

Official Form 25B (12/08)

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION (CHICAGO)**

In re) Case No. 16-08646
)
Mothers Food, Inc)
)
Debtor) Small Business Case under Chapter 11
)

AMENDED IN RE MOTHER'S FOOD INC'S DISCLOSURE STATEMENT, DATED 11/7/16

This disclosure statement may not be relied on for any purpose other than to determine how to vote on the debtor's plan of reorganization dated November 7, 2016 or, as amended from time to time (the "Plan"). Nothing contained herein shall constitute an admission of any fact or liability by any party, or be admissible in any proceeding involving the debtor, the reorganized debtor, or any other party, or be deemed conclusive advice on the tax or securities laws or other legal effects of the plan on holders of claims in the debtor's bankruptcy case.

All creditors that are entitled to vote on the plan are encouraged to read and carefully consider the entire disclosure statement furnished to them and the matters described in this disclosure statement prior to submitting a ballot pursuant to this solicitation. The description of the plan contained in this disclosure statement is intended as a summary only and is qualified in its entirety by reference to the Plan itself. Each creditor should read, consider, and carefully analyze the terms and provisions of the plan. The debtor believes that the plan is in the best interests of creditors. All creditors are urged to vote in favor of the plan. Voting instructions are contained in the section of this disclosure statement titled "Voting Instructions." To be counted, your ballot must be duly completed and executed and received by the clerk of the bankruptcy court by no later than January 5, 2017.

No person is authorized by the debtor in connection with the plan or the solicitation of acceptances of the plan to give any information or to make any representation other than as contained in this disclosure statement and any exhibits attached hereto or incorporated by reference or referred to herein, and if given or made, such information or representation may not be relied upon as having been authorized by the debtor. The delivery of this disclosure statement will not under any circumstances imply that the information herein is correct as of any time subsequent to the date hereof. This disclosure statement is dated as of November 7, 2016, and creditors are encouraged to review the bankruptcy docket for this chapter 11 case in order to apprise themselves of events which occur between the date of this disclosure statement and the date of the confirmation hearing. Notwithstanding anything herein to the contrary, unless otherwise stated, all statements in this disclosure statement and in the accompanying plan concerning the history of the debtor's business, the past or present financial condition of the debtor, the future financial performance of the reorganized debtor, transactions to which the debtor was or is a party, or the effect of confirmation of the plan on secured creditors, unsecured creditors and the debtor are attributable exclusively to the debtor and not to any other party. None of the attorneys, accountants, or other professionals retained by the debtor makes any representations concerning such information. The debtor has attempted to present the information contained in this disclosure statement accurately and fairly. The assumptions

underlying the anticipation of future events contained in this disclosure statement represent an estimate by the debtor, but because these are only assumptions or predictions of future events (most of which are beyond the debtor's control), there can be no assurance that the events will occur. All creditors that are entitled to vote on the plan are encouraged to read and carefully consider the entire disclosure statement furnished to them (including the plan and the summary of the plan contained herein) prior to submitting a ballot pursuant to this solicitation. In the event that any impaired class of claims votes to reject the plan, (1) the debtor may also seek to satisfy the requirements for confirmation of the plan with respect to that class under the Bankruptcy Code's "cramdown" provisions and, if required, may amend the plan to conform to such requirements or (2) the plan may be otherwise modified or withdrawn. The requirements for confirmation, including the vote of impaired classes of claims to accept the plan, and certain of the statutory findings that must be made by the bankruptcy court, are set forth in the section of this disclosure statement titled "voting on and confirmation of the plan."

Table of Contents

I. INTRODUCTION

A. **Brief Summary of the Plan of Reorganization**4

B. **Purpose of this Document**5

C. **Deadlines of Voting and Objecting; Date of Plan Confirmation Hearing**.....5

 1. *Hearing to approve this Disclosure Statement and Confirm Plan*.....5

 2. *Deadline For Voting to Accept or Reject the Plan*.....5

 3. *Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan*.....5

 4. *Identity of Person to Contact for More Information*.....6

D. **Disclaimer**.....6

II. BACKGROUND.....6

A. **Description and History of the Debtor's Business**.....6

B. **Insiders of the Debtor**.....6

C. **Management of the Debtor Before and During the Bankruptcy**.....7

D. **Events Leading to Chapter 11 Filing**.....7

E. **Significant Events During the Bankruptcy Case**7

F. **Projected Recovery of Avoidable Transfers**7

G. **Claims Objections**.....7

H. **Current and Historical Financial Conditions**7

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS.....8

A. **What is the Purpose of the Plan of Reorganization?**8

B. **Unclassified Claims**8

 1. *Administrative Expenses*8

 2. *Priority Tax Claims*8

C. **Classes of Claims and Equity Interests**9

 1. *Classes of Secured Claims*9

 2. *Classes of Priority Unsecured Claims*.....9

 3. *Classes of Equity Interest Holders*.....10

D.	Means of Implementing the Plan	10
1.	<i>Source of Payments</i>	10
2.	<i>Post-confirmation Management</i>	10
E.	Risk Factors	10
F.	Executory Contracts and Unexpired Leases	10
G.	Tax Consequences of Plan	11
IV.	CONFIRMATION REQUIREMENTS AND PROCEDURES	11
A.	Who May Vote or Object	
1.	<i>What Is an Allowed Claim or an Allowed Equity Interest?</i>	12
2.	<i>What Is an Impaired Claim or Impaired Equity Interest?</i>	12
3.	<i>Who is Not Entitled to Vote</i>	12
4.	<i>Who Can Vote in More Than One Class</i>	13
B.	Votes Necessary to Confirm the Plan	13
1.	<i>Votes Necessary for a Class to Accept the Plan</i>	13
2.	<i>Treatment of Nonaccepting Classes</i>	13
C.	Liquidation Analysis	13
D.	Feasibility	13
1.	<i>Ability to Initially Fund Plan</i>	14
2.	<i>Ability to Make Future Plan Payments and Operate Without Further Reorganization</i>	14
V.	EFFECT OF CONFIRMATION OF PLAN	14
A.	DISCHARGE OF DEBTOR	14
B.	Modification of Plan	14
C.	Final Decree	14
VI.	OTHER PLAN PROVISIONS	14

I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the small business Chapter 11 case of Mothers Food, Inc. (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the Mother's Chapter 11 Reorganization Plan (the "Plan") filed by [the Debtor] on 11/7/16. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

Class #	Description	Impairment	Treatment	Total \$ to be Distributed
n/a	Administrative Claims of Professionals	Unimpaired	100% payment on the Effective Date unless otherwise agreed	\$5000
n/a	United States Trustee	Unimpaired	100% payment as quarterly payments become due until entry of final decree order	\$650.00
1	The City of Chicago claims and \$40,237.38	Impaired and unsecured	Debtor will pay 100% of the claim. The first payment shall be \$2,000 beginning January 24, 2017 or the first of the moth after confirmation. The remainder shall be in equal payments of \$648.09 for 59 months. 40,237.38	\$40,237.38 without interest
2	Illinois State Lottery	Impaired and Unsecured	Debtor will pay 100% of the claim. The first payment shall be \$2,000 beginning January 24, 2017 or the first of the moth after confirmation. The remainder shall be in equal payments of \$517.04 for 59 months.	\$32,505.51 without interest

General unsecured creditors are classified in Class 1 and will receive a distribution of 100% of their Allowed Claims payable in monthly installments to be distributed over a five-year period. Class 2 claims will receive 100 % of Allowed Claims payable in monthly installments over a five-year period beginning 30 days after approval of this plan any balance at the end of 60 months will be paid in one lump sum or balloon if needed. The debtor may prepay the plan at any time.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- Why In re Mother's Food Inc believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to Confirm the Plan*

The hearing at which the Court will determine whether to confirm the Plan will take place on 1/10, 2017, at 09:30 AM, in Courtroom 619, at the United States Bankruptcy Court, 219 South Dearborn, Chicago, IL 60608.

2. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and file the ballot with the Clerk of the Bankruptcy Court for the Northern District of Illinois, Eastern Division per Local Rule 3018-1. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by January 5, 2017 or it will not be counted.

3. *Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon:

Tina Adams
tinaadams.rja@gmail.com
Robert J. Adams & Associates
901 W. Jackson, Suite 202
Chicago, IL 60607 by January 5, 2017.

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact
Tina Adams
tinaadams.rja@gmail.com
Robert J. Adams & Associates
901 W. Jackson, Suite 202
Chicago, IL 60607.

C. **Disclaimer**

The Court has approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until January 5, 2017.

II. **BACKGROUND**

A. **Description and History of the Debtor's Business**

The Debtor is a non-public corporation. Since 2011, the Debtor is an Illinois Corporation that was incorporated December 13, 2011. The business is located 4758 S WOOD ST CHICAGO IL 60609 and it is owned by ODIEH J AYESH who is the sole shareholder. Debtor operates a small grocery store. The debtor's family helps with the store. The owner is the only person receiving income from the store at this time. The store does not have a liquor license and does not have the lottery. The store has had problems with the City of Chicago for several violations that have been accruing over a few years. Several attempts to re-pay the violations have failed and in January 2016, the store's Business License was denied for renewal causing the store to shut down for almost three months, prompting the instant case. Now the business is up and running. The store has a profit, and the plan payments shall be paid from the store profits on a monthly basis. The debtor's store offers non-perishable food that is packaged in cans, bottles, and boxes, perishable food such as dairy products, bread, pastries, health and beauty items.

B. **Insiders of the Debtor**

The Debtor is a non-public corporation with only one shareholder, Odieh Ayesh. No other individuals or companies own any portion of the Debtor nor are they believed to be insiders.

C. Management of the Debtor Before and During the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor were:

Odieh Ayesh

The Managers of the Debtor during the Debtor's chapter 11 case have been:

Odieh Ayesh

After the effective date of the order confirming the Plan, the directors, officers, and voting trustees of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will be:

Odieh Ayesh will retain all equitable interest in Mother's Food Inc post petition and upon completion of the plan. Because the plan impairs some creditors, the "new value doctrine" may apply, however, all creditors are being paid 100% of their allowed claims.

D. Events Leading to Chapter 11 Filing

The City of Chicago denied the debtor the Business License in January 2016 and the store ceased operations.

E. Significant Events During the Bankruptcy Case

The filing of Chapter 11 prompted the City of Chicago to allow the debtor to obtain the Business License. The business has now been reopened and is prospering.

F. Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

H. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in schedules A/B of the petition and a liquidation analysis and attached as Exhibit B. The assets are minimal. An appraisal prepared in April 2016 gave a value of the shelving and equipment owned by the store of about \$750.00. The value of the store is the sales which are turning a profit. Problems with the City have hindered the Debtor's past ability to focus on marketing efforts. The debtor has plans for expansion and bringing in new products to sell. The debtor has a very loyal following

and prides itself as a "neighborhood store" serving a low-income community.

The Debtor's most recent IRS Return is set forth in Exhibit C.

The most recent post-petition operating report filed since the commencement of the Debtor's bankruptcy case is set forth in Exhibit D.

A recent Cash Flow Projection is attached as Exhibit E.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class:

1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. The Debtor has no cost or expenses under § 507(a)(2) of the Code

Type	Estimated Amount Owed	Proposed Treatment
Profession fees	\$8000.00 (Estimate)	Paid in full on the Effective Date of the Plan unless otherwise agreed or unless the fees have not been approved by the Bankruptcy Court. For fees approved after the Effective Date and before the entry of the final agree, payment will be made on the 30 th day after the entry of an order approving the professional fees.
Office of U.S. Trustee Fees	\$650	Paid in full on the Effective Date of the Plan or when due.

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The Debtor has no tax debt or liability since the filing of this Plan besides normal operations. While the IRS filed a claim, it was amended to show a \$0 balance.

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. *Classes of Secured Claims-None*
2. *Classes of Priority Unsecured Claims-None*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept a different treatment.

3. *Class[es] of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following chart identifies the Plan's proposed treatment of Classes 1&2 which contain general unsecured claims against the Debtor:

General Unsecured Classes: 2
 General Unsecured Impaired Classes: 2
 General Unsecured Unimpaired Classes: 0

Class #	Description	Impairment	Treatment	Total \$ to be Distributed
1	The City of Chicago claims \$40,237.38	Unsecured and Impaired	Debtor will pay 100% of the claim. The first payment shall be \$2,000 beginning January 24, 2017 or the first of the moth after confirmation. The remainder shall be in equal payments of \$648.09 for 59 months. 40,237.38	\$40,237.38 combined from Claims 1 & 2, paid without interest

2	Illinois State Lottery	Unsecured and Impaired	Debtor will pay 100% of the claim. The first payment shall be \$2,000 beginning January 24, 2017 or the first of the month after confirmation. The remainder shall be in equal payments of \$517.04 for 59 months.	\$32,505.51 without interest
---	------------------------	------------------------	--	------------------------------

4. *Class[es] of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

As a corporation, Debtor is owned by Odieh Ayesh. He will retain ownership of the reorganized entity.

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the following: Income generated from sales and operation of the business.

2. *Post-confirmation Management*

The Post-Confirmation Managers of the Debtor, and their compensation shall be as follows: Odieh Ayesh has been and will continue to be the sole owner of debtor. He is considered to be an insider and will be compensated at an estimated monthly amount of \$1,800.

E. Risk Factors

Right now there are no known risk factors besides fluctuations in consumer spending. While some risk of failure is inherent in any Chapter 11 Plan, the Debtor is more valuable as a going concern than its liquidation value. By allowing ongoing operations, the unsecured creditors can be repaid rather than receiving almost nothing in a Chapter 7 and pursuing the owner of the Debtor in other forums.

F. Executory Contracts and Unexpired Leases

The Plan, in Article VI, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code if any. The debtor has only 1 executory contract which is with Rene Kasperowica for the rental of the debtor's business premises. This contract is current and will be assumed.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in Article VI will be rejected under the Plan. Consult your advisor or attorney for more specific information about particular contracts or leases. If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

Per Section 166 of the Internal Revenue Code, the amount of any debt discharged in this proceeding may be eligible to be deducted by creditors to the extent of their tax basis in the debt discharged. Creditors are advised to consult with their tax advisors with respect to the specific consequences to them resulting from the discharge, which will depend upon their specific circumstances.

The potential tax consequences to the Debtor, any successor, or hypothetical investor could be significant. The discharge of a debt under Chapter 11 of the Bankruptcy Code generally will not result in income to the Debtor per IRS Code Section 108. However, tax attributes on a going forward basis such as net operating losses, general business credits, minimum tax credits and capital loss carryovers may be lost or substantially reduced. In addition, the basis for assets, passive activity carryovers, and foreign tax credit carryovers, may also be reduced.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting

purposes and (2) impaired.

In this case, the Plan Proponent believes that classes are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that no classes are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. *What Is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claims in this case is February 21, 2017. The deadline for filing objections to claims is 3/21/2017.

2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is **Not** Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interest in classes that do not receive or retain any value under the Plan;
- holders of administrative expense claims.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

4. *Who Can Vote in More Than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired creditor class has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, discussed later in Section [B.2].

1. *Votes Necessary for a Class to Accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as Exhibit B.

D. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to make payments on all the claims and expenses that are entitled to be paid on that date. The most recent operating report, attached as Exhibit D, shows an initial ability to fund the plan

2. *Ability to Make Future Plan Payments and Operate Without Further Reorganization*

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments. The Plan Proponent has provided projected financial information attached, as Exhibit E, reflecting sales for the year to date in line with the future projections once the store was reopened.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. **EFFECT OF CONFIRMATION OF PLAN**

A. **DISCHARGE OF DEBTOR**

Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in § 1141(d)(6)(B). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. **Modification of Plan**

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan.

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

C. **Final Decree**

Once the estate has been fully administered, as provided in Rule 3022 of the Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

VI. **OTHER PLAN PROVISIONS**
(reserved)