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9 **UNITED STATES BANKRUPTCY COURT**
10 **DISTRICT OF ARIZONA**

11 In re:

Chapter 11

12 ROADRUNNER GROCERS, INC.,
13 Debtor.

Case No. 0:15-bk-13816-SHG

**DEBTOR'S AMENDED DISCLOSURE
STATEMENT DATED JULY 21, 2016**

14 Roadrunner Grocers, Inc., the debtor and debtor-in-possession in the above captioned
15 Chapter 11 case ("Debtor"), hereby submits its *Amended Disclosure Statement Dated July 21,*
16 *2016* to assist its creditors in making an informed decision in voting on the *Debtor's Plan of*
17 *Reorganization Dated April 25, 2016* ("Plan") proposed pursuant to 11 U.S.C. § 1121. A copy
18 of the Plan is attached hereto as **Exhibit "A"**.

19 **ARTICLE 1**

20 **INTRODUCTION TO THE DISCLOSURE STATEMENT AND VOTING**

21 **1.1 Purpose of the Disclosure Statement.**

22 This Disclosure Statement sets forth certain information regarding Debtor's pre-petition
23 history, its assets, significant events that have occurred during this Chapter 11 case, a summary of
24 the Plan, including when and how creditors will be paid, and a brief discussion of the confirmation
25 process and the voting procedures that holders of claims in Impaired Classes must follow for their
26 votes to be counted.

27 The primary purpose of this Disclosure Statement is to provide adequate information to
28 those creditors voting on the Plan so that they may make a reasonably informed decision with
respect to exercising their right to accept or reject the Plan. This Disclosure Statement is intended
for the sole use of creditors and other parties in interest. This Disclosure Statement may not be

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1 relied upon for any purpose other than to determine how to vote on the Plan and nothing contained
2 herein shall constitute an admission of any fact or liability by any party or be admissible in any
3 proceedings involving the Debtor or any other party or be deemed conclusive advice on the tax or
4 other legal effects of the reorganization on holders of claims or interests.

5 **You should consult your personal counsel or tax advisor on any questions or concerns**
6 **respecting tax, securities, or other legal consequences of the Plan.**

7 **1.2 Definitions.**

8 Unless otherwise defined herein, terms defined in the Plan shall have the same meaning
9 when used in this Disclosure Statement. In addition, unless otherwise defined herein or in the Plan,
10 terms used in this Disclosure Statement shall have the same meaning as in the Bankruptcy Code
11 (“Code”) or the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”), or, if not defined
12 therein, their ordinary meaning.

13 **1.3 Authorized Representations.**

14 This Disclosure Statement is the only document authorized by the Bankruptcy Court to be
15 used in connection with the solicitation of votes on the Plan. You should not rely upon any
16 representations or inducements made to secure your acceptance of the Plan other than those set
17 forth herein or in the Plan. **The Bankruptcy Court’s approval of this Disclosure Statement**
18 **does not constitute a certification or ruling by the Court regarding the completeness or**
19 **accuracy of any statements contained herein. The information contained in this Disclosure**
20 **Statement came from the records of the Debtor.**

21 This Disclosure Statement is not the Plan. This Disclosure Statement, together with the
22 Plan (Exhibit A), should be read in their entirety before you vote on the Plan. For the convenience
23 of the creditors and holders of interests, the Plan is summarized in this Disclosure Statement, but
24 all summaries are qualified in their entirety by the Plan itself, which is controlling in the event of
25 any inconsistency. The financial information contained herein has been provided by the Debtor in
26 good faith, but has not been audited by a certified public accountant and has not necessarily been
27 prepared in accordance with generally accepted accounting principles.

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1 **1.4 Voting Procedures.**

2 To be entitled to vote, a creditor must have an Allowed Claim that is impaired under the
3 Plan. The Bankruptcy Code defines whether a claim is impaired in 11 U.S.C. § 1124. Summarily,
4 a claim is impaired if the plan modifies the legal or contractual rights of the claimant, or if the plan
5 does not cure and reinstate the legal rights of the claimant. A creditor in a class that will not, under
6 any circumstances, receive any distributions under the Plan, is not entitled to vote as the class of
7 which it is a member is deemed to have rejected the Plan. If a creditor holds more than one claim
8 in one class, all of the claims in such class will be aggregated and the creditor will be entitled to
9 one vote in the amount of all aggregated claims.

10 **All creditors or parties in interest entitled to vote on the Plan may cast their votes for**
11 **or against the Plan by completing, dating, and signing the Ballot which accompanies this**
12 **Disclosure Statement.**

13 In order for the Ballot to be considered, the original Ballot must be mailed to the attorneys
14 for the Plan Proponents. **The Court has issued an order requiring that all votes for the**
15 **acceptance or rejection of the Plan be received by close of business on _____.** The
16 Ballots should be sent as follows:

17 Thomas H. Allen
18 ALLEN BARNES & JONES, PLC
19 1850 N. Central Ave., Suite 1150
 Phoenix, Arizona 85004

20 **Your ballot will not be counted if Proponent’s counsel receives it after such deadline.**

21 You may not change your vote after it is cast, unless the Bankruptcy Court permits you to do so
22 after notice and a hearing to determine whether sufficient cause exists to permit the change.

23 **1.5 Confirmation of the Plan.**

24 In order for the Proponent’s Plan to be effective, it has to be confirmed. Confirmation of
25 the Plan means that the Court has approved the Plan. For the Plan to be confirmed, votes by each
26 Impaired Class representing at least two-thirds (2/3) in amount of the Allowed Claims voting in
27 each class and greater than one-half (1/2) in number of individual creditors for such class (of those
28 casting votes) must be submitted in favor of acceptance of the Proponent’s Plan. If the requisite

1 acceptances are not obtained from one or more Impaired Classes, the Court may nonetheless
2 confirm the Proponent’s Plan pursuant to 11 U.S.C. § 1129(b) if one Impaired Class accepts the
3 Plan and the Court finds that Debtor’s Plan provides, among other things, fair and equitable
4 treatment of the classes rejecting the Plan and that creditors receive as much or more under the
5 Plan than they would receive in a Chapter 7 liquidation (discussed more fully below).

6 When confirmed by the Bankruptcy Court, this Plan will bind all holders of claims or
7 equity interests in Debtor, whether or not they are entitled to vote, or did vote on the Plan and
8 whether or not they received or retained any distributions or property under the Plan.

9 **1.6 Proponent’s Recommendations and Position.**

10 The Proponent strongly urges each creditor to vote to accept the Plan. Debtor believes that
11 each person or entity entitled to vote will conclude that the Plan is fair, reasonable and provides the
12 greatest return to the greatest number of creditors.

13 **ARTICLE 2**

14 **2.1 History of the Debtor and Incidents Leading to the Chapter 11 Filing.**

15 The Debtor owns and operates a grocery store located at 200 E. Main Street, Quartzsite,
16 Arizona (“Quartzsite Store”) and a grocery store, laundromat, and gas station located at 27646
17 Highway 72, Bouse, Arizona (“Bouse Store”). Debtor acquired the Quartzsite Store in July 2005
18 and the Bouse Store in July 2014. Bouse and Quartzsite are seasonal markets and both stores are
19 significantly more profitable in January through April of each year. In past years, the Debtor has
20 closed its stores during the summer months. This year, the Debtor intends to remain open all year
21 and has instituted new inventory control procedures. With these new procedures, the Debtor
22 projects that the stores will be profitable during the off-season.

23 In December 2013, Debtor borrowed \$75,000.00 from National Bank of Arizona
24 (“NBAZ”) to fund its business operations (“9001 Loan”). In July 2014, Debtor funded the
25 purchase of the Bouse Store with a \$100,000.00 loan from NBAZ (“9002 Loan”). Both loans
26 are secured by the Debtor’s personal property and the 9002 Loan is also secured by a Deed of
27 Trust on the Bouse Store. Steven D. Poole (“Poole”) is the President and CEO of the Debtor and
28 is married to Baudelia Rodriguez (“Rodriguez”). Poole and Rodriguez personally guaranteed both

1 loans and filed for Chapter 11 relief on April 8, 2016. Prior to Debtor's bankruptcy filing, Debtor
2 was current on both loan payments. The 9001 Loan matured on December 2, 2014. The Debtor
3 and NBAZ agreed to extend the maturity date to April 2, 2015. When the Debtor was unable to
4 make the lump sum payments, NBAZ noticed a trustee's sale of the Bouse Store and recorded a
5 Notice of Disposition of Collateral ("Notice of Disposition") on all of the Debtor's personal
6 property at both stores. NBAZ also filed a Complaint for Breach of Contract and Guaranty
7 against Debtor, Poole, and Rodriguez. In an effort to maximize Debtor's assets for all creditors,
8 Debtor filed for Chapter 11 relief on October 28, 2015 ("Petition Date").

9 **2.2 Debtor's Future.**

10 Debtor has streamlined its operations, added new bakery/grocery items, and has
11 instituted new inventory controls to reduce waste. While gross sales are down slightly from
12 previous years, net revenue has risen over fifteen percent. In prior years, Debtor closed its
13 stores during the summer months. There were significant costs associated with closing and
14 reopening the stores. This year, the Debtor intends to remain open all year. While sales will
15 decrease during the summer months, Debtor projects that it will be profitable during these slow
16 months. Debtor's projections are set forth in the Plan budget attached hereto as **Exhibit "B"**.
17 The projections demonstrate that Debtor will be able to make its proposed Plan payments.

18 The Plan will be funded by the Debtor's income and a new value cash infusion from
19 Poole's brother Charles R. Poole, Jr. in the amount of \$20,000.00 ("New Value"). In
20 consideration for the New Value, existing equity holders shall retain their interest in the Debtor.
21 The New Value infusion, when combined with the Debtor's income, will provide sufficient
22 funds to make the required payments under the Plan. See Exhibit "B".

23 **ARTICLE 3**

24 **DEVELOPMENTS DURING THE BANKRUPTCY CASE**

25 **3.1 Bankruptcy Proceeding.**

26 The Debtor employed Allen Barnes & Jones, PLC fka Allen Maguire & Barnes, PLC
27 ("AB&J") to represent it in this bankruptcy case, which employment was approved by this
28 Court on October 30, 2015 [DE 11]. On November 6, 2015, the Debtor filed an *Emergency*

1 *Motion to Approve Entry of Stipulated Interim Order: (a) Authorizing Debtor's Use of Cash*
2 *Collateral; and, (b) Granting Adequate Protection* [DE 18] and on November 9, 2015, the
3 Court approved the *Stipulated Order Authorizing Debtor's Interim Use of National Bank of*
4 *Arizona's Cash Collateral* [DE 22]. At the December 8, 2015 continued hearing, the Court
5 approved a *Final Order Related to Stipulated Order Authorizing Debtor's Interim Use of*
6 *National Bank of Arizona's Cash Collateral* [DE 37]. To date, the Debtor and NBAZ have
7 agreed to the Debtor's continued use of cash collateral. Debtor has filed all required monthly
8 operating reports and is current on its quarterly fee payments.

9 Additionally, Debtor has investigated for potential avoidable transfers and determined
10 that there do not appear to be any claims. Any pre-petition payments made within the relevant
11 time period were in the ordinary course. Further, Debtor anticipates that its Plan will adequately
12 provide for all of its creditors and any non-bankruptcy litigation is unlikely.

13 **ARTICLE 4**

14 **SUMMARY OF THE DEBTOR'S CURRENT FINANCIAL CONDITION**

15 The Debtor's current financial condition is detailed in the Schedules and Statements of
16 Financial Affairs and the Monthly Operating Reports that have been and will continue to be
17 filed with the Bankruptcy Court. Interested parties are encouraged to review the Debtor's
18 Schedules, Statements of Financial Affairs, and Monthly Operating Reports. The Debtor
19 anticipates that it will have sufficient funds from its income and the New Value to make the
20 payments due on the Effective Date of the Plan. See Article 2, above; Exhibit "B".

21 **ARTICLE 5**

22 **DESCRIPTION OF ASSETS**

23 The Debtor's assets and liabilities are listed on its Schedules and Statement of Financial
24 Affairs filed in this case. The Debtor's assets are listed on its Schedules with a value of
25 \$216,078.74, however, after accounting for significant secured claims encumbering the assets,
26 the liquidation value of these assets would not provide a return to the unsecured creditors. The
27 Debtor has created a Liquidation Analysis Chart that details the liquidation value of the
28 Debtor's assets, attached hereto as **Exhibit "C"**; Article 9, below. As shown in Exhibit "C", all

1 of the Debtor's assets are encumbered with liens held by secured claimants and would not
2 provide any return to unsecured creditors in a liquidation.

3 **ARTICLE 6**

4 **POST-CONFIRMATION CONTROL**

5 The Debtor will retain control of its assets and use its income to make payments set forth
6 in the Plan. The Debtor shall be responsible for preparing and filing quarterly post confirmation
7 financial reports. Copies of those reports shall be provided to the United States Trustee's Office.
8 During the term of the Plan, Debtor will pay, in cash, or other certified funds, quarterly fees to the
9 United States Trustee's Office. Debtor will continue to be owned and operated by Poole and
10 Rodriguez, the sole shareholders of the Debtor.

11 **ARTICLE 7**

12 **SUMMARY OF THE PLAN**

13 This section contains a brief summary of the Plan, and it is qualified in its entirety by
14 reference to the Plan, which accompanies this Disclosure Statement. **THIS SUMMARY DOES**
15 **NOT PURPORT TO BE COMPLETE. THE PLAN ITSELF CONTROLS THE**
16 **RELATIONSHIP BETWEEN DEBTOR AND CREDITORS. YOU SHOULD READ THE**
17 **PLAN IN ITS ENTIRETY PRIOR TO CASTING YOUR BALLOT.**

18 **7.1 Classification and Treatment of Claims.**

19 The Plan provides for the following classification and treatment of claims.

20 **7.1.1 Class I - Administrative Claims.**

21 Class I consists of the allowed Administrative Claims for actual and
22 necessary costs and expenses of administration entitled to priority under §§ 503(b) and
23 507(a)(1) of the Bankruptcy Code. This class includes, without limitation, post-petition tax
24 claims, Debtor's attorneys' fees, approved accounting fees, and fees due the United States
25 Trustee, if any. On March 30, 2016, AB&J filed its first application for attorneys' fees and
26 costs in the amount of \$22,167.96 which is pending before the Court. Prior to the Petition Date,
27 the Debtor provided AB&J with a retainer in the amount of \$14,426.00 which the Debtor holds
28 in trust. While Plan litigation is possible, at this time the Debtor anticipates that AB&J will not

1 accrue significant attorneys' fees and costs in pursuing confirmation of the Plan. AB&J shall be
2 paid, in full, from the Debtor's cash funds on the Effective Date of the Plan or upon such other
3 terms as the Debtor and AB&J agree. The Class I Claim is not impaired.

4 **7.1.2 Class II – Priority Claims.**

5 Class II consists of all Claims which are entitled to priority treatment pursuant to
6 11 U.S.C. § 507(a). Each holder of a Priority Claim in Class II is considered to be in its own
7 separate sub-class within Class II, and each such sub-class is deemed to be a separate Class for
8 purposes of the Plan. Class II consists of various sub-classes of asserted priority creditor
9 claims. Unless otherwise specified, holders of Allowed Priority Claims in any of the Class II
10 sub-classes shall receive payment in full, within five years of the Petition Date.

11 **7.1.2.1 Class II(a) - Priority Claim of Arizona Department of**
12 **Revenue.**

13 Class II(a) consists of any Allowed Priority Claim of the Arizona
14 Department of Revenue ("ADOR") relating to priority tax due by the Debtor. ADOR holds an
15 Allowed Priority Claim in the amount of \$15.44 and an Allowed Unsecured Claim in the
16 amount of \$82.39. The Debtor will pay ADOR's Allowed Priority Claim in one payment on
17 the Effective Date. ADOR's Allowed Unsecured Claim shall be treated and paid as a Class IV
18 General Unsecured Claim. No prepayment penalty shall pertain to this Claim. The Class II(a)
19 Claim is impaired.

20 If Debtor fails to comply with the provisions of the Plan with respect to
21 the liability owed to ADOR, which includes but is not limited to, the failure to make the full and
22 timely payments, such failure shall constitute a default of the Plan. If the Debtor fails to cure
23 the default within 30 days after written notice of the default from ADOR or its agents, the entire
24 balance due to ADOR shall be immediately due and owing. In the event of a default, ADOR
25 may enforce the entire amount of its claim, exercise any and all rights and remedies under
26 applicable non-bankruptcy law which include, but are not limited to, state tax collection
27 procedures, and any other such relief as may be deemed appropriate by the Bankruptcy Court.

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1 **7.1.2.2 Class II(b) - Priority Claim of Internal Revenue Service.**

2 Class II(b) consists of any Allowed Priority Claim of the Internal
3 Revenue Service (“IRS”) relating to priority tax due by the Debtor. The IRS holds an Allowed
4 Priority Claim in the amount of \$5,900.68 and an Allowed Unsecured Claim in the amount of
5 \$15,173.09. The Debtor will pay the IRS’s Allowed Priority Claim within five years from the
6 Petition Date in five equal annual payments of principal and interest. The first payment will be
7 due one year from the Petition Date (October 28, 2016). The IRS’s Allowed Priority Claim
8 shall accrue interest at the rate of three percent (3%) per annum from the Effective Date. The
9 IRS’s Allowed Unsecured Claim shall be treated and paid as a Class IV General Unsecured
10 Claim. Any alleged remaining unpaid claims to the IRS, including without limitation, any
11 additional claims for interest or penalties, shall be enjoined and discharged by the Plan. No
12 prepayment penalty shall pertain to this Claim. The Class II(b) Claim is impaired.

13 In the event Debtor defaults on any payment due to the IRS as required
14 under the confirmed Plan, and in the event Debtor fails to cure said default within thirty days
15 after written notice of the default is mailed to Debtor and Debtor’s attorney, the entire imposed
16 liability together with any unpaid current liabilities, shall become due and payable immediately.
17 The IRS may collect unpaid liabilities that become due as a result of the default, through the
18 administrative collection provision or the judicial remedies as set forth in the Internal Revenue
19 Code. The IRS shall not be required to seek a modification from the automatic stay to collect
20 any tax liabilities from property that has reverted with the Debtor.

21 **7.1.2.3 Class II(c) - Priority Claim for Overtime Wages.**

22 Class II(c) consists of any Allowed Priority Claim of current and former
23 employees of the Debtor who are owed unpaid, overtime wages earned within 180 days before
24 the Petition Date. To the extent an employee(s) asserts a claim pursuant to 11 U.S.C. §
25 507(a)(4), the Holder of an Allowed Class II(c) Claim shall receive payment in full on the
26 Effective Date. No interest shall accrue on the Allowed Priority Claim. No prepayment penalty
27 shall pertain to this Claim. The Class II(c) Claim is impaired.

28 ///

1 **7.1.3 Class III – Secured Claims.**

2 Class III consists of various sub-classes of asserted secured creditor claims.
3 Each holder of a Secured Claim in Class III is considered to be in its own separate sub-class
4 within Class III, and each such sub-class is deemed to be a separate Class for purposes of the
5 Plan. Unless otherwise specified below, holders of Allowed Secured Claims in any of the Class
6 III sub-classes shall receive full payment of the amount of their allowed secured claims. Any of
7 the Debtor’s defaults and the loan documents with the Allowed Secured Claimant shall be
8 deemed cured as of the Effective Date to the extent such loan documents provide for default
9 resulting from Debtor’s bankruptcy filing, such default shall not be enforceable.
10 Notwithstanding any pre-bankruptcy agreements with Class III Claimants, Debtor’s statement
11 of the value of each secured claim shall be final unless a creditor objects to the Debtor’s value
12 prior to the confirmation of the Plan. Unless otherwise specified herein or in an order entered
13 by the Bankruptcy Court, holders of Allowed Secured Claims shall retain any existing perfected
14 liens to secure the Debtor’s obligations under the Plan. Payments to holders of Allowed Class
15 III Secured Claims will begin on the Effective Date.

16 **7.1.3.1 Class III(a) – Secured Claim of National Bank of Arizona.**

17 Class III(a) consists of the Allowed Secured Claim of NBAZ relating to
18 the 9001 Loan. NBAZ has an Allowed Secured Claim in the approximate amount of
19 \$74,330.67. The Allowed Secured Claim shall be amortized over 20 years and accrue interest at
20 five and one-half percent (5.5%) per annum. Payments in the approximate amount of \$511.50
21 per month shall begin on the Effective Date. The Allowed Secured Claim shall mature three (3)
22 years from the Effective Date. NBAZ shall retain, to the same extent, validity and priority, all
23 of its existing liens and security interests in the Debtor’s assets. No prepayment penalty shall
24 pertain to this Claim. The Class III(a) Claim is impaired.

25 **7.1.3.2 Class III(b) – Secured Claim of National Bank of Arizona.**

26 Class III(b) consists of the Allowed Secured Claim of NBAZ relating to
27 the 9002 Loan. NBAZ has an Allowed Secured Claim in the approximate amount of
28 \$92,997.09. Debtor has timely made all monthly payments in accordance with the loan

1 documents. NBAZ shall continue to receive regular monthly payments of principal and interest.
2 The Allowed Secured Claim shall accrue interest at the contract rate of 6.22% per annum.
3 NBAZ shall retain, to the same extent, validity and priority, all of its existing liens and security
4 interests in the Debtor's assets. No prepayment penalty shall pertain to this Claim. The Class
5 III(b) Claim is impaired.

6
7 **7.1.3.3 Class III(c) – Secured Claim of Firefighters First Credit Union.**

8 Class III(c) consists of the Allowed Secured Claim of Firefighters First
9 Credit Union fka Los Angeles Firefighters Credit Union (“Firefighters CU”) relating to its UCC
10 Financing Statement filed on September 27, 2012. Firefighters CU subordinated its lien against
11 the Debtor's real property and accounts to NBAZ, resulting in Firefighters CU holding a third
12 position lien. However, Firefighters CU maintains that it retains a first position lien against the
13 Debtor's equipment. Firefighters CU asserts a total claim in the amount of \$150,006.50. The
14 Debtor's value of the Allowed Secured Claim is in the amount of \$13,485.45. See Exhibit “C”.
15 Firefighters CU disputes this valuation. The parties are in discussions regarding consensual
16 claim treatment, and the Debtor will amend the Plan as required based upon any agreed-upon
17 values and terms. Notwithstanding, the Debtor intends to provide for Firefighter CU's Allowed
18 Secured Claim through five equal annual payments of principal and interest. The first payment
19 will be due on the Effective Date. Firefighters CU's Allowed Unsecured Claim shall be paid as
20 a Class IV Claim. No prepayment penalty shall pertain to this Claim. The Class III(c) Claim is
21 impaired.

22 **7.1.3.4 Class III(d) – Secured Claim of Forwardline Financial, LLC.**

23 Class III(d) consists of the Claim of Forwardline Financial, LLC/First
24 National Financial (“Forwardline”) relating to its UCC Financing Statement filed on November
25 6, 2014. Forwardline holds a fourth position lien against Debtor's personal property.
26 Forwardline filed a secured Proof of Claim in the amount of \$72,655.00. Based upon the
27 current value of the personal property, there is no equity to secure the Class III(d) claim.
28 Accordingly, Forwardline shall not retain its lien and the Claim shall be paid as an Allowed

1 Unsecured Claim in Class IV. The Class III(d) Claim is impaired.

2 **7.1.3.5 Class III(e) – Secured Claim of Arizona Department of**
3 **Revenue.**

4 Class III(e) consists of the Allowed Secured Claim of ADOR relating to
5 taxes due by the Debtor and secured by Debtor’s liquor license. ADOR holds an Allowed
6 Secured Claim in the amount of \$12,308.33. The Debtor will pay ADOR’s Allowed Secured
7 Claim within five years from the Petition Date in five equal annual payments of principal and
8 interest. The first payment will be due one year from the Petition Date (October 28, 2016).
9 ADOR’s Allowed Secured Claim shall accrue interest at the rate of three percent (3%) per
10 annum. ADOR will retain its lien relating to its UCC Financing Statement filed on December 2,
11 2013. No prepayment penalty shall pertain to this Claim. The Class III(e) Claim is impaired.

12 If Debtor fails to comply with the provisions of the Plan with respect to
13 the liability owed to ADOR, which includes but is not limited to, the failure to make the full and
14 timely payments, such failure shall constitute a default of the Plan. If the Debtor fails to cure
15 the default within 30 days after written notice of the default from ADOR or its agents, the entire
16 balance due to ADOR shall be immediately due and owing. In the event of a default, ADOR
17 may enforce the entire amount of its claim, exercise any and all rights and remedies under
18 applicable non-bankruptcy law which include, but are not limited to, state tax collection
19 procedures, and any other such relief as may be deemed appropriate by the Bankruptcy Court.

20 **7.1.4 Class IV – General Unsecured Creditors.**

21 Class IV consists of all Allowed Unsecured Claims that are not entitled to
22 classification in any other class of claims, including unsecured deficiency claims of any secured
23 creditors of the Debtor. Holders of Allowed Class IV Claims shall be paid the sum of
24 \$25,000.00 over five years. The Debtor shall make the payments to the holders of Allowed
25 Class IV Claims on the first Business Day that occurs eleven (11) months after the Effective
26 Date (“**Initial Payment Date**”) and every year thereafter for four (4) years based upon each
27 Class IV Claim’s *pro rata* share of potential unsecured claims. No interest will accrue or be
28 paid to the holders of the Allowed Class IV Claims. If a Class IV Claim is not an allowed claim

1 prior to thirty (30) days after the Effective Date, the Class IV Claim shall receive payment on
2 the one year payment date that falls after their Class IV Claim becomes an allowed claim. Class
3 IV Claims are impaired.

4 **ARTICLE 8**

5 **MEANS TO IMPLEMENT PLAN**

6 The Plan will be implemented upon entry of an order by the Bankruptcy Court
7 confirming the Plan. Upon the Effective Date, or at such other time as specifically provided
8 for in the Plan, creditors holding Allowed Claims will receive the treatment provided for in the
9 Plan. Creditors will only be entitled to the treatment of the Class of Claims within which they
10 belong upon having their claim allowed.

11 The Plan will be funded by the Debtor's income and the New Value cash infusion from
12 Charles R. Poole, Jr. in the amount of \$20,000.00. The New Value infusion will provide
13 sufficient funds to make the Plan payments required on the Effective Date. And, the New
14 Value infusion when combined with the Debtor's income will provide sufficient funds to make
15 the required payments under the Plan. See Disclosure Statement Article 2.2 above; Exhibit
16 "B".

17 **ARTICLE 9**

18 **LIQUIDATION ANALYSIS**

19 As a condition to confirmation, Bankruptcy Code § 1129(a)(7) requires the Plan to
20 provide that each creditor either accept the Plan or receive from Debtor's estate as much under
21 the Plan as each creditor would receive in a Chapter 7 liquidation. The Debtor's assets and
22 liabilities are listed in its Schedules and Statement of Financial Affairs, and as amended. In that
23 regard, the liquidation value of the Debtor's assets would not provide a return to the unsecured
24 creditors, see Exhibit "C"; Article 5, above. By providing payment of \$25,000.00 to unsecured
25 creditors, the Debtor is paying Allowed Class IV General Unsecured Claims in excess of what
26 they would recover in Chapter 7 liquidation.

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ARTICLE 10

TAX ISSUES

Debtor makes no representations regarding any tax implications resulting from confirmation of the Plan. **CLAIMANTS AND PARTIES IN INTEREST ARE ADVISED TO CONSULT WITH THEIR TAX ADVISORS CONCERNING THE INDIVIDUAL TAX CONSEQUENCES OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING STATE AND LOCAL TAX CONSEQUENCES.**

ARTICLE 11

BALLOTING INSTRUCTIONS

Creditors will vote to accept or reject this Plan. THIS PLAN CANNOT BE CONFIRMED IF THE PLAN DOES NOT RECEIVE AT LEAST TWO-THIRDS (2/3) IN AMOUNT AND MORE THAN ONE-HALF (1/2) IN NUMBER OF ALLOWED CLAIMS VOTING IN EACH IMPAIRED CLASS, provided, however, if the requisite acceptances are not obtained from one or more Impaired Classes, the Court may nonetheless confirm the Plan pursuant to 11 U.S.C. § 1129(b) if one Impaired Class accepts the Plan and the Court finds that the Plan provides, among other things, fair and equitable treatment of the classes rejecting the Plan and that creditors receive as much or more under the Plan than they would receive in a Chapter 7 liquidation.

ARTICLE 12

MODIFICATION OF PLAN

The Debtor reserves the right to modify the Plan in accordance with the provisions of the Bankruptcy Code and Chapter 11 as follows:

12.1 Pre-Confirmation.

In accordance with § 1127(a) of the Code, the modification of the Plan may be proposed in writing by the Proponent at any time before its Confirmation, provided that the Plan, as thus modified, meets the requirements of §§ 1122 and 1123 of the Code, and the Proponent complies with § 1125 of the Code.

12.2 Post-Confirmation.

In accordance with § 1127(b) of the Code, the Plan also may be modified at any time after

1 its Confirmation and before its substantial consummation, provided that the Plan as thus modified
2 meets the requirements of §§ 1122 and 1123 of the Code, provided further that the circumstances
3 then existing justify such modification, and the Court confirms the Plan as thus modified under §
4 1129 of the Code.

5 **12.3 Objections.**

6 Any holder of a claim or equity interest that has accepted or rejected the Plan will be
7 deemed to have accepted or rejected, as the case may be, the Plan as modified unless, within the
8 time fixed by the Bankruptcy Court for doing so, such holder changes its previous acceptance or
9 rejection.

10 **12.4 Effect.**

11 Every modification of the Plan will supersede the previous version of the Plan as and when
12 ever each modification is effective. When superseded, the previous version of the Plan will be in
13 the nature of a withdrawn or rejected settlement proposal, and will be null, void and unusable by
14 Debtor or any other party for any purposes whatsoever with respect to any of the contents of such
15 version of the Plan.

16 **12.5 Default.**

17 If the Debtor is unable to perform the terms and conditions of the Plan, then it will be in
18 default. Any creditor may seek to enforce the Plan. Before doing so, the creditor must provide
19 notice to the Debtor specifying the nature of the alleged default and a 30-day period to cure the
20 default. Any notice must be in writing and sent via certified mail to the Debtor at the address on
21 file with the Clerk of this Court and with a copy sent via certified mail to:

22 Thomas H. Allen
23 ALLEN BARNES & JONES, PLC
24 1850 N. Central Ave., Suite 1150
25 Phoenix, Arizona 85004

26 **ARTICLE 13**

27 **CONFIRMATION, RISKS & RECOMMENDATION**

28 **13.1 Best Interests Test.**

Debtor believes that the “best interests test” imposed by 11 U.S.C. § 1129(a)(7) is satisfied

1 by the Plan because each holder of a Claim or Interest not accepting the Plan will receive at least as
2 much as such holder would receive in a Chapter 7 liquidation as discussed in detail in Article 9
3 herein.

4 **13.2 Fair and Equitable Test.**

5 Debtor believes that the Plan will satisfy the fair and equitable requirements of the
6 Bankruptcy Code, to the extent such requirements are applicable based upon the votes of creditors
7 on the Plan.

8 **13.3 Recommendation of the Debtor.**

9 Debtor recommends that the Plan be approved.

10 RESPECTFULLY SUBMITTED this 21st day of July, 2016.

11 **Roadrunner Grocers, Inc.**

12
13 /s/ Steven Poole
Steven Poole

14 **APPROVED AS TO FORM AND CONTENT:**

15 **ALLEN BARNES & JONES, PLC**

16
17 *By: /s/ THA #11160*
Thomas H. Allen
18 1850 N. Central Avenue, Suite 1150
Phoenix, Arizona 85004
19 Attorneys for Debtor
20
21
22
23
24
25
26
27
28

Exhibit “A”

1 Thomas H. Allen, State Bar #11160
2 **ALLEN BARNES & JONES, PLC**
3 1850 N. Central Ave., Suite 1150
4 Phoenix, Arizona 85004
5 Ofc: (602) 256-6000
6 Fax: (602) 252-4712
7 Email: tallen@ambazlaw.com

8 Attorneys for Debtor

9 **UNITED STATES BANKRUPTCY COURT**
10 **DISTRICT OF ARIZONA**

11 In re:

12 ROADRUNNER GROCERS, INC.,
13 Debtor.

14 Chapter 11

15 Case No. 0:15-bk-13816-SHG

16 **DEBTOR'S PLAN OF REORGANIZATION**
17 **DATED APRIL 25, 2016**

18 Roadrunner Grocers, Inc., the debtor and debtor-in-possession in the above captioned
19 Chapter 11 case ("Debtor"), hereby files its *Plan of Reorganization Dated April 25, 2016*.

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1 **ARTICLE I – INTRODUCTION**

2 Debtor proposes this *Plan of Reorganization Dated April 25, 2016*. All creditors and
3 parties in interest are encouraged to consult the Debtor's *Disclosure Statement Dated April 25,*
4 *2016* (“Disclosure Statement”), which was prepared by Debtor before voting to accept or reject
5 the Plan. **NO SOLICITATION MATERIALS OTHER THAN THE DISCLOSURE**
6 **STATEMENT AND RELATED MATERIALS TRANSMITTED THEREWITH HAVE**
7 **BEEN APPROVED OR AUTHORIZED BY THE BANKRUPTCY COURT AND THE**
8 **BANKRUPTCY CODE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THIS**
9 **PLAN.**

10 **ARTICLE II – DEFINITIONS**

11 **Rules of Construction.** The following terms shall have the meanings specified below
12 when used in this Plan. Wherever from the context it appears appropriate, each term stated in
13 either the singular or the plural shall include the singular and the plural, and pronouns stated in
14 the masculine, feminine, or neuter gender shall include the masculine, the feminine, and the
15 neuter. The words “herein,” “hereof,” “hereto,” “hereunder,” and others of similar import refer
16 to the Plan as a whole and not to any particular section, subsection, or clause contained in the
17 Plan. Unless otherwise specified, all section, schedule, or exhibit references in the Plan are to
18 the respective section in, schedule to, or Exhibit to the Plan. The headings in the Plan are for
19 convenience of reference only and shall not limit or otherwise affect the provisions of the Plan.
20 The Rules of Construction contained in § 102 of the Bankruptcy Code shall apply to the
21 construction of the Plan, and terms that are defined by the Bankruptcy Code shall have that
22 meaning defined by the Bankruptcy Code unless specifically modified herein. All terms not
23 specifically defined by this Plan shall have the meaning designated in the Bankruptcy Code, or,
24 if not defined therein, their ordinary meaning. These definitions are a substantial and operative
25 part of the Plan.

26 **2.1 Administrative Claim.**

27 This term refers to and means every cost or expense of administration of this case
28 allowed under Bankruptcy Code § 503(b) and referred to in Bankruptcy Code § 507(a)(1),

1 including, without limitation: (i) any actual and necessary expense of preserving the Estate as
2 approved by the Bankruptcy Court; (ii) all professional charges; and (iii) all fees and charges
3 assessed against the Debtor's Estate under Chapter 123 of Title 28, United States Code.

4 **2.2 Allowed Claim.**

5 This term will refer to and mean every Claim: (a) (i) as to which a proof of such Claim
6 has been filed within the time fixed by the Bankruptcy Court or, if such Claim arises from the
7 Debtor's rejection of an Executory Contract, no later than the first Business Day that is thirty
8 (30) days after the Effective Date, or (ii) which the Debtor has scheduled in its Schedules
9 (including any amendments thereto) as liquidated in amount and undisputed; and in either
10 event: (b) (i) as to which no objection to the allowance of such Claim has been filed within any
11 applicable time period fixed by the Bankruptcy Court, or (ii) as to which the order allowing
12 such Claim has become final and non-appealable without any appeal, review, or other challenge
13 of any kind to that order having been taken or being still timely. The term Allowed Claim may
14 be used throughout the Plan with each of the various Creditors' Claims or Classes of those
15 Claims (e.g., "Allowed Administrative Claims" or "Allowed Class I Claims") to signify that
16 such Claims are, will be, or must, be Allowed Claims to qualify for certain treatment under the
17 Plan.

18 **2.3 Allowed Secured Claim.**

19 This term refers to and means a claim that is both an Allowed Claim and a Secured
20 Claim.

21 **2.4 Allowed Unsecured Claim.**

22 This term refers to and means a claim that is both an Allowed Claim and an Unsecured
23 Claim.

24 **2.5 Assets.**

25 This term will refer to and mean, collectively, each and every item of property and
26 interests of the Debtor as of the Effective Date, whether tangible or intangible, real or personal,
27 legal or equitable, liquidated or unliquidated.

28 ///

1 **2.6 Ballot.**

2 This term refers to and means the ballot for accepting or rejecting the Plan which will be
3 distributed to holders of claims in Classes that are impaired under this Plan and are entitled to
4 vote on this Plan.

5 **2.7 Bankruptcy Code.**

6 This term refers to and means Title 11 of the United States Code, 11 U.S.C. §§ 101, et
7 seq., as now existing or hereafter amended during this case.

8 **2.8 Bankruptcy Court or Court.**

9 These terms refer to and mean the United States Bankruptcy Court for the District of
10 Arizona, Yuma Division, or any other court that exercises jurisdiction over all or part of the
11 Bankruptcy Case, including the United States District Court for the District of Arizona to the
12 extent that the reference of all or part of the Bankruptcy Case is withdrawn.

13 **2.9 Bankruptcy Rules.**

14 This term refers to and means the Federal Rules of Bankruptcy Procedure promulgated
15 under 28 U.S.C. § 2075 and the local rules of Court, as applicable during the term of the
16 Bankruptcy Case.

17 **2.10 Bar Date.**

18 This term will refer to and mean the last day for filing proofs of claims, which shall be
19 the date the Disclosure Statement is approved by the Court. All Creditors except (a) Creditors
20 with Administrative Claims that arise after the Bar Date, (b) Chapter 11 Professionals, and (c)
21 Creditors holding Claims from the rejection of unexpired leases or Executory Contracts must
22 have filed proofs of claim by the Bar Date, or their Claim shall be forever barred and
23 discharged.

24 **2.11 Business Day.**

25 This term refers to and means every day except Saturdays, Sundays, and holidays
26 observed by the Bankruptcy Court.

27 **2.12 Chapter 11 Case.**

28 This term will refer to and mean the case under Chapter 11 of the Bankruptcy Code that

1 was commenced by the filing of a voluntary Chapter 11 petition by Debtor on the Petition Date.

2 **2.13 Claim.**

3 This term will refer to and mean “claim” as defined in Bankruptcy Code § 101(5).

4 **2.14 Claimant.**

5 This term will refer to and mean the holder of a Claim.

6 **2.15 Class.**

7 This term refers to and means each of the categories of claims described in Article IV of
8 the Plan.

9 **2.16 Confirmation Date.**

10 This term refers to and means the date on which the Bankruptcy Court enters the
11 Confirmation Order.

12 **2.17 Confirmation Hearing.**

13 This term refers to and means the hearing regarding confirmation of the Plan conducted
14 by the Bankruptcy Court pursuant to Bankruptcy Code § 1128, including any adjournment or
15 continuation of that hearing from time to time.

16 **2.18 Confirmation Order.**

17 This term refers to and means the order of the Bankruptcy Court confirming the Plan
18 pursuant to Bankruptcy Code § 1129.

19 **2.19 Court.**

20 This term is defined in a preceding Section of this Article II, which defines the term
21 “Bankruptcy Court.”

22 **2.20 Creditor.**

23 This term will refer to and mean “creditor” as defined in Bankruptcy code § 101(10), 11
24 U.S.C. § 101(10).

25 **2.21 Debtor.**

26 This term refers to and means Roadrunner Grocers, Inc.

27 **2.22 Disclosure Statement.**

28 This term refers to and means the Debtor's *Disclosure Statement Dated April 25, 2016*,

1 presented by the Debtor with respect to the Plan, in its present form or as it may be altered,
2 amended, or modified.

3 **2.23 Disputed Claim.**

4 This term refers to and means every claim: (a) that is scheduled by the Debtor as
5 disputed, contingent, or unliquidated; and/or (b) that is not an Allowed Claim. Where
6 performance is to be rendered under the Plan to any creditor in respect to a Disputed Claim,
7 such performance shall not be due (notwithstanding the occurrence of the Effective Date for all
8 other purposes and legal effects) unless and until such Disputed Claim becomes, wholly or in
9 part, an Allowed Claim.

10 **2.24 Effective Date.**

11 This term refers to and means the fifteenth (15th) calendar day that occurs after the
12 Confirmation Date.

13 **2.25 Estate.**

14 This term refers to and means the bankruptcy Estate of the Debtor created under
15 Bankruptcy Code § 541.

16 **2.26 Executory Contract.**

17 This term will refer to and mean every unexpired lease and other contract that is subject
18 to being assumed or rejected under 11 U.S.C. § 365.

19 **2.27 Final Order.**

20 This term refers to and means an order or judgment of the Court which (a) shall not have
21 been reversed, stayed, modified or amended and the time to appeal from, or to seek review or
22 rehearing of, shall have expired and as to which no appeal or petition for review, or hearing for
23 certiorari is pending, or (b) if appealed from, shall have been affirmed and no further hearing,
24 appeal or petition for certiorari can be taken or granted.

25 **2.28 General Unsecured Claim.**

26 This term will refer to and mean every Unsecured Claim against the Debtor (including,
27 but not limited to, every such Claim arising from the rejection of an Executory Contract, and
28 Unsecured Deficiency Claims of creditors with claims solely against the Debtor) which will be

1 classified and paid under the Plan as the Plan provides for Class IV Claims.

2 **2.29 Initial Payment Date.**

3 This term will refer to and mean the first calendar day of the month that occurs eleven
4 (11) months after the Effective Date.

5 **2.30 Person.**

6 This term will refer to and mean “person” as defined in Bankruptcy Code § 101(41).

7 **2.31 Petition Date.**

8 This term will refer to and mean the filing date of the voluntary Chapter 11 petition of
9 the Debtor. The Petition Date in the Chapter 11 Case is October 28, 2015.

10 **2.32 Plan.**

11 This term will refer to and mean “Debtor's Plan of Reorganization Dated April 25,
12 2016,” and every amendment to or modification thereof, if any, filed by the Debtor.

13 **2.33 Professional Fees.**

14 This term will refer to and mean any of the interim and final professional fees and
15 expenses charged by the Chapter 11 Professionals.

16 **2.34 Proof of Claims Bar Date.**

17 This refers to and means any deadline fixed by the Bankruptcy Court for the filing of
18 claims in the Bankruptcy Case (except for claims arising out of the rejection of an executory
19 contract or an unexpired lease).

20 **2.35 Proof of Interest Bar Date.**

21 This refers to and means any deadline fixed by the Bankruptcy Court for the filing of
22 Proofs of Interest (equity claims) in the Bankruptcy Case.

23 **2.36 Property.**

24 This term refers to, with respect to the Debtor, all rights, causes of action, all of the
25 right, title and interest in and to Property (real or personal, tangible or intangible) of whatever
26 type or nature, owned by the Debtor as of the Effective Date, together with Property
27 subsequently acquired by the Debtor, and including, but not limited to, Property as defined in
28 Section 541 of the Bankruptcy Code.

1 **2.37 Pro Rata.**

2 This term will refer to and mean the proportion that an Allowed Claim in a particular
3 Class bears to the total amount of all Allowed Claims in that Class.

4 **2.38 Proponent.**

5 This term refers to and means Roadrunner Grocers, Inc., who is the proponent of this
6 Plan.

7 **2.39 Secured Claim.**

8 This term refers to and means every claim or portion thereof which is asserted by a
9 creditor holding such claim to be secured by a lien, security interest, or assignment encumbering
10 property in which the Debtor has an interest, **provided, however,** that such claim shall be a
11 Secured Claim only to the extent of the validity, perfection, and enforceability of the claimed
12 lien, security interest, or assignment and only to the extent of the value of the interest of the
13 creditor holding such claim against such property of the Debtor.

14 **2.40 Secured Creditor.**

15 This term refers to and means every creditor that holds a Secured Claim in the
16 Bankruptcy Case.

17 **2.41 Subordinated Claim.**

18 This term refers to and means any claim judged to be subordinated pursuant to 11 U.S.C.
19 § 510.

20 **2.42 Unsecured Claim.**

21 This term refers to and means all claims held by creditors of the Debtor, including
22 deficiency claims, dissolution claims and claims arising out of the rejection of executory
23 contracts, other than Secured Claims, administrative claims, tax claims and equity claims.

24 **2.43 Unsecured Creditor.**

25 This term refers to and means the owner or holder of an Unsecured Claim.

26 **ARTICLE III - GENERAL TERMS AND PROVISIONS**

27 The following General Terms and Provisions shall apply to this Plan.

28 ///

1 **3.1 Class of Claims and Payment.**

2 There are various classes of claims and interests defined in this Plan. This Plan is
3 intended to deal with all claims against the Debtor of whatever character, whether or not
4 contingent or liquidated, and whether or not allowed by the Court under Section 502(h) of the
5 Code. Only those claims allowed under Section 502(a) of the Code will receive payment under
6 this Plan.

7 **3.2 Time For Filing Claims.**

8 The Court originally set a hearing for _____ at 98 W. 1st Street, 2nd
9 Floor, Yuma, AZ 85364, to consider the adequacy of the Disclosure Statement and **SET THE**
10 **ENTRY OF AN ORDER APPROVING THE DISCLOSURE STATEMENT AS THE**
11 **BAR DATE FOR FILING PROOFS OF CLAIM** (except for (a) Creditors with
12 Administrative Claims that arise after the Bar Date, (b) Chapter 11 Professionals, and (c)
13 Creditors holding Claims resulting from the Debtor's post Bar Date rejection of unexpired leases
14 or Executory Contracts), regardless of whether the claim was scheduled in the Debtor's
15 bankruptcy schedules.

16 Claims for Class I Administrative Claims arising prior to the Proof of Claims Bar Date
17 (except for professionals employed pursuant to § 327 of the Bankruptcy Code) shall be filed on
18 or before the Proof of Claims Bar Date. Claims for Class I Administrative Claims arising after
19 the Proof of Claims Bar Date, and claims for professionals employed pursuant to § 327 of the
20 Bankruptcy Code, shall be filed on the first business day that occurs on or after the thirtieth
21 (30th) day after the Effective Date. Applications for Approval of Administrative Claims shall be
22 filed with the Bankruptcy Court with copies served upon counsel for the Debtor. Any holder of
23 a Class I Administrative Claim that fails to timely file a final Application for Approval of
24 Administrative Claim shall be deemed to have waived its claim and the claim will be
25 disallowed.

26 Claims arising from the Debtor's rejection of an Executory Contract or unexpired lease
27 that occurs prior to the Proof of Claims Bar Date shall be filed on or before the Proof of Claims
28 Bar Date. Claims arising from the Debtor's rejection of an Executory Contract or unexpired

1 lease that occurs after the Proof of Claims Bar Date shall be filed on the first business day that
2 occurs on or after the thirtieth (30th) day after the Effective Date. Any person or entity asserting
3 a claim arising from the Debtor's rejection of an Executory Contract or unexpired lease that fails
4 to timely file a proof of claim shall be deemed to have waived its claim and the claim will be
5 disallowed.

6 **3.3 Claim Dispute Resolution.**

7 On or before the sixtieth (60th) day after the Effective Date, the Debtor and/or any party
8 in interest may file with the Bankruptcy Court, serving a copy upon counsel for the Debtor, an
9 objection to any Application for Approval of Administrative Claim, proof of claim or proof of
10 interest filed, or deemed filed herein. No claim will be an Allowed Claim until timely filed
11 objections to its allowance are resolved. The Court shall resolve all objections at a separate
12 hearing or hearings. **Any claims not timely filed or allowed shall be discharged by the**
13 **Confirmation Order.**

14 Only Allowed Claims and interests will receive a distribution from Debtor's bankruptcy
15 Estate. The Debtor has the right to object to any claim where it appears that there is some
16 dispute with regard to the claim or interest as filed. Unless deemed filed pursuant to
17 Fed.R.Bankr.P. 3003(b), the failure to timely file a proof of claim or interest will result in
18 disallowance of the claim or interest.

19 **3.4 Executory Contracts.**

20 Prior to the Confirmation Date of the Plan, the Debtor will have filed motions to assume
21 or reject all executory contracts. Any executory contract(s) not sought to be assumed prior to
22 the Confirmation Date of the Plan will be deemed to have been rejected.

23 **ARTICLE IV - CLASSIFICATION OF CLAIMS AND INTERESTS**

24 In accordance with Bankruptcy Code § 1122, all claims or interests against the Debtor
25 and/or Estate of the Debtor are classified below:

26 **4.1 Class I - Administrative Claims.**

27 Class I consists of the allowed Administrative Claims for actual and necessary costs and
28 expenses of administration entitled to priority under §§ 503(b) and 507(a)(1) of the Bankruptcy

1 Code. This class includes, without limitation, post-petition tax claims, Debtor’s attorneys’ fees,
2 approved accounting fees, and fees due the United States Trustee, if any.

3 **4.2 Class II – Priority Claims.**

4 Class II consists of all Claims which are entitled to priority treatment pursuant to 11
5 U.S.C. § 507(a). Each holder of a Priority Claim in Class II is considered to be in its own
6 separate sub-class within Class II, and each such sub-class is deemed to be a separate Class for
7 purposes of the Plan. Class II consists of various sub-classes of asserted priority creditor
8 claims.

9 **4.2.1 Class II(a) – Priority Claim of the Arizona Department of Revenue.**

10 Class II(a) consists of any Allowed Priority Claim of the Arizona Department of
11 Revenue (“ADOR”) relating to priority tax due by the Debtor.

12 **4.2.2 Class II(b) - Priority Claim of the Internal Revenue Service.**

13 Class II(b) consists of any Allowed Priority Claim of the Internal Revenue
14 Service (“IRS”) relating to priority tax due by the Debtor.

15 **4.2.3 Class II(c) - Priority Claim for Overtime Wages.**

16 Class II(c) consists of any Allowed Priority Claim of current and former
17 employees of the Debtor who are owed unpaid, overtime wages earned within 180 days before
18 the Petition Date.

19 **4.3 Class III – Secured Claims.**

20 Class III consists of various sub-classes of asserted secured creditor claims. Each holder
21 of a Secured Claim in Class III is considered to be in its own separate sub-class within Class III,
22 and each such sub-class is deemed to be a separate Class for purposes of the Plan.

23 **4.3.1 Class III(a) – Secured Claim of National Bank of Arizona.**

24 Class III(a) consists of the Allowed Secured Claim of NBAZ relating to the 9001
25 Loan.

26 **4.3.2 Class III(b) – Secured Claim of National Bank of Arizona.**

27 Class III(b) consists of the Allowed Secured Claim of NBAZ relating to the 9002
28 Loan.

1 **4.3.3 Class III(c) – Secured Claim of Firefighters First Credit Union.**

2 Class III(c) consists of the Allowed Secured Claim of Firefighters First Credit
3 Union fka Los Angeles Firefighters Credit Union (“Firefighters CU”) relating to its UCC
4 Financing Statement filed on September 27, 2012.

5 **4.3.4 Class III(d) – Secured Claim of Forwardline Financial, LLC.**

6 Class III(d) consists of the Claim of Forwardline Financial, LLC/First National
7 Financial (“Forwardline”) relating to its UCC Financing Statement filed on November 6, 2014.

8 **4.3.5 Class III(e) – Secured Claim of Arizona Department of Revenue.**

9 Class III(e) consists of the Allowed Secured Claim of ADOR relating to taxes
10 due by the Debtor and secured by Debtor’s liquor license.

11 **4.4 Class IV – General Unsecured Creditors.**

12 Class IV consists of all Allowed Unsecured Claims that are not entitled to
13 classification in any other class of claims, including unsecured deficiency claims of any secured
14 creditors of the Debtor.

15 **ARTICLE V - PLAN IMPLEMENTATION**

16 The Plan will be implemented upon entry of an order by the Bankruptcy Court
17 confirming the Plan. Upon the Effective Date, or at such other time as specifically provided for
18 in this Plan, creditors holding Allowed Claims will receive the treatment provided for in the
19 Plan. Creditors must hold Allowed Claims before they will be entitled to the treatment provided
20 in the Plan.

21 The Plan will be funded by the Debtor's cash on hand, post-petition, and post-
22 confirmation income. Unless a party in interest objects to the Debtor's estimate of value of any
23 asset prior to confirmation of the Plan, the value of the assets set forth in the Plan, as amended,
24 shall be determinative.

25 **ARTICLE VI - TREATMENT OF CLAIMS AND INTERESTS**

26 **6.1 Class I - Administrative Claims.**

27 On March 30, 2016, AB&J filed its first application for attorneys’ fees and costs in the
28 amount of \$22,167.96 which is pending before the Court. Prior to the Petition Date, the Debtor

1 provided AB&J with a retainer in the amount of \$14,426.00 which the Debtor holds in trust.
2 While Plan litigation is possible, at this time the Debtor anticipates that AB&J will not accrue
3 significant attorneys' fees and costs in pursuing confirmation of the Plan. AB&J shall be paid,
4 in full, from the Debtor's cash funds on the Effective Date of the Plan or upon such other terms
5 as the Debtor and AB&J agree. The Class I Claim is not impaired.

6 **6.2 Class II – Priority Claims.**

7 Each holder of a Priority Claim in Class II is considered to be in its own separate sub-
8 class within Class II, and each such sub-class is deemed to be a separate Class for purposes of
9 the Plan. Class II consists of various sub-classes of asserted priority creditor claims. Unless
10 otherwise specified, holders of Allowed Priority Claims in any of the Class II sub-classes shall
11 receive payment in full, within five years of the Petition Date.

12 **6.2.1 Class II(a) – Priority Claim of the Arizona Department of Revenue.**

13 ADOR holds an Allowed Priority Claim in the amount of \$15.44 and an Allowed
14 Unsecured Claim in the amount of \$82.39. The Debtor will pay ADOR's Allowed Priority
15 Claim in one payment on the Effective Date. ADOR's Allowed Unsecured Claim shall be
16 treated and paid as a Class IV General Unsecured Claim. No prepayment penalty shall pertain
17 to this Claim. The Class II(a) Claim is impaired.

18 If Debtor fails to comply with the provisions of the Plan with respect to the
19 liability owed to ADOR, which includes but is not limited to, the failure to make the full and
20 timely payments, such failure shall constitute a default of the Plan. If the Debtor fails to cure
21 the default within 30 days after written notice of the default from ADOR or its agents, the entire
22 balance due to ADOR shall be immediately due and owing. In the event of a default, ADOR
23 may enforce the entire amount of its claim, exercise any and all rights and remedies under
24 applicable non-bankruptcy law which include, but are not limited to, state tax collection
25 procedures, and any other such relief as may be deemed appropriate by the Bankruptcy Court.

26 **6.2.2 Class II(b) – Priority Claim of the Internal Revenue Service.**

27 The IRS holds an Allowed Priority Claim in the amount of \$5,900.68 and an
28 Allowed Unsecured Claim in the amount of \$15,173.09. The Debtor will pay the IRS's

1 Allowed Priority Claim within five years from the Petition Date in five equal annual payments
2 of principal and interest. The first payment will be due one year from the Petition Date
3 (October 28, 2016). The IRS's Allowed Priority Claim shall accrue interest at the rate of three
4 percent (3%) per annum from the Effective Date. The IRS's Allowed Unsecured Claim shall be
5 treated and paid as a Class IV General Unsecured Claim. Any alleged remaining unpaid claims
6 to the IRS, including without limitation, any additional claims for interest or penalties, shall be
7 enjoined and discharged by the Plan. No prepayment penalty shall pertain to this Claim. The
8 Class II(b) Claim is impaired.

9 In the event Debtor defaults on any payment due to the IRS as required under the
10 confirmed Plan, and in the event Debtor fails to cure said default within thirty days after written
11 notice of the default is mailed to Debtor and Debtor's attorney, the entire imposed liability
12 together with any unpaid current liabilities, shall become due and payable immediately. The
13 IRS may collect unpaid liabilities that become due as a result of the default, through the
14 administrative collection provision or the judicial remedies as set forth in the Internal Revenue
15 Code. The IRS shall not be required to seek a modification from the automatic stay to collect
16 any tax liabilities from property that has reverted with the Debtor.

17 **6.2.3 Class II(c) – Priority Claim for Overtime Wages.**

18 To the extent an employee(s) asserts a claim pursuant to 11 U.S.C. § 507(a)(4),
19 the Holder of an Allowed Class II(c) Claim shall receive payment in full on the Effective Date.
20 No interest shall accrue on the Allowed Priority Claim. No prepayment penalty shall pertain to
21 this Claim. The Class II(c) Claim is impaired.

22 **6.3 Class III – Secured Claims.**

23 Unless otherwise specified below, holders of Allowed Secured Claims in any of the
24 Class III sub-classes shall receive full payment of the amount of their allowed secured claims.
25 Any of the Debtor's defaults and the loan documents with the Allowed Secured Claimant shall
26 be deemed cured as of the Effective Date to the extent such loan documents provide for default
27 resulting from Debtor's bankruptcy filing, such default shall not be enforceable.
28 Notwithstanding any pre-bankruptcy agreements with Class III Claimants, Debtor's statement

1 of the value of each secured claim shall be final unless a creditor objects to the Debtor's value
2 prior to the confirmation of the Plan. Unless otherwise specified herein or in an order entered
3 by the Bankruptcy Court, holders of Allowed Secured Claims shall retain any existing perfected
4 liens to secure the Debtor's obligations under the Plan. Payments to holders of Allowed Class
5 III Secured Claims will begin on the Effective Date.

6 **6.3.1 Class III(a) – Secured Claim of National Bank of Arizona.**

7 NBAZ has an Allowed Secured Claim in the approximate amount of \$74,330.67.
8 The Allowed Secured Claim shall be amortized over 20 years and accrue interest at five and
9 one-half percent (5.5%) per annum. Payments in the approximate amount of \$511.50 per month
10 shall begin on the Effective Date. The Allowed Secured Claim shall mature three (3) years
11 from the Effective Date. NBAZ shall retain, to the same extent, validity and priority, all of its
12 existing liens and security interests in the Debtor's assets. No prepayment penalty shall pertain
13 to this Claim. The Class III(a) Claim is impaired.

14 **6.3.2 Class III(b) – Secured Claim of National Bank of Arizona.**

15 NBAZ has an Allowed Secured Claim in the approximate amount of \$92,997.09.
16 Debtor has timely made all monthly payments in accordance with the loan documents. NBAZ
17 shall continue to receive regular monthly payments of principal and interest. The Allowed
18 Secured Claim shall accrue interest at the contract rate of 6.22% per annum. NBAZ shall retain,
19 to the same extent, validity and priority, all of its existing liens and security interests in the
20 Debtor's assets. No prepayment penalty shall pertain to this Claim. The Class III(b) Claim is
21 impaired.

22 **6.3.3 Class III(c) – Secured Claim of Firefighters First Credit Union.**

23 Firefighters CU holds a third position lien against Debtor's personal property.
24 Firefighters CU asserts a claim in the amount of \$150,006.50. Based upon the current value of
25 the personal property, there is insufficient equity in the personal property to pay Firefighters
26 CU's claim in full. See Exhibit "C" attached to Disclosure Statement. Accordingly,
27 Firefighters CU shall have an Allowed Secured Claim in the amount of \$13,485.45 and an
28 Allowed Unsecured Claim in the amount of \$136,521.05. The Debtor will pay Firefighters

1 CU's Allowed Secured Claim in five equal annual payments of principal and interest. The first
2 payment will be due on the Effective Date. The Allowed Secured Claim shall accrue three
3 percent interest (3%) per annum. Firefighters CU's Allowed Unsecured Claim shall be paid as
4 a Class IV Claim. No prepayment penalty shall pertain to this Claim. The Class III(c) Claim is
5 impaired.

6 **6.3.4 Class III(d) – Secured Claim of Forwardline Financial, LLC.**

7 Forwardline holds a fourth position lien against Debtor's personal property.
8 Forwardline filed a secured Proof of Claim in the amount of \$72,655.00. Based upon the
9 current value of the personal property, there is no equity to secure the Class III(d) claim.
10 Accordingly, Forwardline shall not retain its lien and the Claim shall be paid as an Allowed
11 Unsecured Claim in Class IV. The Class III(d) Claim is impaired.

12 **6.3.5 Class III(e) – Secured Claim of Arizona Department of Revenue.**

13 ADOR holds an Allowed Secured Claim in the amount of \$12,308.33. The
14 Debtor will pay ADOR's Allowed Secured Claim within five years from the Petition Date in
15 five equal annual payments of principal and interest. The first payment will be due one year
16 from the Petition Date (October 28, 2016). ADOR's Allowed Secured Claim shall accrue
17 interest at the rate of three percent (3%) per annum. ADOR will retain its lien relating to its
18 UCC Financing Statement filed on December 2, 2013. No prepayment penalty shall pertain to
19 this Claim. The Class III(e) Claim is impaired.

20 If Debtor fails to comply with the provisions of the Plan with respect to the
21 liability owed to ADOR, which includes but is not limited to, the failure to make the full and
22 timely payments, such failure shall constitute a default of the Plan. If the Debtor fails to cure
23 the default within 30 days after written notice of the default from ADOR or its agents, the entire
24 balance due to ADOR shall be immediately due and owing. In the event of a default, ADOR
25 may enforce the entire amount of its claim, exercise any and all rights and remedies under
26 applicable non-bankruptcy law which include, but are not limited to, state tax collection
27 procedures, and any other such relief as may be deemed appropriate by the Bankruptcy Court.
28

1 **6.4 Class IV– General Unsecured Creditors.**

2 Holders of Allowed Class IV Claims shall be paid the sum of \$25,000.00 over five
3 years. The Debtor shall make the payments to the holders of Allowed Class IV Claims on the
4 first Business Day that occurs eleven (11) months after the Effective Date (“Initial Payment
5 Date”) and every year thereafter for four (4) years based upon each Class IV Claim’s pro rata
6 share of potential unsecured claims. No interest will accrue or be paid to the holders of the
7 Allowed Class IV Claims. If a Class IV Claim is not an allowed claim prior to thirty (30) days
8 after the Effective Date, the Class IV Claim shall receive payment on the one year payment date
9 that falls after their Class IV Claim becomes an allowed claim. Class IV Claims are impaired.

10 **ARTICLE VII - VOTING PROCEDURE**

11 Creditors will vote to accept or reject this Plan. THIS PLAN CANNOT BE
12 CONFIRMED IF THE PLAN DOES NOT RECEIVE AT LEAST TWO-THIRDS (2/3) IN
13 AMOUNT AND MORE THAN ONE-HALF (½) IN NUMBER OF ALLOWED CLAIMS
14 VOTING IN EACH IMPAIRED CLASS, provided, however, if the requisite acceptances are
15 not obtained from one or more Impaired Classes, the Court may nonetheless confirm the
16 Proponent’s Plan pursuant to 11 U.S.C. § 1129(b) if one Impaired Class accepts the Plan and
17 the Court finds that the Debtor's Plan provides, among other things, fair and equitable treatment
18 of the classes rejecting the Plan and that creditors receive as much or more under the Plan than
19 they would receive in a Chapter 7 liquidation.

20 **ARTICLE VIII - BINDING EFFECT OF PLAN**

21 The provisions of this Plan shall bind the Debtor and any person or entity holding a
22 claim against the Debtor and its Estate, whether asserted or non-asserted, and any person
23 asserting an interest in the Debtor, whether or not a claim or interest of such person or entity
24 arose before or after the respective filing dates or the Effective Date, whether or not the claim or
25 interest is impaired under the Plan, and whether or not such person or entity has accepted the
26 Plan.

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1 **ARTICLE IX - EFFECT OF CONFIRMATION**

2 Except as otherwise provided herein, the rights afforded in the Plan shall be in exchange
3 for, and in complete satisfaction and release of, all claims against the Debtor of any nature
4 whatsoever. All holders of claims against the Debtor shall be precluded from asserting against
5 the Debtor, the Estate, or the assets or properties of the Debtor or the Estate any other or further
6 claim based upon any omission, transaction or other activity of any kind or nature that occurred
7 prior to the Effective Date. This release shall be effective as to each claim, regardless of
8 whether the claim is listed on the Debtor's Statements or Schedules filed in these Chapter 11
9 proceedings, whether a proof of claim was filed, whether such proof of claim was withdrawn,
10 whether the claim is an Allowed Claim, in whole or in part, or whether the holder of the claim
11 votes to accept or reject this Plan. Upon the Effective Date, all the property of the Debtor will
12 vest in the Debtor, which, subject to the obligation set forth in this Plan, may utilize the property
13 free of any burdens of the Bankruptcy Code and without need to obtain Court approval of its
14 actions. This release is not a discharge and the Debtor is entitled to a discharge only as
15 permitted by 11 U.S.C. § 1141(d)(2) and (5).

16 **ARTICLE X - MODIFICATION OF PLAN**

17 This Plan may be modified in accordance with the provisions of the Bankruptcy Code
18 and Chapter 11 as follows:

19 **10.1 Pre-Confirmation.**

20 In accordance with § 1127(a) of the Bankruptcy Code, the modification of the Plan may
21 be proposed in writing by the Proponent at any time before its Confirmation, provided that the
22 Plan, as thus modified, meets the requirements of §§ 1122 and 1123 of the Code, and the
23 Proponent complies with § 1125 of the Code.

24 **10.2 Post-Confirmation.**

25 In accordance with Section 1127(b) of the Bankruptcy Code, the Plan also may be
26 modified at any time after its Confirmation and before its substantial consummation, provided
27 that the Plan as thus modified meets the requirements of §§ 1122 and 1123 of the Code,
28 provided further that the circumstances then existing justify such modification, and the Court

1 confirms the Plan as thus modified under § 1129 of the Code.

2 **10.3 Objections.**

3 Except as to any Claim that has been Allowed prior to the Effective Date, no later than
4 on the sixtieth (60th) day after the Effective Date, the Debtor or any party in interest may object
5 to the allowance of any Claim against the Debtor or seek estimation thereof on any Claim
6 (including any Claim amounts stated in the Plan).

7 **10.4 Effect.**

8 Every modification of the Plan will supersede the previous version of the Plan as and
9 when ever each modification is effective. When superseded, the previous version of the Plan
10 will be in the nature of a withdrawn or rejected settlement proposal, and will be null, void and
11 unusable by the Debtor or any other party for any purposes whatsoever with respect to any of
12 the contents of such version of the Plan.

13 **ARTICLE XI - RETENTION OF JURISDICTION**

14 Notwithstanding the confirmation of this Plan, the Bankruptcy Court shall retain
15 jurisdiction for all matters arising out of, or related to, the Bankruptcy Case and this Plan,
16 including, but not limited to, all of the following:

17 **11.1 In General.**

18 The Court shall retain jurisdiction to determine the allowance and payment of any
19 claims upon any objection thereto (or other appropriate proceedings) by the Debtor, the
20 Committee, or by any other party in interest entitled to proceed in that manner. As part of such
21 retained jurisdiction, the Court shall continue to determine the allowance of Administrative
22 Claims and any request(s) for payment(s) thereof, including professional fees and costs which
23 are Administrative Claims classified as Class I Claims.

24 **11.2 Sales.**

25 The Court shall retain jurisdiction to adjudicate and determine any issues that arise out
26 of or relate to a sale of any Property of the Debtor.

27 **11.3 Plan Disputes.**

28 The Court shall retain jurisdiction to determine any Disputes, which may arise regarding

1 the interpretation of any provisions of this Plan.

2 **11.4 Further Orders.**

3 The Court shall retain jurisdiction to facilitate the Consummation of this Plan by
4 entering, consistent with the provisions of this Plan, any further necessary or appropriate
5 order(s) regarding the enforcement of this Plan and any provision(s) thereof.

6 **11.5 Other Claims.**

7 The Court shall retain jurisdiction to adjudicate any causes of action or other
8 proceedings presently pending or otherwise referenced here or elsewhere in this Plan, including,
9 but not limited to any action regarding the initiation, prosecution, enforcement, compromise or
10 settlement of the causes of action in the Debtor's Estate, and the adjudication of any and all
11 “core proceedings” under 28 U.S.C. § 157(b) which may be pertinent to the Bankruptcy Case.

12 **11.6 Enforcement of Plan.**

13 The Court shall retain jurisdiction to enforce any provisions of this Plan, and any and all
14 documents relating to this Plan, including but not limited to the conduct of sales pursuant to 11
15 U.S.C. §§ 363(f) or (h), and the approval of any borrowing by the Debtor, if required by the
16 lender.

17 **11.7 Appeals.**

18 In the event of any appeal of the Confirmation Order, and provided that no stay of the
19 effectiveness of such Confirmation Order has been entered, the Court shall retain jurisdiction to
20 implement and enforce the Confirmation Order and this Plan according to their terms,
21 including, but not limited to, jurisdiction to enter such orders regarding disbursements under
22 this Plan or the consummation thereof as may be necessary to effectuate the terms of this Plan.

23 **11.8 Tax Issues.**

24 The Court shall retain jurisdiction to adjudicate and determine any issues that relate to
25 this Bankruptcy Case, and any governmental unit's claim with respect to any tax, or any fine,
26 interest or penalty relating to a tax.

27 **11.9 Unexpired Leases and Other Executory Contracts.**

28 The Court shall retain jurisdiction to determine any and all claims arising from rejection

1 of unexpired leases and other executory contracts.

2 **11.10 Settlement Agreement Disputes.**

3 The Court will retain jurisdiction to determine any dispute which may arise regarding
4 the enforcement of any settlement or compromise related to the Debtor's Bankruptcy Case.

5 **11.11 Professional Fees and Costs.**

6 The Court will retain jurisdiction to determine any and all issues that relate to the
7 payment of professionals in the Debtor's Bankruptcy Case. Any professional fees incurred by
8 the Debtor's professionals after the Confirmation Date shall be payable in the ordinary course of
9 the Debtor's without the need to seek or obtain Bankruptcy Court approval.

10 **11.12 Close of Case.**

11 This case shall be deemed closed upon entry of a final decree closing this case.
12 Notwithstanding anything to the contrary contained herein, the Proponent shall not be bound by
13 estoppel, or the principles of *res judicata* or collateral estoppel, with respect to any term or
14 provision contained herein in the event the Plan is not confirmed upon the terms and provisions
15 set forth herein.

16 **ARTICLE XII - RETENTION AND PROSECUTION OF CLAIMS**

17 **12.1 Preservation of Debtor's Claims, Demands, and Causes of Action.**

18 In accordance with Bankruptcy Code Section 1123(b)(3), all of the Debtor's claims and
19 causes of action will survive the entry of the Confirmation Order and the Effective Date; they
20 will not be discharged by the Plan; and they will become and remain assets of the reorganized
21 Debtor after the Effective Date.

22 **12.2 Procedure for Determination of Claims.**

23 **12.2.1 Objections to Claims.**

24 Except as to any Claim that has been Allowed prior to the Effective Date, no
25 later than on the sixtieth (60th) day after the Effective Date, the Debtor or any party in interest
26 may object to the allowance of any Claim against the Debtor or seek estimation thereof on any
27 Claim (including any Claim amounts stated in the Plan).

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12.2.2 Disputed Claims.

No payments or other distributions will be made to holders of Claims unless and until such Claims are Allowed Claims pursuant to a Final Order. If a Claim is not an Allowed Claim by or on the Effective Date or when payment is otherwise due under the Plan, payment of the Allowed Claim will be made when a Claim becomes an Allowed Claim after the Effective Date or as otherwise specifically provided in the Plan.

12.2.3 Treatment of Contingent Claims.

Until such time as a contingent Claim or a contingent portion of an Allowed Claim becomes fixed or absolute or is Disallowed, such Claim will be treated as a Disputed Claim for all purposes related to distributions under the Plan. The holder of a contingent Claim will only be entitled to a distribution under the Plan when and if such contingent Claim becomes an Allowed Claim.

12.3 Administrative Claims Bar Date.

Administrative expense proofs of claim requesting payment of administrative costs and expenses incurred prior to the Effective Date pursuant to §§ 507(a)(1) and 503(b) of the Bankruptcy Code (except for professionals employed pursuant to § 327 of the Bankruptcy Code) must be served and filed with the Bankruptcy Court no later than thirty (30) days after the Effective Date; provided, however, that proofs of claim will not be required with respect to any unpaid post-petition operating expenses incurred in the normal course of the Debtor's business prior to the Effective Date. Any such Claim that is not served and filed within this time period will be forever barred. Any Claims for fees, costs, and expenses incurred by any Chapter 11 Professionals after the Confirmation Date will be paid in the ordinary course of the Debtor's and reorganized Debtor's business.

ARTICLE XIII - PROVISIONS GOVERNING DISTRIBUTIONS

13.1 Distributions by Reorganized Debtor.

All Allowed Claims against the Debtor will be paid by the reorganized Debtor according to the Plan.

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1 **13.2 Date of Distributions.**

2 Except as otherwise provided in the Plan, or as may be ordered by the Bankruptcy
3 Court, distributions of Cash as to Allowed Claims as of the Effective Date will be made as of
4 the Effective Date or as otherwise agreed by the respective parties. Authorized distributions to
5 be made as of the Effective Date will be deemed made as of the Effective Date if made on the
6 Effective Date or as promptly thereafter as practicable, but in any event no later than thirty (30)
7 days after the Effective Date. Distributions on account of the disputed portion of Disputed
8 Claims that are allowed after the Effective Date will be made as provided in the Plan and if not
9 so provided no later than thirty (30) days after entry of a Final Order allowing the Claim.

10 **13.3 Delivery of Distributions.**

11 Subject to Bankruptcy Rule 9010, distributions and deliveries to each holder of an
12 Allowed Claim will be made at the address of such holder as set forth on the respective Proof of
13 Claim (or at the last known address of such holder if no Proof of Claim is filed or if the Debtor
14 has been notified of a change of address) as of the last business day prior to the Effective Date.
15 If any holder's distribution is returned as undeliverable, no further distribution to such holder
16 will be made unless and until the reorganized Debtor is notified of such holder's then current
17 address, at which time all missed distributions will be made to such holder without interest. The
18 Debtor will be under no obligation to attempt to locate the holder of any Allowed Claim or to
19 recognize any purported transfer or encumbrance on the rights of holders of Allowed Claims
20 after the Confirmation Date. Amounts of undeliverable distributions attempted by the
21 reorganized Debtor will be retained by the reorganized Debtor until such distributions are
22 claimed or become unclaimed property. All claims for undeliverable distributions will be made
23 on or before the first anniversary of the Effective Date. After such date, all unclaimed property
24 will revert to and become the property of the reorganized Debtor.

25 **13.4 Means of Payment.**

26 Payments made to holders of Allowed Claims pursuant to this Plan will be in United
27 States dollars by checks drawn on the domestic bank selected by the reorganized Debtor, or by
28 wire transfer from a domestic bank, at the option of the reorganized Debtor.

1 **13.5 Setoff.**

2 The reorganized Debtor will, pursuant to § 553 of the Bankruptcy Code or common law
3 rights of setoff and/or recoupment, in the ordinary course of business setoff or assert
4 recoupment against any Allowed Claim, and the distributions to be made pursuant to this Plan
5 on account of such Claim, the claims, rights, and causes of action of any nature that the Debtor
6 may hold against the holder of such Claim; provided, however, that neither the failure to effect
7 such a setoff nor the allowance of any Claim hereunder will constitute a waiver or release by the
8 Debtor of any such claims, rights, and causes of action that the Debtor may possess against such
9 holder.

10 **ARTICLE XIV - GENERAL PROVISIONS**

11 **14.1 Extension of Payment Dates.**

12 If any payment date falls due on any day that is not a Business Day, then such due date
13 will be extended to the next Business Day.

14 **14.2 Notices.**

15 Any notice required or permitted to be provided under the Plan will be in writing and
16 served by regular postage prepaid first-class mail, hand-delivery, facsimile, or e-mail.

17 **14.3 Default.**

18 If the Debtor is unable to perform the terms and conditions of the Plan, then it will be in
19 default. Any creditor may seek to enforce the Plan. Before doing so, the creditor must provide
20 notice to the Debtor specifying the nature of the alleged default and a thirty (30) day period to cure
21 the default. Any notice must be in writing and sent via certified mail to the Debtor at the address
22 on file with the Clerk of this Court and with a copy sent via certified mail to:

23 Thomas H. Allen
24 ALLEN BARNES & JONES, PLC
25 1850 N. Central, Suite 1150
26 Phoenix, Arizona 85004

27 **14.4 Closing of the Case.**

28 At such time as the Plan has been fully administered (*i.e.*, when the Plan has been
substantially consummated), the reorganized Debtor will file an application for Final Order

1 showing that the Plan has been fully administered.

2 **14.5 Exculpation and Limitation of Liability.**

3 Neither the Debtor, nor any of their respective present or former officers, directors,
4 employees, advisors, attorneys, or agents will have or incur any liability to any holder of a
5 Claim or Equity Interest, or any other party-in-interest, or any of their respective agents,
6 employees, representatives, financial advisors, attorneys, or affiliates, or any of their successors
7 or assigns, for any act or omission in connection with, relating to, or arising out of the Chapter
8 11 Case, the extension of credit to the Debtor during the Chapter 11 Case pursuant to debtor-in-
9 possession financing or the use of cash collateral, efforts to obtain confirmation of the Plan, the
10 consummation of the Plan, or the administration of the Plan or the property to be distributed
11 under the Plan, whether now known or hereafter discovered, except for their gross negligence;
12 willful, wanton, or intentional misconduct; or breaches of their fiduciary duties.

13 **14.6 General Injunction.**

14 Except as otherwise expressly provided in this Plan, the Confirmation Order shall
15 provide, among other things, that all parties-in-interest who have held, hold, or may hold Claims
16 are permanently enjoined on and after the Effective Date from: (a) commencing or continuing in
17 any manner any action or other proceeding of any kind with respect to any such Claim against
18 the Debtor or any successor-in-interest of the Debtor, against property of the Debtor, or against
19 property of any successor-in-interest of the Debtor; (b) the enforcement, attachment, collection,
20 or recovery by any manner or means of any judgment, award, decree, or order against the
21 Debtor or any successor-in-interest of the Debtor, property of the Debtor, or against property of
22 any successor-in-interest of the Debtor with respect to any such Claim; (c) creating, perfecting,
23 or enforcing any encumbrance of any kind against the Debtor or any successor-in-interest of the
24 Debtor, against property of the Debtor, or against property of any successor-in-interest of the
25 Debtor with respect to any such Claim; (d) from asserting any setoff, right of subrogation, or
26 recoupment of any kind against any obligation due the Debtor or any successor-in-interest of the
27 Debtor, against property of the Debtor, or against property of any successor-in-interest of the
28 Debtor, with respect to any such Claim; (e) conducting any form of discovery from the Debtor

1 with respect to any such Claim, or any successor-in-interest of the Debtor; and/or (f) harassing
2 the Debtor or any successor-in-interest of the Debtor.

3 **14.7 Interest.**

4 Whenever interest is to be computed under the Plan, interest will be simple interest and
5 not compounded. Unless otherwise specifically provided for in the Plan or the Confirmation
6 Order, post-petition interest shall not accrue or be paid on Claims, and no holder of a Claim will
7 be entitled to interest accruing on or after the applicable Petition Date on any Claim.

8 **14.8 Additional Assurances.**

9 The Debtor and any party-in-interest holding Claims herein will execute such other
10 further documents as are necessary to implement any of the provisions of the Plan.

11 **14.9 Confirmation by Non-Acceptance Method.**

12 The Debtor hereby requests, if necessary, confirmation of the Plan pursuant to § 1129(b)
13 of the Bankruptcy Code with respect to any impaired Class of Claims that does not vote to
14 accept the Plan.

15 **14.10 Vesting.**

16 As of the Effective Date of the Plan, the reorganized Debtor shall retain and be vested
17 with all of the assets of the Estate. All assets retained shall be free and clear of all liens, claims,
18 and interest of creditors and parties-in-interest, except as specifically provided in this Plan.

19 **14.11 Successors and Assigns.**

20 The rights and obligations of any Creditor or other party-in-interest referred to in the
21 Plan will be binding upon, and will inure to the benefit of, the successors, assigns, heirs,
22 devisees, executors, and personal representatives of such Creditor or party-in-interest.

23 **14.12 Withdrawal of Plan.**

24 The Plan may be withdrawn or revoked by the Debtor at any time before entry of the
25 Confirmation Order.

26 **14.13 Severability and Reformation.**

27 It is the intention of Debtor to comply fully with the Bankruptcy Code and applicable
28 non-bankruptcy law in proposing the Plan. Therefore, if any provision of the Plan is determined

1 by the Bankruptcy Court to be contrary to the Bankruptcy Code or applicable non-bankruptcy
2 law, that provision will be deemed severed and automatically deleted from the Plan, if it cannot
3 be reformed or the provision or its interpretation will be deemed reformed to ensure
4 compliance; provided, however, that nothing contained in this paragraph will prevent the Debtor
5 from modifying the Plan in any manner whatsoever in accordance with and as set forth in the
6 Plan. Pursuant to any ruling by the Bankruptcy Court regarding the subject matter of this
7 paragraph, any such severance or reformation will be stated specifically in the Confirmation
8 Order, which then will control notwithstanding any contrary or inconsistent provisions of the
9 Plan.

10 **14.14 Prohibition Against Prepayment Penalties.**

11 If the reorganized Debtor so choose, in their sole and absolute discretion, to prepay any
12 obligation on which deferred payments are provided for under the Plan, the reorganized Debtor
13 will not be liable or subject to the assessment of any prepayment penalty thereon unless
14 otherwise ordered by the Bankruptcy Court.

15 **14.15 Payment of Statutory Fees and Filing of Quarterly Reports.**

16 All fees payable pursuant to 28 U.S.C. § 1980, as determined by the Bankruptcy Court
17 at or in conjunction with the Confirmation Hearing, will be paid on or before the Effective Date
18 and, thereafter, in accordance with applicable bankruptcy law. All quarterly reports of
19 disbursements required to be filed by applicable bankruptcy law will be filed in accordance with
20 applicable bankruptcy law.

21 **14.16 Governing Law.**

22 Except to the extent that the Bankruptcy Code is applicable, the rights and obligations
23 arising under this Plan shall be governed by, construed, and enforced in accordance with, and
24 subject to, the laws of the State of Arizona, excluding any laws that result in the application of
25 the laws of another jurisdiction.

26 **14.17 Special Tax Issues.**

27 The issuance, transfer, or exchange of a security as defined under the Bankruptcy Code
28 or applicable law, or the making or delivery of any instrument of transfer under this Plan, shall

1 not be taxed under any state or local law imposing a stamp tax or similar tax as provided in
2 Section 1146 of the Bankruptcy Code.

3 **14.18 Conflicts Between Plan and Confirmation Order.**

4 In the event the terms of this Plan and the Confirmation Order conflict, the terms of the
5 Confirmation Order shall govern.

6 RESPECTFULLY SUBMITTED this 25th day of April, 2016.

7 **Roadrunner Grocers, Inc.**

8 /s/ Steven Poole
9 Steven Poole

10 **APPROVED AS TO FORM AND CONTENT:**

11 **ALLEN BARNES & JONES, PLC**

12
13 *By:* /s/ THA #11160
14 Thomas H. Allen
15 1850 N. Central Avenue, Suite 1150
16 Phoenix, Arizona 85004
17 Attorneys for Debtor
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Exhibit “B”

Roadrunner Grocers, Inc.
Case No.: 0:15-bk-13816-SHG
5 YEAR PROJECTIONS

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Revenue | \$1,699,007.00 | \$1,783,957.35 | \$1,873,155.22 | \$1,966,812.98 | \$2,065,153.63 |
| Expenses | | | | | |
| Sales tax | \$49,407.00 | \$51,877.35 | \$54,471.22 | \$57,194.78 | \$60,054.52 |
| Inventory | \$953,000.00 | \$1,000,650.00 | \$1,050,682.50 | \$1,103,216.63 | \$1,158,377.46 |
| Freight & Shipping | \$17,840.00 | \$18,732.00 | \$19,668.60 | \$20,652.03 | \$21,684.63 |
| Diesel & Gas (cost and tax) | \$73,956.38 | \$77,654.20 | \$81,536.91 | \$85,613.75 | \$89,894.44 |
| Lottery | \$93,000.00 | \$97,650.00 | \$102,532.50 | \$107,659.13 | \$113,042.08 |
| NBAZ 9002 Loan-per original contract | \$8,814.84 | \$8,814.84 | \$8,814.84 | \$8,814.84 | \$8,814.84 |
| Quartzsite Property Lease | \$43,284.00 | \$45,448.20 | \$47,720.61 | \$50,106.64 | \$52,611.97 |
| Quartzsite Property Tax | \$6,998.80 | \$7,348.74 | \$7,716.18 | \$8,101.99 | \$8,507.09 |
| Employee Salaries & Wages | \$184,360.00 | \$193,578.00 | \$203,256.90 | \$213,419.75 | \$224,090.73 |
| Employer Tax Obligations | \$20,750.00 | \$21,787.50 | \$22,876.88 | \$24,020.72 | \$25,221.75 |
| Worker's Comp Insurance | \$4,254.25 | \$4,466.96 | \$4,690.31 | \$4,924.83 | \$5,171.07 |
| Bouse Property Tax | \$2,320.08 | \$2,436.08 | \$2,557.89 | \$2,685.78 | \$2,820.07 |
| Uniforms | \$3,000.00 | \$3,150.00 | \$3,307.50 | \$3,472.88 | \$3,646.52 |
| Office Expenses | \$4,300.00 | \$4,515.00 | \$4,740.75 | \$4,977.79 | \$5,226.68 |
| Store supplies | \$10,400.00 | \$10,920.00 | \$11,466.00 | \$12,039.30 | \$12,641.27 |
| Store Maintenance | \$12,900.00 | \$13,545.00 | \$14,222.25 | \$14,933.36 | \$15,680.03 |
| Equipment Repair & Maintenance | \$41,227.32 | \$43,288.69 | \$45,453.12 | \$47,725.78 | \$50,112.07 |
| Utilities | \$67,500.00 | \$70,875.00 | \$74,418.75 | \$78,139.69 | \$82,046.67 |
| Utility Assurance Payment | \$7,820.00 | \$8,211.00 | \$8,621.55 | \$9,052.63 | \$9,505.26 |
| POS Hardware & Software | \$8,931.00 | \$9,377.55 | \$9,846.43 | \$10,338.75 | \$10,855.69 |
| Banking Expense | \$6,900.00 | \$7,245.00 | \$7,607.25 | \$7,987.61 | \$8,386.99 |
| CC/Check Processing fees, etc | \$1,350.00 | \$1,417.50 | \$1,488.38 | \$1,562.79 | \$1,640.93 |
| Travel & entertainment | \$3,600.00 | \$3,780.00 | \$3,969.00 | \$4,167.45 | \$4,375.82 |
| Vehicle expenses | \$8,900.00 | \$9,345.00 | \$9,812.25 | \$10,302.86 | \$10,818.01 |
| Charitable Donation | \$1,300.00 | \$1,365.00 | \$1,433.25 | \$1,504.91 | \$1,580.16 |
| InterTribal Council of AZ | \$500.00 | \$525.00 | \$551.25 | \$578.81 | \$607.75 |
| Insurance | \$18,041.50 | \$18,943.58 | \$19,890.75 | \$20,885.29 | \$21,929.56 |
| Cardboard Baler (lease) | \$3,540.00 | \$3,717.00 | \$3,902.85 | \$4,097.99 | \$4,302.89 |
| Total Expenses | \$1,658,195.17 | \$1,741,104.93 | \$1,828,160.17 | \$1,919,568.18 | \$2,015,546.59 |
| Profit | \$40,811.83 | \$42,852.42 | \$44,995.04 | \$47,244.79 | \$49,607.03 |
| New Value | \$20,000.00 | | | | |
| Total Funds Available | \$60,811.83 | \$42,852.42 | \$44,995.04 | \$47,244.79 | \$49,607.03 |
| Plan Payments | | | | | |
| Class I Admin Claims | 10,000.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Class II(a) ADOR | \$15.44 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Class II(b) IRS | \$1,189.00 | \$1,189.00 | \$1,189.00 | \$1,189.00 | \$1,189.00 |
| Class II(c) Overtime Wages | \$337.50 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Class III(a) NBAZ 9001 Loan | \$6,135.73 | \$6,135.73 | \$6,135.73 | | |
| Class III(b) NBAZ 9002 Loan* | - | - | - | - | - |
| Class III(c) Firefighters CU | \$2,717.35 | \$2,717.35 | \$2,717.35 | \$2,717.35 | \$2,717.35 |
| Class III(d) Forwardline | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Class III(e) ADOR | \$2,480.16 | \$2,480.16 | \$2,480.16 | \$2,480.16 | \$2,480.16 |
| Class IV General Unsecured Claims | \$5,000.00 | \$5,000.00 | \$5,000.00 | \$5,000.00 | \$5,000.00 |
| Total Plan Payments | \$27,875.19 | \$17,522.25 | \$17,522.25 | \$11,386.51 | \$11,386.51 |

*NBAZ will continue to receive monthly payments at the contract rate. See NBAZ 9002 Loan listed as an Expense above.

Exhibit “C”

Roadrunner Grocers, Inc.
Case No.: 0:15-bk-13816-SHG
LIQUIDATION ANALYSIS

| REAL PROPERTY | ESTIMATED LIQUIDATION VALUE | LIEN | COSTS OF SALE | POTENTIAL VALUE FOR ESTATE IN A LIQUIDATION |
|---|-----------------------------|-------------|---------------|---|
| Commercial Property, 27646 Hwy 72, Bouse, AZ | \$115,000.00 | \$97,204.29 | \$11,500.00 | \$6,295.71 |
| | | | | \$0.00 |
| PERSONAL PROPERTY | | | | \$0.00 |
| Horizon Comm Bank -0998 | \$241.08 | | | \$241.08 |
| Horizon Comm Bank -2045 (lotto acct) | \$0.00 | | | \$0.00 |
| National Bank of Arizona -0701 | \$337.66 | | | \$337.66 |
| Class 9 Liquor License (Quartzsite)* | \$28,000.00 | \$12,308.33 | | \$15,691.67 |
| Beer & Wine License (Bouse) | \$0.00 | | | \$0.00 |
| Lottery License (Quartzsite) | \$0.00 | | | \$0.00 |
| Lottery License (Bouse) | \$0.00 | | | \$0.00 |
| Fixtures | \$50,000.00 | | \$5,000.00 | \$45,000.00 |
| Equipment | \$7,500.00 | | \$750.00 | \$6,750.00 |
| Inventory | \$15,000.00 | | \$1,500.00 | \$13,500.00 |
| TOTAL | | | | \$87,816.12 |
| Minus secured claim of NBAZ 9001 Loan | | | | \$74,330.67 |
| To be paid toward Firefighters Credit Union's \$150,006.50 secured claim** | | | | \$13,485.45 |
| TOTAL AMOUNT AVAILABLE IN A LIQUIDATION: | | | | \$0.00 |
| * ADOR has a first position lien in the liquor license of \$12,308.33. | | | | |
| **Firefighters Credit Union will have an Allowed Secured Claim in the amount of \$13,485.45 on its 3rd position lien. The balance will be paid as a Class IV General Unsecured Claim. | | | | |