

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In Re:

Bankruptcy No.

**DISCLOSURE STATEMENT
TO ACCOMPANY PLAN DATED _____**

Chapter 11 Small Business (Check box only if debtor has elected to be considered a small business under 11 U.S.C. §1121(e))

Debtor furnishes this disclosure statement to creditors in the above-captioned matter pursuant to Bankruptcy Code §1125 to assist them in evaluating debtor's proposed Chapter 11 plan, a copy of which is attached hereto. Creditors may vote for or against the plan of reorganization. Creditors who wish to vote must complete their ballots and return them to the following address before the deadline noted in the order approving the disclosure statement and fixing time. The Court will schedule a hearing on the plan pursuant to 11 U.S.C. §1129.)

Address for return of ballots:

I. Background

1. Name of Debtor

2. Type of Debtor (individual, partnership, corporation)

3. Debtor's Business or Employment

4. Date of Chapter 11 Petition

5. Events that Caused the Filing:

6. Anticipated Future of the Company & Source of this Information and Opinion

7. Summarize all Significant Features of the Plan Including When and How Each Class of Creditor Will Be Paid and What, If Any, Liens Will Be Retained By Secured Creditors or Granted to Any Creditor Under the Plan

8. Are All Monthly Operating Statements Current and on File With The Clerk of Court?
Yes _____ No _____

If Not, Explain:

9. Does the plan provided for releases of nondebtor parties? Specify which parties and terms of release.

10. Identify all executory contracts that are to be assumed or assumed and assigned.

11. Has a bar date been set? Yes _____ No _____
(If not, a motion to set the bar date has been filed simultaneously with the filing of this disclosure statement.)

12. Has an election under 11 U.S.C. §1121(e) has been filed with the Court to be treated as a small business?
Yes _____ No _____

13. Specify property that will be transferred subject to 11 U.S.C. §1146(c).

II. Creditors

A. Secured Claims

SECURED CLAIMS

Creditor	Total Amount Owed	Arrearages	Type of Collateral Priority of Lien (1, 2, 3)	Disputed (D) Liquidated (L) Unliquidated (U)	Will Liens Be Retained Under the Plan? (Y) or (N)
TOTAL	\$	\$			

B. Priority Claims

PRIORITY CLAIMS

Creditor	Total Amount Owed	Type of Collateral	(D) (L) (U) *
TOTAL	\$		

* Disputed (D), Liquidated (L), or Unliquidated (U)

C. Unsecured Claims

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$
2.	Amount of Unscheduled Unsecured Claims ¹	\$
3.	Total Claims Scheduled or Filed	\$
4.	Amount Debtor Disputes	\$
5.	Estimated Allowable Unsecured Claims	\$

D. Other Classes of Creditors

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$
2.	Amount of Unscheduled Claims ¹	\$
3.	Total Claims Scheduled or Filed	\$
4.	Amount Debtor Disputes	\$
5.	Estimated Allowable Claims	\$

E. Other Classes of Interest Holders

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$
2.	Amount of Unscheduled Claims ¹	\$
3.	Total Claims Scheduled or Filed	\$
4.	Amount Debtor Disputes	\$
5.	Estimated Allowable Claims	\$

¹ Includes (a.) unsecured claims filed by unscheduled creditors; (b.) that portion of any unsecured claim filed by a scheduled creditor that exceeds the amount debtor scheduled; and (c.) any unsecured portion of any secured debt not previously scheduled.

III. Assets

ASSETS

Assets	Value	Basis for Value Priority of Lien	Name of Lien Holder (if any) (Fair Market Value/ Book Value)	Amount of Debtor's Equity (Value Minus Liens)	
\$ TOTAL					\$ TOTAL

1. Are any assets which appear on Schedule A or B of the bankruptcy petition not listed above?
 If so, identify asset and explain why asset is not in estate:

2. Are any assets listed above claimed as exempt? If so attach a copy of Schedule C and any amendments.

IV. SUMMARY OF PLAN

1. Effective Date of Plan:
2. Will cramdown be sought? ___ Yes ___ No
If Yes, state bar date: _____
3. Treatment of Secured **Non-Tax** Claims

SECURED NON-TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
TOTAL		\$	

4. Treatment of Secured Tax Claims

SECURED TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
TOTAL		\$	

5. Treatment of Administrative **Non-Tax** Claims²

ADMINISTRATIVE NON-TAX CLAIMS

Name of Creditor*	Amount Owed	Type of Debt**	Summary of Proposed Treatment and Date of First Payment

6. Treatment of Administrative Tax Claims

ADMINISTRATIVE TAX CLAIMS

Name of Creditor*	Amount Owed	Type of Debt**	Summary of Proposed Treatment and Date of First Payment

* Identify and Use Separate Line for Each Professional and Estimated Amount of Payment

* Type of Debt (P=Professional, TD=Trade, TX=Tax)

² Include all §503(b) administrative claims.

8. Treatment of Priority Tax Claims³

PRIORITY TAX CLAIMS

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment

³ Include dates when any §507(a)(7) taxes were assessed.

11. Will periodic payments be made to unsecured creditors?

Yes _____ No _____ First payment to begin _____

If so:

Amount of each payment (aggregate to all unsecured claimants)

Estimated date of first payment:

Time period between payments:

Estimated date of last payment:

Contingencies, if any:

State source of funds for planned payments, including funds necessary for capital replacement, repairs, or improvements:

Other significant features of the plan:

Include any other information necessary to explain this plan:

V. Comparison of Plan with Chapter 7 Liquidation

If debtor's proposed plan is not confirmed, the potential alternatives would include proposal of a different plan, dismissal of the case or conversion of the case to Chapter 7. If this case is converted to Chapter 7, a trustee will be appointed to liquidate the debtor's non-exempt assets. In this event, all secured claims and priority claims, including all expenses of administration, must be paid in full before any distribution is made to unsecured claimants.

Total value of Chapter 7 estate (See Section III)	\$
1. Less secured claims (See Section IV-2)	
2. Less administrative expenses (See Section IV-3 and include approximate Chapter 7 expenses)	\$
3. Less other priority claims (See Section IV-4)	\$
 Total Amount Available for Distribution to Unsecured Creditors	 \$
 Divided by total allowable unsecured claims of (See Section II C)	 \$
 Percentage of Dividend to Unsecured Creditors:	

Will the creditors fare better under the plan than they would in a Chapter 7 liquidation?

Yes _____ No _____

Explain:

VI. Feasibility

- A. Attach Income Statement for Prior 12 Months.
- B. Attach Cash Flow Statement for Prior 12 Months.
- C. Attach Cash Flow Projections for Next 12 Months.

Estimated amount to be paid on effective date of plan, including administrative expenses.

\$ _____

Show how this amount was calculated.

\$	Administrative Class
\$	Taxes
\$	Unsecured Creditors
\$ _____	UST Fees
<u>\$ _____</u>	TOTAL

What assumptions are made to justify the increase in cash available for the funding of the plan?

IX. Additional Information and Comments

IX. Certification

The undersigned hereby certifies that the information herein is true and correct to the best of my knowledge and belief formed after reasonable inquiry.

If Debtor is a corporation, attach a copy of corporate resolution authorizing the filing of this Disclosure Statement and Plan.

If Debtor is a general partnership, attach a copy of the consent agreement of all general partners to the filing of the bankruptcy.

Signature of Debtor
or Authorized Representative

Date

Signature of Debtor
or Authorized Representative

Date

Debtor's Counsel

Date

OPTIONAL TABLE

6. Treatment of Other Claims

N/A

OTHER CLASSES OF CREDITORS

Creditor	Class	Total Amount Owed	Percent of Dividend

A. Will periodic payments be made?

Yes ____ No ____

If so:

Amount of each payment (aggregate to all claimants) \$ _____

Estimated date of first payment _____

Time period between payments _____

Estimated date of last payment _____

Contingencies, if any: _____

OPTIONAL TABLE

7. Treatment of Interest Holders (Other Than Equity Holders)

OTHER CLASSES OF INTEREST HOLDERS

Creditor	Class	Total Amount Owed	Percent of Dividend

8. Treatment of Equity Holders (Specify how the market test of *Bank of America National Trust and Savings Association v. 203 North LaSalle Street Partnership*, 526 U.S. 434, 110 S.Ct. 1411 (1999), is met)

EQUITY HOLDERS

Creditor	Class	Total Amount Owed	Percent of Dividend

A. Will periodic payments be made?

Yes ____ No ____

If so:

Amount of each payment (aggregate to all claimants) \$ _____

Estimated date of first payment _____

Time period between payments _____

Estimated date of last payment _____

Contingencies, if any:

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HISTORIC SUMMARY

POST PETITION PERIODS	MONTH ONE	MONTH TWO	MONTH THREE	MONTH FOUR	MONTH FIVE	MONTH SIX	MONTH SEVEN	MONTH EIGHT	MONTH NINE	MONTH TEN	MONTH ELEVEN	MONTH TWELVE
1. TOTAL CASH FLOW FROM OPERATIONS:	\$10,000	\$12,000	\$14,000	\$9,000	\$15,000	\$18,000	\$14,000	\$22,000	\$35,000	\$30,000	\$38,000	\$36,000
2. LESS TOTAL DISBURSEMENTS EXCLUDING PAYMENTS TO CREDITORS IN A PLAN:	\$10,000	\$14,000	\$12,000	\$10,000	\$12,000	\$15,000	\$12,500	\$16,000	\$30,000	\$23,000	\$30,000	\$30,000
3. TOTAL NET CASH FLOW:	0	(2,000)	2,000	(1,000)	3,000	3,000	1,500	6,000	5,000	7,000	8,000	6,000

DEFINITIONS

TOTAL CASH FLOW FROM OPERATIONS:

THE TOTAL AMOUNT OF FUNDS COLLECTED IN A SPECIFIC PERIOD FROM CASH SALES, COLLECTION OF ACCOUNTS RECEIVABLE, AND OTHER INCOME, EXCLUDING LOANS PROCEEDS, CASH CONTRIBUTIONS FROM INSIDERS, AND SALES TAXES COLLECTED.

TOTAL DISBURSEMENTS EXCLUDING PAYMENTS TO CREDITORS IN A PLAN:

THE TOTAL DISBURSEMENTS IN A SPECIFIC PERIOD FOR PRODUCTION COSTS, GENERAL AND ADMINISTRATIVE COSTS, EXCLUDING PAYMENTS TO CREDITORS TO BE PAID UNDER THE TERMS OF

PROJECTED SUMMARY

POST PETITION PERIODS	MONTH ONE	MONTH TWO	MONTH THREE	MONTH FOUR	MONTH FIVE	MONTH SIX	MONTH SEVEN	MONTH EIGHT	MONTH NINE	MONTH TEN	MONTH ELEVEN	MONTH TWELVE
4. TOTAL PROJECTED CASH FLOW FROM OPERATIONS:	\$38,000	\$40,000	\$41,000	\$43,000	\$45,000	\$45,000	\$46,000	\$47,000	\$48,000	\$48,000	\$48,000	\$50,000
5. LESS TOTAL PROJECTED DISBURSEMENTS EXCLUDING PMTS TO CREDITORS IN A PLAN:	\$30,000	\$32,000	\$32,000	\$32,000	\$33,000	\$33,000	\$35,000	\$35,000	\$38,000	\$38,000	\$38,000	\$39,000
6. ANTICIPATED CASH FLOW AVAILABLE FOR PLAN:	8,000	8,000	9,000	11,000	12,000	12,000	11,000	12,000	10,000	10,000	10,000	11,000

DEFINITIONS

TOTAL PROJECTED CASH FLOW FROM OPERATIONS:	TOTAL AMOUNT OF PROJECTED FUNDS COLLECTED IN A SPECIFIC PERIOD FROM CASH SALES, COLLECTION OF ACCOUNTS RECEIVABLE, AND OTHER INCOME, EXCLUDING LOANS PROCEEDS, CASH CONTRIBUTIONS FROM INSIDERS, AND SALES TAXES COLLECTED.
TOTAL DISBURSEMENTS EXCLUDING PAYMENTS TO CREDITORS IN A PLAN:	TOTAL PROJECTED DISBURSEMENTS IN A SPECIFIC PERIOD FOR PRODUCTION COSTS, GENERAL AND ADMINISTRATIVE COSTS, EXCLUDING PAYMENTS TO CREDITORS TO BE PAID UNDER THE TERMS OF THE PROPOSED PLAN.

PLAN FEASIBILITY

POST PETITION PERIODS	MONTH ONE	MONTH TWO	MONTH THREE	MONTH FOUR	MONTH FIVE	MONTH SIX	MONTH SEVEN	MONTH EIGHT	MONTH NINE	MONTH TEN	MONTH ELEVEN	MONTH TWELVE
ANTICIPATED RECEIPTS AVAILABLE FOR PLAN (SEE LINE 6, ABOVE):	\$8,000	\$8,000	\$9,000	\$11,000	\$12,000	\$12,000	\$11,000	\$12,000	\$10,000	\$10,000	\$10,000	\$11,000
LESS PROPOSED PLAN PAYMENTS (SEE SECTION IV):	\$5,000	\$5,000	\$5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,500	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
OVERAGE/(SHORTAGE)OF CASH FLOW AVAILABLE TO FUND PLAN:	3,000	3,000	4,000	6,000	7,000	7,000	5,500	7,000	5,000	5,000	5,000	6,000