

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION**

IN RE:

GLC LIMITED,

*** CHAPTER 11**

*** JUDGE HOPKINS**

DEBTOR.

*** CASE NO. 11-11090**

*** * * * ***

**DISCLOSURE STATEMENT OF DEBTOR
PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE
WITH REGARD TO CHAPTER 11 PLAN OF LIQUIDATION**

Dated: June 27, 2011

FROST BROWN TODD LLC

Ronald E. Gold, Esq.
Joseph B. Wells, Esq.
2200 PNC Center
201 East Fifth Street
Cincinnati, Ohio 45202
Telephone: (513) 651-6800

ATTORNEYS FOR THE DEBTOR AND DEBTOR IN POSSESSION

**THIS PROPOSED DISCLOSURE STATEMENT HAS NOT YET BEEN
APPROVED BY THE BANKRUPTCY COURT. THUS, THE FILING AND
DISSEMINATION OF THIS PROPOSED DISCLOSURE STATEMENT SHOULD NOT
BE CONSTRUED AS AN AUTHORIZED SOLICITATION OF VOTES ON THE PLAN
OF LIQUIDATION UNDER 11 U.S.C. § 1125 OR OTHERWISE.**

TABLE OF CONTENTS

GLOSSARY OF TERMS	1
I. INTRODUCTION	1
A. Exhibits and Schedules to the Disclosure Statement.	2
B. Disclosure Statement Order.	2
C. Classification of Claims and Interests.....	3
D. Holders of Claims Entitled to Vote.....	3
E. Voting Procedures.....	4
F. Confirmation Hearing.	5
II. BACKGROUND OF THE DEBTOR	7
A. General Overview of the Debtor’s Businesses.	7
III. EVENTS IN THE CHAPTER 11 CASE.....	10
A. Bankruptcy Filing And First Day Orders.....	10
B. Official Committee in this Chapter 11 Case.	11
C. Retention of Legal Counsel and Financial Professionals.	11
D. Asset Dispositions.....	12
E. Meeting of Creditors.	12
F. Schedules and Statements.	12
G. Crabtree Adversary Proceeding.	12
IV. THE PLAN	13
A. Administrative Expense Claims.....	13
B. Administrative Claims Bar Date.....	14
C. Priority Tax Claims.....	14
D. Priority Claims.....	15

E.	Fee Claims.	15
F.	Treatment of Claims Against and Interests in the Debtor.....	15
G.	Distributions Under the Plan.....	17
H.	Treatment of Disputed Claims.....	19
I.	Executory Contracts and Unexpired Leases.	20
J.	Plan Administrator.....	21
K.	The Oversight Committee.....	25
L.	Confirmation Process.....	25
M.	Acceptance.....	27
N.	Unfair Discrimination and Fair and Equitable Tests.	27
O.	Feasibility.....	28
P.	Miscellaneous Requirements.	28
Q.	Best Interests Test.	28
R.	Effect of Confirmation of the Plan.....	30
S.	Consummation.	34
T.	Conditions to Effective Date; Modification or Revocation of the Plan.....	35
V.	RISK ASSOCIATED WITH THE PLAN.....	35
A.	Parties in interest may object to the Debtor’s classification of Claims.	35
B.	The commencement of the Chapter 11 Case may have negative implications under certain contracts of the Debtor.	36
C.	The Plan Proponent may not be able to secure confirmation of the Plan.	36
D.	The Plan Proponent may object to the amount or classification of your Claim.....	36
E.	The information in this Disclosure Statement is based on estimates, which may turn out to be incorrect.	37

VI.	CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN	37
VII.	ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN	38
A.	Liquidation Under Chapter 7.	38
B.	Alternative Plan of Reorganization.....	38
VIII.	CONCLUSION AND RECOMMENDATION.....	39

THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT, AND THEREFORE THE FILING AND DISSEMINATION OF THIS PROPOSED DISCLOSURE STATEMENT IS NOT INTENDED TO BE, OR SHOULD IT BE CONSTRUED AS, AN AUTHORIZED SOLICITATION PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3017 OF BANKRUPTCY RULES.

GLOSSARY OF TERMS

For purposes of this Disclosure Statement, all capitalized terms used but not defined in this Disclosure Statement shall have the meaning given them in the Plan.

I. INTRODUCTION

GLC Limited, as debtor and debtor in possession (the “Plan Proponent”) submits this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code to holders of Claims against and Interests in the Debtor in connection with (i) the solicitation of votes to accept or reject the Plan, a copy of which is attached hereto and incorporated herein as **Exhibit A**, filed with the Bankruptcy Court by the Plan Proponent and (ii) the hearing to consider confirmation of the Plan scheduled for _____, 2011, commencing at _____ .m. prevailing Eastern Time.

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, the Debtor is authorized to reorganize or liquidate its business for the benefit of itself, its creditors and its equity interest holders. In addition to permitting the rehabilitation of the Debtor, another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated equity interest holders with respect to the distribution of a debtor’s assets.

The commencement of the Chapter 11 Case creates an estate that is comprised of all of the legal and equitable interests of the Debtor as of the commencement date. The Bankruptcy Code provides that the Debtor may continue to operate its business and remain in possession of its property as a “debtor in possession.”

The consummation of the Plan is the principal objective of a chapter 11 reorganization case. The Plan sets forth the means for satisfying claims against and interests in the Debtor. Confirmation of the Plan by the Bankruptcy Court binds the Debtor, any person acquiring property under the Plan, any creditor or equity interest holder of the Debtor and any other person or entity as may be ordered by the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code.

Certain holders of claims against and interests in the Debtor are permitted to vote to accept or reject the Plan. Prior to soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the Debtor to prepare this Disclosure Statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding the Plan. Chapter 11 does not require that each holder of

a claim against or interest in the Debtor vote in favor of the Plan in order for the Plan to be confirmed. At a minimum, however, the Plan must be accepted by at least one class of claims impaired under the Plan, such acceptance being made by the holders of a majority in number and two-thirds in amount of the claims actually voting in such class. The Plan Proponent is submitting this Disclosure Statement to holders of Claims against and Interests in the Debtor to satisfy the requirements of section 1125 of the Bankruptcy Code.

The Plan is a plan of liquidation. The Plan shall be funded through the effective collection and liquidation of the Remaining Assets of the Debtor by the Plan Administrator into Cash for the benefit of Creditors of the Debtor. Descriptions of the Plan Administrator and the Remaining Assets are set forth in this Disclosure Statement.

The Plan is the result of careful and lengthy review and analysis of the Debtor's assets, Causes of Action and numerous alternatives by the Debtor and its advisors. The Plan also represents the result of significant and meaningful discussions and negotiations between the Debtor and the Committee.

A. Exhibits and Schedules to the Disclosure Statement.

Attached as Exhibits to this Disclosure Statement are the following documents:

- The Plan (**Exhibit A**)
- Order of the Bankruptcy Court dated _____, 2011 (the "**Disclosure Statement Order**"), among other things, approving this Disclosure Statement and establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan (**Exhibit B**)
- Potential Parties for Causes of Action (**Exhibit C**)
- Liquidation Analysis (**Exhibit D**)

In addition, a ballot for voting on the Plan is enclosed with this Disclosure Statement distributed to the holders of Claims that are entitled to vote to accept or reject the Plan.

B. Disclosure Statement Order.

On _____, 2011, after notice and a hearing, the Bankruptcy Court entered the Disclosure Statement Order, a copy of which is attached hereto as **Exhibit B**, approving this Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable hypothetical, reasonable investors typical of the Debtor's creditors to make an informed judgment whether to accept or reject the Plan. **APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.**

The Disclosure Statement Order sets forth in detail the deadlines, procedures, and instructions for voting to accept or reject the Plan and for filing objections to confirmation of the Plan, the record date for voting purposes, and the applicable standards for tabulating ballots. In addition, detailed voting instructions accompany each ballot. Each holder of a Claim entitled to

vote on the Plan should read this Disclosure Statement, the Plan, the Disclosure Statement Order, and the instructions accompanying the ballot in their entirety before voting on the Plan. These documents contain important information concerning the classification of Claims for voting purposes and the tabulation of votes. No solicitation of votes to accept the Plan may be made except pursuant to section 1125 of the Bankruptcy Code.

C. Classification of Claims and Interests.

Section 1122 of the Bankruptcy Code requires that the Plan classify the claims of the Debtor's creditors and the interests of its equity holders. The Bankruptcy Code also provides that, except for certain claims classified for administrative convenience, a plan may place a claim of a creditor or an interest of an equity holder in a particular class only if such claim or interest is substantially similar to the other claims or interest of such class. The Bankruptcy Code also requires that a plan provide the same treatment for each claim or interest agrees to a less favorable treatment of its claim or interest.

The Plan Proponent believes that the Plan has classified all Claims against and Interests in the Debtor in compliance with the requirements of the Bankruptcy Code. A detailed discussion of the classification treatment of Claims and Interest is set forth in this Disclosure Statement.

D. Holders of Claims Entitled to Vote.

Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims or equity interests in classes of claims or equity interests that are impaired and that are not deemed to have rejected the Plan are entitled to vote to accept or reject the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, classes of claims or equity interests in which the holders of claims or equity interests are unimpaired under the Plan are deemed to have accepted the plan and are not entitled to vote to accept or reject the Plan. Pursuant to section 1126(g) of the Bankruptcy Code, classes of claims or equity interests in which the holders of claims or equity interests will receive no recovery under the Plan are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

The Bankruptcy Code defines "acceptance" of the Plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan. Holders of Class 1 Claims are unimpaired and are thus deemed to accept the Plan. Class 2 is impaired. Thus, acceptance of the Plan by Class 2 will occur only if at least two-thirds in dollar amount and a majority in number of the holders of Allowed Class 2 Claims that cast their ballots in favor of acceptance of the Plan. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code. For a more detailed description of the requirements for confirmation of the Plan, see this Disclosure Statement.

If a Class of Claims entitled to vote on the Plan rejects the Plan, the Plan may be confirmed pursuant to section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code permits the confirmation of the Plan notwithstanding the nonacceptance of the

Plan by one or more impaired classes of claims or equity interests. Under section 1129(b) of the Bankruptcy Code, the Plan may be confirmed by the Bankruptcy Court if it does not “discriminate unfairly” and is “fair and equitable” with respect to each nonaccepting class. A more detailed description of the requirements for confirmation of a nonconsensual plan is set forth in this Disclosure Statement. As discussed below, Classes 3 and 4 are deemed to reject the Plan. In view of the deemed rejection of the Plan by Classes 3 and 4, the Debtor will request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code. If any other impaired Class under the Plan fails to accept the Plan in accordance with section 1129(a)(8) of the Bankruptcy Code, the Debtor reserves the right to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to such rejecting Class(es).

E. Voting Procedures.

If you are entitled to vote to accept or reject the Plan, a ballot is enclosed for the purpose of voting on the Plan. If you hold Claims in more than one Class and you are entitled to vote Claims in more than one class, you will receive separate ballots, which must be used for each separate Class of Claims. Each ballot contains detailed instructions for completing and submitting the ballot. Please vote and return your ballot(s) to the respective location specified in the instructions accompanying each ballot.

DO NOT RETURN ANY NOTES OR OTHER SECURITIES WITH YOUR BALLOT.

TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE FORWARDED IN ACCORDANCE WITH THE ACCOMPANYING INSTRUCTIONS IN SUFFICIENT TIME FOR IT TO BE RECEIVED BY COUNSEL FOR THE DEBTOR, FROST BROWN TODD LLC, 2200 PNC CENTER, 201 EAST FIFTH STREET, CINCINNATI, OHIO 45202, ATTN: RONALD E. GOLD, NO LATER THAN 4:00 P.M., PREVAILING EASTERN TIME, ON _____, 2011. PLEASE FOLLOW CAREFULLY THE INSTRUCTIONS CONTAINED IN YOUR BALLOT. ANY EXECUTED BALLOT RECEIVED THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN SHALL NOT BE COUNTED.

Any Claim in an impaired Class as to which an objection or request for estimation is pending or which is scheduled by the Debtor as unliquidated, disputed, or contingent and for which no proof of claim has been filed is not entitled to vote unless the holder of such Claim has obtained an order of the Bankruptcy Court temporarily allowing such Claim for the purpose of voting on the Plan.

If you are a holder of a Claim entitled to vote on the Plan and you did not receive a ballot, received a damaged ballot, or lost your ballot, or if you have any questions concerning this Disclosure Statement or the Plan, please contact Ronald E. Gold at (513) 651-6800.

F. Confirmation Hearing.

Pursuant to section 1128 of the Bankruptcy Code, the Confirmation Hearing will be held on _____, 2011, commencing at _____ .m. prevailing Eastern Time, before the Honorable Jeffery P. Hopkins, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of Ohio, 411 U.S. Courthouse, U.S. Bankruptcy Court, Atrium Two Suite 800, 221 East Fourth Street, Cincinnati, Ohio 45202.

PURSUANT TO THE DISCLOSURE STATEMENT ORDER, THE BANKRUPTCY COURT HAS DIRECTED THAT OBJECTIONS, IF ANY, TO CONFIRMATION OF THE PLAN MUST BE IN WRITING, AND: (A) STATE THE NAME AND ADDRESS OF THE OBJECTING PARTY AND THE NATURE OF THE CLAIM OR INTEREST OF SUCH PARTY; (B) STATE WITH PARTICULARITY THE LEGAL AND FACTUAL GROUNDS OF ANY OBJECTION OR PROPOSED MODIFICATION; (C) PROVIDE, WHERE APPLICABLE, THE SPECIFIC TEXT THAT THE OBJECTING PARTY BELIEVES TO BE APPROPRIATE TO INSERT INTO THE PLAN; AND (D) BE FILED, TOGETHER WITH PROOF OF SERVICE, WITH THE BANKRUPTCY COURT AND SERVED ON: (I) COUNSEL FOR THE DEBTOR, FROST BROWN TODD LLC, 2200 PNC CENTER, 201 EAST FIFTH STREET, CINCINNATI, OHIO 45202, ATTN: RONALD E. GOLD; (II) THE OFFICE OF THE UNITED STATES TRUSTEE, ATTN: MONICA KINDT, 36 EAST SEVENTH STREET, SUITE 2030, CINCINNATI, OHIO 45202 AND (III) COUNSEL FOR THE COMMITTEE, FRANK DEBORDE, MORRIS, MANNING, AND MARTIN, LLP, 1600 ATLANTA FINANCIAL CENTER, 3343 PEACHTREE ROAD, NE, ATLANTA, GA 30326; SUCH AS TO BE ACTUALLY RECEIVED NO LATER THAN 4:00 P.M. PREVAILING EASTERN TIME ON _____, 2011, UNLESS AN OBJECTION IS TIMELY FILED AND SERVED AS PROVIDED HEREIN, IT MAY NOT BE CONSIDERED AT THE CONFIRMATION HEARING.

The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF. HOLDERS OF CLAIMS AND INTERESTS SHOULD CAREFULLY READ THIS DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING THE PLAN, PRIOR TO VOTING ON THE PLAN.

THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED WITH, REVIEWED, OR APPROVED OR DISAPPROVED BY, THE SECURITIES AND EXCHANGE COMMISSION, AND THE COMMISSION HAS NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND INTERESTS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING. THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, AND NOTHING STATED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTOR OR HOLDERS OF CLAIMS OR INTERESTS. CERTAIN OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. ALL HOLDERS OF CLAIMS SHOULD CAREFULLY READ AND CONSIDER FULLY THE RISK FACTORS SET FORTH IN ARTICLE V OF THIS DISCLOSURE STATEMENT BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

SUMMARIES OF CERTAIN PROVISIONS OF AGREEMENTS REFERRED TO IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, THE FULL TEXT OF THE APPLICABLE AGREEMENT, INCLUDING THE DEFINITIONS OF TERMS CONTAINED IN SUCH AGREEMENT.

THE DEBTOR BELIEVES THAT THE PLAN WILL ACCOMPLISH THE OBJECTIVES OF CHAPTER 11 AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTOR, ITS CHAPTER 11 ESTATE, AND ITS CREDITORS.

NO REPRESENTATIONS OR ASSURANCES, IF ANY, CONCERNING THE DEBTOR (INCLUDING, WITHOUT LIMITATION, ITS FUTURE BUSINESS OPERATIONS) OR THE PLAN ARE AUTHORIZED BY THE DEBTOR AND/OR THE COMMITTEE OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE BY ANY PERSON TO SECURE YOUR VOTE THAT ARE OTHER THAN HEREIN CONTAINED SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE PLAN PROPONENT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THIS IS A SOLICITATION SOLELY BY THE DEBTOR AND IS NOT A SOLICITATION BY ANY SHAREHOLDER, ATTORNEY, OR ACCOUNTANT FOR THE DEBTOR OR THE COMMITTEE. THE REPRESENTATIONS, IF ANY, MADE HEREIN ARE THOSE OF THE DEBTOR AND NOT OF SUCH SHAREHOLDERS, ATTORNEYS, OR ACCOUNTANTS, EXCEPT AS MAY BE OTHERWISE SPECIFICALLY AND EXPRESSLY INDICATED.

THE DEBTOR URGES CREDITORS TO VOTE TO ACCEPT THE PLAN.

II. BACKGROUND OF THE DEBTOR

A. General Overview of the Debtor's Businesses.

1. Ownership and Purpose

The Debtor is a limited liability company that was organized under the laws of the State of West Virginia in March 2004. The Debtor has its principal place of business at 402 State Street, Proctorville, Ohio 45669. The Debtor is a retail liquidation company, with its principal business being the sale and/or redistribution of wholesale retail consumer products. The Debtor maintains warehouses in Huntington, West Virginia and Columbus, Ohio. In addition to the above-referenced warehouse, the Debtor maintained retail locations in (1) Proctorville, Ohio; (2) Huntington, West Virginia; (3) Nitro, West Virginia; (4) LeSage, West Virginia; and (5) Pigeon Forge, Tennessee.

The Debtor currently uses, or has used at various times since its formation, the following trade names or "d/b/a" names: GLC Limited, Inc., Global Liquidation Center, Global Liquidations, Global Liquidation LLC, GLC Discount, GLC Wholesale, ShopGLC, GLC Unlimited, Dan's Sporting Goods, Dan's Sports Shop, Trustworthy Hardware Store, Lailah's Mini Mart and DJs Mini Market.

Gregory and Linda Crabtree are the sole shareholders of the Debtor and, until February 21, 2011, Gregory and Linda Crabtree, as the directors, officers, and shareholders of GLC, had primary responsibility for the assets and operation of GLC. Prior to February 2011, the Debtor had retained James R. Burritt of Mainstream Management as the Chief Restructuring Officer of the Debtor.

Pursuant to a letter from L. David Duffield, counsel for Gregory and Linda Crabtree, dated February 21, 2011, the Debtor was advised that Gregory and Linda Crabtree resigned as directors, officers and employees of the Debtor. Gregory and Linda Crabtree were not asked to resign by the Debtor nor were they terminated by the Debtor but instead resigned from such positions on their own volition.

2. Investment Scheme

In order to fund and operate the Debtor's operations, Gregory and Linda Crabtree were required to obtain capital from outside lenders or investors. Following the Debtor's formation, Gregory and Linda Crabtree solicited others to invest in the Debtor who received commissions of approximately 15%-20% of all investments arranged or solicited from individuals to the Debtor. Based upon the Debtor's investigation, the Debtor believes that these parties solicited investments from roughly 100 individuals and entities to the Debtor.

Based upon the Debtor's investigation, the Debtor believes that investors were often told that the money that they were investing in the Debtor would be used to purchase inventory which the Debtor would then sell in its retail stores or on eBay resulting in significant return on

investment to the investors. Based upon preliminary financial analysis for the calendar years 2007 through 2010, a disparity exists between amounts invested in the Debtor by the investors and the actual inventory purchase by the Debtor:

	Investor Money	Inventory Purchased
2007	799,000	775,000
2008	12,349,000	2,100,000
2009	33,411,000	5,281,000
2010	35,357,000	3,637,000
Total	\$81,916,000	\$11,793,000

Based upon the Debtor's investigation, the majority of the investments solicited from individual investors to the Debtor were secured by notes given by the Debtor to the investors. The terms for each investment in the Debtor were substantially similar. Investors generally agreed to invest in the Debtor funds for 6 months to 1 year at interest rates ranging from 50-70% per annum. Principal and interest were generally paid upon maturity of the note. As initial notes became due, the Debtor was required to secure ever-increasing investments from new investors. Increasing volumes of new money was necessary in order to ensure that the Debtor would have sufficient funds available to repay prior principal investments, satisfy the interest rates promised to such investors, and to pay the commissions claimed to be due to various third parties. The investment scheme thus relied upon the continuous influx of additional investors prepared to offer increasing investments.

The Debtors' investment scheme rendered the Debtor insolvent soon after it was commenced, that insolvency deepened as the Debtor was required to solicit ever-increasing investments from an ever-increasing numbers of investors. Eventually the Debtor was unable to secure the volume of new investments necessary to maintain the investment scheme and the Debtor defaulted on its financial obligations, including outstanding notes to investors.

Since 2008, the Debtor has made payment(s) to many of the investors, using funds invested by other investors. According to the books and records of the Debtor, as of the Petition Date, the Debtor has made payments to certain investors in the approximate aggregate amount of not less than \$68,000,000.

3. Financial Summary

(a) As of the Petition Date, the Debtor's Schedules and Statement of Financial Affairs reflected estimated assets totaling \$18,231,434.06¹ and liabilities totaling

¹ Exclusive of Causes of Action.

\$28,095,356.25. These amounts were based upon a review of the Debtor's books and records by the newly retained chief restructuring officer of the Debtor. Based upon subsequent marketing efforts by the Debtor and its chief restructuring officer, the Debtor determined that realizable value of those assets, once again excluding potential recoveries from Causes of Action, is significantly less than what was reflected on the books and records when the chief restructuring officer was retained by the Debtor's former officers, directors and senior management.

(b) During calendar year 2010, the Debtor had gross sales of approximately \$3,742,000 and operating losses of approximately \$2,223,000. In addition, the Debtor received new investments in calendar year 2010 of approximately \$34,700,000 and made payments to investors of approximately \$34,200,000 in calendar year 2010.

(c) As of the Petition Date, the cash balance in the Debtor's accounts was approximately \$26,735.48. As of the date of this Disclosure Statement, the cash balance in the debtor-in-possession account(s) was approximately \$103,545.20.

(d) As of the Petition Date, the Debtor's estimated trade accounts receivable were approximately \$14,909.68, plus \$568,000 owing to the Debtor by Greg and Linda Crabtree.

(e) As of the Petition Date, the Debtor's records indicate that it had inventory of approximately \$980,000. As of the date of this Disclosure Statement, the Debtor has sold the majority of its inventory.

(f) As of the Petition Date, the Debtor owned various office equipment, computers, maintenance equipment and office furniture and furnishings. The Debtor estimated that the net book value of such equipment as of the Petition Date totaled approximately \$20,000.

4. Liabilities.

(a) Secured Liabilities. As of the Petition Date, the Debtor scheduled secured claims in the aggregate amount of \$255,899.64. As of the Bar Date, Secured Claims totaling \$176,808.05 were filed with the Bankruptcy Court. The Debtor believes that many of these claims may not be properly perfected under applicable law. These purported secured claims will be subject to objections filed by the Debtor and to the extent that they are not properly perfected under applicable law, will be reclassified.

(b) Unsecured Priority Claims. As of the Petition Date, the Debtor scheduled unsecured priority claims of \$69,000.43 and as the date of this Disclosure Statement, priority claims have been filed in an approximate aggregate amount of \$129,922.12. The Debtor believes that many of these claims will be the subject of objections before distributions are made to the holders of such claims. However, the Debtor cannot state with any degree of certainty the amount of such claims which will ultimately become Allowed Claims.

(c) Unsecured Non Priority Claims. As of the Petition Date, the Debtor believed its unsecured nonpriority claims to be approximately \$27,770,456.18. As of the Bar Date, unsecured claims totaling \$40,752,573.96 were filed with the Bankruptcy Court. The Debtor is attempting to reconcile the filed Claims with the Claims listed on the Schedules. The Debtor believes that the total amount of Class 2 Claims will be dependent on the outcome of the claim objection process.

III. EVENTS IN THE CHAPTER 11 CASE

A. Bankruptcy Filing And First Day Orders.

On the Petition Date, the Debtor filed its voluntary petition under chapter 11 of the Bankruptcy Code. In connection with its chapter 11 petition, the Debtor filed a number of initial motions requesting relief designed to minimize the disruption of the Debtor's operations and to facilitate a successful reorganization. Specifically, the Debtor filed certain motions seeking, among other things, authorization to:

- Motion of the Debtor for Entry of an Order (A) Scheduling an Expedited Hearing On First Day Motions and Applications Filed by the Debtor and (B) Approving the Form and Manner of Notice Thereof [DN 10]
- Motion of the Debtor for an Order Waiving Compliance with Local Bankruptcy Rule 9013-2 in Connection with Certain First Day Motions and Applications [DN 4]
- Motion for Entry of an Order Granting the Debtor Additional Time Within Which to File Schedules and Statements [DN 5]
- Motion of the Debtor for an Order (A) Authorizing the Debtor to (1) Pay and Honor Certain Pre-Petition Claims for (i) Wages, Salaries, Employee Benefits and Other Compensation, (ii) Withholdings and Deductions and (iii) Reimbursable Expenses; (2) Continue to Provide Certain Employee Benefits in the Ordinary Course of Business; (3) Pay All Related Costs and Expenses; and (B) Directing Banks to Receive, Process, Honor and Pay all Checks Presented for Payment and Electronic Payment Requests Relating to the Foregoing [DN 6]
- Motion of the Debtor for Entry of an Order under 11 U.S.C. §§ 105(a) and 366 (i) Prohibiting Utilities from Discontinuing, Altering, or Refusing Service, (ii) Establishing Procedures for Determining Adequate Assurances of Payment, and (iii) Establishing Procedures for Utilities to Opt Out of the Debtor's Proposed Procedures for Adequate Assurance [DN 7]
- Motion of the Debtor for Entry of an Order (a) Authorizing the Debtor to Remit and Pay Sales, Use, and Franchise Taxes and Certain Other Government Charges and (b) Approving Related Relief [DN 8]

- Emergency Motion of the Debtor for Entry of Interim and Final Orders (A) Authorizing Use of Cash Collateral; (B) Granting Adequate Protection; and (C) Granting Related Relief [DN 9]
- Motion of the Debtor for Entry of an Order (I) Authorizing Temporary Use of Pre-Petition Bank Accounts, (II) Allowing Payment of Certain Checks Presented for Payment Prepetition and (III) directing Banks to Process, Honor and Pay Certain Checks Presented for Payment Prepetition [13]
- Affidavit of James R. Burritt, Chief Restructuring Officer of GLC Limited, In Support of First Day Motions [DN 14]

B. Official Committee in this Chapter 11 Case.

Official committees appointed under section 1102 of the Bankruptcy Code have, among other rights, the right to (i) consult with a debtor concerning administration of the case, (ii) investigate the acts, conduct, assets, liabilities and financial condition of the debtor, the operation of the debtor's business, and any other matter relevant to the case or to the formulation of a plan, and (iii) participate in the formulation and acceptance or rejection of a plan. The Debtor has worked closely with the Committee formed in this Chapter 11 Case.

The Committee in this Chapter 11 Case was appointed by the United States Trustee on March 7, 2011. The creditors appointed to serve on the Committee are: (i) Karen & Kevin Price, (ii) Tom E. Baugh, Jr., (iii) J&M Brands, (iv) Maurice J. Koury, and (v) UGAPRICE, LLC. Pursuant to authorization by the Bankruptcy Court, the Committee employed Morris Manning and Martin LLP to represent the Committee in this Chapter 11 Case.

The Debtor and its professionals are in the process of analyzing the transfers made by the Debtor prior to the Petition Date and seeking to recover those transfers or fraudulent conveyances pursuant to the provisions of the Bankruptcy Code and applicable state law. Such transfers include, but are not limited to, transfers made during the period prior to the Petition Date to certain current and former investors in the Debtor. Based upon such analysis and the Debtor's Schedules, the Debtor and the Debtor's counsel have determined that, during this period the Debtor transferred over \$600,000,000 to various investors/creditors. At this time, the Debtor cannot estimate what portion of the above transfers will be recoverable by the Estate.

C. Retention of Legal Counsel and Financial Professionals.

The Bankruptcy Court has entered orders authorizing (a) the Debtor to retain the following professionals to assist in this Chapter 11 Case: (i) Frost Brown Todd, LLC as chapter 11 attorneys; and (ii) James R. Burritt as Chief Restructuring Officer and (iii) Leon C. Ebbert, PC, CPA as accountants and (b) the Committee to retain Morris Manning and Martin LLP as Counsel.

D. Asset Dispositions.

On April 8, 2011, the Debtor filed Emergency Motion of the Debtor for Entry of an Order, Pursuant to 11 U.S.C. 105(a) and 363, Approving Expedited Procedures to Sell Certain De Minimis Assets of the Debtor Free and Clear of All Liens, Claims, Interests and Encumbrances (the “De Minimis Asset Motion”)]. On May 19, 2011, the Debtor filed the Motion of Debtor for Order: (A) Authorizing the Sale of the Debtors Inventory Assets Pursuant to 11 U.S.C. § 363(b), (f) and (m); (B) Approving Notice Thereof; and (C) Approving the Retention, Employment and Compensation of Great American Group, LLC and Broadstreet Capital as Sales Consultant to the Debtor (the “Asset Sale Motion”). As of the date hereof, the Debtor has sold the majority of its inventory.

E. Meeting of Creditors.

On May 5, 2011 the United States Trustee for the Southern District of Ohio conducted the section 341 meeting of creditors.

F. Schedules and Statements.

The Debtor filed its Schedules and Statement of Financial Affairs on April 29, 2011.

G. Crabtree Adversary Proceeding.

On March 24, 2011, the Debtor initiated an Adversary Proceeding against Gregory L. Crabtree, Linda L. Crabtree, and GLC Enterprises, Adversary Proceeding No. 1:11-ap-01030. Contemporaneously, the Debtor also filed a motion for preliminary injunction in an effort to freeze the assets of the Defendants. On March 30, 2011, the Bankruptcy Court granted Debtor’s motion for preliminary injunction. An Order was entered prohibiting the Defendants from selling, disposing of, or otherwise transferring any of their assets.

The Adversary Proceeding against the above named parties is an action for breach of fiduciary duty, civil conspiracy, unjust enrichment, preference, fraudulent conveyance, recovery of avoidable transfers, and for constructive trust. It is alleged that each of the defendants had responsibility for and did oversee the maintenance of Debtor’s books and records and had control over all of Debtor’s assets and operations. From March 2004 until February 2011, each of the defendants engaged in self-dealing and used, without compensation or other consideration to Debtor, the cash, credit, equipment, and other personal and real property, services, and resources of Debtor for their own personal benefit and for the benefit of their business and personal associates.

Initial paper discovery in the Adversary Proceeding is mostly complete. The parties filed a joint preliminary pretrial statement on June 16, 2011. The Bankruptcy Court has scheduled a Pretrial Conference for July 25, 2011 at which time the Bankruptcy Court will impose deadlines for completion of discovery and any dispositive motions and will also schedule the trial date. It is anticipated that this matter will be scheduled for trial in January 2012.

IV. THE PLAN

The Plan is attached hereto and incorporated herein as **Exhibit A**. The summary description of the Plan is qualified in its entirety by reference to the full text of the Plan. The following table classifies Claims and Interests for all purposes, including voting, confirmation and distribution pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim or Interest to be classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that any such Claim or Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

Class	Designation	Impairment	Entitled to Vote
Class 1	Class 1 contains Secured Claims	Unimpaired	No (deemed to accept the Plan)
Class 2	Class 2 contains General Unsecured Claims	Impaired	Yes
Class 3	Class 3 contains the Section 510(b) Claims	Impaired	No (deemed to reject the Plan)
Class 4	Class 4 contains the Interests in the Debtor	Impaired	No (deemed to reject the Plan)

A. Administrative Expense Claims.

In full and complete satisfaction, discharge and release of its Administrative Claim, each holder of an Allowed Administrative Claim shall receive one of the following treatments, in the sole discretion of the Plan Administrator: (i) to the extent not already paid, on the later of the Effective Date or thirty (30) Business Days after the date on which such Administrative Claim becomes an Allowed Claim, or, in each such case, as soon as reasonably practicable thereafter, Cash in the full amount of such Allowed Administrative Claim; (ii) to the extent not yet due and payable, payment in accordance with the terms and conditions of the particular transaction giving rise to the Administrative Claim; (iii) to the extent such Claims are Administrative Claims of the United States Trustee for fees pursuant to 28 U.S.C. § 1930(a)(6), Cash in accordance with the applicable schedule for payment of such fees; (iv) treatment on such other terms as may be mutually agreed upon in writing between the holder of such Allowed Administrative Claim and the Debtor (in consultation with the Committee), prior to the Effective Date, or the Plan Administrator, on or after the Effective Date; or (v) Cash on the first date that funds are available to the Plan Administrator that are not subject to a Lien, as determined by the Plan Administrator in his sole discretion, to be available for Distribution; provided, however, that interim and/or final payment of Allowed Administrative Claims approved by the Bankruptcy Court shall be paid at the time of and in accordance with such Bankruptcy Court approval.

B. Administrative Claims Bar Date.

Administrative Claim requests respecting administrative claims that have arisen or will arise in the period from the Petition Date through the Effective Date, inclusive, must be filed and served pursuant to the procedures set forth in the Confirmation Order and/or notice of entry of Confirmation Order, no later than forty-five (45) days after the Effective Date (unless an earlier date is set by the Bankruptcy Court). Notwithstanding anything to the contrary herein, no Administrative Claim request need be filed for the allowance of any fees of the United States Trustee arising under 28 U.S.C. § 1930. Any Entities that are required to, but fail to file such an Administrative Claim request on or before the deadline referenced above, shall be forever barred from asserting such Claim against the Debtor or the Plan Administrator and their respective attorneys, other professionals, trustee and/or agents, or any of property of the Debtor, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset or recover such Administrative Claim.

C. Priority Tax Claims.

(a) Payment. On the later of the Effective Date or forty-five (45) Business Days after the date on which a Priority Tax Claim becomes an Allowed Claim, or, in each such case, as soon as reasonably practicable thereafter; each holder of an Allowed Priority Tax Claim due and payable on or prior to the Effective Date will receive in full and complete satisfaction, discharge and release of its Priority Tax Claim, one of the following treatments, in the sole discretion of the Plan Administrator: (i) Cash in the full amount of the Allowed Priority Tax Claim or (ii) regular installment payments in Cash, in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, (a) of a total value, as of the Effective Date, equal to the Allowed amount of such Claim; (b) which total value shall include simple interest to accrue on any outstanding balance of such Allowed Priority Tax Claim starting on the Effective Date at the rate of interest determined under applicable nonbankruptcy law pursuant to section 511 of the Bankruptcy Code; and (c) over a period ending not later than 5 years after the Petition Date.

(b) Installment Payments. Any installment payment(s) made pursuant to section 1129(a)(9)(C) of the Bankruptcy Code shall be in equal quarterly Cash payments beginning on the later of the first day of the calendar month following (i) the Effective Date or (ii) the date on which such Priority Tax Claim becomes an Allowed Claim, and subsequently on the first day of each third calendar month thereafter, as necessary.

(c) Priority Tax Claim That Is Not Otherwise Due And Payable On Or Prior To The Effective Date. The amount of any Priority Tax Claim that is not otherwise due and payable on or prior to the Effective Date, and the rights of the holder of such Claim, if any, to payment in respect thereof shall: (a) be determined in the manner in which the amount of such Claim and the rights of the holder of such Claim would have been resolved or adjudicated if the Chapter 11 Case had not been commenced; (b) survive after the Effective Date as if the Chapter 11 Case had not been commenced; and (c) not be discharged pursuant to section 1141 of the Bankruptcy Code. In accordance with section 1124 of the Bankruptcy Code, and notwithstanding any other provision of the Plan to the contrary, the Plan shall not alter or otherwise impair the legal, equitable, and contractual rights of any holder of a Priority Tax Claim that is not otherwise due and payable on or prior to the Effective Date.

D. Priority Claims.

In full and complete satisfaction, discharge and release of its Priority Claim, each holder of an Allowed Priority Claim will receive Cash equal to the unpaid portion of such Allowed Priority Claim, on (or as soon as practical thereafter) the later of (a) the Effective Date, (b) forty-five business Days after the date on which said entity becomes a holder of such Allowed Priority Claim, or (c) such date as such Entity may agree to with the Debtor prior to the Effective Date, or the Plan Administrator on or after the Effective Date.

E. Fee Claims.

Retained Professionals or other Entities asserting a Fee Claim for services rendered before the Effective Date must file and serve on the Plan Administrator and such other Entities who are designated by the Bankruptcy Rules or order of the Bankruptcy Court an application for final allowance of such Fee Claim no later than 45 days after the Effective Date. Objections to any Fee Claim must be Filed and served on the Plan Administrator and the requesting party by the later of (a) 45 days after the Effective Date and (b) 30 days after the Filing of the applicable request for payment of the Fee Claim. To the extent necessary, the Confirmation Order shall amend and supersede any previously entered order of the Bankruptcy Court regarding the payment of Fee Claims.

F. Treatment of Claims Against and Interests in the Debtor.

1. Class 1 –Secured Claims.

- (i) *Impairment:* Class 1 is Unimpaired under the Plan.
- (ii) *Treatment:* In full and complete satisfaction, discharge and release of their respective Class 1 Secured Claim, each holder of an Allowed Class 1 Secured Claim, if any, shall receive one of the following treatments, in the sole discretion of the Plan Administrator:
- (iii) *Lump Sum Payments:* Holders of Allowed Class 1 Secured Claims shall receive payment in full on the later of: (i) the date of the liquidation or disposition of the Collateral securing the Allowed Class 1 Secured Claim, or (ii) the Effective Date, or (iii) the date that is forty-five (45) Business Days after any such Claim is allowed by order of the Bankruptcy Court or by agreement between said holders of the respective Allowed Class 1 Secured Claims and the Plan Administrator; or
- (iv) *Return of Collateral:* The Plan Administrator may surrender the Collateral securing said Allowed Class 1 Other Secured Claim to such Claim holder in full satisfaction of its Allowed Class 1

Secured Claim on the later of: (i) the Effective Date, or (ii) the date that is ten (10) days after any such Claim is allowed by order of the Bankruptcy Court or by agreement between such holder of an Allowed Class 1 Secured Claim.

- (v) *Retention of Liens:* The holder of an Allowed Class 1 Secured Claim shall retain its Lien securing such Claim as of the Confirmation Date until all Distributions have been made to such holder as provided in this Section.
- (vi) *Deficiency Claim:* Any Deficiency Claim of holders of Allowed Class 1 Secured Claims shall be treated as a Class 2 General Unsecured Claim if otherwise allowable under state law.
- (vii) *Voting:* Class 1 is Unimpaired, and Holders of Allowed Class 1 Secured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Allowed Class 1 Secured Claims are not entitled to vote to accept or reject the Plan; provided, however, that all Class 1 Secured Claims shall be subject to Allowance under the provisions of the Plan and the Bankruptcy Code.

2. Class 2 –General Unsecured Claims.

- (i) *Impairment:* Class 2 is Impaired under the Plan.
- (ii) *Treatment:* Each holder of an Allowed Class 2 General Unsecured Claim shall receive in Cash, in full and final satisfaction of such Claim, its Pro Rata share of the proceeds of the Remaining Assets after payment in full of (i) Plan Expenses, (ii) Allowed Administrative Claims, (iii) Allowed Priority Tax Claims, (iv) Allowed Priority Claims and (v) Allowed Class 1 Secured Claims. Such Distributions shall be made from to time to time by the Plan Administrator as set forth in the Plan. Each holder of an Allowed Class 2 General Unsecured Claim shall also be entitled receive interest on account of an Allowed Class 2 General Unsecured Claim, to the extent allowed under applicable law, accruing from and after the Effective Date, but only to the extent that each holder of an Allowed Class 2 General Unsecured Claim receives payment in full on account of their Allowed Class 2 General Unsecured Claim.
- (iii) *Cramdown:* To the extent necessary, the Debtor will request Confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to Class 2. The Debtor reserves the right to modify the Plan with respect to Class 2.

- (iv) *Voting:* Class 2 is impaired and Holders of Class 2 Claims are entitled to vote to accept or reject the Plan.
- 3. Class 3 – Section 510(b) Claims against the Debtor.
 - (i) *Classification:* Class 3 consists of all Section 510(b) Claims against the Debtor.
 - (ii) *Treatment:* Holders of Section 510(b) Claims will not receive any distribution on account of such Claims unless and until each holder of an Allowed Class 2 General Unsecured Claim receives payment in full plus accrued interest.
 - (iii) *Voting:* Class 3 is Impaired, and Holders of Class 3 Claims are not entitled to receive or retain any property under the Plan on account of Allowed Class 3 Claims. Therefore, Holders of Class 3 Claims are deemed not to have accepted the Plan pursuant to section 1126(g) of the Bankruptcy Code. Holders of Class 3 Claims are not entitled to vote to accept or reject the Plan.
- 4. Class 4 – Interests.
 - (i) *Impairment:* Class 4 is Impaired under the Plan.
 - (ii) *Treatment:* On the Effective Date, all Interests shall be deemed cancelled, and all holders of Interests shall neither receive nor retain any property under the Plan.
 - (iii) *Voting:* Class 4 is Impaired and Holders are conclusively presumed to have rejected the Plan pursuant to section 1126(f) of the Bankruptcy code. Therefore, Holders of Class 4 Interests are not entitled to vote to accept or reject the Plan.

G. Distributions Under the Plan.

1. Creditors Must Provide Identifying Information. In order to receive Distributions, all holders of Allowed Claims shall be required to provide to the Plan Administrator, at the address set forth below, such holder's federal tax identification number. A notice identifying the holder's name, address, and federal tax identification number must be mailed to:

James R. Burritt
MainStream, LLC
720 Brixworth Blvd., Suite 200
Knoxville, TN 37934-4773

2. Distributions. The Plan Administrator, on behalf of the Debtor shall make Distributions of the proceeds of the Remaining Assets, if any, in the priorities and amounts

established in the Plan. In general, the Plan Administrator will distribute at least quarterly the net proceeds from the Remaining Assets, or if the Debtor is holding at least \$500,000.00 in net proceeds from the Remaining Assets, reserving an amount determined by the Plan Administrator to pay the Plan Expenses of the Debtor in excess of said amount. Notwithstanding that general intent, Distributions shall commence if and when there has been sufficient recovery of by the Debtor to make a Distribution practical and continue thereafter at such intervals as determined in the Plan Administrator's discretion, provided however, that the Plan Administrator shall not be required to make any Distribution if the Remaining Assets available for Distribution are not sufficient, in the Plan Administrator's discretion to justify incurring the expense to the Plan Administrator necessarily associated with the making of such Distributions. The Plan Administrator may retain an amount of Remaining Assets reasonably necessary to meet claims and contingent liabilities (including Disputed Claims) and Plan Expenses of the Debtor. Notwithstanding anything to the contrary in the Plan, the Plan Administrator shall make a final Distribution, pursuant to the terms of the Plan, even if the Debtor is holding funds less than \$500,000.00.

3. Disputed Claims. With respect to Disputed Claims, any Distribution otherwise payable to the holders of such claims shall be held in a reserve account by the Plan Administrator pending resolution of the disputed status of such claim. After final resolution has been reached with respect to the Disputed Claims, any remaining property held in such reserve account will be distributed in accordance with the Plan.

4. Distribution After Allowance. Within ten (10) Business Days after the date when a Disputed Claim becomes an Allowed Claim, the Plan Administrator will distribute to the holders of Disputed Claims that have become Allowed any property in the reserve account that would have been distributed to such Claim holders on the Distribution dates on which Distributions previously were made to holders of Allowed Claims, if the Disputed Claims that have become Allowed had been Allowed Claims, on such earlier Distribution dates.

5. No Partial Distribution. The Plan Administrator shall not make any partial Distributions to any holder of any Disputed Claims pending resolution of such Disputed Claims.

6. Delivery of Distributions. The Plan Administrator is only required to make a Distribution where the Plan Administrator has a current mailing address and tax identification number for the holder of the Allowed Claim. The Plan Administrator shall use his reasonable efforts to ascertain this information prior to making such Distributions but shall not be required to overcome these or any other barriers which would prevent a Distribution from being made.

7. Fractional Dollars. Notwithstanding anything to the contrary contained in the Plan, the Plan Administrator shall not be required to make Distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down.

8. De Minimis Distributions. The Plan Administrator shall have no obligation to make a Distribution on account of an Allowed Claim if the amount to be distributed to the holder of an Allowed Claim on the Distribution date has a value of less than \$10.00.

9. Undeliverable Checks or Uncashed Checks. The Plan Administrator is not required to make subsequent Distributions with Distribution checks which have been returned to the Plan Administrator as undeliverable (the “Undeliverable Checks”) or Distribution checks which have not been cashed by beneficiaries (the “Uncashed Checks”) unless the required information is received from such beneficiaries within 60 days of the first attempted Distribution.

10. Unclaimed Property. All unclaimed or returned Distributions as described in the Plan shall constitute Remaining Assets to be distributed in accordance with the terms of the Plan.

11. Untimely Claims. Except as otherwise agreed by the Plan Administrator, any Claim filed after the applicable Bar Date shall be deemed disallowed and expunged without further notice, action or order of the Bankruptcy Court, and holders of such Claims shall not receive any Distribution on account of such Claims.

12. Interest on Claims. Interest shall not accrue on Claims, and no holder of a Claim shall be entitled to interest accruing on any Claim unless otherwise expressly provided under applicable law or pursuant to the terms of the Plan.

13. No Recourse. No claimant shall have recourse to the Debtor and the Plan Administrator or the Committee other than for the enforcement of rights or Distributions.

14. Final Distribution. The final Distribution shall occur upon the payment of all Plan Expenses of the Debtor and the payment of all Allowed Claims pursuant to the terms set forth in the Plan to the extent funds are available after liquidation of all the Remaining Assets, regardless of whether the Debtor is holding funds that are less than \$500,000.

H. Treatment of Disputed Claims.

1. Objection to Claims. Except with respect to Claims that already are Allowed Claims by order of the Bankruptcy Court, the Plan Administrator may object to any Claim, including, Administrative Claims, Priority Tax Claims, Priority Claims, whether listed on the schedules filed by Debtor or filed by any Creditor, on or before the later of (a) one hundred eighty (180) days from the date of filing of any Claim or (b) unless extended by the Bankruptcy Court, one hundred and eighty (180) days after the Effective Date.

2. Resolution of Disputed Claims. Subject to the terms of the Plan with respect to previously Allowed Claims, all objections to Claims shall be litigated to a Final Order except to the extent the Plan Administrator elects to withdraw any such objection or the Plan Administrator and the claimant elect to compromise, settle or otherwise resolve any such objection, in which event the Plan Administrator may settle, compromise or otherwise resolve any Disputed Claim without approval of the Bankruptcy Court.

3. Estimation. The Plan Administrator may, at any time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Plan Administrator has previously objected to such Claim, and the Bankruptcy

Court will retain jurisdiction to estimate any Claim at any time, including during litigation concerning any objection to such Claim.

4. **Distribution on Disputed Claims.** No Distributions shall be made with respect to a Disputed Claim until such Disputed Claim becomes an Allowed Claim. In the event, and to the extent, a Disputed Claim becomes an Allowed Claim after the Effective Date, the holder of such Allowed Claim shall receive such Distributions as to which such holder is then entitled under the Plan.

5. **Reserve for Disputed Claims.** With respect to Claims to be paid by the Plan, the Plan Administrator shall hold in reserve, for the benefit of each holder of a Disputed Claim, Cash in an amount required by order of the Bankruptcy Court or, in the absence of such order, Cash equal to the Distribution that would have been made to the holder of such Disputed Claim, if it were an Allowed Claim in the liquidated amount, if any, asserted on the Effective Date. If and to the extent that a Disputed Claim becomes an Allowed Claim, on the first Distribution Date after such allowance, the Plan Administrator shall distribute to the holder thereof the amount of Cash to which such holder is entitled under the provisions of this Plan.

I. Executory Contracts and Unexpired Leases.

1. **Assumption or Rejection of Executory Contracts.** All executory contracts and unexpired leases to which the Debtor is a party shall be deemed rejected, pursuant to sections 365 and 1123 of the Bankruptcy Code, on the Confirmation Date except those executory contracts or unexpired leases that: (i) have been assumed by the Debtor (or assumed and assigned by the Debtor to third parties) on or before the Confirmation Date; (ii) are assumed (or assumed and assigned) after the Confirmation Date by a Final Order granting a motion that is pending as of the Confirmation Date; or (iii) become the subject of a dispute over the amount or manner of cure and for which the Plan Administrator makes a motion to reject such contract or lease based upon the existence of such dispute.

2. **Deadline to File Rejection Damage Claims.** Each Entity that is a party to an executory contract or unexpired lease rejected under the Plan must file with the Bankruptcy Court and serve on the Plan Administrator, on or before the earlier of forty five (45) days after entry of the Confirmation Order or thirty (30) days after entry of an order rejecting such contract or lease, a proof of claim for damages alleged to arise from the rejection of the applicable contract or lease or be forever barred from filing a Claim, or sharing in Distributions under the Plan, related to such alleged rejection damages. Claims for damages for the rejection of an executory contract or unexpired lease shall constitute Class 2 General Unsecured Claims but only to the extent that the Claims are otherwise allowable under applicable law.

J. Plan Administrator.

1. Plan Administrator. The Debtor has selected James R. Burritt to be the Plan Administrator and Mr. Burritt has accepted such position. The Plan Administrator shall be compensated as set forth in the Plan.

2. Duties. The Plan Administrator's duties include: (i) the pursuit of Causes of Action, including but not limited to, the Avoidance Actions; (ii) objections to, and resolution of, all Claims; (iii) the distribution of funds to pay Plan Expenses of the Debtor and to pay Claims; (iv) the liquidation of the Remaining Assets on and after the Effective Date; and (v) such other matters as provided herein and in the discretion of the Plan Administrator. The Plan Administrator may employ professionals or other persons, which may include firms that are or were employed by the Debtor or the Committee, in connection with the performance of his duties and compensate such persons or professionals for their reasonable fees and expenses. The Plan Administrator intends to retain the law firm of Frost Brown Todd LLC as his counsel. The Plan Administrator may compromise or settle any Claims, Causes of Action (including but not limited to Avoidance Actions) or other matters or disputes relating to the Remaining Assets or the Debtor without notice or Bankruptcy Court approval.

3. Payment of Quarterly Fees. The Plan Administrator shall pay the quarterly fees, pursuant to 28 U.S.C. § 1930(a)(6), to the U.S. Trustee until this Chapter 11 Case has been converted, dismissed or closed by the Bankruptcy Court.

4. Fees and Expenses. The fees and expenses of the Plan Administrator shall be governed by the terms of the Plan. In no event shall the Plan Administrator be required to expend his own funds. Any fees and/or expenses incurred after the Effective Date on behalf of the Debtor, i.e., the Plan Expenses, shall be paid in accordance with the Plan.

5. Post-Effective Date Professional Fees. Except as otherwise set forth herein, the reasonable fees and expenses of the Plan Administrator and the professionals representing the Plan Administrator for services provided after the Effective Date may be paid by the Plan Administrator as provided herein without further Court approval after notice to the Oversight Committee. Provided available funds exist, payment shall be made within thirty (30) days after submission of a detailed invoice to the Plan Administrator. If the Plan Administrator or the Oversight Committee disputes the reasonableness of any such invoice, the undisputed portion of such invoice shall be timely paid, and the affected professional may submit the dispute to the Bankruptcy Court for appropriate resolution. If there are insufficient funds available to pay all fees and expenses of professionals and compensation to the Plan Administrator in full, such professionals and the Plan Administrator shall share Pro Rata in the available funds until payment in full is made.

6. Liability; Indemnification. Unless the Bankruptcy Court orders otherwise, the Plan Administrator shall not be required to give any bond for the faithful performance of his duties hereunder. Except for his or their own gross negligence or willful misconduct, neither the Plan Administrator or any professional person, representative, director, officer, employee, or agent of the Debtor or the Plan Administrator (collectively the "Indemnified Parties") shall have any liability to any Entity for acts or omissions related to the Debtor and the Debtor shall

indemnify the Indemnified Parties against expenses, including attorney's fees, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by the Indemnified Parties.

7. General Powers. Except as otherwise provided in the Plan, the Plan Administrator shall have, without prior or further authorization or further order of the Bankruptcy Court, such powers and authority necessary to fulfill the purpose of the Plan including, but not limited to, the following: (A) to prosecute and defend all actions affecting the Debtor and, after notice to the Oversight Committee, to compromise or settle any suits, claims, or demands, or waive or release any rights relating to the Debtor provided however, that if the Oversight Committee raises a timely objection to the proposed compromise or settlement, the Plan Administrator shall seek Bankruptcy Court approval of the proposed settlement or compromise; (B) to prosecute, settle, or otherwise resolve Disputed Claims and Causes of Action, including but not limited to Avoidance Actions, and deposit any proceeds therefrom for Distribution pursuant to the provisions of the Plan; (C) to make Permitted Investments; (D) to maintain escrows and other accounts, make Distributions to holders of Allowed Claims and take other actions consistent with the Plan and the implementation thereof; (E) to pay Plan Expenses; (F) to implement and enforce all provisions of the Plan relating to the Remaining Assets; (G) to maintain appropriate books and records, including but not limited to, maintaining a record and account for all proceeds received by the Debtor for Distribution in accordance with the Plan; (H) to abandon in any commercially reasonable manner, including abandonment or donation to a charitable organization of the Plan Administrator's choice, any assets that the Plan Administrator concludes are of no benefit; and (I) to otherwise engage in all acts that would constitute ordinary course of business in performing the obligations of the Plan Administrator.

8. Limitation on the Plan Administrator Powers. The Plan Administrator may invest and reinvest all funds held by the Reorganized Debtor (subject to Distribution requirements set forth in the Plan) in Permitted Investments designed to provide a reasonable return to the Debtor and consistent with liquidity requirements for payment of Plan Expenses and making of Distributions hereunder. The Plan Administrator shall not be responsible, and shall have no liability whatsoever, to any person or entity for any loss to the Debtor, or the amount of interest thereon, resulting from the investment thereof in such Permitted Investments. The Plan Administrator shall not invest any funds in a security or instrument that does not constitute a Permitted Investment or take any action that may cause the Debtor to become subject to the provisions of the Investment Company Act of 1940, as amended.

9. Accounts. The Plan Administrator may maintain, on behalf of the Debtor such accounts as necessary at any bank or financial institution organized under the laws of the United States of America or any state thereof, as he may, in his discretion, select in accordance with section 345(a) of the Bankruptcy Code.

10. Payment of Plan Expenses. Subject to the terms of the Plan, the Plan Administrator shall pay all expenses of the Debtor or the Oversight Committee incurred after the Effective Date, including the fees of professionals retained by the Debtor, the Plan Administrator and the Oversight Committee, first from the proceeds of the Remaining Assets, as such expenses are incurred in the ordinary course of administering the Debtor and the Plan.

11. Compensation of the Plan Administrator and Post Effective Date Professionals.

(a) The Plan Administrator shall receive weekly compensation, commencing on the Effective Date and ending upon the closing of the Chapter 11 Case, at his standard hourly rate of \$315.00, not to exceed \$8,800.00 per week, plus reimbursement of his normal and customary out of pocket expenses. The Plan Administrator's fee(s) will be payable on the first Business Day of the month (being the first day on which banking institutions in the State of Ohio are not authorized or required by law or regulation to be closed) following the month for which service has been rendered. Such compensation shall be paid as a Plan Expense of the Debtor.

(b) On or before the last day of each month following the month for which compensation is sought, each of the post Effective Date professionals seeking compensation under the Plan, including but not limited to, the Plan Administrator, counsel for the Debtor, counsel for the Plan Administrator and counsel for the Oversight Committee, shall serve a monthly statement on the Plan Administrator and the Oversight Committee, provided, however, that failure of any of the professionals to serve a monthly statement on the Plan Administrator and the Oversight Committee for any one or more months shall not waive or impair the right of such professionals to subsequently seek compensation for all or any number of such months in a later statement delivered to the Plan Administrator and the Oversight Committee. The Plan Administrator and the Oversight Committee will have ten (10) days from the date such statement is received to review the statement and object to such statement by serving a written objection on such professional setting forth the precise nature of the objection and the amount at issue. At the expiration of the ten (10) day period, the Plan Administrator shall promptly pay out 100% of the amounts requested, except for the portion of such fees and disbursements to which an objection has been made, if any. The parties shall attempt to consensually resolve objections, if any, to any monthly statement. If the parties are unable to reach a consensual resolution of any such objection, the party which received an objection to its fees may seek payment of such fees by filing a motion with the Bankruptcy Court on proper notice to the Plan Administrator. Such compensation shall be paid as a Plan Expense of the Debtor.

12. Limitation of Liability and Indemnification of the Plan Administrator. The Plan Administrator shall exercise the rights and powers vested in him by the Plan and use the same degree of care and skill in his exercise as a prudent person would exercise or use under the circumstances in the conduct of that person's own affairs. No provision of the Plan shall be construed to relieve the Plan Administrator from liability for his own grossly negligent actions, his own grossly negligent failure to act, fraud, or his own willful misconduct, except as otherwise provided herein.

13. No Liability for Acts of Predecessor. No successor Plan Administrator shall be in any way responsible for the acts or omissions of any Plan Administrator in office prior to the date on which he/she becomes Plan Administrator unless a successor Plan Administrator expressly assumes such responsibility.

14. No Implied Obligations. Except as otherwise set forth in the Plan, the Plan Administrator shall not be liable except for the performance of such duties and obligations as are specifically set forth herein and in the Plan, and no implied covenants or obligations shall be read into this Plan.

15. No Liability for Good Faith Error of Judgment. The Plan Administrator shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Plan Administrator was grossly negligent in ascertaining the pertinent facts.

16. Reliance on Agents and Professionals. Except as otherwise provided in this Plan, the Plan Administrator may engage and consult with legal counsel and other agents and professionals selected and employed by him pursuant to the Plan and shall not be liable for any action taken or suffered by the Plan Administrator in reliance upon the advise of such counsel, agents or advisors unless it shall be proved that such reliance constituted willful misconduct or gross negligence. The Plan Administrator shall have the right at any time to seek instructions from the Bankruptcy Court concerning the administration or disposition of the Remaining Assets.

17. Reliance on Documents. Except as otherwise provided herein, the Plan Administrator: (A) may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, and other paper or document believed by the Plan Administrator to be genuine and to have been signed or presented by the proper party or parties; and (B) shall have no liability or responsibility with respect to the form, execution, or validity thereof and no duty to inquire as to the identity, authority, or rights of the persons so signing or presenting.

18. No Personal Obligation. None of the provisions hereof shall require the Plan Administrator to expend or risk his own personal funds or otherwise incur personal financial liability or expense in the performance of his duties hereunder. Persons dealing with the Plan Administrator, or seeking to assert claims against him shall look only to the Remaining Assets, to the extent permitted by the Plan or applicable law, to satisfy any liability incurred by the Plan Administrator to such person in carrying out the terms of the Plan, and the Plan Administrator shall have no personal, individual obligation to satisfy any such liability.

19. Indemnification. So long as the Plan Administrator shall have acted in compliance with the standards of conduct set forth in the Plan, the Plan Administrator shall be indemnified by and receive reimbursement from the Remaining Assets against and from any and all losses, claims, damages, and expenses (including, without limitation, any reasonable fees of counsel or other expenses incurred in defense or investigation of actions or proceedings in respect thereof) which he may incur in the exercise and performance of any of his powers and duties under the Plan.

20. Removal of Plan Administrator. The Plan Administrator may be removed for cause shown upon application to the Bankruptcy Court.

21. Resignation of Plan Administrator. The Plan Administrator may resign by an instrument in writing signed by the Plan Administrator and filed with the Bankruptcy Court, provided that the Plan Administrator shall continue to serve as the Plan Administrator after his resignation until the earlier of (a) 90 days after his resignation or (b) the appointment of a successor Plan Administrator shall become effective in accordance with the Plan or as the Bankruptcy Court shall otherwise order.

22. **Appointment of Successor Plan Administrator.** In the event of the death, resignation, incompetence, total disability, or removal of a Plan Administrator, the Bankruptcy Court shall have authority to appoint a successor Plan Administrator. Such appointment may specify the date on which such appointment shall be effective. Every successor Plan Administrator appointed hereunder shall acknowledge such appointment and the terms and provisions of the Plan and thereupon the resignation or removal of the retiring Plan Administrator shall become effective and such successor Plan Administrator without any further act, deed, or conveyance shall become vested with all the rights powers, trusts, and duties of the retiring Plan Administrator.

23. **Tax Returns.** The Plan Administrator shall be responsible for filing all of the tax returns required for the Debtor.

K. The Oversight Committee. The Committee shall be reconstituted as of the Effective Date as the Oversight Committee without any further action by the Committee, this Court or the United States Trustee, other than identification of the members of the Oversight Committee. The Oversight Committee shall have all of the rights and duties of the Committee prior to the Effective Date and as otherwise set forth in the Bankruptcy Code and herein. The Oversight Committee shall automatically dissolve without any further action by the Oversight Committee on the earlier of (i) the date of completion of all of the functions of the Oversight Committee and the Plan Administrator and the entry of an order closing the Chapter 11 Case; (ii) the date of conversion of the Chapter 11 Case to a case under chapter 7; or (iii) thirty (30) days after the final distribution is made pursuant to the Plan. All of the documents, communications, work-product held by or on behalf of the Committee shall automatically transfer to the Oversight Committee as of the Effective Date. Similarly, all of the rights and privileges of the Committee, including, without limitation, any attorney-client privilege work product doctrine or privilege, and all other privileges and immunities attaching to any and all documents and communications (whether written or oral) of the Committee shall automatically transfer to the Oversight Committee and its representatives as of the Effective Date. The Oversight Committee may retain professionals to assist them, including current counsel for the Committee, in furtherance of their rights and duties under the Plan. Counsel for the Oversight Committee shall be compensated as a Plan Expense pursuant to the terms of the Plan. Unless the Debtor has the prior written approval of the Oversight Committee, the Debtor may not, without entry of an Order from the Court: (i) alter, amend or modify this Plan; or (ii) settle or compromise Causes of Action, including but not limited to, Avoidance Actions, and objections to the allowance of any Claim.

L. Confirmation Process.

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

1. **Solicitation of Votes.** In accordance with sections 1126 and 1129 of the Bankruptcy Code, the Claims in Classes 2 and 3 of the Plan are impaired, and the holders of Allowed Claims in Class 3 are entitled to vote to accept or reject the Plan. Claims in Class 1 of the Plan are unimpaired. The holders of Allowed Claims in each of such Classes are

conclusively presumed to have accepted the Plan, and the solicitation of acceptances with respect to such Classes is not required under section 1126(f) of the Bankruptcy Code. The holders of Allowed Claims deemed to have accepted the Plan shall receive with this Disclosure Statement a Notice of Non-Voting Status – Unimpaired Classes. The holders claims in Class 3 and Interests in Class 4 of the Plan will not receive any distributions under the Plan will not receive a ballot and are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. The holders of Claims and Interests deemed to have rejected the Plan shall receive with this Disclosure Statement a Notice of Non-Voting Status – Impaired Class.

As to the classes of claims entitled to vote on the Plan, the Bankruptcy Code defines acceptance of the Plan by a class of creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of the claims of that class that have timely voted to accept or reject the Plan.

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

Any creditor in any impaired Class (a) whose Claim has been listed by the Debtor in the Schedules filed with the Bankruptcy Court (provided that such Claim has not been scheduled as disputed, contingent or unliquidated) or (b) who filed a proof of claim, which Claim is not the subject of an objection or request for estimation, is entitled to vote on the Plan. For a discussion of the procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, see the Disclosure Statement Order.

2. The Confirmation Hearing. The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing. The Confirmation Hearing in respect of the Plan has been scheduled for _____, 2012, commencing at _____ .m. prevailing Eastern Time, before the Honorable Jeffery P. Hopkins, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of Ohio, 411 U.S. Courthouse, U.S. Bankruptcy Court, Atrium Two Suite 800, 221 East Fourth Street, Cincinnati, Ohio 45202. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing. Any objection to the confirmation of the Plan must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or other amount or description of the Interest held by the objector. Any such objection must be filed with the Bankruptcy Court and served in accordance with the Disclosure Statement Order such as to be received on or before _____, 2011, at _____ p.m. prevailing Eastern Time. Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014.

3. Confirmation. At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan are that the plan is (a) accepted by all impaired classes of claims and equity interests or, if rejected by an impaired class, that the plan “does not discriminate unfairly” and is “fair and equitable” as to such class, (b) feasible, and (c) in the “best interests” of creditors and stockholders that are impaired under the plan.

M. Acceptance.

As set forth above, Class 2 is impaired under the Plan and is entitled to vote to accept or reject the Plan. Class 1 is unimpaired under the Plan and, therefore, is conclusively presumed to have voted to accept the Plan. Holders of Claims and Interests in Classes 3 and 4 are receiving no distributions under the Plan and, therefore, are conclusively presumed to have voted to reject the Plan.

With respect to impaired Classes of Claims that are deemed to reject the Plan, the Debtor shall request that the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code. If any other impaired Class of Claims entitled to vote does not accept the Plan by the requisite statutory majority provided in section 1126(c) of the Bankruptcy Code, the Debtor reserves the right to amend the Plan or to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code or both.

N. Unfair Discrimination and Fair and Equitable Tests.

To obtain nonconsensual confirmation of the Plan, it must be demonstrated that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each impaired, nonaccepting Class. The Bankruptcy Code provides a non-exclusive definition of the phrase “fair and equitable.” Section 1129(b) of the Bankruptcy Code establishes “cram down” tests for secured creditors, unsecured creditors and equity holders, as follows.

Secured Creditors. Either (i) each impaired secured creditor retains its Liens securing its secured claim and receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the “indubitable equivalent” of its allowed secured claim or (iii) the property securing the claim is sold free and clear of Liens with such Liens to attach to the proceeds of the sale and the treatment of such Liens on proceeds to be provided in clause (i) or (ii) above.

Unsecured Creditors. Either (i) each impaired unsecured creditor receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

Equity Interests. Either (i) each holder of an equity interest will receive or retain under the plan property of a value equal to the greater of the fixed liquidation preference to which such holder is entitled, or the fixed redemption price to which such holder is entitled or the value of the interest, or (ii) the holder of an interest that is junior to the nonaccepting class will not receive or retain any property under the plan.

The Plan does not “discriminate unfairly” with respect to a nonaccepting class if the value of the cash and/or securities to be distributed to the nonaccepting class is equal to, or otherwise fair when compared to, the value of the distributions to other classes whose legal rights are the same as those of the nonaccepting class.

The Plan Proponent believes that the Plan is fair and equitable and does not discriminate unfairly with respect to any Classes that vote not to accept the Plan.

O. Feasibility.

Section 1129(a)(11) of the Bankruptcy Code requires the Bankruptcy Court to make a finding that confirmation of the Plan is not likely to be followed by the liquidation, or need for further financial reorganization, of the Debtor or any successor to the Debtor under the Plan. The Distributions to be made under the Plan are not dependent upon the future financial performance of any business. Instead, consummation of the Plan is dependent upon, among other things, the prosecution of certain Causes of Action and the distribution of proceeds from such claims and the liquidation of the Remaining Assets. Assuming that the Plan is confirmed, the Plan is necessarily feasible.

P. Miscellaneous Requirements.

Section 1129(a)(4) of the Bankruptcy Code provides that the Plan can be confirmed only if any payment made or to be made by the Debtor or by a person issuing securities or acquiring property under the Plan for services or for costs and expenses in connection with the case or in connection with the plan and incident to the Chapter 11 Case, has been approved by, or is subject to approval by the Bankruptcy Court as reasonable. The Plan Proponent submits that the Plan meets the requirements of section 1129(a)(4) of the Bankruptcy Code.

Section 1129(a)(5) of the Bankruptcy Code conditions confirmation on disclosure of the identity and affiliates of any individual proposed to serve after the Effective Date as a director, officer, or voting trustee of the Debtor. Section 1129(a)(5) of the Bankruptcy Code further requires that (i) appointment to or continuance in such office of such individual be consistent with the interests of Creditors and equity security holders and with public policy; and (ii) the Debtor discloses the identity of any insider who will be employed or retained by the organized entity and the nature of any compensation for such insider. As the Debtor is liquidating and has ceased operation, the requirements of section 1129(a)(5) of the Bankruptcy Code are largely inapplicable. All persons or entities serving as officers or directors of the Debtor who have not previously been terminated shall cease serving in such capacity as of the Effective Date. The Debtor shall be deemed dissolved sixty (60) days after consummation or substantial consummation of the Plan. After the Effective Date, the Plan Administrator will be authorized to act on behalf of the Debtor as provided for in the Plan. The Plan Administrator will be James R. Burritt.

Q. Best Interests Test.

With respect to each impaired Class of Claims and Interests, confirmation of the Plan requires that each holder of a Claim or Interest either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive if the Debtor was liquidated under chapter 7 of the Bankruptcy Code. To determine what holders of Claims and Interests in each impaired Class would receive if the Debtor was liquidated under chapter 7, the Bankruptcy Court must determine the dollar amount

that would be generated from the liquidation of the Debtor's assets and properties in the context of a chapter 7 liquidation case. The cash amount that would be available for satisfaction of the Claims and Interests would consist of the proceeds resulting from the disposition of the unencumbered assets and properties, if any, of the Debtor, augmented by the unencumbered cash, if any, held by the Debtor at the time of the commencement of the liquidation case. Such cash amount would be reduced by the costs and expenses of liquidation and by such additional administrative and priority claims that might result from the termination of the Debtor's business and the use of chapter 7 for the purposes of liquidation.

The Debtor's costs of liquidation under chapter 7 would include the fees payable to a trustee in bankruptcy which include the statutory fees payable to a chapter 7 trustee, as well as those fees payable to attorneys and other professionals that such a chapter 7 trustee might engage. These claims and other claims that might arise in a liquidation case or result from the pending Chapter 11 Case, including any unpaid expenses incurred by the Debtor during the Chapter 11 Case, such as compensation for attorneys, financial advisors and accountants, would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition unsecured Claims.

To determine if the Plan is in the best interests of each impaired Class, the present value of the distributions from the proceeds of a liquidation of the Debtor's unencumbered assets and properties, after subtracting the amounts attributable to the foregoing claims, must be compared with the value of the property offered to such Classes of Claims under the Plan.

The Plan Proponent believes that the value of any distributions in a chapter 7 case would be less than the value of distributions under the Plan because, among other reasons, distributions in a chapter 7 case may not occur for a longer period of time, thereby reducing the present value of such distributions. In this regard, it is possible that distribution of the proceeds of a liquidation could be delayed for a period in order for a chapter 7 trustee and its professionals to become knowledgeable about the Chapter 11 Case and the Claims against the Debtor. The fees and expenses of a chapter 7 trustee, including but not limited to the statutory fees, also would likely exceed those of the Professionals retained by the Plan Administrator, thereby further reducing Cash available for distribution.

The Plan Proponent believes that Confirmation and implementation of the Plan will provide a greater distribution to Creditors than liquidation under chapter 7 of the Bankruptcy Code. Liquidation under chapter 7 would require that a trustee be appointed and charged with liquidating the assets of the Estate, administering and adjudicating claims, and distributing the proceeds of the sale of assets of the Estate in conformity with the priority scheme of the Bankruptcy Code. The priorities of distribution provided in the Plan are largely the same as the Trustee would follow under chapter 7. However, administration and distribution of the Estate by a chapter 7 trustee would result in occurrence of administrative costs in excess of those projected under the Plan. Also, a new time period for the filing of Claims would commence under Bankruptcy Rule 1019(2), possibly resulting in the filing of additional Claims against the Estate conversion of the chapter 11 Case to a case under chapter 7 and appointment of a trustee for administration of the Estate would delay liquidation of any remaining assets and distribution of

the proceeds. The Debtor's familiarity with its operations will allow it to complete liquidation of the assets and distribute the proceeds quicker and more efficiently than a Chapter 7 Trustee.

Given the foregoing, the Plan Proponent does not believe that it would be economical or in the best interest of the estate to now convert the Chapter 11 Case to chapter 7 since to do so would require, among other things, a chapter 7 trustee and his or her representatives to become familiar with numerous aspects of the case. The resulting costs and delay and lack of institutional knowledge, could significantly impact the ultimate recovery realized by the Estate.

Attached hereto and incorporated herein as **Exhibit D²** is a liquidation analysis of the Debtor. This liquidation analysis, however, is based on the Debtor's good faith estimate of the aggregate amount of Claims in each Class and upon resolution of all such Claims that are Disputed Claims, based on all currently known information. The amount of the Distributions of Available Cash and Cash that ultimately will be received by a particular Holder of an Allowed Claim may be adversely or favorable affected. These estimates also are based on a good faith estimate of the recovery from Causes of Action, including Avoidance Actions. For all of the reasons stated above, no representation can be, or is being, made with respect to whether the estimated Allowed amount of Claims in each Class will be accurate.

R. Effect of Confirmation of the Plan.

1. Vesting of Assets. On the Effective Date, title to the Remaining Assets shall vest in the Debtor, free and clear of all claims, liens, charges, encumbrances and interests of Creditors and Interest holders (except to the extent that such claims, Liens, charges, encumbrances and/or interests have been reinstated, or as otherwise expressly provided herein).

2. Discharge. Pursuant to section 1141(d)(3) of the Bankruptcy Code, confirmation of the Plan will not discharge the Debtor; *provided, however*, upon confirmation of the Plan and the occurrence of the Effective Date, Creditors may not seek payment or recourse against or otherwise be entitled to any distribution from the assets of the Debtor or the Estate except as expressly provided in the Plan.

3. Injunction. Except as otherwise provided in the Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Entities that have held, hold or may hold Claims or Interests in the Debtor or the Estate are, with respect to any such Claims or Interests, permanently enjoined from and after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtor, the Estate, or any of their property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Entities, or any property of any such transferee or successor; (ii) enforcing,

² **Exhibit D** shall be filed with this Court no later than ten (10) days prior to the hearing on approval of this Disclosure Statement and may be amended by the Debtor, from time to time, at any time up through the date of entry of the Disclosure Statement Order and thereafter upon notice to the Bankruptcy Court.

levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against the Debtor, the Estate or any of their property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Entities, or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtor, the Estate or the Liquidating Trust or any of their property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Entities; (iv) asserting any right of setoff, subrogation, or recoupment of any kind, directly or indirectly, against any obligation due the Debtor, the Estate or any of their property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Entities; and (v) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan to the full extent permitted by applicable law.

For clarification, and notwithstanding the provisions of Sections 10.3(a) through 10.3(e) of the Plan, nothing contained in the Plan shall effectuate a release or relinquishment of any right, claim or Cause of Action that the Debtor, the Estate or the Plan Administrator may have against those Entities listed in Exhibit C to this Disclosure Statement.

4. Term of Injunctions or Stays. Unless otherwise provided in the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court, all injunctions or stays arising under or entered during the Chapter 11 Case under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in such applicable order.

5. Releases by Debtor and the Estate.

(a) The Debtor, in its individual capacity and as debtor-in-possession, for and on behalf of the Estate, releases and discharges, absolutely, unconditionally, irrevocably and forever, and shall be permanently enjoined from any prosecution or attempted prosecution of, any and all Causes of Action arising from the beginning of time through the Effective Date, against (i) counsel for the Debtor, Frost Brown Todd LLC, (ii) counsel for the Committee, Morris, Manning, and Martin, LLP; (iii) the CRO, James R. Burritt, (iv) the Debtor's pre-petition advisors, Mainstream Management, (v) any member of the Committee not individually, but only acting in such capacity as a member of the Committee, and specifically not as a creditor, party in interest or as a defendant of a Cause of Action in the Chapter 11 Case or otherwise, in any way relating to the Debtor, the Chapter 11 Case or the Plan; provided, however, that the foregoing shall not operate as a waiver of or release from any Causes of Action arising out of (x) the rights of the Debtor or the Plan Administrator to enforce the Plan and the contracts, instruments, releases, and other agreements or documents delivered hereunder, and, as to the Entities identified in subclauses (iv) through (v) and their respective Related Parties, (y) acts or omissions to act involving willful misconduct, recklessness or gross negligence, (z) transactions avoidable or amounts recoverable under sections 544, 547, 548 and 550 of the Bankruptcy Code and applicable law, or (aa) or any Cause of Action against any member of the Committee that does not relate to acts taken as a member of the Committee, unless as a result of a breach of

those duties or gross negligence or willful misconduct. Notwithstanding anything to the contrary in this Plan, the releases provided to the Entities identified in subclauses (i) through (v) and their respective Related Parties are complete and absolute.

(b) *Exculpation.* Except with respect to obligations under the Plan, neither (i) Frost Brown Todd LLC, (ii) Morris, Manning, and Martin, LLP; (iii) James R. Buritt, (iv) MainStream Management, (v) any member of the Committee, not individually but only in their capacity as a member of the Committee, (vi) the Plan Administrator, and (vii) their respective Related Parties, solely in their capacity as such, shall have or incur any liability to any Entity whatsoever, including, without limitation, any holder of any Claim or Interest for any act or omission taken in good faith in connection with, or arising out of, the Chapter 11 Case, the formulation, preparation, dissemination or confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or property to be distributed pursuant to the Plan, or any contract, instrument, release, or other agreement or document created or entered into, pursuant to or in connection with the Plan, except for willful misconduct, recklessness or gross negligence.

(c) *Injunction.* Except as otherwise provided in the Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Entities that have held, hold or may hold Claims or Interests in the Debtor or the Estate are, with respect to any such Claims or Interests, permanently enjoined from and after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtor, the Estate, or any of the property, of the Debtor or the Estate, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Entities, or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against the Debtor, the Estate or any of the property of the Debtor or the Estate, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Entities, or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtor or the Estate or any of the property of the Debtor or the Estate, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Entities; (iv) asserting any right of setoff, subrogation, or recoupment of any kind, directly or indirectly, against any obligation due the Debtor or the Estate or any of the property of the Debtor or the Estate, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Entities; and (v) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan to the full extent permitted by applicable law.

(d) For clarification, and notwithstanding the provisions of the Plan, nothing contained in the Plan shall effectuate a release or relinquishment of any right, claim or Cause of Action that the Debtor or the Estate may have against those Entities listed in Exhibit C to the Disclosure Statement.

6. Causes of Action.

(a) The Debtor is granted authority and standing, on behalf of the Debtor and its Estate to initiate any Causes of Action, including but not limited to, Avoidance Actions, in the name of and on behalf of the Debtor and its Estate. The Causes of Action may include, but are not limited to: (i) any and all Causes of Action pursuant to any applicable section of the Bankruptcy Code, including but not limited to, Avoidance Actions; (ii) any and all Causes of Action pursuant to applicable state and federal law; (iii) objections to Claims; (iv) claims that the Estate is entitled to set off or recoupment claims against parties with claims against the Estate; (v) claims against any and all of the Debtor's current or former shareholders, directors, officers, employees, agents, accountants, attorneys, advisors, partners, associates, affiliates of the Debtor (including but not limited to Gregory Crabtree, Linda Crabtree, Thomas Crabtree, Lisa Holbrook, Wes Holbrook, Michael Crabtree, Rodney Crabtree, Jonathan Holbrook, Courtney Crabtree, Amber Steele, Barbara Crabtree, Brianna Crabtree, GLC Enterprises, Bargain Buys, James Donnan, Mary Donnan, Tammy Donnan, Todd Donnan, Jeffrey Donnan, Greg Johnson, Paige Johnson or any insider of the Debtor as defined in section 101(31) of the Bankruptcy Code or any other Entities related to or controlled by the foregoing parties) for conduct, actions, or failures to act prior to the Petition Date, which conduct is actionable under any theory of law or equity, including, but not limited to, fraud, breach of fiduciary duty, breach of contract, mismanagement or malfeasance of any kind, self-dealing, abuse of discretion, professional malpractice, fraud, misrepresentation, violations of state or federal securities laws or similar claims, as well as claims that may be recoverable under any applicable insurance policies maintained by the Debtor and (vi) any other litigation or Causes of Action, whether legal, equitable, or statutory in nature, arising out of, or in connection with, the Debtor's business, assets, or operations, or otherwise affecting the Debtor. In addition to the foregoing potential defendants, some of the Entities who may be the subject of litigation brought by the Plan Administrator, on behalf of the Debtor, are identified in **Exhibit C** to this Disclosure Statement. The foregoing potential defendants and the Entities listed on **Exhibit C** to this Disclosure Statement³ are not exhaustive and if a specific Cause of Action or defendant is not identified thereon, it is because such Cause of Action or defendant is not known to the Debtor or the Plan Administrator at this time. On behalf of the Debtor and its Estate, the Debtor preserves for the Debtor, the rights to any Causes of Action that may be identified on or after the Effective Date. The recoveries, if any, from any litigation brought by the Debtor will depend on many factors, which cannot be predicted at this time. The Plan Administrator may in his sole discretion elect not to pursue any Causes of Action (including but not limited to Avoidance Actions) the pursuit of which the Plan Administrator deems not to be in the best interest of the Estate or the Debtor.

(b) *Retention of Causes of Action.* Except as specifically provided herein or in the Confirmation Order, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or the relinquishment of any rights, claims, or Causes of Action (including any Avoidance Actions) that the Debtor may have or which the Debtor may choose to assert on behalf of the Estate, in accordance with any provision of the Bankruptcy Code or any applicable nonbankruptcy law, including, without limitation, (i) any and all claims against any person or entity, to the extent such person or entity asserts a crossclaim, counterclaim, and/or

³ **Exhibit C** shall be filed with this Court no later than ten (10) days prior to the hearing on approval of this Disclosure Statement and may be amended by the Debtor, from time to time, at any time up through the date of entry of the Disclosure Statement Order and thereafter upon notice to the Bankruptcy Court and any party identified by the subsequent amendment of **Exhibit C**.

Claim for setoff which seeks affirmative relief against the Debtor, its officers, directors, or representatives, (ii) the avoidance of any transfer by or obligation of the Estate or the Debtor under chapter 5 of the Bankruptcy Code or applicable state law or the recovery of the value of such transfer, (iii) the turnover of any property of the Estate, or (iv) any other Cause of Action not specifically released pursuant to the Plan.

(c) *Reservation of Rights.* Except as specifically provided herein or in the Confirmation Order, nothing contained herein or in the Confirmation Order shall be deemed to be a waiver or relinquishment of any Claim, Cause of Action (including but not limited to Avoidance Actions), right of setoff, or other legal or equitable defense that the Debtor had immediately prior to the Petition Date, against or with respect to any Claim left unimpaired by the Plan. The Debtor or the Plan Administrator, as the case may be, shall have, retain, reserve, and be entitled to assert all such Claims, Causes of Action (including but not limited to Avoidance Actions), rights of setoff, or other legal or equitable defenses which the Debtor, the Estate, the Plan Administrator or any of them had immediately prior to the Petition Date fully as if the Chapter 11 Case had not been commenced, and all legal and equitable rights of the Debtor respecting any Claim, Cause of Action (including but not limited to Avoidance Actions and the Construction Claims), right of setoff, or other legal or equitable defense left unimpaired by the Plan may be asserted after the Confirmation Date by the Debtor or the Plan Administrator to the same extent as if the Chapter 11 Case had not been commenced.

(d) ALL CAUSES OF ACTION SHALL SURVIVE CONFIRMATION AND THE COMMENCEMENT OR PROSECUTION OF CAUSES OF ACTION SHALL NOT BE BARRED OR LIMITED BY ANY ESTOPPEL, WHETHER JUDICIAL, EQUITABLE, OR OTHERWISE. The Plan Administrator's right on behalf of the Debtor to commence and prosecute Causes of Action (including but not limited to Avoidance Actions) shall not be abridged or materially altered in any manner by reason of confirmation of the Plan. No defendant party to any Cause of Action (including but not limited to an Avoidance Action) shall be entitled to assert any defense based, in whole or in part, upon confirmation of the Plan, and confirmation of the Plan shall not have any res judicata or collateral estoppel effect upon the commencement and prosecution of Causes of Action (including but not limited to Avoidance Actions). The Confirmation Order will contain findings that the foregoing shall be sufficient for all purposes to satisfy the requirements of the standard set forth in Browning v. Levy, 283 F.3d 761 (6th Cir. 2002).

7. *Preservation of Insurance.* Nothing in the Plan shall diminish or impair the enforceability of any policies of insurance that may cover Claims against the Debtor or any other Entity.

S. Consummation.

The Plan will be consummated on the Effective Date. The confirmation of the Plan will occur upon the satisfaction of the conditions precedent set forth in the Plan. The Effective Date of the Plan will occur on the first Business Day on which the conditions precedent to the effectiveness of the Plan, as set forth in the Plan, have been satisfied or waived pursuant to the Plan. The Plan is to be implemented pursuant to its terms, consistent with the provisions of the Bankruptcy Code.

T. Conditions to Effective Date; Modification or Revocation of the Plan.

1. Conditions to Effective Date. The Plan may not be consummated unless each of the conditions set forth below has been satisfied:

(a) The Confirmation Order shall have been entered; and

(b) All documents, instruments and agreements, in form and substance satisfactory to the Debtor, provided for under or necessary to implement the Plan, shall have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the Debtor.

2. Modification of the Plan. Subject to the approval of the Oversight Committee, the Debtor may alter, amend, or modify the Plan under section 1127 of the Bankruptcy Code at any time prior to the Effective Date. After the Effective Date, the Debtor and the Plan Administrator may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order, or to address such matters as may be necessary to carry out the purposes and effects of the Plan. Notwithstanding any reference herein to the forms of documents to be filed with the Bankruptcy Court prior to the Confirmation Hearing, and without limiting the preceding portions of this Article XI, the Debtor may make any non-material changes to such forms prior to the Effective Date.

3. Revocation of the Plan. The Debtor reserves the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Debtor revokes or withdraws the Plan, or if confirmation of the Plan does not occur, then the Plan shall be null and void, and nothing contained herein shall: (i) constitute a waiver or release of any Claims by or against, or Liens in property of, the Debtor; or (ii) serve as an admission of fact or conclusion of law or otherwise prejudice in any manner the rights of the Debtor in any further proceedings involving the Debtor.

V. RISK ASSOCIATED WITH THE PLAN

HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HERewith AND/OR INCORPORATED BY REFERENCE THEREIN), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A. Parties in interest may object to the Debtor's classification of Claims.

Section 1122 of the Bankruptcy Code provides that the Plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Plan Proponent believes that the classification of claims and interests under the Plan complies with the requirements set forth in the Bankruptcy Code.

However, the Plan Proponent cannot assure you that parties in interest and/or the Bankruptcy Court will reach the same conclusion.

B. The commencement of the Chapter 11 Case may have negative implications under certain contracts of the Debtor.

The Debtor is party to various contractual arrangements under which the commencement of the Chapter 11 Case and the other transactions contemplated by the Plan could, subject to the Debtor's rights and powers under sections 362 and 365 of the Bankruptcy Code, (i) result in a breach, violation, default or conflict, (ii) give other parties thereto rights of termination or cancellation, or (iii) have other adverse consequences for the Debtor. The magnitude of any such adverse consequences may depend on, among other factors, the diligence and vigor with which other parties to such contracts may seek to assert any such rights and pursue any such remedies in respect of such matters, and the ability of the Debtor prior to the Effective Date or the Liquidating Trustee following the Effective Date to resolve such matters on acceptable terms through negotiations with such other parties or otherwise.

C. The Plan Proponent may not be able to secure confirmation of the Plan.

1. Risk of Non-Confirmation of the Plan

Although the Plan Proponent believes that the Plan will satisfy all requirements necessary for confirmation of the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications to the Plan will not be required for confirmation or that such modifications would not necessitate the solicitation of votes.

2. Non-Consensual Confirmation

In the event any impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court may nevertheless confirm the Plan at the Plan Proponent's request if at least one impaired Class has accepted the Plan (such acceptance being determined without including the vote of any "insider" in such Class), and as to each impaired Class that has not accepted the Plan, if the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. The Plan Proponent believes that the Plan satisfies these requirements.

D. The Plan Proponent may object to the amount or classification of your Claim.

The Plan Proponent reserves the right to object to the amount or classification of any Claim. The estimates set forth in this Disclosure Statement cannot be relied on by any creditor whose Claim is subject to an objection. Any such Claim holder may not receive its specified share of the estimated distributions described in this Disclosure Statement.

E. The information in this Disclosure Statement is based on estimates, which may turn out to be incorrect.

The information in this Disclosure Statement is based upon Claims reflected in the Schedules and a preliminary review of the Claims filed as of the date hereof. Upon the passage of the Bar Date and the completion of a detailed analysis of the proofs of claim, the actual amount of Claims may differ from the current estimates. Further, the amounts of Disputed Claims that ultimately are allowed by the Bankruptcy Court may be significantly more or less than the estimated amount of such Claims. The actual aggregate amount of Allowed Claims may differ significantly from the estimates set forth in this Disclosure Statement. Accordingly, the amount of the Distributions that ultimately will be received by a particular holder of an Allowed Claim may be adversely or favorably affected by the aggregate amount of Claims ultimately Allowed.

VI. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

No rulings or determinations by the Internal Revenue Service have been obtained or sought by the Debtor with respect to the Plan. The Plan does not purport to address the federal income tax consequences of the Plan to particular classes of taxpayers (such as foreign persons, S corporations, mutual funds, small business investment companies, regulated investment companies, broker-dealers, insurance companies, tax-exempt organizations and financial institutions) or the state, local or foreign income and other tax consequences of the Plan.

NO REPRESENTATIONS ARE MADE REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE PLAN TO ANY HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT A TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

THE FOREGOING DISCUSSION OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. ACCORDINGLY, THE INFORMATION CONTAINED HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSES OF (i) AVOIDING PENALTIES UNDER THE INTERNAL REVENUE CODE, OR (ii) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY TRANSACTION OR MATTER ADDRESSED HEREIN. ADDITIONALLY, HOLDERS OF CLAIMS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES OF THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

VII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Liquidation Under Chapter 7.

If the Plan can not be confirmed, the Chapter 11 Case may be converted to a case under chapter 7 of the Bankruptcy Code in which case a trustee will be appointed to liquidate the assets of the Debtor. It is impossible to predict precisely how the proceeds of a liquidation of the Debtor's assets under chapter 7 of the Bankruptcy Code would be distributed to the respective holders of Claims against or Interests in the Debtor. However, the Debtor believes that liquidation under chapter 7 would result in, among other things, (i) smaller distributions being made to creditors than those provided for in the Plan because of additional administrative expenses attendant to the appointment of a trustee and the trustee's employment of attorneys and other professionals, and (ii) additional expenses and claims, some of which may be entitled to priority.

B. Alternative Plan of Reorganization.

If the Plan is not confirmed, the Debtor or any other party in interest could attempt to formulate a different plan with respect to the Debtor. Such a plan would necessarily involve the orderly liquidation of the Debtor's assets. The Debtor has concluded that the Plan represents the best alternative to protect the interests of creditors and other parties in interest.

Further, the Debtor believes that the Plan enables the Debtor to maximize the value of its assets, allowing its creditors to realize the highest recoveries under the circumstances. In a liquidation under Chapter 11 of the Bankruptcy Code, no chapter 7 trustee, who would likely have less familiarity with the Chapter 11 Case than the Plan Administrator, will need to be appointed, thus minimizing the administrative expenses of the Debtor's estate. Accordingly, the Debtor believes that the creditors of the Debtor will receive greater recoveries through the Plan than in a chapter 7 liquidation.

VIII. CONCLUSION AND RECOMMENDATION

The Debtor believes that confirmation and implementation of the Plan is preferable to any of the alternatives described above because it will provide the greatest recoveries to holders of Claims. Other alternatives would involve delay, uncertainty and substantial administrative costs. The Debtor urges holders of impaired Claims entitled to vote on the Plan to accept the Plan.

Respectfully submitted,

GLC LIMITED

By: /s/ James R. Burritt

James R. Burritt
Chief Restructuring Officer