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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA

In re:)
) CASE NO.
)
) CHAPTER 11
)
) DISCLOSURE STATEMENT
) DATED [INSERT DATE OF PLAN]
)
) Date: _____
) Time: _____
) Dept: _____
)
) Honorable _____
)
_____)

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1 PART I

2 INTRODUCTION

3 [INSERT DEBTOR(S) NAME(S)] ("Debtor") is the Debtor in a
4 Chapter 11 bankruptcy case. On [INSERT PETITION DATE], Debtor
5 commenced a [INSERT VOLUNTARY/INVOLUNTARY] petition for relief
6 under Chapter 11 of the United States Bankruptcy Code ("Code"),
7 11 U.S.C. § 101 et seq., in the United States Bankruptcy Court
8 for the Southern District of California ("Court"). Chapter 11
9 allows the Debtor, and under some circumstances, creditors and
10 other parties, to propose a plan of reorganization ("Plan").

11 [INSERT DEBTOR/THIRD PARTY] is the proponent of the Plan dated
12 [INSERT DATE OF PLAN]. A true copy of the Plan is attached to
13 this Disclosure Statement as Exhibit A.

14 A. The Purpose of the Disclosure Statement. Pursuant to § 1125
15 of the Code, [INSERT DEBTOR/THIRD PARTY] has prepared and filed
16 this Disclosure Statement along with the Plan, for the Court's
17 approval and submission to the holders of claims and interests.
18 However, before an acceptance or rejection of a plan may be
19 solicited, the Court must find that the Disclosure Statement
20 contains "adequate information."

21 "Adequate Information" is defined in 11 U.S.C. § 1125(a)(1)
22 to mean information of a kind, and in sufficient detail, as far
23 as is reasonably practicable in light of the nature and history
24 of the debtor and the condition of the debtor's books and
25 records, that would enable a hypothetical reasonable investor
26 typical of the holders of claims or interests of the relevant
27 class to make an informed judgment about the plan. In re
28 Metrocraft Publishing Serv., Inc., 39 B.R. 567 (Bankr. N.D. Ga.

1 1984).

2 READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW
3 ABOUT:

- 4 (1) WHO CAN VOTE OR OBJECT,
- 5 (2) WHAT THE TREATMENT OF YOUR CLAIM IS, (i.e., if your
6 claim is disputed and what your claim will receive if
7 the Plan is confirmed) AND HOW THIS TREATMENT COMPARES
8 TO WHAT YOUR CLAIM WOULD RECEIVE IN LIQUIDATION,
- 9 (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING
10 THE BANKRUPTCY,
- 11 (4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER OR
12 NOT TO CONFIRM THE PLAN,
- 13 (5) WHAT IS THE EFFECT OF CONFIRMATION, AND
- 14 (6) WHETHER THIS PLAN IS FEASIBLE.

15 This Disclosure Statement cannot tell you everything about
16 your rights. You should consider consulting your own lawyer to
17 obtain more specific advice on how this Plan will affect you and
18 what is the best course of action for you.

19 Be sure to read the Plan as well as the Disclosure
20 Statement. If there are any inconsistencies between the Plan and
21 Disclosure Statement, the Plan provisions will govern.

22 PART II

23 CONFIRMATION REQUIREMENTS:
24 VOTE REQUIRED FOR APPROVAL OF THE PLAN

25 PERSONS OR ENTITIES CONCERNED WITH THE CONFIRMATION OF THIS
26 PLAN SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON
27 CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The
28 following discussion is intended solely for the purpose of

1 alerting readers about basic confirmation issues, which they may
2 wish to consider, as well as certain deadlines for filing claims.
3 The proponent CANNOT and DOES NOT represent that the discussion
4 contained below is a complete summary of the law on this topic.

5 A. Who may Vote or Object

6 1. Who May Object to Confirmation of the Plan

7 Any party in interest may object to the confirmation of the
8 Plan, but as explained below not everyone is entitled to vote to
9 accept or reject the Plan.

10 2. Who May Vote to Accept/Reject the Plan

11 A creditor or interest holder has a right to vote for or
12 against the Plan if that creditor or interest holder has a claim
13 which is both (1) allowed or allowed for voting purposes and (2)
14 classified in an impaired class.

15 a. What is an Allowed Claim/Interest

16 As noted above, a creditor or interest holder must first
17 have an allowed claim or interest to have the right to vote.
18 Generally, any proof of claim or interest will be allowed, unless
19 a party in interest brings a motion objecting to the claim. When
20 an objection to a claim or interest is filed, the creditor or
21 interest holder holding the claim or interest cannot vote unless
22 the Court, after notice and hearing, either overrules the
23 objection or allows the claim or interest for voting purposes.

24 THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE WAS
25 *[INSERT CLAIMS BAR DATE]*. A creditor or interest holder may have
26 an allowed claim or interest even if a proof of claim or interest
27 was not timely filed. A claim is deemed allowed if (1) it is
28 scheduled on the Debtor's schedules and such claim is not

1 scheduled as disputed, contingent, or unliquidated, and (2) no
2 party in interest has objected to the claim. An interest is
3 deemed allowed if it is scheduled and no party in interest has
4 objected to the interest. Consult Exhibits ___ through ___ to
5 see how the proponent has characterized your claim or interest.

6 b. What is an Impaired Claim/Interest

7 As noted above, an allowed claim or interest only has the
8 right to vote if it is in a class that is impaired under the
9 Plan. A class is impaired if the Plan alters the legal,
10 equitable, or contractual rights of the members of that class.
11 For example, a class comprised of general unsecured claims is
12 impaired if the Plan fails to pay the members of that class 100%
13 of what they are owed.

14 In this case the [*INSERT DEBTOR/THIRD PARTY*] believes that
15 classes [*INSERT IMPAIRED CLASS NUMBERS*] are impaired and that
16 holders of claims in each of these classes are therefore entitled
17 to vote to accept or reject the Plan. The [*INSERT DEBTOR/THIRD*
18 *PARTY*] believes that classes [*INSERT UNIMPAIRED CLASS NUMBERS*]
19 are unimpaired and that holders of claims in each of these
20 classes therefore do not have the right to vote to accept or
21 reject the Plan. Parties who dispute the [*INSERT DEBTOR/THIRD*
22 *PARTY*] characterization of their claim or interest as being
23 impaired or unimpaired may file an objection to the Plan
24 contending that the [*INSERT DEBTOR/THIRD PARTY*] has incorrectly
25 characterized the class.

26 3. Who is Not Entitled to Vote

27 The following four types of claims are not entitled to vote:
28 (1) claims that have been disallowed; (2) claims in unimpaired

1 classes; (3) claims entitled to priority pursuant to Code §
2 507(a)(1), (a)(2) and (a)(8); and (4) claims in classes that do
3 not receive or retain any value under the Plan. Claims in
4 unimpaired classes are not entitled to vote because such classes
5 are deemed to have accepted the Plan. Claims entitled to priority
6 pursuant to Code § 507(a)(1), (a)(2), and (a)(8) are not entitled
7 to vote because such claims are not placed in classes and they
8 are required to receive certain treatment specified by the Code.
9 Claims in classes that do not receive or retain any value under
10 the Plan do not vote because such classes are deemed to have
11 rejected the Plan. EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED
12 ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION
13 OF THE PLAN.

14 4. Who can Vote in More than One Class

15 A creditor whose claim has been allowed in part as a secured
16 claim and in part as an unsecured claim is entitled to accept or
17 reject a Plan in both capacities by casting one ballot for the
18 secured part of the claim and another ballot for the unsecured
19 claim.

20 5. Votes Necessary to Confirm the Plan

21 If impaired classes exist, the Court cannot confirm the Plan
22 unless (1) at least one impaired class has accepted the Plan
23 without counting the votes of any insiders within that class, and
24 (2) all impaired classes have voted to accept the Plan, unless
25 the Plan is eligible to be confirmed by "cramdown" on non-
26 accepting classes, as discussed later in paragraph 7 of this
27 Section.

28 6. Votes Necessary for a Class to Accept the Plan

1 A class of claims is considered to have accepted the Plan
2 when more than one-half (1/2) in number and at least two-thirds
3 (2/3) in dollar amount of the claims which actually voted, voted
4 in favor of the Plan. A class of interests is considered to have
5 accepted the Plan when at least two-thirds (2/3) in amount of the
6 interest-holders of such class which actually voted, voted to
7 accept the Plan.

8 7. Treatment of Nonaccepting Classes: Absolute Priority
9 Rule

10 As noted above, even if all impaired classes do not accept
11 the proposed Plan, the Court may nevertheless confirm the Plan if
12 the nonaccepting classes are treated in the manner required by
13 the Code. The process by which nonaccepting classes are forced
14 to be bound by the terms of a Plan is commonly referred to as
15 "cramdown." The Code allows the Plan to be "crammed down" on
16 nonaccepting classes of claims or interests if it meets all
17 consensual requirements except the voting requirements of
18 § 1129(a)(8) and if the Plan does not "discriminate unfairly" and
19 is "fair and equitable" toward each impaired class that has not
20 voted to accept the Plan as referred to in 11 U.S.C. § 1129(b)
21 and applicable case law.

22 a. Secured Claims: There are three ways to satisfy
23 the fair and equitable standard with respect to a dissenting
24 class of secured claims. The first way is to provide that class
25 members retain their security interests (whether the collateral
26 is kept or is transferred by the debtor) to the extent of their
27 allowed secured claims and to give each secured creditor in the
28 class deferred cash payments that aggregate to at least the

1 amount of the allowed secured claim and which have a present
2 value equal to the value of the collateral. This method of
3 satisfying the fair and equitable standard may be complicated by
4 the application of 11 U.S.C. § 1111(b)(2). The meaning of
5 "allowed secured claim" as used in this paragraph will depend
6 whether the secured class makes a § 1111(b)(2) election to be
7 treated as fully secured despite the fact that the collateral may
8 be worth less than the amount of the claim.

9 (1) Section 1111(b)(2) election: The
10 § 1111(b)(2) election converts the unsecured deficiency claim
11 into a claim secured by the collateral of the electing creditor.
12 If a creditor so elects, the Debtor must treat the creditor's
13 entire claim as a secured claim and the Plan must provide for the
14 creditor to receive, on account of its claim, payments, either
15 present or deferred, of a principal face amount equal to the
16 amount of the claim and of a present value equal to the value of
17 the collateral.

18 A second alternative for complying with the fair and
19 equitable standard with respect to a class of dissenting secured
20 creditors is for the plan to provide for the realization of the
21 "indubitable equivalent" of their secured claims.

22 The third alternative for satisfying the fair and equitable
23 standard is to provide in the plan for the sale of the collateral
24 free and clear of liens, with the liens to attach to the sale
25 proceeds.

26 b. Unsecured Claims: There are two ways of satisfying
27 the fair and equitable standard with respect to a dissenting
28 class of unsecured claims. The first way is for the plan to

1 provide for distributions to the dissenting class worth the full
2 amount of their allowed claims. The allowed claims need not be
3 paid in full on the effective date of the plan. If the plan
4 provides for deferred payments, an appropriate discount factor
5 must be used so that the present value of deferred payments
6 equals the full amount of the allowed unsecured claims of the
7 dissenting class.

8 The second way to satisfy the fair and equitable test with
9 respect to the dissenting class of unsecured creditors is for the
10 plan to provide that all claims that are junior to the dissenting
11 class do not receive or retain any property on account of their
12 claims or interests. Accordingly, if a dissenting unsecured
13 creditor class is to receive property worth only one-half of its
14 allowed claims, the plan may still be fair and equitable if all
15 junior classes are to receive or retain nothing and if no senior
16 class is to receive more than 100% of its allowed claims.

17 8. Request for Confirmation Despite Nonacceptance by
18 Impaired Class(es)

19 The *[INSERT DEBTOR/THIRD PARTY WILL/WILL NOT]* ask the Court
20 to confirm this Plan by cramdown on impaired classes *[IMPAIRED*
21 *CLASS NUMBERS]* if any of these classes do not vote to accept the
22 Plan. *[IF DEBTOR IS ASKING FOR CRAM DOWN DESCRIBE HOW THE FAIR*
23 *AND EQUITABLE TEST WILL BE MET].*

24 Please note that the proposed Plan treatment described by
25 this Disclosure Statement cannot be crammed down on the following
26 classes: *[INSERT CLASS NUMBERS]*. AS A RESULT, IF ANY OF THESE
27 CLASSES DO NOT VOTE TO ACCEPT THE PLAN, THE PLAN WILL NOT BE
28 CONFIRMED.

1 PART III.

2 DESCRIPTION OF THE PLAN

3 A. What Creditors and Interest Holders will Receive Under the
4 Proposed Plan

5 As required by the Bankruptcy Code, the Plan classifies
6 claims and interests in various classes according to their right
7 to priority. The Plan states whether each class of claims or
8 interests is impaired or unimpaired. The Plan provides the
9 treatment each class will receive.

10 B. Unclassified Claims

11 Certain types of claims are not placed into voting classes;
12 instead they are unclassified. They are not considered impaired
13 and do not vote on the Plan because they are automatically
14 entitled to specific treatment provided for them in the
15 Bankruptcy Code. As such, the proponent has not placed the
16 following claims in a class.

17 1. Administrative Expenses

18 Administrative expenses are claims for costs or expenses of
19 administering the Debtor's Chapter 11 case which are allowed
20 under Code § 507(a)(1). The Code requires that all
21 administrative claims be paid on the Effective Date of the Plan
22 (as defined in Part III, D.1.), unless a particular claimant
23 agrees to a different treatment.¹

24 The following chart lists all of the Debtor's § 507(a)(1)
25 administrative claims and their treatment under the Plan (see
26 Exhibit F for detailed information about each administrative
27 expense claim):
28

<u>Name</u>	<u>Amount Owed</u>	<u>Treatment</u>
Clerk's Office Fees		Paid in full on the Effective Date ²
Office of the U.S. Trustee Fees		Paid in full on the Effective Date
	TOTAL	

2. Court Approval of Fees Required:

The Court must rule on all fees listed in this chart before the fees will be owed. For all fees except the Clerk's Office fees and U.S. Trustee's fees, the professional in question must file and serve a properly noticed fee application and the Court must rule on the application. Only the amount of fees allowed by the Court will be owed and required to be paid under this Plan.

As indicated above, the Debtor will need to pay [INSERT TOTAL AMOUNT OF ADMINISTRATIVE CLAIMS TO BE PAID ON EFFECTIVE DATE] worth of administrative claims on the Effective Date of the Plan unless the claimant has agreed to be paid later or the Court has not yet ruled on the claim. As indicated elsewhere in this Disclosure Statement, [INSERT DEBTOR/THIRD PARTY] will have [INSERT AMOUNT OF CASH ON HAND ON EFFECTIVE DATE] amount of cash on hand on the Effective Date of the Plan. The source of this cash will be [INSERT THE SOURCE(S) OF ALL CASH DEBTOR WILL HAVE ON EFFECTIVE DATE; BE SPECIFIC. IF SEVERAL SOURCES OF CASH EXIST, LIST EACH SOURCE AND AMOUNT OF CASH EXPECTED TO BE GENERATED FROM THAT SOURCE].

1 3. Priority Tax Claims

2 Priority tax claims include certain unsecured income,
 3 employment and other taxes described by Code § 507(a)(8). The
 4 Code requires that each holder of such a § 507(a)(8) priority tax
 5 claim receive the present value of such claim in deferred cash
 6 payments, over a period not exceeding six years from the date of
 7 the assessment of such tax.

8 The following chart lists all of the Debtor's § 507(a)(8)
 9 priority tax claims and their treatment under the Plan:

DESCRIPTION	AMOUNT OWED	TREATMENT
<ul style="list-style-type: none"> • Name • Type of Tax • Date Tax Assessed 		<ul style="list-style-type: none"> • Payment Interval³ • Estimated Payment Amount/Interval⁴ • Begin Date⁵ • End Date⁶ • Interest Rate %⁷ • Total Payout Amount

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<ul style="list-style-type: none">• Name • Type of Tax • Date Tax Assessed		<ul style="list-style-type: none">• Payment Interval⁸ • Estimated Payment Amount/Interval⁹ • Begin Date¹⁰ • End Date¹¹ • Interest Rate %¹² • Total Payout Amount
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C. Classified Claims and Interests

1. Classes of Secured Claims

Secured Claims are claims secured by liens on property of the estate. The following chart lists all classes containing Debtor's secured pre-petition claims and their treatment under the Plan.

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CLASS #	DESCRIPTION	INSIDERS (Y/N)	IMPAIRED (Y/N)	TREATMENT
	Secured Claim Of: <ul style="list-style-type: none"> • Name • Collateral Description • Collateral Value • Priority of Security • Principal Owed • Pre-Petition Arrearage Amount • Post-Petition Arrearage Amount • Total Claim Amount 			<ul style="list-style-type: none"> • Payment Interval • Estimated Payment Amount/ Interval • Balloon Payment (if any) • Begin Date • End Date • Interest Rate % • Total Payout %¹³ • Treatment of Lien
	Secured Claim Of: <ul style="list-style-type: none"> • Name • Collateral Description • Collateral Value • Priority of Security • Principal Owed • Pre-Petition Arrearage Amount • Post-Petition Arrearage Amount • Total Claim Amount 			<ul style="list-style-type: none"> • Payment Interval • Estimated Payment Amount/ Interval • Balloon Payment (if any) • Begin Date • End Date • Interest Rate % • Total Payout % • Treatment of Lien

1 2. Classes of Priority Unsecured Claims

2 Certain priority claims that are referred to in Code §
 3 507(a)(3), (4), (6), and (7) are required to be placed in
 4 classes. These types of claims are entitled to priority
 5 treatment as follows: the Code requires that each holder of such
 6 a claim receive cash on the Effective Date equal to the allowed
 7 amount of such claim. However, a class of unsecured priority
 8 claim holders may vote to accept deferred cash payments of a
 9 value, as of the Effective Date, equal to the allowed amount of
 10 such claim.

11 The following chart lists all classes containing Debtor's
 12 § 507(a)(3), (a)(4), (a)(5), (a)(6), and (a)(7) priority
 13 unsecured claims and their treatment under the Plan (see Exhibit
 14 G for more detailed information about each priority unsecured
 15 claim).

CLASS #	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
	Priority unsecured claims pursuant to: <i>[INSERT ONE OF THE FOLLOWING:</i> (a) 11 U.S.C. § 507(a)(3) (b) 11 U.S.C. § 507(a)(4) (c) 11 U.S.C. § 507(a)(5)] • Total Amount of Claims <i>[INSERT TOTAL AMOUNT OF CLAIMS IN THIS CLASS]</i>		• Paid in full in cash on Effective Date <i>[11 U.S.C. § 507(a)(6)]</i>
	Priority unsecured claims pursuant to: <i>[INSERT ONE OF THE FOLLOWING:</i> (a) 11 U.S.C. § 507(a)(3) (b) 11 U.S.C. § 507(a)(4) (c) 11 U.S.C. § 507(a)(5)] • Total Amount of Claims <i>[INSERT TOTAL AMOUNT OF CLAIMS IN THIS CLASS]</i>		• Paid in full in cash on Effective Date <i>[11 U.S.C. § 507(a)(6)]</i>

1 3. Class of General Unsecured Claims

2 General unsecured claims are unsecured claims not entitled
 3 to priority under Code § 507(a). The following chart identifies
 4 the Plan's treatment of the class containing all of Debtor's
 5 general unsecured claims (see Exhibit H for detailed information
 6 about each general unsecured claim):

CLASS #	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
	General Unsecured Claims • Total Amount of Claims		<ul style="list-style-type: none"> • Payment Interval • Estimated Payment Amount/ Interval • Balloon Payment (if any) • Begin Date • End Date • Interest Rate % • Total Payout %

18
 19 4. Class(es) of Interest Holders

20 Interest holders are the parties who hold ownership interest
 21 (i.e., equity interest) in the Debtor. If the Debtor is a
 22 corporation, entities holding preferred or common stock in the
 23 Debtor are interest holders. If the Debtor is a partnership, the
 24 interest holders include both general and limited partners. If
 25 the Debtor is an individual, the Debtor is the interest holder.
 26 The following chart identifies the Plan's treatment of the class
 27 of interest holders (see Exhibit I for more detailed information
 28 about each interest holder):

CLASS #	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
	Interest Holders	XXX	

D. Other Provisions of the Plan

1. Effective Date of the Plan

The Effective Date of the Plan is the date of the entry of the order confirming the Plan, or such other date, as may be fixed in the order confirming the Plan. The Effective Date of the Plan will be *[INSERT DESCRIPTION]*, unless a different date is stated in the order confirming the Plan. *[THE PLAN PROPONENT SHOULD INDICATE WHAT THE EXPECTED EFFECTIVE DATE OF THE PLAN IS, E.G., FEBRUARY 5, 2002].*

2. Executory Contracts and Unexpired Leases

a. Assumptions

The following are the unexpired leases and executory contracts to be assumed as obligations of the reorganized Debtor under this Plan (see Exhibit C for more detailed information on unexpired leases to be assumed and Exhibit D for more detailed information on executory contracts to be assumed):

[LIST UNEXPIRED LEASES AND EXECUTORY CONTRACTS IN SUFFICIENT DETAIL TO ENABLE THE READER TO DETERMINE WHICH LEASES AND CONTRACTS WILL BE ASSUMED. THIS LIST WILL ENABLE A PARTY TO A LEASE OR CONTRACT TO QUICKLY ASCERTAIN WHETHER HE OR SHE NEEDS TO REFER TO EXHIBIT C OR D].

On the Effective Date, each of the unexpired leases and executory contracts listed above shall be assumed as obligations of the reorganized Debtor. The Order of the Court confirming the

1 Plan shall constitute an Order approving the assumption of such
2 lease and contract listed above. If you are a party to a lease
3 or contract to be assumed and you object to the assumption of
4 your lease or contract, you must file and serve your objection to
5 the Plan within the deadline for objecting to the confirmation of
6 the Plan. See Section *[INSERT SECTION]* of this document for the
7 specific date.

8 b. Rejections

9 On the Effective Date, the following executory contracts and
10 unexpired leases will be rejected.

11 *[LIST ANY EXECUTORY CONTRACTS AND UNEXPIRED LEASES TO BE REJECTED*
12 *IN SUFFICIENT DETAIL TO ENABLE A READER TO QUICKLY ASCERTAIN*
13 *WHETHER ANY PARTICULAR LEASE OR CONTRACT OF INTEREST WILL BE*
14 *REJECTED].*

15 The Order Confirming the Plan shall constitute an Order
16 approving the rejection of the lease or contract. If you are a
17 party to a contract or lease to be rejected and you object to the
18 rejection of your contract or lease, you must file and serve your
19 objection to the Plan within the deadline for objecting to the
20 confirmation of the Plan. See Section *[INSERT SECTION]* of this
21 document for the specific date.

22 THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM
23 ARISING FROM THE REJECTION OF A LEASE OR CONTRACT IS *[INSERT*
24 *DATE]*. Any claim based on the rejection of a contract or lease
25 will be barred if the proof of claim is not timely filed, unless
26 the Court later orders otherwise.

27 *///*

28 *///*

1 PART IV

2 MEANS OF EFFECTUATING THE PLAN

3 A. Funding for the Plan

4 The Plan will be funded by the following: *[INSERT WHETHER*
5 *DEBTOR WILL BE CONTINUING OPERATIONS TO FUND THE PLAN, WHETHER*
6 *THERE WILL BE A CAPITAL INFUSION FROM INVESTORS, WHETHER THERE*
7 *WILL BE A LOAN OR WHETHER THE PLAN PROPONENT WILL LIQUIDATE*
8 *PROPERTY TO FUND THE PLAN. PROVIDE DETAILS AND ADDRESS TIMING*
9 *ISSUES IF A CAPITAL INFUSION, LOAN OR LIQUIDATION WILL BE USED TO*
10 *FUND THE PLAN. FOR EXAMPLE, IF FUNDS ARE COMING FROM INVESTOR OR*
11 *"NEW OWNER" DISCLOSE THEIR FINANCIAL POSITION, INCLUDING NET*
12 *WORTH.]*

13 B. Disbursing Agent

14 *[INSERT NAME AND IDENTITY OF DISBURSING AGENT]* shall act as
15 the Disbursing Agent for the purpose of making all distributions
16 provided for under the Plan. The Disbursing Agent shall serve
17 *[INSERT WITH/WITHOUT]* a bond and shall receive *[EXPLAIN WHETHER*
18 *DISBURSING AGENT WILL BE COMPENSATED OR REIMBURSED, SPECIFY THE*
19 *EXACT AMOUNT AND THE INTERVAL OF PAYMENT]* for distribution
20 services rendered and expenses incurred pursuant to the Plan.

21
22 PART V

23 CASH REQUIREMENTS

24 On the Effective Date of the Plan, Debtor will need
25 approximately *[INSERT DOLLAR AMOUNT]* to pay administrative
26 expenses.

27 *[INDICATE OTHER CASH REQUIREMENTS AND WHETHER SUCH*
28 *REQUIREMENTS ARE SET OUT IN THE FINANCIAL PROJECTIONS. IF THE*

1 DEBTOR EXPECTS A CASH INFUSION FROM AN OUTSIDE SOURCE OR FROM
2 PRINCIPALS TO BE REPAID IN THE FUTURE, THEN THE IDENTITY OF THE
3 SOURCE AND REPAYMENT TERMS SHOULD BE DISCLOSED.]

4
5 PART VI

6 ADMINISTRATIVE EXPENSES

7 Administrative expenses are defined in § 507(a)(1) of the
8 Code. They include the Debtor's post-petition operating expenses
9 which are unpaid on the Effective Date of the Plan. [INDICATE
10 WHETHER THESE POST-PETITION OPERATING EXPENSES WILL BE ASSUMED
11 AND PAID BY THE REORGANIZED DEBTOR]. Administrative expenses
12 also include the Court approved fees and costs of professional
13 persons. In this case [INDICATE PROFESSIONALS WHO WILL BE PAID
14 AND THE DOLLAR AMOUNT OWED TO EACH AND WHETHER A RETAINER WILL BE
15 APPLIED TOWARD PAYMENT]

16
17 PART VII

18 LEGAL PROCEEDINGS

19 [INSERT BRIEF DESCRIPTION OF ALL MATERIAL LEGAL PROCEEDINGS
20 TO WHICH THE DEBTOR IS A PARTY, PROCEEDINGS WHICH THE DEBTOR
21 CONTEMPLATES INSTITUTING, AND PROCEEDINGS WHICH ARE KNOWN TO BE
22 THREATENED AGAINST THE DEBTOR. THE INFORMATION SHALL INCLUDE THE
23 NAME OF THE PROCEEDING, THE COURT IN WHICH THE LITIGATION IS
24 PENDING, THE PRESENT STATUS, THE RELIEF SOUGHT, THE DEBTOR'S
25 PROGNOSIS FOR THE OUTCOME, THE ESTIMATED LITIGATION COSTS AND THE
26 EFFECT, IF ANY, ON THE PLAN (E.G., FEASIBILITY). INCLUDE ANY
27 FRAUDULENT AND/OR PREFERENCE ACTIONS.]

28

1 PART VIII

2 DESCRIPTION OF THE DEBTOR

3 A. Description and History of the Debtor's Business. [INSERT A
4 DESCRIPTION OF THE DEBTOR AND THE DEBTOR'S BUSINESS AND ADDRESS
5 ANY FACTORS THAT MAY BE UNUSUAL OR PECULIAR TO THE BUSINESS, SUCH
6 AS SEASONAL CYCLES AND UNIQUE PRODUCT LINES].

7 B. Principals/Affiliates of Debtor's Business. [IDENTIFY THE
8 PRINCIPALS AND AFFILIATES OF THE DEBTOR'S BUSINESS.]

9
10 PART IX

11 REASONS FOR FINANCIAL DIFFICULTIES
12 AND CORRECTIONS OF THOSE FACTORS

13 A. Reasons for Financial Difficulties

14 [INSERT A BRIEF NARRATIVE DESCRIPTION OF THE REASONS FOR THE
15 DEBTOR'S FINANCIAL DIFFICULTIES (WHICH PRECIPITATED THE FILING OF
16 THE DEBTOR'S CASE) AND THE STEPS TAKEN TO ALLEVIATE THE SITUATION
17 SINCE THE INCEPTION OF THE CASE]

18 B. Reason for the Chapter 11 Filing

19 [INSERT A BRIEF NARRATIVE DESCRIPTION OF THE REASONS FOR THE
20 BANKRUPTCY FILING]

21
22 PART X

23 ASSETS AND VALUATION

24 Debtor's assets are listed on Exhibit _____ to this
25 Disclosure Statement. The values shown are at [INSERT WHETHER
26 ESTIMATED FAIR MARKET VALUE, APPRAISAL, ETC. AN EXPLANATION OF
27 ANY DEVIATION OF CURRENT VALUE FROM SCHEDULED VALUES SHOULD ALSO
28 BE INCLUDED IF APPLICABLE. ALSO INCLUDE THE IDENTITY OF THE FIRM

1 OR INDIVIDUAL(S) THAT PREPARED THE ESTIMATION, APPRAISAL, ETC.]

2 PART XI

3 LIABILITIES

4 Debtor's liabilities are listed on Exhibit ___ to this
5 Disclosure Statement. [INSERT A SUMMARY OF THE PROOFS OF CLAIM
6 FILED IN THE CASE AND INDICATE WHETHER ANY CLAIMS ARE DISPUTED
7 AND WHAT ACTION WILL BE TAKEN TO RESOLVE THE DISPUTE, INCLUDING
8 ANY ESTIMATED EXPENSES TO BE INCURRED RELATIVE TO SUCH ACTION].

9
10 PART XII

11 HISTORICAL AND CURRENT FINANCIAL INFORMATION

12 Debtor has attached a profit and loss statement, cash flow
13 statement and balance sheet dated [INSERT DATE] as Exhibits ___
14 and ___ respectively. These documents [HAVE/HAVE NOT] been
15 audited by [INSERT NAME OF AUDITOR]. Debtor has also attached a
16 pro forma balance sheet at Exhibit ___, indicating the financial
17 condition of the reorganized Debtor.

18
19 PART XIII

20 LIQUIDATION ANALYSIS

21 Another confirmation requirement is the "Best Interest
22 Test," which requires a liquidation analysis. Under the Best
23 Interest Test, if a claimant or interest holder is in an impaired
24 class and that claimant or interest holder does not vote to
25 accept the Plan, then that claimant or interest holder must
26 receive or retain under the Plan property of a value not less
27 than the amount that such holder would receive or retain if the
28 Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

1 In a Chapter 7 case, the Debtor's assets are usually sold by
2 a Chapter 7 trustee. Secured creditors are paid first from the
3 sales proceeds of properties on which the secured creditor has a
4 lien. Administrative claims are paid next. Next, unsecured
5 creditors are paid from any remaining sales proceeds, according
6 to their rights to priority. Unsecured creditors with the same
7 priority share in proportion to the amount of their allowed
8 secured claims. Finally, interest holders receive the balance
9 that remains after all creditors are paid, if any.

10 For the Court to be able to confirm this Plan, the Court
11 must find that all creditors and interest holders who do not
12 accept the Plan will receive at least as much under the Plan as
13 such holders would receive under a Chapter 7 liquidation. The
14 Plan Proponent maintains that this requirement is met here for
15 the following reasons [*INSERT REASONS WHY BEST INTEREST TEST IS*
16 *MET*].

17 Below is a demonstration, in balance sheet format, that all
18 creditors and interests will receive at least as much under the
19 Plan as such creditor or interest holder would receive under a
20 Chapter 7 liquidation. (See Exhibit E for a detailed explanation
21 of how the following assets are valued. This information is
22 being provided by [*INSERT NAME AND TITLE OF THE PARTY PROVIDING*
23 *THE FINANCIAL INFORMATION (I.E., CORPORATE OFFICER, MANAGING*
24 *AGENT, ACCOUNTANT, ACCOUNTING FIRM, BOOKKEEPER, ETC.)*].

25 ///

26 ///

27 ///

28 ///

1	ASSETS VALUED AT LIQUIDATION VALUE:	
2	CURRENT ASSETS	
	a. Cash on hand	\$
3	b. Accounts receivable	\$
	c. Inventories	\$
4	TOTAL CURRENT ASSETS:	\$
5	FIXED ASSETS	
	a. Office furniture & equipment	\$
6	b. Machinery & equipment	\$
	c. Automobiles	\$
7	d. Buildings & Land ¹⁴	\$
	TOTAL FIXED ASSETS	\$
8	OTHER ASSETS	
9	a. Customer list	\$
	b. Other intangibles	\$
10	TOTAL OTHER ASSETS:	\$
11	TOTAL ASSETS AT LIQUIDATION VALUE:	\$
12	Less:	
	Secured creditor's recovery ¹	\$
13	Less:	
	Chapter 7 trustee fees and expenses	\$
14	Less:	
	Chapter 11 administrative expenses	\$
15	Less:	
	Priority claims, excluding administrative	
16	expense claims	\$
	Less:	
17	Debtor's claimed exemptions	\$
18	(1) Balance for unsecured claims	\$
19	(2) Total amount of unsecured claims	\$
20	% OF THEIR CLAIMS WHICH UNSECURED CREDITORS	
	WOULD RECEIVE OR RETAIN IN A CHAPTER 7	
21	LIQUIDATION: ²	\$ ¹⁵
22	% OF THEIR CLAIMS WHICH UNSECURED CREDITORS	
	WILL RECEIVE OR RETAIN UNDER THIS PLAN:	\$ ¹⁶

24 _____

25 ¹ Note: The deficiency portion of a secured recourse claim
must be added to the total amount of unsecured claims.

26 ² Note: If this percentage is greater than the amount to be
27 paid to the unsecured creditors on a "present value basis" under
the Plan, the Plan is not confirmable unless proponent obtains
28 acceptance by every creditor in an impaired class.

1 Below is a demonstration, in tabular format, that all
2 creditors and interest holders will receive at least as much
3 under the Plan as such creditor or holder would receive under
4 Chapter 7 liquidation.

5 CLAIMS & CLASSES ¹⁷	PAYOUT PERCENTAGE 6 UNDER THE PLAN	PAYOUT PERCENTAGE IN 7 CHAPTER 7 8 LIQUIDATION
9 Administrative 10 Claims		
11 Priority Tax Claims		
12 Class 1 [DESCRIBE]		
Class 2[DESCRIBE]		
Class 3[DESCRIBE]		
Class 4[DESCRIBE]		

13 *[ADD ADDITIONAL CLASSES IF NEEDED]*

14
15 PART XIV

16 FEASIBILITY

17 Another requirement for confirmation involves the
18 feasibility of the Plan, which means that confirmation of the
19 Plan is not likely to be followed by the liquidation, or the need
20 for further financial reorganization, of the Debtor or any
21 successor to the Debtor under the Plan, unless such liquidation
22 or reorganization is proposed in the Plan.

23 There are at least two important aspects of a feasibility
24 analysis. The first aspect considers whether the Debtor will
25 have enough cash on hand on the Effective Date of the Plan to pay
26 all the claims and expenses which are entitled to be paid on such
27 date. The Proponent maintains that this aspect of feasibility is
28

1 satisfied as illustrated here:

2 Cash Debtor will have on hand by Effective Date \$ _____
3 To Pay: Administrative claims _____
4 To Pay: Statutory costs and charges _____
5 To Pay: Other Plan payments due on Effective
6 Date _____
7 Balance after paying these amounts.....\$ _____

8 The sources of the cash Debtor will have on hand by the
9 Effective Date, as shown above are:

10 \$ _____ Cash in DIP Account Now
11 + _____ Additional cash DIP will accumulate from
12 Net earnings between now and Effective Date
13 + _____ Borrowing
14 + _____ Capital Contributions
15 + _____ Other
16 \$ _____ Total

17 Borrowing is from *[INSERT PERSON OR ENTITY FUNDS ARE BEING*
18 *BORROWED FROM]* and will be paid back as follows: *[INSERT HOW LOAN*
19 *WILL BE PAID BACK INCLUDING INTEREST RATE AND INTERVALS]*.

20 The second aspect of feasibility considers whether the
21 Proponent will have enough cash over the life of the Plan to make
22 the required Plan payments.

23 The Proponent has provided financial statements which
24 include both historical and projected financial information.
25 Please refer to Exhibit B for the relevant financial statements.
26 YOU ARE ADVISED TO CONSULT WITH YOUR ACCOUNTANT OR FINANCIAL
27 ADVISOR IF YOU HAVE ANY QUESTIONS PERTAINING TO THESE FINANCIAL
28 STATEMENTS.

1 In summary, the Plan proposes to pay [INSERT TOTAL AMOUNT OF
2 PLAN PAYMENTS TO BE MADE EACH PAYMENT INTERVAL] each [INSERT PLAN
3 PAYMENT INTERVAL]. As Debtor's financial projections
4 demonstrate, Debtor will have an average cash flow, after paying
5 operating expenses and post-confirmation taxes, of [INSERT
6 AVERAGE CASH FLOW PER PLAN PAYMENT INTERVAL, AFTER PAYING
7 OPERATING EXPENSES AND POST-CONFIRMATION TAXES] each [INSERT PLAN
8 PAYMENT INTERVAL] for the life of the Plan. The final Plan
9 payment is expected to be paid on [INSERT LAST PLAN PAYMENT
10 DATE]. The Plan Proponent contends that Debtor's financial
11 projections are feasible. As shown by Debtor's historical
12 financial statements, Debtor's average [INSERT PAYMENT INTERVAL,
13 E.G., MONTHLY, YEARLY, QUARTERLY] cash flow, after paying
14 operating expenses and post-confirmation taxes, in the three
15 years preceding the filing of this bankruptcy case is [INSERT
16 AMOUNT OF ACTUAL AVERAGE CASH FLOW PER PLAN PAYMENT INTERVAL,
17 AFTER PAYING OPERATING EXPENSES AND POST-CONFIRMATION TAXES, FOR
18 THE THREE YEARS PRECEDING THE FILING OF THIS BANKRUPTCY CASE].
19 Debtor's average [INSERT PLAN PAYMENT INTERVAL] cash flow, after
20 paying operating expenses and post-confirmation taxes, during the
21 bankruptcy case is [INSERT DEBTOR'S AVERAGE CASH FLOW PER PLAN
22 PAYMENT INTERVAL, AFTER PAYING OPERATING EXPENSES AND POST-
23 CONFIRMATION TAXES, DURING THE BANKRUPTCY CASE]. Furthermore, as
24 discussed earlier in the Disclosure Statement at Section _____,
25 Debtor has implemented procedures to [INSERT ONE: DECREASE COSTS,
26 INCREASE INCOME, DECREASE COSTS AND INCREASE INCOME].

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PART XV

FINANCIAL PROJECTIONS

Attached to this Disclosure Statement as Exhibit ____ is a Pro Forma Income Statement, (which depicts projected operations following the Effective Date for [INSERT NUMBER OF YEARS/MONTHS]).

[INSERT NARRATIVE REGARDING THE ASSUMPTIONS MADE BY THE DEBTOR IN FORMULATING THE PROJECTIONS, SUCH AS EXPECTED SALES LEVELS, GROSS AND NET PROFIT LEVELS, AND INVENTORY ACQUISITION. THE BASES FOR THE PROJECTIONS MUST BE DISCLOSED, AND SUCH PROJECTIONS MUST BE REALISTICALLY FOUNDED. AT A MINIMUM, THE PERIOD COVERED BY THE PROJECTIONS SHOULD BE COMMENSURATE WITH THE PERIOD OF PAYMENT DEFERRAL UNDER THE PLAN. USE OF SPREADSHEETS IS ENCOURAGED. FINANCIAL PROJECTIONS MUST BE PROVIDED ON BOTH CASH AND ACCRUAL BASIS].

PART XVI

MARKETING EFFORTS

[INSERT WHAT EFFORTS THE DEBTOR HAS MADE SINCE THE BANKRUPTCY FILING TO MARKET ITS PROPERTIES FOR SALE. SUCH A DESCRIPTION SHOULD INCLUDE THE IDENTITY OF THE LISTING AGENT, THE LISTING PRICE, ANY OFFERS RECEIVED OR ANTICIPATED, PENDING LITIGATION WHICH MIGHT AFFECT THE SALE OF THE PROPERTY, THE EQUITY IN THE PROPERTY (INCLUDING THE SOURCE OF THE VALUATION), AND ANY ALTERNATIVES FOR MARKETING THE PROPERTY IN THE FUTURE].

///
///
///

1 PART XVII

2 POST-PETITION EVENTS

3 [INSERT A NARRATIVE DESCRIPTION REGARDING WHETHER ANY MAJOR
4 EVENTS HAVE OCCURRED POST-PETITION WHICH MIGHT AFFECT THE CASE.
5 SUCH EVENTS MAY INCLUDE THE APPOINTMENT OF A CREDITOR'S
6 COMMITTEE, A TRUSTEE, OR AN EXAMINER, OR MAY INVOLVE POST-
7 PETITION FINANCING OR ASSET SALES WHICH COULD HAVE POTENTIALLY
8 SIGNIFICANT CONSEQUENCES ON THE ABILITY OF THE DEBTOR TO MEET THE
9 PLAN REQUIREMENTS].

10
11 PART XVIII

12 MANAGEMENT COMPENSATION

13 [INSERT DISCLOSURE REGARDING THE IDENTITIES AND QUALIFICATIONS OF
14 MANAGEMENT PERSONNEL, AND SET FORTH THE RESPECTIVE COMPENSATION
15 TO BE PAID. INDICATE WHETHER ANY OF THE MANAGEMENT PERSONNEL ARE
16 INSIDERS AS DEFINED BY 11 U.S.C. § 101(31). DISCLOSE ALSO THE
17 IDENTITY AND AFFILIATION OF ANY INDIVIDUAL PROPOSED TO SERVE,
18 AFTER CONFIRMATION OF THE PLAN AS DIRECTOR, OFFICER, OR VOTING
19 TRUSTEE OF THE DEBTOR, AN AFFILIATE OF THE DEBTOR PARTICIPATING
20 IN A JOINT PLAN WITH THE DEBTOR, OR A SUCCESSOR TO THE DEBTOR
21 UNDER THE PLAN. SEE 11 U.S.C. § 1129(A)(5)].

22
23 PART XIX

24 INSIDER AND AFFILIATE CLAIMS

25 Insider claims are as follows:

26 [INSERT THE CLAIMS ASSERTED BY INSIDERS AS DEFINED IN 11 U.S.C. §
27 101(31). THIS DISCLOSURE SHALL INDICATE THE IDENTITY OF THE
28 CLAIMANT, THE AFFILIATION OF THE INSIDER WITH THE DEBTOR, THE

1 CIRCUMSTANCES GIVING RISE TO THE CLAIM, THE AMOUNT OF THE CLAIM,
2 AND THE AMOUNT THE INSIDER IS ASSERTING AS A CREDITOR. IN
3 ADDITION, THE DISCLOSURE SHALL INDICATE WHETHER ANY OR ALL OF
4 THESE CLAIMS HAVE BEEN SUBORDINATED AND, IF SO, THE BASIS FOR THE
5 SUBORDINATION].

6 PART XX

7 STOCK ISSUED FOR DEBT

8 [INSERT NUMBER OF SHARES OF STOCK] stock being issued for
9 debt under the Plan. [INDICATE WHETHER DEBTOR ASSERTS THAT SUCH
10 STOCK IS EXEMPT FROM SECURITIES LAWS UNDER 11 U.S.C. § 1145. THE
11 DISCLOSURE STATEMENT SHOULD ALSO DESCRIBE THE NATURE OF THE STOCK
12 OR SECURITIES INCLUDING INFORMATION SUCH AS VOTING RIGHTS,
13 INTEREST RATE, ACCUMULATION OF DIVIDENDS, LIQUIDATION PREFERENCE,
14 POTENTIAL MARKETS AND MARKET VALUES AFTER CONFIRMATION, THE
15 EXISTENCE OF OTHER CLASSES OF STOCK, REGISTRATION RIGHTS AND ANY
16 LIMITATION ON TRANSFERABILITY. THE DEBTOR SHOULD ALSO STATE
17 WHETHER THE STOCK IS REGISTERED UNDER SECTION 5 OF THE SECURITIES
18 ACT OF 1933 OR, IF NOT, WHAT EXEMPTION FROM REGISTRATION IS
19 CLAIMED AND THE BASIS FOR SUCH A CLAIM. FURTHER, IF THE
20 EXEMPTION OF 11 U.S.C. § 1145 IS RELIED UPON, THE DISCLOSURE
21 STATEMENT SHOULD INDICATE THAT THIS FACT WILL BE FULLY DISCLOSED
22 ON ANY ISSUED SECURITIES].

23
24 PART XXI

25 UNITED STATES TRUSTEE SYSTEM FUND FEES

26 A fee is required by the provisions of Title 28 United
27 States Code § 1930(a)(6), to be paid quarterly to the United
28 States Trustee by a debtor in a Chapter 11 case. The amount of

1 the fee is based on the debtor's disbursements for the preceding
2 quarter. The debtor's obligation to pay the fee continues after
3 plan confirmation and until the Chapter 11 case is fully
4 administered and closed.

5 On the Effective Date of the Plan, the Debtor shall be
6 current with all quarterly fees due as of that date. Any
7 delinquent fees will be paid in full on the Effective Date of the
8 Plan. Quarterly fees will be paid every calendar quarter
9 thereafter as a first priority under [INDICATE SECTION OF PLAN
10 THAT IS APPLICABLE FOR TRUSTEE FEE PAYMENTS] of the Plan until
11 the case is closed.

12
13 PART XXII

14 NEW VALUE CONTRIBUTION

15 [INDICATE WHETHER THE DEBTOR PROPOSES TO ALLOW CONTRIBUTING
16 SHAREHOLDERS TO RETAIN AN INTEREST IN THE DEBTOR AHEAD OF MORE
17 SENIOR CLAIMANTS. THE DISCLOSURE STATEMENT MUST SPECIFICALLY SET
18 FORTH THIS TREATMENT AND THE NEW INVESTMENT, OR VALUE, TO BE
19 CONTRIBUTED BY THE SHAREHOLDERS. THE DISCLOSURE STATEMENT SHOULD
20 INDICATE THE REASONS THAT SUCH TREATMENT DOES NOT VIOLATE THE
21 ABSOLUTE PRIORITY RULE SET FORTH IN 11 U.S.C. § 1129(b). THE
22 DEBTOR SHOULD INDICATE WHETHER IT WILL TERMINATE EXCLUSIVITY OR
23 ALLOW AN AUCTION IN ORDER TO MEET THE MARKETPLACE TEST SET FORTH
24 IN IN RE 203 NORTH LASALLE STREET PARTNERSHIP, 526 U.S. 434, 119
25 S.C.T. 1411 (1999). SEE ALSO IN RE GLOBAL OCEAN CARRIERS, LTD.,
26 251 B.R. 31 (BANKR. D. DEL. 2000). THE DEBTOR SHOULD INDICATE
27 THAT IF NO PARTY BIDS OR FILES A COMPETING PLAN, THE COURT WILL
28 EXAMINE THE COMMON LAW ELEMENTS FOR NEW VALUE: 1) NEW; 2)

1 *SUBSTANTIAL; 3) MONEY OR MONEY'S WORTH; 4) NECESSARY FOR A*
2 *SUCCESSFUL REORGANIZATION; AND 5) REASONABLY EQUIVALENT TO THE*
3 *VALUE OR INTEREST RECEIVED.]*

4
5 PART XXIII

6 TAX ANALYSIS

7 CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN
8 MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN
9 ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following
10 disclosure of possible tax consequences is intended solely for
11 the propose of alerting readers about possible tax issues this
12 Plan may present to the Debtor. The Proponent CANNOT and DOES
13 NOT represent that the tax consequences contained below are the
14 only tax consequences of the Plan because the Tax Code embodies
15 many complicated rules which make it difficult to state
16 completely and accurately all the tax implications in any action.

17 A. Tax Impact on the Debtor

18 *[INSERT DESCRIPTION OF THE PLAN'S TAX IMPACT ON THE DEBTOR.*
19 *INFORMATION SHOULD BE PROVIDED REGARDING THE DEBTOR'S ESTIMATED*
20 *MAXIMUM EXPOSURE TO TAX CLAIMS AND PRESENT STATUS OF DISCUSSIONS*
21 *BETWEEN THE DEBTOR AND TAX AGENCY, WHETHER ANY TAX REFUNDS ARE*
22 *AVAILABLE FOR UNSECURED CREDITORS, AND WHETHER THERE ARE ANY*
23 *CARRY FORWARD (26 U.S.C. § 172(b)(3)) OR CARRY BACK (26 U.S.C. §*
24 *172(b)(1)(A), (b)(2)) NET OPERATING LOSSES. SEE IN RE HERBERT E.*
25 *RUSSEL, 927 F.2d 413 (8th Cir. 1991). THIS SECTION SHOULD CITE*
26 *ALL RELEVANT INTERNAL REVENUE CODE SECTIONS].*

27 B. Tax Impact on Creditors

28 *[INSERT DESCRIPTION OF THE PLAN'S TAX IMPACT ON CREDITORS. FOR*

1 *EXAMPLE, CREDITORS MAY REALIZE TAXABLE INCOME WHEN THEIR CLAIM IS*
2 *PAID UNLESS THEY ALREADY REPORTED THAT ACCRUED INCOME AS AN*
3 *ACCRUAL BASIS TAX PAYER].*

4 C. Tax Impact on Equity Interest Holders

5 *[INSERT DESCRIPTION OF THE PLAN'S TAX IMPACT ON EQUITY INTEREST*
6 *HOLDERS].*

7
8 PART XXIV

9 RISKS TO CREDITORS UNDER THE PLAN

10 Creditors will be paid under the Plan *[INSERT HOW CREDITORS*
11 *WILL BE PAID; E.G., FUTURE EARNINGS, ETC.]*. The proposed Plan
12 has the following risks *[INSERT DESCRIPTION OF ANY RISKS THAT MAY*
13 *IMPEDE THE DEBTOR'S ABILITY TO PERFORM UNDER THE PLAN OR THAT*
14 *WOULD OTHERWISE CAUSE THE DEBTOR TO FAIL TO MEET THE PLAN'S*
15 *REQUIREMENTS].*

16
17 PART XXV

18 SMALL BUSINESS ELECTION

19 The Debtor *[HAS/HAS NOT]* made the small business election
20 available under the Code.

21 A business debtor that meets the qualifications set forth in
22 Bankruptcy Code § 101(51C) may elect to be considered a "Small
23 Business" debtor. A "Small Business" is defined as: a person
24 engaged in commercial or business activities (but does not
25 include a person whose primary activity is the business of owning
26 or operating real property and activities incidental thereto)
27 whose aggregate non-contingent liquidated secured and unsecured
28 debts as of the date of the petition do not exceed \$2,000,000. 11

1 U.S.C. § 101(51C).

2 [INDICATE WHY DEBTOR QUALIFIES AS A SMALL BUSINESS DEBTOR IF
3 THE ELECTION IS MADE].

4 Where a small business debtor election is made, the Court
5 may order that no official creditors committee be appointed.

6 [INSERT WHETHER COMMITTEE WAS/WAS NOT APPOINTED] in this case.

7 "Small Business" debtors may follow a "fast track" Chapter
8 11 bankruptcy process. This election allows the bankruptcy court
9 to "conditionally approve" a disclosure statement, subject to
10 final approval after notice and a hearing. It also allows the
11 Debtor to hold a combined hearing on approval of the disclosure
12 statement an confirmation of the plan. This Disclosure Statement
13 is conditionally approved and final approval is to occur at the
14 combined hearing on the Disclosure Statement and Plan
15 confirmation.

16

17

PART XXVI

18

DEFAULT PROVISIONS

19

20

The following are Events of Default under the Plan: [INSERT
WHAT EVENTS CAUSE A DEFAULT TO OCCUR UNDER THE PLAN].

21

22

23

24

25

26

27

28

Notwithstanding any contrary provision in the Plan, the
Disclosure Statement, any pleading or other document filed in
this case, or any other document, contract or agreement, and
except as provided for [INSERT ANY EXCEPTION], should the debtor
fail in any material respect to timely perform its duties and
commitments under the Plan, including, but not limited to, making
the payments to holders of claims called for in the Plan, any
party interest adversely affected by such failure may give the

1 Debtor notice, in writing, of such failure to perform (a "Notice
2 of Default"). If such default is not cured within [*INSERT CURE*
3 *PERIOD*], the adversely affected party may file a motion with the
4 Court to determine what relief may be appropriate because of such
5 default, including but not limited to the entry of an order to
6 timely perform under the Plan, dismissal of the case, or
7 conversion of the case to one under chapter 7; provided, however,
8 that if a final decree closing this case has been entered by the
9 Court, the adversely affected party may seek relief in state
10 court.

11 A. Post-Confirmation Conversion/Dismissal

12 A creditor or party in interest may bring a motion to
13 convert or dismiss the case under § 1112(b), after the Plan is
14 confirmed, if there is a default in performing the Plan. If the
15 Court orders the case converted to Chapter 7 after the Plan is
16 confirmed, then all property that had been property of the
17 Chapter 11 estate, and that has not been disbursed pursuant to
18 the Plan will revert in the Chapter 7 estate. The automatic stay
19 will be reimposed upon the revested property, but only to the
20 extent that relief from stay was not previously authorized by the
21 Court during this case.

22 B. Revocation of the Order Confirming the Plan. The order
23 confirming the Plan may also be revoked under very limited
24 circumstances. The Court may revoke the order if the order of
25 confirmation was procured by fraud and if a party in interest
26 brings an adversary proceeding to revoke confirmation within 180
27 days after the entry of the order of confirmation.

28

PART XXVII

EFFECT OF CONFIRMATION OF PLAN

A. Discharge

This Plan provides that upon [INSERT ONE: A) CONFIRMATION OF THE PLAN; B) PAYMENT IN FULL OF PROPOSED PLAN PAYMENTS TO THE UNSECURED CREDITORS, C) UPON SUBSTANTIAL CONFIRMATION OF THE PLAN, D) OTHER - YOU MUST STATE WHAT THE CONDITION FOR OR DATE OF DISCHARGE IS. ALTERNATIVELY, IF THE DEBTOR DOES NOT MEET THE TEST FOR § 1141(d)(3) FOR GETTING A DISCHARGE, THEN THE DEBTOR IS NOT ENTITLED TO ANY DISCHARGE AND THE WHOLE PARAGRAPH UNDER "DISCHARGE" MUST BE OMITTED AND REPLACED WITH: DEBTOR WILL NOT RECEIVE ANY DISCHARGE IN THIS BANKRUPTCY CASE BECAUSE DEBTOR DOES NOT MEET THE TEST FOR RECEIVING A DISCHARGE SPECIFIED UNDER 11 U.S.C. § 1141(d)(3).], Debtor shall be discharged of liability for payment of debts incurred before confirmation of the Plan to the extent specified in 11 U.S.C. § 1141. However, the discharge will not discharge any liability imposed by the Plan.

B. Revesting of Property in the Debtor

Except as provided in Section _____, and except as provided elsewhere in the Plan, the confirmation of the Plan revests all of the property of the estate in the Debtor.

C. Modification of the Plan

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

The Proponent of the Plan 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

1 proposed modifications after notice and a hearing.

2 D. Post-Confirmation Status Report

3 Within 120 days of the entry of the order confirming the
4 Plan, Plan Proponent shall file a status report with the Court
5 explaining what progress has been made toward consummation fo the
6 confirmed Plan. The status report shall be served on the United
7 States Trustee, the twenty largest unsecured creditors, and those
8 parties who have requested special notice. Further status
9 reports shall be filed every 120 days and served on the same
10 entities.

11 E. Final Decree

12 Once the estate has been fully administered as referred to
13 in Federal Rule Bankruptcy Procedure 3022, the Plan Proponent, or
14 such other party as the Court shall designate in the Plan
15 Confirmation Order, shall file a motion with the Court to obtain
16 a final decree to close the case.

17 F. Retained Bankruptcy Court Jurisdiction

18 The jurisdiction of the Court shall continue after the
19 Effective Date of the Plan, whether or not the case is closed
20 with respect to the following:

- 21 1. Determination of the allowability of disputed claims,
22 together with the claims of Debtor for affirmative
23 relief;
- 24 2. Assumption or rejection of unexpired leases and
25 executory contracts, and determination of disputed
26 claims arising out of rejections;
- 27 3. Determination of any tax liability under Bankruptcy
28 Code § 505;

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- 4. Determinations of requests for payment of claims entitled to priority under Bankruptcy Code § 507(a)(1);
- 5. Resolution of any disputes regarding interpretation of the Plan; and
- 6. Implementation or modification of the provisions of the Plan and entry of orders in aid of consummation of the Plan, including without limitation appropriate orders to protect the Reorganized Debtor from creditors' actions and to enforce the injunction referred to in Section ___ of the Plan.

Date: _____

Name and Identity of Plan Proponent

Signature of Plan Proponent
(Optional unless party is pro se)

Signature of Attorney for Plan Proponent

Name of Attorney for Plan Proponent

Name of Law Firm for Plan Proponent

SUPPORTING DECLARATIONS

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EXHIBIT A - PLAN OF REORGANIZATION

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EXHIBIT B - FINANCIAL STATEMENTS

As directed by the Court, the historical financial statements for the three years preceding the petition date and projected financial statements for the life of the Plan are attached. This information is supplied by _____ and is based on the _____.

EXHIBIT C - UNEXPIRED LEASES TO BE ASSUMED

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<i>LEASES</i>	<i>ARREARS/DAMAGES</i>	<i>METHODS OF CURE</i>
<ul style="list-style-type: none"> • <i>Description =</i> • <i>Lessor's Name =</i> • <i>Lessee's Name =</i> • <i>Expiration Date =</i> 	<ul style="list-style-type: none"> • <i>Default Amount =</i> • <i>Actual Pecuniary Loss =</i> 	<ul style="list-style-type: none"> • <i>Method of Curing Default & Loss =</i> • <i>Means of Assuring Future Performance =</i>
<ul style="list-style-type: none"> • <i>Description =</i> • <i>Lessor's Name =</i> • <i>Lessee's Name =</i> • <i>Expiration Date =</i> 	<ul style="list-style-type: none"> • <i>Default Amount =</i> • <i>Actual Pecuniary Loss =</i> 	<ul style="list-style-type: none"> • <i>Method of Curing Default & Loss =</i> • <i>Means of Assuring Future Performance =</i>
<ul style="list-style-type: none"> • <i>Description =</i> • <i>Lessor's Name =</i> • <i>Lessee's Name =</i> • <i>Expiration Date =</i> 	<ul style="list-style-type: none"> • <i>Default Amount =</i> • <i>Actual Pecuniary Loss =</i> 	<ul style="list-style-type: none"> • <i>Method of Curing Default & Loss =</i> • <i>Means of Assuring Future Performance =</i>

EXHIBIT D - EXECUTORY CONTRACTS TO BE ASSUMED

CONTRACT	DEFAULT/DAMAGES	METHODS OF CURE
<ul style="list-style-type: none"> • <i>Contract Description =</i> • <i>Contracting Parties =</i> <ol style="list-style-type: none"> 1. 2. 	<ul style="list-style-type: none"> • <i>Default Amount =</i> • <i>Actual Pecuniary Loss =</i> 	<ul style="list-style-type: none"> • <i>Method of Curing Default & Loss =</i> • <i>Means of Assuring Performance =</i>
<ul style="list-style-type: none"> • <i>Contract Description =</i> • <i>Contracting Parties =</i> <ol style="list-style-type: none"> 1. 2. 	<ul style="list-style-type: none"> • <i>Default Amount =</i> • <i>Actual Pecuniary Loss =</i> 	<ul style="list-style-type: none"> • <i>Method of Curing Default & Loss =</i> • <i>Means of Assuring Performance =</i>
<ul style="list-style-type: none"> • <i>Contract Description =</i> • <i>Contracting Parties =</i> <ol style="list-style-type: none"> 1. 2. 	<ul style="list-style-type: none"> • <i>Default Amount =</i> • <i>Actual Pecuniary Loss =</i> 	<ul style="list-style-type: none"> • <i>Method of Curing Default & Loss =</i> • <i>Means of Assuring Performance =</i>

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EXHIBIT E - LIQUIDATION ANALYSIS

SUPPORTING VALUATION

CURRENT ASSETS:

CASH ON HAND

(1) Account Number: \$
(2) Account Number: \$ _____
(3) TOTAL CASH \$

ACCOUNTS RECEIVABLE

A. Accounts Receivable \$
B. Less: Uncollectible Accounts \$ _____
C. NET ACCOUNTS RECEIVABLES \$

INVENTORIES

FIXED ASSETS:

OFFICE FURNITURE, MACHINERY & EQUIPMENT \$

TRANSPORTATION EQUIPMENT \$

BUILDINGS, LAND & OTHER REAL PROPERTY

A. Real Property at: \$
B. Real Property at: \$ _____
C. TOTAL \$

OTHER ASSETS: \$

TOTAL ASSETS AT LIQUIDATION VALUE \$ _____

EXHIBIT J - LIST OF ALL ASSETS

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EXHIBIT K - LIST OF ALL LIABILITIES

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- 1 1. If professionals have agreed to payment over time, state the
2 precise terms and payment schedule (e.g. \$_____ per month over _____
3 months).
- 4 2. NOTE: Pursuant to policy of the Southern District Clerk's
5 Office, Clerk will not sign the order confirming the Plan until the
6 Clerk's Office fees have been paid in full.
- 7 3. Identify the proposed payment interval (e.g., monthly,
8 quarterly, yearly).
- 9 4. Estimated amount of payment per payment interval.
- 10 5. The date Plan payments will commence.
- 11 6. The date Plan payments will end.
- 12 7. The interest paid to a § 507(a)(8) priority tax claimant
13 should be consistent with the rate provided by 26 U.S.C. § 6621.
- 14 8. Identify the proposed payment interval (e.g., monthly,
15 quarterly, yearly).
- 16 9. Estimated amount of payment per payment interval.
- 17 10. The date Plan payments will commence.
- 18 11. The date Plan payments will end.
- 19 12. The interest paid to a § 507(a)(8) priority tax claimant should
20 be consistent with the rate provided by 26 U.S.C. § 6621.
- 21 13. Total percent of claim proposed to be paid to claimant over
22 the life of the Plan plus total dollar amount to be paid to
23 claimant over the life of the Plan.
- 24 14. If debtor owns more than one piece of real property, list each
25 real property and its value separately.
- 26 15. Divide "balance for unsecured claims" by "total amount of
27 unsecured claims." Insert the result.
- 28 16. Divide the total amount proposed to be paid to unsecured
claimants under the Plan by the "total amount of unsecured claims."
Insert the result.
17. Add or delete rows to the table when necessary to provide a
row for each class of claims or interest. NOTE: Insert more rows

1 in the table if the Plan contains more than 4 classes.

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