining executory contracts were handled through the sale process. Attached as **Exhibit E** is a list of the contracts which were conveyed to MG as part of the sales process. All remaining executory contracts not conveyed to MG were rejected.

14. Summary of Monthly Reports

During the bankruptcy, the Debtor has filed monthly reports each month, providing information about the estate's ongoing financial condition. See **Exhibit F** for a summary of those monthly reports.

Because the monthly reports were prepared using an accrual basis rather than a cash basis, as required by the US Trustee, they do not accurately reflect the accumulation of cash during the case. As noted above, the Debtor began with \$22,000 on the Petition Date and had accumulated \$6,478,434 as of August 30, 2013.

15. Post Closing Assets

Since closing, the Debtor has been able to resolve many of the administrative claims asserted pursuant to 11 U.S.C. § 503(b)(9) and has been able to adjust them with setoffs available through avoidance claims and possible post petition repayments. Attached as **Exhibit C** is a chart tracking the status of these claims as of December 5, 2013. From this chart, it is apparent that the total adjusted administrative claims could be as much as \$375,172.30. Of this amount, \$240,641.21 has already been paid from the funds being held.

Attached as **Exhibit G** is a chart tracking all of the administrative claims to be paid from the Administrative Carve Out and the status of those funds as of December 5, 2013. After payment of three of the administrative claims, the amount remaining is \$709,358.79. After payment of the final § 503(b)(9) claims and the fee applications currently pending, should they be approved, the balance in the Administrative Carve Out will be at least \$421,738.80. This will be used to pay professional fees incurred after October 31, 2013 with regard to the Committee, and professional fees incurred after September 30, 2013, with regard to all other professionals in the case, after Court approval.

The Debtor has been able to reach agreement with First Citizens regarding the vehicles owned by SSC. As noted above, these vehicles are owned by SSC and the certificates of title indicate that they are under lien to First Citizens. The Debtor questioned the validity of this lien because SSC had not signed any loan documents or security agreements, supporting the lien, other than the documents sent to the Department of Motor Vehicles resulting in the lien being placed on the Certificate of Title. After much negotiation, the Debtor and First Citizens reached agreement, which is currently pending approval of the Court. This agreement allows First Citizens to sell the vehicles. The net proceeds will be split between First Citizens and the Debtor, with the Debtor receiving 25% of the net proceeds (the "SSC Funds"). Because this has not yet been approved and the vehicles have not yet been sold, it is not possible to determine how much the Debtor will receive from this source.

As noted above, PPP collected, and distributed to its members, funds collected as a result of the lease with Aris and subsequent sublease with the Debtor. Two of the members of PPP have consensually returned the funds they received from PPP, in the total amount of \$172,824.05 (the "PPP Recovered Funds"). The other member of PPP, Perry, has refused to return the funds he received from PPP. The Debtor is preparing an adversary complaint, seeking damages against Perry for various causes of action, including breach of fiduciary duty, usurpation of corporate opportunity, corporate waste and fraudulent transfers, among others (the "Perry Funds").

As part of its sublease with PPP, the Debtor was required to pay for the ongoing insurance of the PPP assets. The Debtor has now contacted the insurance agent and cancelled that insurance, with an anticipated premium refund of \$14,430 (the "PPP Insurance Refund").

The Committee is pursuing collection of the amount due from the Trust and has initiated discovery to support its efforts (the "Trust Recovery"). This receivable is shown on the books of

the Debtor as being in the amount of approximately \$570,000, but it is not possible at this time to determine the eventual result of the pursuit and recovery of this amount.

The Debtor has analyzed the preference exposure of the creditors receiving payment within 90 days of the filing (the "Avoidance Recoveries") and has been able to preliminarily resolve many of the potential recoveries from creditors asserting administrative claims. On a very preliminary basis, it appears that the remaining Avoidance Recoveries based solely on funds paid within 90 days of the filing could amount to \$1,872,533.26.

Some of the assets sold to MG were unencumbered by the lien of BOTW. The proceeds of the sale of these unencumbered assets are being held by the Debtor's attorney and the Committee has attempted to reach agreement with BOTW about the estate's entitlement to these funds but there has not yet been any agreement about the amount to be retained by the estate.

One unencumbered vehicle was sold to Wayne Koon, after court approval, for \$12,500, which is also contained in the funds in the operating account.

In addition, the Debtor continued to deal with its vendors post petition as the business operated in contemplation of the sale. Some of those vendors refused to deal with the Debtor absent pre-payment before shipment. Some of these pre payments were overpaid, since it was not possible to determine with certainty how much inventory or goods would be needed pre closing. The Debtor is pursuing recovery of these post petition overpayments, which are currently estimated to be \$44,879.77.

The Debtor had \$531,204 in its operating account as of November 14, 2013, net of the PPP Recovered Funds and the proceeds from the sale of the Chevrolet Silverado to Wayne Koon. **Exhibit H** contains a chart showing the projected usage of these funds as the case continues. A Motion for the Use of Cash Collateral is pending.

Further, the Debtor has \$2,126,658.79 in the sales proceeds account. **Exhibit I** contains a chart showing the projected usage of these funds as the case continues.

16. Tax Consequences

During the Chapter 11, the Debtor has met all of its tax obligations. As a result of its performance beyond its expectations, it has additional tax obligations which have been incurred through September 30, 2013, which should be paid from the funds in the operating account, and which are estimated to be about \$525,000. The taxes which must be paid will necessarily increase as additional assets and revenue are recovered and those taxes will be paid from the various sources of recovery.

17. Continuing Employment

As the case continues, it is necessary to continue to have the services of the Debtor's President, Tim Brindley, and Comptroller, Libby Bradford. They are providing services on an hourly basis as needed, in order to consider the various issues presented involving the plan, the claims, the avoidance actions, the hearings, etc. and are being paid as independent contractors.

C. Assets and Liabilities

1. Assets

As noted above, the Debtor has operated its business post petition in order to enable it to sell the business as a going concern and maximize the value of the business. The APA negotiated with MG was contingent upon such continuing operations on an ordinary course of business basis. As a result of these operations and in compliance with the Cash Collateral Orders, the Debtor has the assets shown on **Exhibit J**.

The cash collateral contained in the Operating Account as of August 30, 2013, totaled \$6,478,434. The original amount in the Operating Account on the Petition Date was \$22,000

and at the time of the First Cash Collateral Motion, the Debtor projected that it would accumulate \$2,554,413 by August 30, 2013. In other words, the Debtor was able to generate net revenue which exceeded its original projections by almost \$4 million.

2. Liabilities

The Bankruptcy Schedules contain information regarding the liabilities in the case as they existed when the bankruptcy was initially filed. Pursuant to the Debtor's schedules, as amended, the Debtor had liabilities in the amount of approximately \$31.3 million, some of which were disputed.

a. SECURED CREDITORS

By far its largest secured creditor is BOTW, with a claim secured by almost every asset in the bankruptcy and by real estate owned by the Trust which was not an asset of the bankruptcy and backed by the guaranty of the Trust. Pursuant to the Sale Order, the BOTW claim had a maximum secured value of \$22,580,896.87 as of August 21, 2013, but this has now been reduced through the payment to BOTW of almost \$19 million. The secured claim of BOTW and the resulting deficiency claim will be adjusted further as the cash collateral issues are resolved and the remaining sales proceeds are distributed. As noted earlier, many issues remain to be resolved before the final payment to BOTW on its secured claim can be determined with finality.

Because BOTW has not been paid in full, it continues to have an unsecured deficiency claim. Pursuant to the Sale Order, BOTW is entitled to assert this deficiency claim as an unsecured claim but not as to the Unsecured Carve Out amount reserved from the sales proceeds.

As to the other secured creditors, they have received treatment as follows:

1. Agrinomis, LLC – Agrinomis was originally shown as a secured creditor with liens on two pieces of equipment. It was later determined that one of its liens was

- defective and this equipment was sold to MG. The other piece was abandoned to Agrinomix. At this time, any claim that Agrinomix has would be unsecured but no unsecured claim has been filed.
2. Ally GM – This creditor was secured by three vehicles, all of which were abandoned to Ally. It no longer has any secured claim but any claim remaining would be unsecured.
 3. Hyundai – This creditor was secured by liens on a number of vehicles, all of which were abandoned to Hyundai. Any remaining claim for this creditor would be unsecured.
 4. Kubota – This creditor had liens on a number of tractors. Some of these liens were not valid and the collateral was sold as part of the sale to MG. The remaining tractors were abandoned to Kubota and any claim remaining to Kubota would be unsecured.
 5. First Citizens – This creditor had a lien against equipment and vehicles, all of which was abandoned. Any claim that this creditor has is unsecured. First Citizens retains its asserted lien against the vehicles owned by SSC and these vehicles are being treated separately.

b. ADMINISTRATIVE PRIORITY CLAIMS

The estate has potential administrative priority claims arising from pre-petition leases and executory contracts which were rejected by the estate and reclamation claims asserted pursuant to 11 U.S.C. § 503(b)(9). In addition, the professionals have invested substantial time and cost advances in this case, and they continue to spend considerable time in the matters necessary for this case. A summary of the known administrative priority claims to be paid from the Administrative Carve-Out, with an estimate of the amounts due, is attached as **Exhibit G**. The

final amounts due have not been ascertained and are subject to change, and the Debtor reserves the right to object to any administrative priority claim. There are additional anticipated administrative claims which may be asserted and these will be dealt with as they are filed.

c. UNSECURED PRIORITY CLAIMS

Although the Bankruptcy Schedules do not indicate the existence of any unsecured priority claims, three relatively small claims have been filed in this category. The Debtor does not believe that any of these claims are valid unsecured priority claims.

d. UNSECURED DEFICIENCY CLAIM OF BOTW

Because BOTW will not receive payment in full on its secured claims, it will have a remaining deficiency claim which can be asserted against the amounts available for unsecured creditors, other than the unsecured Carve Out amount.

e. GENERAL UNSECURED CLAIMS

The remaining unsecured creditors are shown on the Bankruptcy Schedules as having unsecured claims in the total amount of \$8,837,435.26. At this time, the unsecured claims, as filed and/or scheduled amount to \$9,306,273. Neither of these numbers is accurate or final, since the claims do not include any deficiency claims and have not been subjected to review and possible objection. The actual amount of the general unsecured debt will depend on the allowability of claims, and the amounts of the claims of creditors who are partially secured. A list of the general unsecured claims as presently scheduled or filed is shown on **Exhibit K**. The Debtor reserves the right to object to these claims.

f. EQUITY HOLDERS

The Debtor is wholly owned by the Trust. Because the creditors of the Debtor will not receive payment in full, the Equity Holder will not receive any distribution from the bankruptcy estate.

D. Liquidation Analysis

Pursuant to 11 U.S.C. § 1129(a)(7), creditors must receive payment under a Chapter 11 plan at least equal to the payment they would receive if the case were liquidated under Chapter 7 of the Bankruptcy Code. It was determined early in the case that the best method of maximization of the value of the assets was to obtain a buyer for the business as a going concern. For this reason, as noted above, the bankruptcy was not filed until the Debtor had received a binding Asset Purchase Agreement which would allow a sale using the bankruptcy process to facilitate a sale of the ongoing business rather than the liquidation of the assets of the estate on a piecemeal non-operational basis. The assets consisted of accounts receivable, which would have been difficult to collect in the event of a non-operational entity; inventory, which required daily maintenance and would have substantially declined in value almost immediately in the event of a non-operational entity; equipment which depreciated rapidly and for which there was no immediate market; and other assets which would have been difficult to market on a bulk sale, non-operational basis. In the event of liquidation, the Debtor, in consultation with SSG, estimated that the value of the assets would have been, at most, a few million dollars. By continuing to operate the business, protecting the value of the assets, and marketing it for sale as a going concern within the Chapter 11, the Debtor received the stalking horse bid which originally consisted of gross cash consideration of about \$17,000,000. The sales process

eventually allowed the sale of the Debtor's assets for a total of \$14,143,106, and for a total sales price of \$15,827,006, including the Trust assets.

After consultation with SSG, the Debtor is informed and believes that each class of creditor claims is receiving as much or more under this Plan as it would have received in a Chapter 7 Bankruptcy. Accordingly, the requirement of 11 U.S.C. § 1129(a)(7) is satisfied.

E. Avoidance Actions

As noted above, the Debtor has conducted a preliminary analysis of the possible recovery available through litigation for preferential or fraudulent transfers. Some of the preference recoveries involving the creditors asserting administrative claims have already been resolved or are ongoing. It appears that there are additional preferential transfers which could be recovered for the benefit of the estate.

III. SUMMARY OF PROPOSED PLAN

The complete provisions of the Plan of Reorganization are contained in the Plan that is filed simultaneously with this Disclosure Statement and creditors are encouraged to read the Plan in its entirety. Generally, it provides for and ratifies the distribution of the cash assets of the estate primarily to BOTW, with a carve-out to the unsecured creditors and payment of administrative priority claims.

The Plan proposes distribution to creditors as follows:

I. Class 1: Administrative Priority Claims – This class includes the payment of the ongoing post petition fees and expenses, as approved by the Court. These claims are entitled to administrative priority under 11 U.S.C. § 503(b) and 507(a)(1). Pursuant to 11 U.S.C. § 1129(a)(9)(A), administrative priority claims must be paid upon the effective date of the Plan, or

upon authorization by the Court. As noted above, a portion of the sales proceeds has been allocated for payment of these administrative expenses.

The Disclosure Statement lists the professionals who have been authorized for employment in this case. As of December 2013, Barton has not received any payment of its post petition fees and expenses. It is holding \$191,768.25 in its retainer account for payment of such fees and expenses and has a fee application pending for \$311,179.67 to pay for fees and expenses incurred through September, 2013. As the case continues, additional fee applications will be filed for the ongoing fees and expenses. MVA has received payment of \$111,584.24 post petition. It has an additional application pending in the amount of \$52,358.78 for fees and expenses through October 31, 2013, and is holding \$38,315.76 in its retainer account. Faulkner has a final fee application pending for \$14,195.17 in additional fees and expenses. Faulkner holds \$9,517.50 in its retainer account, which consists of the balance of Faulkner's pre-petition retainer plus an additional \$7,500, which Faulkner received post petition. SSG has not received any payment post petition, although \$50,000 in monthly payments have been approved in the cash collateral budgets but not paid. It has an application pending for \$400,000, which includes the \$50,000 in monthly payments that have not yet been paid to SSG. Ouzts has not received any payment during this Chapter 11. He has \$67,976.70 in his retainer account and has a fee application pending for \$75,754.89 for fees and expenses through September 30, 2013. Ogletree has not received any payment during this Chapter 11. It has a fee application pending for \$17,728.15. One of the members of the creditors' committee has requested reimbursement of his travel expenses in the amount of \$550.45. As noted above, the services provided by most of these professionals will continue and will be paid immediately upon approval by the Court from the Administrative Carve Out, to the extent that there are sufficient funds in the Carve Out to

make such approved payment. To the extent that the funds in the Administrative Carve Out are not sufficient, the approved administrative fees and expenses will be paid from the funds recovered for the benefit of the estate. **(See Exhibit G)**.

This class is **UNIMPAIRED**.

II. **Class 2: U. S. Trustee Quarterly Fees** – This class includes the payment of the quarterly fees required of Chapter 11 Debtors. Through December 1, 2013, the Debtor has paid \$24,875 in quarterly fees to the U. S. Trustee and is current in these required payments. The estimated fees due for the remainder of the case are \$30,000, and this is the subject of the pending Motion for Use of Cash Collateral. It is possible that additional fees will be incurred prior to the closing of the case, depending on the length of the confirmation process. All quarterly fees will continue to be paid on a current basis. This class is **UNIMPAIRED**.

III. **Class 3: BOTW Secured Claim** – As noted above, BOTW has a secured claim over most of the assets of the estate and has received a substantial payment from the sale of the assets, in the amount of about \$18,900,000 (See **Exhibit D**). Debtor's counsel continues to hold funds in escrow from the sales proceeds, some of which will be used to pay the BOTW secured claim, once the distribution of those proceeds is determined with finality. At this time, the proceeds consist of the Administrative and Unsecured Carve Out Funds, funds from the sale of unencumbered assets, funds for payment of SSG and other funds (See **Exhibit I**). Until the claims against these funds can be determined with finality, it is not possible to project exactly how much BOTW will receive in further payment of its secured claim, but it appears that there will be further adjustment to the outstanding secured balance, as the distribution of the sales proceeds and cash collateral issues are resolved. Any funds due to BOTW on its secured balance

will be paid immediately upon entry of a final order determining the distribution. This class is **IMPAIRED**.

IV. Class 4: BOTW Deficiency Claim – After all payments have been made to BOTW on its secured claim and cash collateral issues have been resolved, BOTW will be able to calculate its remaining unsecured deficiency claim. This unsecured claim will be paid pro rata along with all other unsecured claims, and on the same schedule as Class 5, **except** that BOTW will not be allowed to share in the distribution from the Unsecured Creditor Carve-Out fund. This class is **IMPAIRED**.

V. Class 5: General Unsecured Claims – This class consists of the general unsecured claims against the estate, in the aggregate amount of up to \$9,306,273.08, before consideration of the deficiency claims. The actual amount of the general unsecured debt will depend on the allowability of claims, and the amounts of the claims of creditors who are partially secured. A list of these claims is listed on **Exhibit K**. The Debtor reserves the right to object to any and all claims.

The creditors in Class 5, which does not include BOTW, will be paid on a pro rata basis from the Unsecured Creditor Carve-Out Fund. All creditors in Class 5 and BOTW will also be paid on a pro rata basis from the Net Recoverable Cash as outlined in **Exhibit J** of the Disclosure Statement. Fractions of cents will not be rounded up and will not be paid.

The Debtor will make the initial distribution to Class 5 following a reasonable period of time, not to exceed 60 days after the Effective Date of Confirmation, to allow the Debtor to assess and verify the validity of the Class 5 claims; provided, however, that any claims which are subject to filed claim objections which have not been resolved through entry of a final order will not be paid until such final order is entered. If any claims are subject to a filed objection not

finally decided by the Court on the 60th day after the Effective Date of Confirmation, the Debtor shall make the distribution to the allowed Class 5 claimants based on a pro rata calculation which includes the contested claim(s) in the asserted amount(s), reserving the share of distribution of the contested claim(s) for distribution after a final decision or consensual resolution of the claim issues in the claim dispute. The second and final distribution to Class 5 claimants will be made on or before October 31, 2014.

Funds representing any checks which are not claimed or deposited by Class 5 creditors within 180 days of mailing will be deemed unclaimed funds. Any Class 5 unclaimed funds remaining after April 30, 2015, will be dealt with as follows: (i) if the total amount of the remaining unclaimed funds as of April 30, 2015 is greater than \$10,000, the funds will be reallocated pro rata among the Class 5 creditors that claimed their prior distributions, after payment of the administrative expenses associated with such distribution; or (ii) if the total amount of the remaining unclaimed funds as of April 30, 2015 is less than \$10,000, the funds will be paid as a donation to South Carolina Legal Services. This class is **IMPAIRED**.

VI. Class 6 – Unsecured Priority Claims – This class consists of three claims, none of which were reflected on the Debtor's schedules, in the aggregate amount of \$17,216.79. The Debtor believes that these claims are invalid and that, after claims objections, the amount owed to this class of creditors will be \$0. The Debtor reserves the right to object to any and all claims, including the claims in this class. To the extent that there are any Allowed claims remaining in this class on the Effective Date of Confirmation, the Debtor will make payment, in full, of any Allowed Class 6 claims remaining on the Effective Date of Confirmation. Payment will be made from the Net Recoverable Cash. This class is **UNIMPAIRED**.

VII. Class 7 – Equity Owner – The owner of the Debtor is the Trust, which holds 100% of the ownership stock. Because the creditors of this estate are not receiving payment in full, this class will not receive any distribution under the Plan. This class is **IMPAIRED**.

IV. FEASIBILITY OF PROPOSED PLAN OF REORGANIZATION

Section 1129(a)(11) of the Bankruptcy Code requires that in order for a Plan to be confirmed, it must be demonstrated that the Plan is not likely to be followed by a liquidation or the need for further reorganization of the Debtor, or any successor of the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan. The Plan satisfies this requirement. The sale of substantially all assets has already occurred. The sale of the assets as a going concern has provided the source of payment to creditors under the Plan, with a carve-out reserved for Class 5. Additional sources of revenue are also being pursued, as outlined above. As the sale has already occurred, the Plan provisions involve no material risk to creditors. There is a reasonable probability that the Plan will be fully consummated by its terms. Therefore, the Plan satisfies the requirement of 11 U.S.C. § 1129(a)(11).

V. CONCLUSION

Readers of this Disclosure Statement are directed to the Plan for specific treatment of their particular rights or claims against the Debtor. The Debtor believes that the provisions of the Plan satisfy the claims against the Debtor in a manner providing each the maximum value to fairly and equitably satisfy these claims.

RESPECTFULLY SUBMITTED on this the 12th day of December, 2013, at Columbia,
South Carolina.

BARTON LAW FIRM, P.A.

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List of Exhibits

1. Exhibit A – Order re: unsecured creditors committee
2. Exhibit B – Cash Collateral Projections
3. Exhibit C – 503(b)(9) claims
4. Exhibit D – Flow of funds and payments to BOTW
5. Exhibit E – Assumed executory contracts
6. Exhibit F – Summary of Monthly Reports
7. Exhibit G – Administrative Claims
8. Exhibit H – Operating Funds
9. Exhibit I – Usage of Sales Proceeds
10. Exhibit J – Remaining Assets
11. Exhibit K – List of unsecured creditors with claimants identified

EXHIBIT A

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:

Stacy's, Inc.,

Debtor.

Case No. 13-03600-dd
Chapter 11

**AMENDED
APPOINTMENT OF COMMITTEE OF UNSECURED CREDITORS**

Pursuant to 11 U.S.C. §1102, the following persons, having indicated a willingness to serve, are appointed as the Committee of Unsecured Creditors.

George E. Collins
Vice President of Finance
Summit Plastic Company
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R. William Metzger, Jr.
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Jeffrey den Breejen
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(973) 940-2839 (fax)

Nirmal Shah
President
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(269) 343-8136 (fax)

Michelle R. Doiron
Credit Manager
Sun Gro Horticulture Distribution, Inc.
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Agawam, MA 01001
(413) 523-0700
(413) 523-0711 (fax)

Andy Stavrou
Ball Seed Company
622 Town Road
West Chicago, IL 60185
(630) 588-3256
(630) 562-7611 (fax)

JUDY A. ROBBINS
United States Trustee
Region Four

By: /s/ John T. Stack
JOHN T. STACK
Attorney No. 4272
Office of United States Trustee
1835 Assembly Street - Suite 953
Columbia, South Carolina 29201
(803) 765-5250
john.t.stack@usdoj.gov

Date: July 3, 2013

EXHIBIT B

STACYS SUMMARY OF COMPARISONS OF ACTUAL OPERATIONS TO CASH COLLATERAL ORDERS

	TOTAL ACTUAL THRU 6/21/2013	TOTAL PROJECTED THRU 6/21/2013	TOTAL ACTUAL THRU 7/26/2013	TOTAL PROJECTED THRU 7/26/2013	TOTAL ACTUAL THRU 8/9/2013	TOTAL PROJECTED THRU 8/9/2013	TOTAL ACTUAL THRU 8/30/2013	TOTAL PROJECTED THRU 8/30/2013	DIFFERENCE
	THROUGH 7/12/2013	THROUGH 7/12/2013						PER LAST CASH COLLATERAL ORDER	
Budget Week Ending									
Projected Cash Receipts									
Total Collections	6,401,592	6,656,677	9,655,867	9,697,567	11,040,810	10,856,591	13,111,769	12,812,960	298,809
Projected Cost of Production - Cash Basis									
Product Purchases Production	342,380	448,013	407,022	526,466	494,297	641,468	554,013	721,470	(167,457)
Finished purchases				-			-	73,000	(73,000)
Propagation Purchases - propagation	224,648	91,636	311,371	155,245	548,611	377,649	581,798	695,453	(113,655)
Payments to Unsecured Creditors									
Hardgoods - not yet ordered -currently not in System	-	75,000	-	100,000	-	80,000	-	105,000	(105,000)
Soil - Pre- Petition	-	-	-	-	-	-	-	-	-
Soil - Post petition Payments	167,492	163,534	236,613	231,877	323,368	354,416	352,260	359,699	(7,439)
Total Projected Cost of Production - Cash Basis	734,520	778,183	955,007	1,013,588	1,366,277	1,453,534	1,488,072	1,954,622	(466,550)
Projected Operating Expenses									
Payroll Including all payroll taxes									
President	15,000	15,000	28,500	28,500	40,500	40,500	64,500	64,500	-
Salaried Family Members	12,900	12,900	24,510	24,510	34,830	34,830	55,470	55,470	-
Hourly Family Member	720	635	1,440	1,355	2,160	2,160	3,600	3,600	-
Others	647,276	635,465	1,043,370	1,031,312	1,490,897	1,492,330	2,450,614	2,475,066	(24,452)
Employee Benefits									
401(k) - Week 6/26 Represents Pre-Petition Amounts Withheld - \$900 Withheld For Officers and Insiders Per Payroll	9,400	18,800	9,400	28,200	9,400	28,200	28,200	18,800	9,400
401(k) - Week 6/26 Represents Pre-Petition Employer Match	-	-	-	-	-	-	-	-	-
Blue Cross- Blue Shield	44,240	44,000	44,240	44,000	97,517	88,240	97,517	141,517	(44,000)
Colonial Life - Withholdings From Employees	3,420	3,500	3,420	3,500	6,528	6,920	6,528	10,028	(3,500)
American General - Withholdings From Employees	5,248	5,500	5,248	5,500	15,816	10,748	15,816	21,316	(5,500)
Sun Life - Withholdings From Employees	4,076	-	4,076	-	6,059	8,176	6,059	10,159	(4,100)
Insurance									
Worker's Comp	11,638	32,844	44,948	62,342	59,439	55,275	73,145	69,917	3,228
Business Insurance	10,109	10,763	19,240	19,895	19,240	21,369	19,240	21,369	(2,129)
Rents & Equipment rentals									
Rent PPP/Aris - Pendleton Propagation Facility	20,000	20,000	20,000	20,000	40,000	40,000	40,000	40,000	-
Rent to Resource Plus - Required for Lowes Facilitie	800	800	800	800	1,600	1,600	1,600	1,600	-
Rental Equipment			2,174	-	6,139	2,174	21,608	10,104	11,504
Peak 10 - Server Barn	5,389	5,400	12,268	5,400	17,657	17,657	17,657	17,657	-
Utilities	43,460	22,000	70,106	28,272	93,920	92,106	116,336	114,370	1,966
Communciations	2,933	15,824	29,948	40,530	33,508	29,948	73,643	49,332	24,311
Freight & Fuel	444,298	642,000	654,594	883,423	827,934	902,594	1,114,287	1,287,934	(173,647)
Travel-Merchandisers etc	20,516	16,500	35,277	26,448	44,915	44,476	65,576	58,712	6,864
Professional Fees	-	-	-	-	-	-	-	-	-
Repair, Maintenance & Supplies / Records	23,934	22,714	50,967	46,511	72,714	63,910	115,457	92,923	22,534
Executory Contract - First Citizens	10,968	-	21,542	-	21,542	21,542	21,542	21,542	-
Royalty Payments - Pre- Petition	-	-	43,169	175,000	43,169	222,169	249,954	222,169	27,785
Software Payments	20,066	-	32,230	12,164	32,230	32,230	51,506	69,686	(18,180)
Property Tax/Licenses	194	-	194	-	429	194	2,314	429	1,885
Garden Center Purchases	1,130	28,580	7,360	41,117	8,545	16,835	12,212	18,022	(5,810)
Rents to LOS Trust - Paid Pursuant to Lease	25,000	25,000	25,000	25,000	50,000	50,000	50,000	50,000	-
Total Expenses	1,382,714	1,578,225	2,234,023	2,553,779	3,076,690	3,326,184	4,774,383	4,946,224	(171,840)
Advances on BOW Line of Credit								101,800	(101,800)

STACYS SUMMARY OF COMPARISONS OF ACTUAL OPERATIONS TO CASH COLLATERAL ORDERS

	TOTAL ACTUAL THRU 6/21/2013	TOTAL PROJECTED THRU 6/21/2013	TOTAL ACTUAL THRU 7/26/2013	TOTAL PROJECTED THRU 7/26/2013	TOTAL ACTUAL THRU 8/9/2013	TOTAL PROJECTED THRU 8/9/2013	TOTAL ACTUAL THRU 8/30/2013	TOTAL PROJECTED THRU 8/30/2013	DIFFERENCE
	THROUGH 7/12/2013	THROUGH 7/12/2013						PER LAST CASH COLLATERAL ORDER	
Budget Week Ending									
Payments on BOW Line of Credit					101,800		101,800	101,800	-
Interest & Principal payments on non-BOW debt					-				
Projected Restructuring Expenses			141,792	137,375	216,792	216,792	291,792	421,292	(129,500)
Barton			75,000	75,000	75,000	75,000			
SSG			25,000	25,000	25,000	25,000			
Ouzts			25,000	25,000	25,000	25,000			
Ogletree			4,417		4,417	4,417			
Faulkner			7,500	7,500	7,500	7,500			
Wofford									
Creditor Committee Counsel					75,000	75,000			
Quarterly Fees To US Trustee			4,875	4,875	4,875	4,875			
NET CASH SURPLUS/(DEFICIT)	4,284,358	4,300,269	6,325,045	5,992,825	6,482,850	5,860,081	6,557,521	5,490,822	1,066,699
Projected Cash Rollforward									
Beginning Balance	22,712	22,712	22,712	22,712	22,712	22,712	22,712	22,712	-
Projected Cash Receipts	6,401,592	6,656,677	9,655,867	9,697,567	11,040,810	10,856,591	13,111,769	12,812,960	298,809
Projected Cash Disbursements	(2,117,234)	(2,356,408)	(3,330,822)	(3,704,742)	(4,761,560)	(4,996,510)	(6,656,048)	(7,322,138)	666,090
Ending Balance	4,307,070	4,322,981	6,347,757	6,015,537	6,301,962	5,882,793	6,478,433	5,513,534	964,899
AMOUNT ORIGINALLY ANTICIPATED IN									
FIRST CASH COLLATERAL BUDGET SUBMITTED	3,469,284	3,469,284	3,300,191	3,300,191	3,138,407	3,138,407	2,554,413	2,554,413	

EXHIBIT C

STACY'S § 503(b)(9) ADMINISTRATIVE CLAIMS (as of 12/5/13)

<u>Claimant</u>	<u>Amount Claimed</u>	<u>Potential Amounts to Be Paid/Already Paid</u>	<u>Comments</u>
American Pen & Panel	\$2,135.83	\$2,135.83	Objection to claim will be filed
Express Seed Company, Inc.	\$290,747.51	\$211,306.99	Already Paid
		\$0.00	Adversary proceeding filed; reached settlement but settlement not yet drafted and filed
Great Lakes Petroleum	\$21,043.22	\$21,043.22	Still negotiating with Great Lakes; will file adversary proceeding by 12/16
Summit Plastic	\$21,839.40	\$21,839.40	Already Paid
ML Irrigation Systems	\$20,114.00	\$20,114.00	We have agreed that this is the appropriate amount to pay ML

Container Centralen	\$4,173.00	\$4,173.00	We have agreed that this is the appropriate amount to pay Container Centralen
Highlands Consolidated Growers, Inc.	\$14,700.00	\$0.00	Have reached settlement with Highlands
Ball Horticultural	\$7,494.82	\$7,494.82	Already Paid
Sterling Source	\$7,665.00	\$0.00	Have reached settlement with Sterling Source
The John Henry Company	\$3,384.92	\$3,384.92	We have agreed that this is the appropriate amount to pay John Henry
Aris Horticulture, Inc.	\$7,009.22	\$7,009.22	Still negotiating with Aris
Sun Gro Horticulture Distribution, Inc.	\$72,321.40	\$72,321.40	Still negotiating with Sun Gro and have filed adversary
Ivy Garth Seeds & Plants	\$419.66	\$0.00	Have reached an agreement with Ivy Garth
Taylor Enterprises	\$4,349.50	\$4,349.50	We have agreed that this is the appropriate amount to pay Taylor Enterprises
Total	\$477,397.48	\$375,172.30	

EXHIBIT D

Flow of Funds to BOTW Post-Closing

Sales Proceeds to BOTW from Stacy's Sold Assets

100% of Sales Proceeds Attributable To Stacy's Sold Assets before Working Capital Adjustment (Authorized by Docket #s 156 and 168)	\$13,558,100
Less Funds Retained by Barton Law Firm (Authorized by Docket # 156) (See Exhibit I)	(\$2,367,300)
<hr/>	
Total to BOTW from Stacy's Sold Assets	\$11,190,800

Funds to BOTW from Stacy's Operating Account

Total to BOTW from Stacy's Operating Account (Per Agreement of the Parties)	\$5,446,947
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Working Capital Adjustment

Working Capital Adjustment Paid to BOTW on 10/3/13 (Authorized by Docket #s 156 and 168)	\$585,006
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Sales Proceeds to BOTW from the Trust Assets

100% of Sales Proceeds Attributable To the Trust Assets Sold (Authorized by Docket #s 156 and 168)	\$1,683,900
Less Payments to Taxing Authorities (Authorized by Docket # 156)	(\$38,193)
<hr/>	
Total to BOTW from the Trust's Sold Assets	\$1,645,708

Total Paid to BOTW by Stacy's	\$17,222,753
Total Paid to BOTW by the Trust	\$1,645,708
<hr/>	
<u>Total Received by BOTW since 8/30/13</u>	<u>\$18,868,461</u>

EXHIBIT E

ASSUMED CONTRACTS AND CURE AMOUNTS

<u>Party</u>	<u>Nature of Contract</u>	<u>Cure Amount</u>	<u>Notes</u>
Anthony Tesselaar USA, Inc.	Licensing Agreement for Sale of Plants	\$0.00	
AT&T	4.5BPS between York & Pendleton	\$0.00	
AT&T	IPFlex/VoIP services for Pendleton & York	\$0.00	
AT&T	10 Mbps and 20 Pbps MIS at Quarry Road Farm	\$0.00	
AT&T	1.54 Mbps MIS Pendleton	\$0.00	
AT&T	Remaining PRI Account	\$0.00	
AT&T Mobility	I-phone and I-pad Connectivity	\$0.00	
Bailey Nurseries	Licensing Agreement for Sale of Plants	\$0.00	
Ball Horticultural Company	Licensing Agreement for Sale of Plants	\$0.00	

Capstone Insurance	Various property and auto insurance policies	\$0.00	
Darrell Probst	Testing/Trialing Agreement	\$0.00	
Easylink Services Corporation	Fax Services	\$0.00	
Floragem, Inc.	Testing/Trialing Agreement	\$0.00	
Green Market Systems	Replenishment System	\$0.00	
GXS, Inc.	Trading Partner Terms and Conditions and Trading Grid Messaging	\$0.00	
Jaldety Nursery	Testing/Trialing Agreement	\$0.00	
Molter BV	Testing/Trialing Agreement	\$0.00	
Navitas Lease Corp	GPS Tracking Devices	\$0.00	
Nexcommunications, Inc.	Wireless and Remote Device Management	\$0.00	
Pitney Bowes Global Finance	Postage Meter	\$0.00	
Plant Haven International	Licensing Agreement for Sale of Plants	\$0.00	
Plant Introductions, Inc.	Licensing Agreement for Sale of Plants	\$0.00	

RJ Holding	Lease for office space in Mooresville, NC	\$0.00	
Royalty Administration International	Testing/Trialing Agreement	\$0.00	
Sprint	3G/4G Broadband - 6 GB	\$0.00	
Sprint	Long Distance	\$0.00	
State Auto Insurance	Financing related to the Capstone Insurance	\$0.00	
Terra Nova Nurseries	Covenant of Box Store Plant Supplier to Protect Terra Nova Nurseries, Relating to Ownership, Progeny, Hybridization, Confidentiality, Propagation and Delivery	\$0.00	
Walters Garden, Inc.	Testing/Trialing Agreement	\$0.00	
XRS	Turnpike Vehicle Tracking System	\$0.00	

Note: Seller is currently a party to a sublease with Pendleton Propagation Properties, LLC (“PPP”) of a propagation facility in Pendleton, SC. PPP is a party to a lease for the same facility with ARIS Horticulture, Inc. (“ARIS”). PPP intends to assign its interest as lessee pursuant to the lease with ARIS to Seller. Once Seller receives assignment of PPP’s interest in the lease, it will assume this lease and assign it to the Buyer. Seller intends to reject the sublease with PPP.

EXHIBIT F

STACY'S SUMMARY OF MONTHLY REPORTS JUNE 21, 2013 THROUGH OCTOBER 31, 2013					
IT SHOULD BE NOTED THAT CASH COLLATERAL BUDGETS AND TAX RETURNS WERE PREPARED ON CASH BASIS AND NOT ACCRUAL BASIS					
ACCRUAL BASIS		Total June 21, 2013 through July 28, 2013	July 29, 2013 through August 30, 2013	August 31, 2013 through September 30, 2013	October 1, 2013 through October 31, 2013
Sales		\$ 2,790,558.05	\$ 1,253,547.00	\$ 3,755.69	\$ -
COGS		\$ 1,881,709.83	\$ 932,571.00	\$ -	\$ -
	Net Margin	\$ 908,848.22	\$ 320,976.00	\$ 3,755.69	\$ -
Operating Expenses					
Officer's Salary		\$ -	\$ 24,000.00		
Other Salaries & Wages		\$ 1,456,852.95	\$ 1,009,594.00	\$ 3,070.99	\$ -
Payroll Taxes- employer's share		\$ 140,072.60	\$ 46,876.00	\$ 1,921.00	\$ (105.02)
Insurance employee (Comp & Health)		\$ 93,625.65	\$ 38,421.00	\$ 10,674.87	\$ 12,051.91
Portion Of Payroll Included In Cost Of Goods Sold		\$ (845,275.60)	\$ (516,797.00)	\$ -	\$ -
Net Payroll		\$ 845,275.60	\$ 602,094.00	\$ 15,666.86	\$ 11,946.89
401(k) Match		\$ 3,460.38	\$ 4,018.00	\$ -	\$ (861.66)
Payroll Processing, W-2 Generation, ADP Monthly					\$ 4,045.78
Advertising		\$ 198.75	\$ 170.00		
Contract Labor Paid To Former Employees					\$ 8,393.48
Customer Marketing Fees		\$ 69,244.73	\$ (8,961.00)		\$ (9,126.76)
Depreciation		\$ 79,924.44	\$ 102,897.00		
Insurance Other		\$ 41,055.65	\$ 16,607.00	\$ 14,347.80	\$ -
Professional Fees		\$ 173,366.15	\$ 183,276.00	\$ 75,000.00	\$ -
Leased Equip		\$ 89,818.92	\$ 32,418.00	\$ 23,848.18	\$ -
Rent		\$ 70,800.00	\$ 45,800.00		
Repair & Maintenance		\$ 77,495.07	\$ 57,560.00	\$ (4,874.02)	\$ (6,796.26)
Supplies and Office		\$ 83,384.78	\$ 19,293.00	\$ 7,684.21	\$ -
Contributions			\$ 207.00		
Tax Property		\$ 4,369.26	\$ 4,349.00		\$ 1,201.37
Tax- Other		\$ 139.33	\$ 4,502.00		
Communications		\$ 38,707.73	\$ 39,096.00	\$ 31,207.49	\$ -
Travel		\$ 24,668.08	\$ 21,501.00	\$ 219.25	\$ 30.50
Utilities		\$ 74,453.44	\$ 47,527.00	\$ 40,927.55	\$ (10,795.24)
Freight		\$ 417,649.92	\$ 5,578.00	\$ 69.36	\$ -
Fuel		\$ 80,281.77	\$ 99,251.00	\$ 168.67	\$ -
US Trustee Fee		\$ 4,875.00	\$ -		\$ 20,000.00
Total Operating Expenses		\$ 2,174,294.00	\$ 1,277,183.00	\$ 204,265.35	\$ 18,038.10
<u>Other Operating Expenses</u>					
Bank Charges		\$ 2,711.86	\$ 2,357.00	\$ 1,860.05	\$ 121.66
Dues & Subscriptions		\$ 43.24	\$ -		
Employee Appreciation		\$ 147.51	\$ 160.00		
Postage		\$ 745.62	\$ 2,453.00		
Total - Other Operating Expenses		\$ 3,648.23	\$ 4,970.00	\$ 1,860.05	\$ 121.66
<u>Other Income/Expense</u>					
Interest Income		\$ (8.27)	\$ (474.00)	\$ (34.32)	\$ (35.35)
(Gain) Loss on disposal of assets		\$ (1,450.00)	\$ 1,789,123.00	\$ (150,672.17)	\$ 16,732.57
Bankruptcy Administrative Claims					\$ 211,306.99
interest expense		\$ 6,850.67			
Total Other Income/Expense		\$ 5,392.40	\$ 1,788,649.00	\$ (150,706.49)	\$ 228,004.21
		\$ -			
Income (Loss) Before Taxes		\$ (1,279,361.41)	\$ (2,749,826.00)	\$ (51,663.22)	\$ (246,163.97)

EXHIBIT G

Analysis of Administrative Carve-Out (12/5/13)

Administrative Carve-Out **\$950,000.00**

Less Payments to 11 U.S.C. § 503(b)(9)
Administrative Claimants

Express Seed \$211,306.99

Summit Plastic \$21,839.40

Ball Horticultural \$7,494.82

Balance Remaining **\$709,358.79**
After Paid Administrative Claims

Estimated Amounts Left to Pay

Total Potential Administrative Claims \$134,531.09
Remaining (11 U.S.C. § 503(b)(9))

Barton Law Firm Attorney's Fees \$109,411.42¹
(Through 9/30/13)

Marty Ouzts \$6,778.19²
(Through 9/30/13)

Ogletree \$17,728.15³
(Through 9/30/13)

Unsecured Creditors Committee \$0.00⁴
(Through 8/31/13)

Unsecured Creditors Committee \$13,943.02⁵
(9/1/13 – 10/31/13)

¹ Barton seeking approval of \$311,179.67 but is holding a retainer of \$191,768.25. In addition, the amount sought by Barton has been reduced by \$10,000 per agreement with the UST office.

² Ouzts seeking approval of \$75,754.89 but is holding a retainer of \$67,976.70.

³ Ogletree is not holding a retainer.

⁴ MVA sought approval of \$111,584.24 but was holding a retainer of \$150,000. Fee app approved on October 24, 2013. Remaining retainer balance is \$38,415.76.

⁵ MVA seeking approval of \$52,358.78 but is holding a retainer of \$38,415.76.

Faulkner & Thompson \$4,677.67⁶
(Final Fee App)

Administrative Expenses for Nirmal \$550.45
Shah

Balance Remaining after Estimated Payments \$421,738.80

Unknown Amounts Left to Pay

Additional Professional Fees for Barton, \$Unknown
Ouzts and Ogletree (After 9/30/13)

Additional Professional Fees for Barton, \$Unknown
Ouzts, MVA and Ogletree (After 10/31/13)

⁶ F&T seeking payment of \$14,195.17 but is holding a retainer of \$9,517.50.

EXHIBIT H

FUTURE USES OF CASH COLLATERAL (as of November 14, 2013)

CASH COLLATERAL IN OPERATING ACCOUNT, AFTER PAYMENT TO BOTW OF \$5,446,947

\$531,204

PAYMENTS TO BE MADE FROM CASH COLLATERAL

1. SSG MONTHLY PAYMENTS (ALREADY APPROVED IN ORDERS AT DOCKET 36 AND 144 BUT NOT PAID)

\$50,000

2. ESTIMATED INCOME TAXES PAYABLE AS A RESULT OF INCOME THROUGH 8/30/13

\$525,000

3. INDEPENDENT CONTRACTOR WAGES FOR TIM BRINDLEY AND LIBBY BRADFORD

\$33,000

4. WORKERS COMPENSATION AND ADP TRUE UP

\$15,000

5. US TRUSTEE FEES

\$30,000

6. FEES FOR TERMINATION OF 401(K)

\$10,000

7. COMPUTER CONSULTANT

\$5,000

TOTAL EXPENSES \$668,000

EXHIBIT I

Allocation of Sales Proceeds Being Held by Barton Law Firm, P.A. (12-5-13)

PPP Property Taxes	\$17,300.00
SSG Fee	\$350,000.00
Admin Carve-Out	\$709,358.79 ¹
Unsecured Creditor Carve-Out	\$450,000.00
Unallocated	\$600,000.00
Unencumbered Assets Sold	Unknown
<hr/>	
Balance in Barton Law Account	\$2,126,658.79

¹ This has been reduced to account for payments made to Express Seed Company, Inc.; Summit Plastic Company; and Ball Horticultural Company for administrative claims pursuant to 11 U.S.C. § 503(b)(9).

EXHIBIT J

Stacy's Remaining Assets As of 11/14/13

Funds in Barton Law Firm Trust Account (See Usage of Funds in <u>Exhibit I</u>)	\$2,126,658.79
Cash Collateral Funds in Stacy's Operating Account (See Usage of Funds in <u>Exhibit H</u>)	\$531,204 ¹
PPP Recovered Funds	\$172,824.05
PPP Insurance Refunds	\$14,430
Litigation against William Perry	\$80,235.88 ²
Sales proceeds from Wayne Koon's Truck	\$12,500
Proceeds from Sale of SSC Vehicles	\$Unknown
Known Preference Recoveries	\$4,181.31 ³
Potential Preference Recoveries	\$1,872,533.26 ⁴
Litigation against the Trust	\$Unknown
Refunds of Post Petition Overpayments	\$44,879

¹ This is net of the PPP recoveries and the funds received from the sale of the vehicle to Wayne Koon.

² This amount has been demanded of Perry but this has not been litigated.

³ This is the amount of preference claims that have been negotiated and settled. The payments to be received by the estate also include reductions and/or waivers of administrative claims against the estate.

⁴ This is net of administrative claimants with who we have already settled or whose payments within 90 days have complete defenses

EXHIBIT K

Unsecured Claims Before Objections and Deficiency Claims

<u>Creditor</u>	<u>Claim Amount (Scheduled or POC)</u>
2 Plant International	\$19,012.29
A.M. Leonard, Inc.	\$953.94
A3 Communications, Inc.	\$1,550.00
Action Bolt and Supplys, Inc.	\$496.60
Active Promotional Marketing	\$11,284.47
Advance Auto Parts	\$209.69
Agdia, Inc.	\$954.84
Agrinomix LLC	\$93,958.27
Aircond Corporation	\$5,951.00
Airgas National Welders/aka Airgas USA LLC	\$795.85
AJ Chemical, LLC	\$600.00
All Power Forklift Service, Inc.	\$329.16
All Seasons Express, LLC	\$9,925.20

American Pen & Panel	\$10,723.83
Anthony Tesselaar USA, Inc.	\$2,204.00
Aris Horticulture	\$28,826.49
Arrowood/Riverview Medical Center	\$126.00
Auto Zone Commercial	\$2,226.46
Bailey Nurseries	\$121.10
Ball Seed Company	\$400,923.54
Battery Service, Inc.	\$2,027.02
Battlefield Farms, Inc.	\$11,850.00
Black Generator Shop	\$644.00
Blackmore Company, Inc.	\$80.14
Blanchard Machinery Co., Inc.	\$3,903.62
Bouldin & Lawson, Inc.	\$3,426.23
BWI Companies, Inc.	\$205.44
C.C. Dickson Co., Inc.	\$1,778.02
Carolina Electrical Supply	\$681.89
Carolina Independent Truckers	\$143.30

Casa Flora, Inc.	\$32,256.00
Cherry Creek Systems, Inc.	\$1,893.07
Cintas Corp.	\$601.68
Cisco Webex	\$308.00
City Auto & Truck Parts, Inc.	\$458.69
Clark Tire & Auto, Inc.	\$15,446.87
Clearview Horticultural Products	\$76,433.48
Clemson Auto Parts	\$365.15
Clemson University Accounts	\$250.00
Comcar Industries, Inc. Comar Logistics, LLC	\$5,092.20
Container Cetralen, Inc.	\$1,110,248.90
Crystal Clean, LLC	\$533.60
CTI Plastic	\$38,737.80
Darby Electric	\$165.00
Dat-a-Syst Computer Services	\$1,026.42
DeGroot, Inc.	\$2,600.00
Dewar Nurseries, Inc.	\$27,601.20
Dunlap-Johnson Chevrolet Co.	\$606.86

Duke Energy Carolinas	\$3,067.13
Eagle Transportation	\$500.00
East Coast Trailer & Equipment	\$4,120.44
East Jordan Plastics, Inc.	\$456,110.67
Eastern Industrial Supplies, Inc.	\$288.00
Eastern Refrigeration Service	\$276.05
Ednie Flower Bulb, Inc.	\$457,230.85
Express Seed Company, Inc.	\$1,429,562.25
Fastenal Company	\$79.32
Fleetnet America, Inc.	\$30,037.41
Floral Acres, LLC	\$69,848.52
FLS Transportation Services, Inc.	\$26,250.00
Fogles	\$118.41
Foremostco, Inc.	\$4,278.50

Fourman's Repair Shop, Inc.	\$53.75
Gempler's Inc.	\$462.00
Grainger, Inc.	\$15,512.10
Great Lakes Petroleum	\$79,809.40
Green Circle Growers	\$30,503.90
Griffith Propagation Nursery	\$2,711.60
H and H Farm Machine Co., Inc.	\$1,096.81
Harrell's, LLC	\$861.58
Highlands Consolidated Growers	\$89,353.75
Holeshot Trucking, Inc.	\$1,622.75
Hunter Pipe & Supply, Inc.	\$1,908.26
Indian Springs Perennials, Inc.	\$35,247.76
Industrial Packaging Supplies	\$19,255.00
Innovative Software Solutions	\$176,614.72
Integra Color	\$231,463.38
Ivy Garth Seeds & Plants, Inc.	\$4,009.76
J&M Golf Carts	\$646.82

Jaderloon Div Co., Inc.	\$837.69
Jiffy Products of America	\$21,607.19
JMT Express, Inc.	\$102.00
Kapiteyn	\$81,357.56
Kerns Trucking, Inc.	\$1,281.50
Killian's Service Center, Inc.	\$3,870.00
Lakeside Steel and Machine	\$126.00
Liftone, LLC	\$1,199.62
Lovejoy Corporation, Inc.	\$10,343.84
Lowe's Companies, Inc.	\$8,328.29
M.L. Irrigation, Inc.	\$27,040.05
Mandi Gollotte	\$1,350.00
Master Tag, Inc.	\$80,960.62
Masterpiece Flower Company	\$950.00
McNaughton-McKay Electric	\$493.47
Metrolina Greenhouses, Inc.	\$177,596.17
MGS Horticulture, Inc.	\$6,190.60
Michell's	\$165,820.28

Moses Express, Inc.	\$2,465.08
Myers Industries, Inc.	\$83,361.20
N. Casertano's Greenhouses	\$8,486.50
Nance Tractor and Implement	\$617.86
Netsouth, Inc.	\$220.00
Nobles and Associates, LLC	\$32,580.00
Novelty Manufacturing, Co.	\$11,899.00
O'Reilly Auto Parts	\$40.41
Parker Farm Service of Shelby	\$163.22
Parts Associates, Inc.	\$1,391.59
Pennsylvania Steel Company, Inc.	\$138.61
Pioneer Gardens	\$19,898.08
Plants Unlimited	\$377,536.29
Popplemann Plastics USA Inc.	\$210,214.94
Pro Coatings Supply, Inc.	\$153.77
Protech Enviromental Supply Co.	\$0.00
Qingdao Sun Voyage International Trade Center	\$108,150.14
Queen's Garage	\$50.00

Randall Reilly Publishing Co.	\$525.00
Reliable Fire and Safety, Inc.	\$3,494.56
Rough Brothers, Inc.	\$318.28
Ryder Transportation Service	\$5,532.61
Schaeffer's	\$1,053.70
Seasonal Logistics	\$3,453.44
Southeast Industrial Equipment	\$2,950.00
Southern Agricultural Insecticides	\$366,919.05
Southern Grower's	\$15,623.00
Sterling Source	\$41,092.84
	\$41,092.84
Stokley Nursery	\$47,003.60
Summit Plastic Company	\$380,093.17
Sun Gro Horticulture, Inc.	\$875,491.74
Syngenta Seeds, Inc.	\$15,548.09
Taylor Enterprises	\$4,349.50

The John Henry Company	\$315,174.47
Thermo King	\$2,640.24
The Townsend Companies	\$15,148.29
TNT Parts, Inc.	\$10,404.35
Toshiba Business Solutions	\$9,678.55
Transplant Nursery, Inc.	\$12,500.00
TVI Imports, LLC	\$122,345.08
Two Way Radio of Carolina, Inc.	\$400.00
Uline, Inc.	\$914.67
United Rentals (N America) Inc.	\$1,688.20
Upstate Industrial Supplies	\$330.61
Vaughn Belting Company, Inc.	\$153.96
Vendable Systems	\$2,028.18
Walters Gardens, Inc.	\$26,955.75
Welborn's Tire	\$255.53
Westgate Products	\$62,435.34
Windmill Farms Nurseries, Inc.	\$88,313.20
	\$49,500.00
Wood Septic Tank Service	\$620.00

Workforce Integrity Network	\$219.45
WS Packaging	\$450.00
WSE Transportation	\$45,273.13
York Lumber	\$32.49
Young Hollow	\$177,450.40
Zabo Plants	\$6,560.00

\$9,306,273.08