

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Nordic Printing & Packaging, Inc.

BKY 03-36039

Chapter 11 Case

Debtor.

**DEBTOR'S FIRST AMENDED
DISCLOSURE STATEMENT**

Nordic Printing & Packaging, Inc. provides this Disclosure Statement pursuant to Section 1125 of the Bankruptcy Code.

I. INTRODUCTION AND SUMMARY

Nordic Printing & Packaging, Inc. ("Debtor") seeks confirmation from the United States Bankruptcy Court for the District of Minnesota of a plan of liquidation. The Debtor provides this disclosure statement to give creditors and other interested parties certain information.

1.1 Introduction

On September 3, 2003 ("Filing Date" or "Petition Date"), the Debtor filed a case pursuant to Chapter 11 of the United States Bankruptcy Code. The Debtor is filing this Disclosure Statement and Plan of Liquidation ("Plan"). Terms used in this Disclosure Statement shall have the meanings given to them in the Bankruptcy Code unless the context requires otherwise.

The Debtor's Disclosure Statement is furnished pursuant to section 1125 of the Bankruptcy Code and is intended to provide all persons known to have claims against the Debtor with sufficient information to permit to make an informed judgement as to their votes to accept or reject the Plan. No representations concerning the Debtor, other than those set forth in this Disclosure Statement or subsequently made by the Debtor or its agents directly, are authorized by the Debtor.

ANY REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN YOUR ACCEPTANCE WHICH ARE OTHER THAN THOSE IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND ANY SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR DEBTOR OR TO THE UNITED STATES TRUSTEE, WHO, IN TURN, SHALL DELIVER THIS INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY DEBTOR BUT HAS NOT INDEPENDENTLY AUDITED. ALL STATEMENTS CONCERNING FINANCIAL DATA ARE MADE IN GOOD FAITH AND ARE INTENDED TO BE AS COMPLETE AND AS ACCURATE AS POSSIBLE WITHIN THESE LIMITATIONS. HENSON & EFRON, P.A., AS BANKRUPTCY COUNSEL FOR THE DEBTOR HAS NOT VERIFIED ANY OF THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT.

1.2 Summary of Plan

The Plan provides for the liquidation of the Debtor's remaining assets, if any, and the distribution of the net proceeds realized from the liquidation to the creditors of the Debtor in accordance with the priorities of the Bankruptcy Code.

The Plan will be administered by Diana J. Foster ("Administrator"), the current president of the Debtor. The Administrator's compensation will be at a rate of \$75 per hour plus out-of-pocket expenses. The compensation will be subject to review by the committee of unsecured creditors formed after confirmation of the Plan ("Post confirmation Committee").

Creditors holding unsecured claims will receive a distribution after payment of creditors holding allowed administrative expense claims and allowed priority claims (both unclassified and classified priority claims). It is expected that the total funds available for distribution to all creditors (i.e., administrative expense claims, priority claims, and general unsecured claims) will be approximately \$545,000 plus funds received as a result of a state sales tax audit. Unpaid administrative expense claims are estimated to total \$174,252. Priority claims are estimated to total at least \$258,000. General unsecured claims are estimated to total at least \$2,600,000. Because the administrative expense claims and the priority claims are not yet fixed, the Debtor cannot estimate the potential distribution to unsecured creditors.

The source of the funds to be distributed to creditors is as follows: (a) proceeds from the sale of the Debtor's assets - \$500,000; (b) proceeds from various refunds - \$45,000; and (c) unknown refunds from the sales tax audit. The distribution the creditors will take place over several years because the sale proceeds are being paid over several years.. The first distribution, which may only be to administrative expense claims and priority claims will likely be prior to December 31, 2004. Subsequent distributions will occur in the second calendar quart of the years 2005 through 2009.

II. BACKGROUND OF DEBTOR'S BUSINESS, EVENTS LEADING TO THE CHAPTER 11 CASE, AND OPERATIONS DURING CASE

2.1 Organization and History.

The Debtor is a Minnesota corporation. The Debtor's business address is at 5017 Boone Avenue, New Hope, MN 55428. The Debtor was engaged in the business of manufacturing printed folding cartons.

The Debtor was formed in 1968. All of the shares/interests of the Debtor are owned by the following persons in the following percentages:

Olaf Bjorkedal	68%
Nikolai Bjorkedal	8%
Arika Bjorkedal	8%
Britta Bjorkedal	8%
Trone Bjorkedal	8%

The Debtor's Board of Directors consisted of the following members:

Olaf Bjorkedal, Chairman of the Board.
Diana Foster

The Debtor's officers included the following individuals:

Olaf Bjorkedal, Chief Executive Officer
Diana Foster, President/CFO

2.2 Summary of Events Leading to Filing and Changes During Chapter 11 Case

The Debtor experienced financial difficulties for a number of reasons. Despite all of its efforts to restructure its debt load, and to implement cost-saving measures, the Debtor was unable to keep from falling further behind. As a result, the Debtor determined that it would have to attempt its reorganization in the context of a bankruptcy case.

During the Chapter 11 case, the Debtor continued its reorganization efforts. Among the steps, the Debtor reduced its workforce by 27%, signed a concessionary Collective Bargaining Agreement with one of its unions, attempted to reach a concessionary Collective Bargaining Agreement with a second union, and negotiated agreements with certain secured creditors to restructure debt. The Debtor hoped that these changes would attract parties interested in entering into new financing agreements or investing in the company.

Despite its best efforts, the Debtor was unable to locate outside investors or alternative sources of financing. As a result, the Debtor decided the best course of action was to sell its assets and file a plan of liquidation. The sale is further described below.

2.3 Events and Operations During Chapter 11

Various events occurred during of the administration of its Chapter 11 case.

2.3.1 Retention of Professionals

Debtor retained certain professionals to assist the Debtor in its reorganization efforts. In particular, William Kampf and Kampf & Associates, P.A., were retained as Debtor's bankruptcy counsel. Upon the merger of Kampf & Associates, P.A. with Henson & Efron, P.A. ("H&E")

and the Debtor's amended application and subsequent court order, H&E became counsel of record for the Debtor.

Lurie Bezikof Lapidus & Company, LLP was retained as accountant for the Debtor to perform audit and consulting roles.

The Debtor employed Employer's Association to assist in negotiations with the printer's union, GCIU Local 1-M.

The Debtor employed Tim O'Connell to perform a sales tax audit in an effort to get a refund of sales taxes paid.

2.3.2 Use of Cash Collateral

To continue its operations during the reorganization effort, the Debtor sought continued use of cash and cash collateral during the case.

Debtor received the Court's approval of its stipulation to use cash collateral of its primary secured creditor, Manchester Commercial Finance, LLC, and to grant substitute liens in Debtor's newly acquired inventory, equipment, accounts receivable and general intangibles to secure the diminution of the value of the creditors' collateral subsequent to the filing date. The initial term of the cash collateral stipulation was through January 5, 2004. The Debtor obtained a continuance of use from and after the expiration date of January 5 through March 31, 2004.

2.3.3. Other Actions

During the Chapter 11 case, the Debtor undertook the following actions or the following events occurred:

(a) General Electric Capital Corporation filed a motion for adequate protection or in the alternative for relief from the automatic stay on October 29, 2003. The parties entered into a stipulation providing that the Debtor pay adequate protection and providing that the Debtor propose a plan containing certain treatment of the claims of General Electric Capital Corporation to be allowed in certain amounts.

(b) Bobst Equipment Finance Company ("Bobst") filed a motion for adequate protection or for relief from stay on November 25, 2003. The parties entered into a stipulation providing that the Debtor pay adequate protection and providing that the Debtor propose a plan containing certain treatment of the secured claim of Bobst to be allowed in a certain amount.

(c) The Debtor asserted claims against third parties in connection with certain property owned by the Debtor, taken by a former employee of the Debtor, and used by the former employee's new employer. Among the claims asserted, are the following requests for relief: (i) Determining that Defendants willfully violated the automatic stay provided for in Section 362 of the Bankruptcy Code; (ii) Granting injunctive relief in the form of an order directing the Defendants to immediately turn over any and all property of the Debtor, as well as

all products or proceeds developed through the use of such property; (iii) Granting judgment in favor of the Debtor and against the Defendants, adjudging Defendants jointly and severally liable to the bankruptcy estate for all damages, including punitive damages, and fees available upon a willful violation of the automatic stay; and (iv) Granting judgment in favor of the Debtor and against the Defendants, adjudging Defendants jointly and severally liable to the bankruptcy estate for all damages, including punitive damages, and fees available pursuant to Minnesota Statutes Chapter 325C. The complaint was settled and the adversary proceeding was dismissed.

(d) The Debtor filed a motion seeking court approval of the sale of a certain piece of equipment.

(e) The Debtor defended an adversary proceeding commenced by the trustees of the Inter-Local Pension Fund of the Graphic Communications International Union related to certain contributions designated by the Debtor's employees to be withheld from their paychecks and paid over to the fund. The Complaint was settled and the adversary proceeding was dismissed.

2.3.4 Sale of Assets

During the course of its Chapter 11 case, the Debtor sought investors and alternative sources of financing. The Debtor also sought potential purchasers either of stock or of assets. Based on many months of efforts, and based on the operational status of the Debtor, the Debtor decided to enter into a purchase agreement for the sale of all of its assets.

On February 11, 2004, the Debtor entered into a purchase agreement with DCS Communications, Inc., dba Marcom Print Group ("Marcom"). The purchase agreement provided for the sale of the Debtor's accounts, inventory, equipment, contracts, trade names, trademarks (whether registered or not), trade secrets and processes, "know how," copyrights, customer and supplier lists, manuals, operating instructions, permits, licenses, pre-paid expenses, subscriptions, software, general intangibles, the right to use the Debtor's name, and the goodwill of the Debtor's business (collectively "Operating Assets"). The purchase price consisted of three components. The first component of the purchase price was the sum of \$500,000 to be paid as follows: \$50,000 in cash paid at closing and \$450,000 paid in annual installments commencing upon the first anniversary of the Closing Date. The second component of the purchase price was assumption of the Debtor's debt owed to Manchester Commercial Finance. As of the Filing Date, the balance outstanding under the terms of the financing agreement between the Debtor and Manchester was \$1,796,793.44. The third component of the purchase price was satisfaction of certain of the Debtor's obligations to certain creditors who either held security interests in assets of the Debtor or who were lessors under true leases between the creditor and the Debtor. The obligation of this component of the purchase price was capped at \$1,862,000.

The creditors affected by the third component of the purchase price were Bobst Equipment Finance Company, General Electric Capital Corporation, Citizens Independent Bank, Community First Financial, People's Capital and Leasing Corp, Herc-U-Lift, and U.S. Bancorp (collectively "Secured Creditors"). Marcom's assumption of the Debtor's obligations to the Secured Creditors was conditioned on Marcom and each of the Secured Creditors entering into an agreement providing for assumption and payment of the obligation to the Secured Creditors. If no such agreement was reached, the Secured Creditors would be entitled to enforce their rights

arising under their respective finance or lease documents and state law, including the right to possession of the collateral. As a result of the sale, the secured or lease claims of the Secured Creditors were satisfied by the terms of the sale, no longer constitute allowed secured claims, and will not be treated under any plan of the Debtor except to the extent that any portion of any claim of the Secured Creditors qualifies for treatment as a general unsecured claim.

The sale was approved by Order, dated March 10, 2004. The sale closed on March 12, 2004. As a result of the sale, the Debtor no longer had assets with which to operate. Accordingly, the Debtor terminated the employment of its employees, with the exception of Diana J. Foster, and ceased operations. Marcom began operating with the Operating Assets in the Debtor's location. Marcom hired many of the Debtor's former employees.

The U.S. Trustee filed a motion to dismiss or convert the case to a case under chapter 7. After consultation with the Committee of Unsecured Creditors, the Debtor decided to file a plan of liquidation. The U.S. Trustee continued its motion pending the filing of such plan. The proceeds of the sale, together with any other source of cash will be used to fund distributions to creditors under a plan of liquidation.

Since the sale, the Debtor has continued to administer the bankruptcy estate. In April and May, the Debtor dealt with issues related to its former employees, the termination of health care insurance plans, and payment of outstanding administrative expense claims. In May and June, the Debtor investigated employment of a professional to perform a sales tax audit, and met with members of the Committee of Unsecured Creditors regarding resolution of the bankruptcy case. Since the sale, the Debtor has spent very little cash on administrative expenses.

2.3.5 Debtor's Performance

The Debtor's performance during the Chapter 11 case is reflected in Exhibit A which provides a breakdown of Debtor's performance from the date of filing on September 3, 2003 through the stated date.

2.3.6 Expenditure of Funds from Sale Proceeds

Since the sale, the Debtor has paid certain administrative expense claims as they were incurred after the sale. The nature of the expense claims and the amounts paid are provided in more detail in Exhibit A.

2.3.7 Committee of Unsecured Creditors

A committee of unsecured creditors was appointed. It consists of the following members:

TCF Leasing	White Pigeon Paper (resigned)
Preferred Ink Products	ECM Converting
Summit Packaging	Alson's
GCIU Local 1M Inter Local Pension Fund	GCIU Upper Midwest Local 1M H&W Fund
CJ Duffey	Michigan Paperboard Company

The Committee hired the following of to represent and/or assist the Committee in the performance of its functions: Lapp, Libra, Thomson, Stoebner & Pusch.

III. DESCRIPTION OF THE PROPOSED CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE DEBTOR’S PLAN OF LIQUIDATION

Transmitted herewith is the Debtor’s Plan of Liquidation (“Plan”). Section 1125 of the Bankruptcy Code requires a debtor to disclose information about the debtor’s plan in the disclosure statement, including information concerning the debtor’s proposed treatment of claims and interests. Said description is set forth below. A spreadsheet setting forth the treatment of claims and interests proposed by the Debtor’s Plan and estimating the distribution to creditors is provided in Exhibit B attached hereto. The terms of the Plan control and become effective and binding on the Debtor on the Effective Date of the Plan if the Plan is confirmed.

3.1 Formulation of Plan of Liquidation.

A plan of liquidation outlines each of the different types of the debtor’s debts and equity interests and contains the terms pursuant to which they are to be treated. The bankruptcy laws require that certain types of claims and/or interests be grouped into classes, and that other types of claims not be grouped into classes. The designation of classes of claims and interests and the treatment of both classified and unclassified claims and interests are detailed in Debtor’s Plan. The terms of the Plan control.

“Claims” are any right to payment and/or any right to an equitable remedy, all as more fully described in Section 101(5) of the Bankruptcy Code.

“Interest” means any equity security such as a share in a corporate debtor, any interest of a limited partner in a limited partnership that is a debtor, or a warrant against the debtor, all as more fully described in Section 101(16) of the Bankruptcy Code.

The Debtor is also required to identify what classes of claims and interests are impaired under the Plan and what classes of claims and interests are unimpaired under the Plan. In general, a claim or interest is impaired if the plan alters the legal, equitable and/or contractual rights to which the holder of the claim or interest is entitled.

The classification of classified claims and interests, the description and treatment of the classified claims and interests, the description and treatment of unclassified claims, and the identity of impaired versus unimpaired claims and interests are all described hereunder.

3.2 Classified Claims and Interests – Description of Holders and Treatment.

The Bankruptcy Code permits certain claims and interests to be placed in particular classes in the plan. In the Plan the Debtor classifies the following claims and interests into the classes designated below. The nature of each of the classified claims and interests is given below, and

the proposed treatment of each of the classes is also described below. As noted in Section 2.3.4, because the secured claims of creditors have been satisfied as a result of the sale to Marcom, those claims will not be classified and/or "treated" under the Plan.

Class 1 – Unsecured Creditors Claims

Class 1 ("Unsecured Creditors Class" or "Class 1") consists of scheduled or timely filed and allowed general unsecured claim(s) not entitled to priority ("Unsecured Creditors Class" or "Class 1 Claims"). Creditors holding Class 1 Claims may hereinafter be referred to as "Class 1 Members," "Class 1 Creditors" or "Unsecured Creditors."

a. Description of Class 1 Claims

As noted above, Class 1 is largely made up of certain scheduled or timely filed and allowed general unsecured claims not entitled to priority. Claims in this class include: (i) claims held by trade creditors who sold goods or services to the Debtor; (ii) claims arising out of the rejection of executory contracts and unexpired leases; (iii) non-priority claims related to accrued but unpaid vacation for employees; (iv) the undersecured portion of total claims held by creditors also holding allowed secured claims; (v) claims for withdrawal liability from union employee benefit plans; and (vi) claims arising from general accounts payables that are not related to the sales of goods or services.

The total dollar amount of Class 1 Claims is not yet fixed.

The dollar amount of Class 1 Claims according to the filed proof of claims and the Debtor's schedules for claims that have not filed proof of claims is approximately \$3,838,511. The claim amount does not include the following: (i) claims arising out of the rejection of executory contracts and unexpired leases; (ii) non-priority claims related to accrued but unpaid vacation for employees; (iii) the undersecured portion of total claims held by creditors also holding allowed secured claims; or (iv) late-filed claims, i.e. claims filed after the last date for timely-filing claims (the last date for timely filing claims was January 22, 2004).

The \$3,838,511 figure includes claims asserted in filed proofs of claims that the Debtor believes may be incorrect. If a purpose would be served, the Debtor will object to the allowance of the claims that the Debtor believes to be incorrect.

Because the claim amounts for the claims in this class are not yet fixed, and because of the wide variance in the possible claim amounts, the Debtor is unable to estimate the total claims in this class.

b. Treatment of Class 1 Claim(s).

The Debtor shall treat Class 1 Claims as follows: the Debtor shall disburse to Class 1 Creditors the proceeds available after payment on claims that have a higher priority than the priority that Class 1 Creditors have. Each holder of an allowed Class 1 Claim will be entitled to receive its pro rata share of available cash, not to exceed the amount of its allowed Class 1 Claim.

Payment to holders of Class 1 Claims will not commence until Administrative Claims, Class 2 Claims, Class 3 Claims and Class 4 Claims, if any, have been paid in full. The Debtor estimates that payment to Class 1 Claims will likely not occur until the Second Quarter, 2009.

Because the claim amounts for the claims in this class are not yet fixed, and because of the wide variance in the possible claim amounts, the Debtor is unable to estimate the potential distribution to this Class. It is possible (although perhaps not likely) that the administrative expense claims and allowed priority claims will be fixed in such amounts that all available cash is used to pay those claims. If this were to occur, Class 1 Creditors would receive no distribution.

Payment of the Class 1 Claims pursuant to these terms is reflected in Exhibit B to the Disclosure Statement.

Possible Additional Distributions.

Distributions to the Class 1 Members may be different than as indicated above depending on any recovery from actions commenced by the Debtor. Any proceeds recovered by the Debtor from prosecution of any avoidable transfers such as preferences and/or fraudulent transfers, or from any action against third parties which constitute assets of the bankruptcy estate shall be disposed of as follows: The proceeds actually recovered will first be used to pay expenses associated with generating the proceeds; then used to pay the increased distribution that results, if any, from the recovery; and the balance, if any, will be used to fund the payments due pursuant to the Plan. Any distributions to the Class 1 Creditors will be made on a pro rata basis.

Satisfaction of Claims

Payment by the Debtor to members of this class pursuant to the terms set forth herein constitutes full satisfaction of all claims of the members of this class against the Debtor.

Class 2 – Priority Claims Under §507(a)(3) - Employee Claims.

Class 2 consists of all scheduled or timely filed and allowed priority claims under Section 507(a)(3) of the Bankruptcy Code (“Class 2 Claims”).

a. Description of Class 2 Claims

Class 2 Claims consists of Priority Employee Claims.

The Class 2 Claims against the Debtor are made up of the claims of employees for pre-petition wages, salaries or commissions, including vacation, severance and sick leave ("Employee Claims"). In general, the Employee Claims may consist of both a priority claim and a non-priority claim. The portion of the Employee Claims that is priority ("Priority Employee Claims") and therefore within Class 2 are those claims that satisfy the following two limitations: (i) an

aggregate dollar limitation of \$4,650 per employee; and (ii) a time limitation that the claim be earned within 90 days before the date that the bankruptcy case was filed.

The total dollar amount of Class 2 Claims is not yet fixed.

The dollar amount of Class 2 Claims according to the filed proof of claims and the Debtor's schedules (per a Supplemental Schedule E to be filed not later than early October, 2004) for claims that have not filed proof of claims is approximately \$337,976. This \$337,976 figure includes claims asserted in filed proofs of claims that the Debtor believes may be incorrect based on a failure to take into account either (or both) the dollar limitation or the time limitation. As of the Petition Date, pursuant to its books and records, the Debtor estimates that the Class 2 Claims total approximately \$214,125. If a purpose would be served, the Debtor will object to the allowance of the claims that the Debtor believes to be incorrect. The known Class 2 Claims are set forth in Exhibit C

The Debtor estimates that the claims in this class will be at least \$214,125.42, but no more than \$337,976. The amount to be distributed in connection with payment of Class 2 Claims will include funds to pay all employment taxes associated with the priority claim, including the employer's share of employment taxes.

b. Treatment of Class 2 Claims

Except as otherwise provided herein, Class 2 Claims shall be treated as follows: the Debtor shall pay any scheduled or timely filed and allowed Class 2 Claims in full.

Payment to holders of Class 2 Claims will not commence until after Administrative Claims have been paid in full. The Debtor estimates that the payment to Class 2 Claims will commence in the Second Quarter 2005, and continue annually thereafter until paid in full. Payment will be from available funds on a pro rata basis. Payment will include payment of an amount necessary to pay all employment taxes associated with the priority claim, including the employer's share of employment taxes.

Payment of the Class 2 Claims pursuant to these terms is reflected in Exhibit B to the Disclosure Statement.

Class 3 - Priority Claims Under §507(a)(4) - Employee Benefit Claims

Class 3 consists of all scheduled or timely filed and allowed priority claims under Section 507(a)(4) of the Bankruptcy Code ("Class 3 Claims").

a. Description of Class 3 Claims

Class 3 Claims consists of claims related to employee benefits that are entitled to priority.

The Class 3 Claims against the Debtor are made up of claims owed to third parties related to employee benefits ("Benefits Claims"). In general, the Benefits Claims may consist of both a

priority claim and a non-priority claim. The portion of the Benefits Claims that is priority (“Priority Benefits Claims”) and therefore within this class are those claims that satisfy the limitations described in Section 507(a)(4) of the Bankruptcy Code.

The limitations described in Section 507(a)(4) are as follows. A claim for contribution to an employee benefit has priority if the contribution arises from services rendered within 180 days before the date that the bankruptcy case is filed, but only, for each such plan, to the extent of the number of employees covered by each such plan multiplied by \$4,650 less the aggregate amount paid to such employees for allowed Priority Employee Claims plus the aggregate amount paid by the estate on behalf of such employees to any other employee benefit plan.

There are five filed proofs of claims that may be Class 3 Claims. They are as follows: (1) Local 1 B Union pension plan claim; (2) Local 1-M Health & Welfare plan claim; (3) Local 1-M pension plan claim; (4) PACE pension fund claim; and (5) Health Partners health insurance plan claim. The total dollar amount of the proof of claims is approximately \$280,389. However, due to the time limitation and the dollar limitation, the priority portion of these proofs of claims is significantly smaller.¹ According to the Debtor’s books and records at the time the bankruptcy case was filed, the Priority Benefits Claims was expected to total the approximate amount of \$44,592.

The total dollar amount of Class 3 Claims is not yet fixed. The total dollar amount of Class 3 Claims cannot be fixed until the Class 2 Priority Employee Claims are fixed and until the calculation required under the statute is performed based on the fixed Priority Employee Claims.

b. Treatment of Class 3 Claims

Except as otherwise provided herein, Class 3 Claims shall be treated as follows: the Debtor shall pay any scheduled or timely filed and allowed Class 3 Claims in full.

Payment to holders of Class 3 Claims will not commence until Administrative Claims and Class 2 Claims have been paid in full. The Debtor estimates that the payment to Class 3 Claims will

¹ Calculating the dollar limitation alone, the claims will be much lower than the face amount of the proof of claim filed. For example, the employee benefits claims related to the Local 1-M Health & Welfare Fund is \$120,803 pursuant to the proof of claim filed. There were 21 employee members of Local 1-M. The priority claim for an employee benefit plan is capped at \$4,650 per employee. Therefore the maximum priority claim for an employee benefit plan for Local 1-M employees is \$97,650 (21 employees x \$4,650 cap per employee). The maximum priority claim is reduced by the amount of the priority employee claim for wages, vacation and sick leave. According to the records of the Debtor, the 21 Local 1-M employees have an aggregate Employee Priority Claim of approximately \$57,403. Therefore, without taking into account any claim for any other employee benefit plan for Local 1-M employees and without taking into account the 180-day time limitation, the claim of the Local 1-M Health & Welfare Fund is a priority claim only to the extent of approximately \$40,247. (Maximum Claim (\$97,650) minus aggregate priority wage claim (\$57,403) = \$40,247.

commence in the Second Quarter, 2008, and continue annually thereafter until paid in full. Payment will be made from available funds on a pro rata basis.

Payment of the Class 3 Claims pursuant to these terms is reflected in Exhibit B to the Disclosure Statement.

Class 4 - Priority Claims Other Than §507(a)(1), (a)(2), (a)(3), (a)(4) and (a)(8) Claims.

Class 4 consists of all scheduled or timely filed and allowed priority claims other than claims arising under Section 507(a)(1), (a)(2), (a)(3), (a)(4) and (a)(8) of the Bankruptcy Code.

a. Description of Class 4 Claims

Class 4 consists of any allowed priority claims arising under Section 507(a)(5), (a)(6), (a)(7) or (a)(9). The Debtor did not schedule in its Schedule E, any priority claims arising under any of these sections. No proof of claim for a claim arising under any of these sections has been filed. Accordingly, the Debtor does not believe it owes any Class 4 claims.

b. Treatment of Class 4 Claims

Except as otherwise provided herein, Class 4 Claims shall be treated as follows: the Debtor shall pay any scheduled or timely filed and allowed Class 4 Claims in full.

Payment to holders of Class 4 Claims will not commence until Administrative Claims, Class 2 Claims, and Class 3 Claims have been paid in full. The Debtor estimates that the payment to Class 4 Claims, if any, will commence in Second Quarter, 2008. Payment will be made from available funds on a pro rata basis.

Payment of the Class 4 Claims pursuant to these terms is not reflected in Exhibit B to the Disclosure Statement because the Debtor does not believe there are any Class 4 claims.

Class 5 – Equity Interests

Class 5 consists of all existing equity interests and any rights related thereto (Class 5 Interests) of shareholders of the Debtor ("Pre-Petition Shareholders").

a. Description of Class 5 Interests

Class 5 Interests consists of the following equity interests, with the percentages equaling percentage ownership of overall equity interest:

Olaf Bjorkedal	68%
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Nikolai Bjorkedal	8%
Arika Bjorkedal	8%
Britta Bjorkedal	8%
Trone Bjorkedal	8%

b. Treatment of Class 5 Interests

Class 5 Interests shall be treated as follows: Holders of Class 5 Interests will retain their stock. However, the Plan provides for the liquidation of the assets of the Debtor and permitting the annual registrations to lapse and the Debtor to fall into inactive status. Because the value of the Debtor’s assets is less than the total amount of its debt, the holders of Class 5 Interests will receive no distributions on account of their stock. Because the Debtor will become inactive, the stock has and will have no value.

3.3 Unclassified Claims – Description of Holders and Treatment of Claims

As indicated above, certain claims are not classified in the Plan. They include pre-petition priority claims and administrative expenses. The unclassified claims are set forth below.

3.3.1 Pre-Petition Priority Governmental Claims.

“Pre-Petition Priority Government Claims” consists of all timely filed and allowed claims of governmental units for a claim arising before the Petition Date that has priority pursuant to Section 507(a)(8). Pre-Petition Priority Government Claims are not classified in the Debtor’s Plan as required by §1129(a)(1) of the Bankruptcy Code.

a. Description of Pre-Petition Priority Governmental Claims.

Timely filed and allowed Pre-Petition Priority Government Claims can either be those claims scheduled in Schedule E filed by the Debtor or those claims asserted in timely filed and allowed proofs of claims. In this case, the Debtor did not list any Pre-Petition Priority Governmental Claims in Schedule E. There are no timely filed and allowed proofs of claims filed by governmental units. Accordingly, there are no known Pre-Petition Priority Governmental Claims.

b. Treatment of Pre-Petition Priority Governmental Claims.

Pre-Petition Priority Governmental Claims, if any, shall be treated as follows: Pre-Petition Priority Governmental Claims, less any payments the Debtor may have made during the course of the case, shall be paid, in full either on the Effective Date or, over five years, with interest on the outstanding balance of the allowed claim at the rate provided for in 26 U.S.C. §6621(b), from and after the Effective Date. The claims shall be paid in full within six years of the date that the tax was assessed.

3.3.2 Administrative Expenses

During the pendency of the Chapter 11 reorganization case, the Debtor incurred certain administrative expenses. "Administrative Claim" means any claim for the payment of any administrative expense arising under Section 503(b) of the Bankruptcy Code. Administrative Claims, and the Debtor's provision for payment thereof, are detailed below.

Subject to the specific terms provided for below that may conflict with this general provision, the Debtor shall pay each holder of an allowed or Court-awarded Administrative Claim (except any such holder that agrees to different treatment) the allowed amount of such holder's allowed Administrative Claim, in full.

a. Professional Fees

Professional fees that constitute Administrative Claims are the allowed fees and costs of the professionals that have been employed in the course of this Chapter 11 case, either by the Debtor or by any appointed Committees.

The known and estimated fees and costs are as follows:

<u>Professional</u>	<u>Fees & Costs Through Stated Date</u>	<u>Estimated Additional Fees & Costs</u>	<u>Amount to be Paid Through Plan</u>
Kampf Attorney for Debtor	\$128,502 8/31/04	\$10,000.00	\$50,000
Lurie Besikof Acct for Debtor	\$10,000	-0-	\$10,000
Employer's Ass'n Special Atty for Debtor	\$ 9,482		\$ 9,482
Tim O'Connell Special Acct for Debtor	25% of proceeds		Not applicable
Lapp, Libra Attorney for Committee	\$ 6,200	\$4,000	\$10,200

Provided the professionals receive Bankruptcy Court approval of their fees and expenses and subject to any provision for the procedure permitting the payment of 80% of fees and 100% of costs pending allowance, these claims for professional fees identified above shall be paid in full. Payment to the professionals shall commence on the Effective Date of the Plan and will continue

as funds become available until the allowed fees are paid in full. The professionals shall be paid pro rata with other allowed Administrative Claims.

Exhibit B attached to the Disclosure Statement reflects payment of the professional fees as provided herein.

b. U.S. Trustee Fees and Court Costs

Certain fees and costs, identified below as U.S. Trustee fees and Court costs, are payable by the Debtor and constitute Administrative Claims.

U.S. Trustee fees that constitute Administrative Claims are those fees payable to the U.S. Trustee under 28 U.S.C. §1930 during the administration of the case (“U.S. Trustee Fees”).

The Debtor incurred and/or paid U.S. Trustee fees pursuant to the provisions of 28 U.S.C. §1930.

The Debtor shall pay the U.S. Trustee fees in full on the Effective Date and thereafter as and when due until the Chapter 11 case is closed, dismissed or converted. After confirmation, the Debtor shall submit periodic operating reports to the United States Trustee each period (or portion thereof) as required by the U.S. Trustee until the Chapter 11 case is closed, dismissed or converted. Such report shall be in the format prescribed by the United States Trustee.

Court costs due pursuant to 28 U.S.C. §1930 also constitute Administrative Claims. The Debtor shall pay in full on the Effective Date and thereafter as and when due any Court costs assessed pursuant to 28 U.S.C. §1930.

c. Other Administrative Expense Claims.

There may be other Administrative Claim(s) as follows: (1) filed proof of claim(s) for administrative expenses; (2) post petition taxes; (3) unpaid post petition claims; and (4) administrative expense claims associated with executory contracts and unexpired leases for contract obligations coming due post petition that remain unpaid (these claims are more fully described hereinafter; a detailed listing of the Debtor’s executory contracts and leases, and the Debtor’s proposed treatment of same, are provided in Section 3.4 below) (collectively “Other Administrative Claims”).

The Debtor believes the Other Administrative Claims consist of the claims disclosed on Exhibit D with the qualification noted below.

The Debtor shall pay any allowed Other Administrative Claims in full. Payment shall commence, on a pro rata basis with other administrative expense claims, on the Effective Date, and shall continue thereafter as funds become available and within the discretion of the Administrator, until the Other Administrative Claims are paid in full.

The claims listed in Exhibit D are the claims that the Debtor incurred during the Chapter 11 case. The listing in Exhibit D shall constitute a proof of claim for the holder of each such claim listed.

The Debtor shall be permitted to make distribution to the creditors identified on Exhibit D regardless of whether a creditor has actually filed a proof of claim. Parties in interest may objection to the allowance of a claim listed on Exhibit D subject to the same limitations and requirements that apply to filing an objection to a proof of claim. The Debtor also reserves the right to object to the allowance of a claim listed on Exhibit D if, upon further review, the Debtor determines that the claim should not be an allowed Administrative Claim.

d. Secured and Super-Priority Administrative Expense Claim in favor of Manchester

Pursuant to the cash collateral stipulation between the Debtor and Manchester Commercial Finance LLC ("Manchester"), Manchester holds an allowed secured and super-priority administrative expense claim that is an Administrative Claim.² Manchester's Administrative Claim was satisfied as a part of the sale to Marcom.

e. Reclamation Claims

Certain creditor(s) made demand on the Debtor for return of goods delivered to the Debtor. The Debtor did not return the goods demanded. As a result, the creditor(s) making said demand may have and/or assert an administrative expense claim.

The creditor(s) making this demand are the following:

Name of Creditor	Date of Demand	Amount of Demand	Estimated Reclamation Claim
ECM Converting Company	9/4/03	\$19,228.39	\$1,401.10

(collectively "Reclaiming Creditors" and the claims asserted may hereinafter be referred to as "Reclamation Claims").

The Uniform Commercial Code and the Bankruptcy Code provide that parties who have delivered goods to a debtor within ten days of a bankruptcy filing, may demand return of those goods upon discovery of the debtor's insolvency. Provided certain procedures are followed and the statutory requirements are met, the debtor is generally obligated to return those goods that are the subject of the reclamation demand, subject to certain exceptions.

Section 546(c) of the Bankruptcy Code provides that a properly submitted reclamation demand may be denied only if the claim arising out of the provision of such reclaimed goods is either: (1) granted administrative expense status, or (2) is secured by a lien. However, since the rights afforded creditors under Section 546(c) are expressly subject to generally applicable law pertaining to reclamation rights, the existence of a senior secured lender affects the rights of a reclaiming sell. For example, in the event that a senior secured lender(s) is undersecured, the

² As noted above, "Administrative Claim" means any claim for the payment of any administrative expense arising under Section 503(b) of the Bankruptcy Code.

reclamation right is without value, and therefore cannot be afforded either secured or administrative expense status.

After filing the petition commencing this case, the Debtor received reclamation demands from the Reclaiming Creditors. After the necessary investigation of those demands, the Debtor determined that the Reclaiming Creditors stated a basis on which the reclamation demand was proper. The Debtor determined to treat the reclamation claims as permitted by Section 546(c).

In determining the proper treatment pursuant to Section 546(c), the Debtor is required to assess the amount of the claim of the reclaiming seller. In order to assess the amount of the claim, the Debtor has to assess the dollar amount of goods supplied during the reclamation period and has to determine of those goods supplied during the reclamation period, what goods were used before the Petition Date and what goods were used after the Petition Date. For the goods used before the Petition Date, even though the goods may have been shipped within the reclamation period, the reclaiming creditor only receives a general unsecured claim for the value of those goods. For the goods used after the Petition Date before the receipt of the demand, the reclaiming creditor receives an administrative expense claim (subject to other exceptions).

The Debtor shall satisfy the asserted/potential administrative expense claims of the Reclaiming Creditors as follows.

The Reclamation Claim of ECM Converting as of the Petition Date, is equal to the invoice amount of the goods supplied by ECM Converting that the Debtor had on hand as of the Petition Date. According to the Debtor's records, the Reclamation Claim of ECM Converting is \$1,401.10. ECM Converting filed a proof of claim asserting an administrative expense claim in the amount of \$19,228.39. The Debtor shall pay ECM Converting's administrative expense claim, as finally allowed, in full.

f. All Administrative Expenses

The "Allowed Administrative Claims" shall constitute the aggregate of (i) allowed professional fees and costs; (ii) U.S. Trustee fees and court costs; (iii) the claims listed on Exhibit D; (iv) the allowed reclamation claim of ECM Converting Company; and (v) any other allowed administrative expense arising under Section 503(b) of the Bankruptcy Code.

The Debtor estimates that the total unpaid portion of the Allowed Administrative Claims is \$174,252.

Except as otherwise provided regarding U.S. Trustee Fees and Court Costs, payment to holders of Allowed Administrative Claims will commence on the Effective Date of the Plan, and will continue until the Allowed Administrative Claims are paid in full, and payment to holders of the Allowed Administrative Claims will be made on a pro rata basis.

3.4. Executory Contracts and Unexpired Leases

The Debtor was a party to certain executory contracts and/or unexpired leases as described in detail in the Schedule of Executory Contracts and Leases attached to the Disclosure Statement.

Pursuant to Section 365 of the Bankruptcy Code, the Debtor may either (i) assume the contract, (ii) reject the contract, or (iii) assume and assign the contract. As provided for in, and pursuant to the provisions of, the Bankruptcy Code, the other party to such executory contracts and/or unexpired leases may hold a claim based on the treatment the Debtor proposes for each contract and/or lease.

By motion, filed February 27, 2004, the Debtor sought Bankruptcy Court authority to reject certain contracts and to assume and assign other contracts. By order, dated March 10, 2004, the Court granted the Debtor's motion.

Pursuant to the motion and the March 10, 2004 order, the Debtor rejected the following leases and contracts to the extent that the contracts were unexpired leases or executory contracts:

American Comp. Insurance	Insurance
ARC	Cobra Administration
ARC	Medical Spending Account
Bjorkedal, Olaf	Building Lease
Bobst Equipment Finance Co.	Equipment contracts
Celtic Leasing	Equipment contract
Chubb	Insurance
Citizens Independent Bank	Equipment contracts
Community First Financial	Equipment contracts
Delta Dental	Insurance
GCIU Suppl. Retire.	Retirement & Disability Fund* ³
GCIU Health & Welfare	Insurance*
GCIU Local 1M	Collective Bargaining Agmt*
GCIU Local 1B	Retirement Fund*
GCIU Local	
1B/HW Funds A&B	Retirement Insurance*
GCIU Local 1M	Pension Fund*
General Electric Capital Corp.	Equipment contracts
Hartford	Insurance
HealthPartners	Insurance
Ikon	Copy Machine Lease
Manulife/PACE	401(k) fund management
Manulife/Office	401(k) fund management
Pension Consultants (PA)	Defined benefit pension
PACE Local 7-0264	Collective bargaining agmt
PACE Local 7-0264	Pension Fund
People's Capital and Leasing Corp	Equipment contracts
Principal Financial Gr	Insurance
Tax Sheltered Comp	TPA
Paul Revere Life Ins	Life Insurance*

³ The contracts marked with an asterisk may have expired during the course of the Chapter 11 case. To the extent the contract was still in force and constituted an executory contract or unexpired lease at the time of the motion, the Debtor sought to reject same.

U.S. Bancorp

Equipment contracts

Pursuant to the motion and the March 12, 2004 order, the Debtor assumed and assigned the following contracts to Marcom:

Herc-U-Lift	Kalmar Walkie (Contract No. 09CR018507)
Herc-U-Lift	Multiple Forklifts (Contract No. 09CR020408)
Herc-U-Lift	Mitsubishi Forklift (Contract No. 09CR020225).

3.4.1 Treatment of Executory Contracts and Unexpired Leases

The Debtor rejects all executory contracts and unexpired leases to which the Debtor is a party with the exception of the Herc-U-Lift contracts described above as assumed and assigned to Marcom.

In addition to those contracts rejected pursuant to the Court Order, dated March 12, 2004, described above, the Debtor also rejects the following contracts, to the extent they constitute executory contracts or unexpired leases:

Alson's	Consulting Agreement
G&K	Uniform Agreement
Radius Solutions	Software Agreement

As to the rejected contracts and/or leases, the parties to the rejected contracts and/or leases may have a claim arising under the contract of lease and/or arising from the rejection of the contract or lease. Any such claim shall be treated, in accordance with the provisions of the Bankruptcy Code, as an unsecured claim. Pursuant to Bankruptcy Rule 3002(c)(4), the Court may set a deadline for filing a proof of claim for any claim arising from the rejection of a contract or lease. It is anticipated that the Court will enter an order fixing the deadline for filing a proof of claim for any such claim arising from rejection of a contract or lease at 30 days from the date of the order confirming the Plan. **THE INFORMATION PROVIDED HEREIN CONSTITUTES NOTICE OF THE DEADLINE FOR ASSERTING CLAIMS FOR DAMAGES FROM REJECTION OF ANY EXECUTORY CONTRACT OR UNEXPIRED LEASE.**

As to any assigned contract, the party to the assigned contract shall look to the assignee for satisfaction of the terms of the contract and any claim thereunder, and shall have no claim against the Debtor in connection with the assigned contract.

3.4.2 Contracts and Leases not Specified

If the Debtor is a party to any executory contract or unexpired lease that is not specifically identified, the Debtor nonetheless shall REJECT all executory contracts and unexpired leases with the following exceptions: (i) except as may be otherwise provided for herein; (ii) except as may be provided for in any prior Court order on a motion for assumption or rejection of an executory contract or unexpired lease, and/or (iii) except as may be provided for in any motion pending before the Bankruptcy Court on the date of the hearing on confirmation of the Plan.

Except as may be provided otherwise herein, such rejection shall be effective as of the date the Court's order confirming the plan is filed.

3.4.3 Estimated Claims Arising from Rejection

The Debtor estimates that claims arising from the rejection of contracts and leases will aggregate \$-0-. The Debtor projects and provides for distribution of the sum of \$-0- for payment of claims arising from the rejection of contracts to be treated in accordance with the terms of the Debtor's Plan for claims in Class 1.

3.5 Impaired and Unimpaired Classes

All classes are impaired.

IV. PROOFS OF CLAIMS AND OBJECTIONS TO CLAIMS

The deadlines for timely filing certain proofs of claims are set by the U.S. Bankruptcy Court. Pursuant to Bankruptcy Court Order either entered or to be entered, the deadlines are as follows:

(a) For a claim or interest for non-governmental creditors, the deadline for timely filing a proof of claim was January 22, 2004, as set by Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors & Deadlines, dated October 1, 2003 and filed October 1, 2003.

(b) For an administrative expense claim, the Bankruptcy Court sets the deadline for timely filing a proof of claim; the Bankruptcy Court typically sets such deadline in the order confirming the plan; and the Bankruptcy Court typically sets the deadline at thirty days from the date of the order confirming the plan; administrative claims shall be asserted by the filing of a motion for payment of administrative expense. The motion must be filed and served by the deadline. THIS INFORMATION CONSTITUTES NOTICE OF THE DEADLINE FOR ASSERTING ADMINISTRATIVE CLAIMS.

(c) For a claim arising from the rejection of an executory contract or unexpired lease, the Bankruptcy Court may set the deadline for filing a proof of claim for any claim arising from the rejection of a contract or lease; if the Bankruptcy Court sets such a deadline, the deadline shall be as the Bankruptcy Court sets; THE INFORMATION PROVIDED HEREIN CONSTITUTES NOTICE OF THE DEADLINE FOR ASSERTING CLAIMS FOR DAMAGES FROM REJECTION OF ANY EXECUTORY CONTRACT OR UNEXPIRED LEASE.

(d) For amendments to proofs of claims, the Bankruptcy Court may set a deadline for filing amendments for proofs of claims; if the Bankruptcy Court sets such a deadline, the deadline shall be as the Bankruptcy Court sets.

The Court also sets the deadline for the timely filing of objections to the allowance of claims or interests. The Bankruptcy Court typically sets such deadline in the order confirming the plan.

The Bankruptcy Court typically sets the deadline at thirty days from the date of the order confirming the Plan.

Subject to the limitations provided in Section 553 of the Bankruptcy Code, the Debtor may, but shall not be required to, set off against any claim and the payments or other distributions to be made pursuant to the Plan in respect of such claim, claims of any nature whatsoever the Debtor may have against the holder of such claim. Neither the failure to setoff, nor the allowance of any claim hereunder shall constitute a waiver or release by the Debtor of any such claim that the Debtor may have against such holder.

The Debtor and certain parties in interest have standing to file objections to any of the proof of claims filed in the bankruptcy case. The Debtor may have objections to certain proofs of claims filed by various parties. The Debtor will conduct a claims review to determine if objections exist, either to claims already filed or to claims to be filed.

V. CLAIMS OF THE DEBTOR AGAINST OTHERS

The Debtor may hold certain claims against others. These potential claims against others include claims arising from bankruptcy laws and claims against insiders.

5.1. Claims from Bankruptcy Laws – Preferences, Etc.

The bankruptcy laws create a number of claims that a trustee or debtor-in-possession may pursue if appropriate. The claims arising from bankruptcy laws include preferences, fraudulent conveyances and other voidable transactions.

A preference is a payment or other transfer of property of the Debtor to or for the benefit of a creditor, before the bankruptcy case was commenced, on an antecedent debt, which transfer has the following characteristics: (1) it was made while the debtor was insolvent; (2) it was made within the time period(s) specified in Section 547(b)(4) of the Bankruptcy Code; and (3) it enabled the creditor receiving the transfer to receive more than the creditor would receive if the case were a case under Chapter 7 of the Bankruptcy Code. When a debtor successfully makes a claim against a creditor (preference defendant) on a preference, the preference defendant is required to return the payment or other transfer made, and the preference defendant then ordinarily has an unsecured claim in the amount of the returned preference.

If appropriate, Debtor will conduct a preference review to determine if it has any preference claims and will pursue such claims as is economically justified. The Debtor has not been able to accomplish this review to date. Accordingly, the Debtor cannot identify potential preference defendants or estimated recovery amounts.

Each creditor can review its own records to determine if it is a potential preference target. If any creditor has a question about the impact of a potential preference action, it can contact the Committee of Unsecured Creditors (the members of which are identified herein, if applicable), or the Committee's counsel, if any, (also identified herein, if applicable), or the creditor's own counsel to learn more information. Section II(C) contains information as to whether a

Committee was appointed and whether any such Committee employed counsel.

The proceeds actually recovered from successful preference actions will be disbursed in the following manner. The proceeds actually recovered will first be used to pay expenses associated with generating the proceeds; then used to pay the increased distribution that results from the preference recovery; and the balance, if any, will be used to fund the payments due pursuant to the plan. Any distributions to unsecured creditors shall be made on a pro rata basis.

The following example explains the use of preference proceeds. Assume a preference claim is recovered for \$25,000 and assume the cost of recovering that amount was \$2,500. The proceeds are used first to pay the cost of recovering the proceeds ($\$25,000 - \$2,500 = \$22,500$). The \$22,500 is first used to pay any increased distribution that results from the preference recovery. An increased distribution results for the following reason. When the \$25,000 preference is recovered, an additional unsecured claim in the amount up to \$25,000 may be created. The Plan proposes to pay unsecured creditors on their claims a stated percentage provided for in the plan. Accordingly, the distribution which will be payable on the new \$25,000 claim is that percentage of the new claim. The balance of the proceeds, if any, after payment of the costs and the increased distribution, will be used for payment on the claims payable under the Plan.

An avoidable fraudulent conveyance under the bankruptcy laws is a transfer of an interest of the debtor in property, or any obligation incurred by the debtor, that was made or incurred on or within one year before the date of the filing of the bankruptcy case that has one of the following characteristics: (a) if the debtor made such transfer or incurred such obligation with actual intent to hinder, delay or defraud any entity to which the debtor was or became indebted; or (b) any transfer for which the debtor received less than a reasonably equivalent value in exchange for such transfer or obligation and either one of the following (i) was insolvent on the date the transfer was made or such obligation was incurred or became insolvent as a result of such transfer or obligation; (ii) was engaged in business or a transaction, or was about to engage in such business or transaction for which any property remaining with the debtor was an unreasonably small capital; or (iii) intended to incur or believed that the debtor would incur debts that would be beyond the debtor's ability to pay as such debts matured.

The Debtor is unaware of and therefore does not presently intend to pursue any actions regarding fraudulent conveyances or actions regarding other voidable transactions, except as may be required by the terms of the Plan of Reorganization. In the event the Debtor does pursue any such actions, the treatment of the proceeds of any such actions will be the same as the treatment for preference recoveries, unless otherwise required by the terms of the Plan of Reorganization.

5.2. Claims of or against Insiders

Debtor is unaware of any viable claims against insiders. To the extent that the Debtor pursues any claims against insiders and recovers any proceeds, the treatment of the proceeds will be the same as the treatment for preference recoveries.

5.3. Setoffs

Subject to the limitations provided in Section 553 of the Bankruptcy Code, the Debtor may, but shall not be required to, setoff against any claim and the payments or other distributions to be made pursuant to the Plan in respect of such claim, claims of any nature whatsoever the Debtor may have against the holder of such claim. Neither the failure to setoff, nor the allowance of any claim hereunder shall constitute a waiver or release by the Debtor of any such claim that the Debtor may have against such holder.

5.4. Other Claims Against Others

The Debtor may have other claims against other parties, including counterclaims asserted against parties asserting claims against the Debtor. The Debtor may have counterclaims against any of the parties that are parties to lawsuits filed before the Petition Date as may be disclosed in the Statement of Financial Affairs filed by the Debtor in this case. The Debtor may also have other types of claims against other parties. The Debtor does not have any present intention to assert and pursue any such claims, but the Debtor reserves the right to pursue such claims, including claims for affirmative relief. To the extent the Debtor pursues any such claims and recovers any proceeds, the use of the proceeds will be the same as specified for preference recoveries and/or as stated in the Plan.

VI. POST CONFIRMATION

The Bankruptcy Code also requires a debtor to disclose information about certain events and circumstances occurring after confirmation of the plan of liquidation. The Debtor provides that description below. After confirmation of the Plan, operations and events will continue to be governed by certain provisions of the Plan, as set forth below.

6.1. Means for Execution

The Plan will be implemented and executed according to the following provisions.

6.1.1. Continued Existence

After the Effective Date, the Debtor shall continue to exist in accordance with the applicable law in the jurisdiction in which it is incorporated and pursuant to its articles and bylaws and/or other similar organization documents in effect prior to the Effective Date, except to the extent such articles, bylaw or similar organization documents are amended, modified or restated pursuant to the Plan. The articles and bylaws, or other similar organizational documents shall be and hereby are amended and/or restated as necessary to satisfy the provisions of the Plan and the Bankruptcy Code. After the Effective Date, the Debtor may, but shall not be required to, amend and/or restate its articles and bylaws as permitted by applicable law. On the Effective Date, all actions contemplated by the Plan shall be authorized and approved in all respects and all matters provided for in the Plan involving the corporate structure of the Debtor shall be deemed to have occurred and shall be in effect, without any requirement of further action by the equity holders, directors or officers of the Debtor, As of the date of the order confirming the Plan, the officers and directors of the Debtor are authorized to issue, execute and deliver the agreements,

documents, securities and instruments contemplated by the Plan.

On the Effective Date, the then current officers and directors of the Debtor (with the exception of Diana Foster) will be terminated from all of their respective duties and responsibilities in their capacities as officers and directors of the Debtor. From and after the Effective Date, Ms. Foster shall be appointed the director of the Debtor (and all bylaws, articles, and related corporate documents are deemed amended by the Plan to permit and authorize such appointment) and shall serve in such capacity through the earlier of the date the Debtor is dissolved in accordance with the Plan and the date such director resigns, is terminated, or otherwise becomes unable to serve. If Ms. Foster resigns, is terminated or is unable to serve as a director, then the Debtor the Post Confirmation Committee jointly shall have the right to select a successor who may be appointed a director of the Debtor and shall serve in such capacity until all obligations under the Plan have been fulfilled.

After the assets of the Debtor have been liquidated and the cash distributed to creditors, all final tax returns shall be filed, the Debtor shall complete all final filings required, and any other action that is required to be taken to wind down the Debtor shall be taken. After all required action has been taken, the Debtor shall be permitted to discontinue filing its annual registrations and filings, and the Debtor shall be permitted to automatically lapse into inactive status.

6.1.2. Administrator's Duties

On and after the date of the Order confirming the Plan, the Debtor shall be managed by Diana Foster, the Administrator.

The Administrator shall work closely with the Chapter 11 Case professionals and the Post Confirmation Committee to wind down the estate to maximize the recovery for creditors. The Administrator shall have the authority to perform, shall have the standing to perform, and shall perform, on behalf of the Debtor, the duties of the Debtor under the Plan.

The Administrator shall be compensated at \$75 per hour for services and shall be reimbursed for out of pocket expenses incurred in the performance of her duties under the Plan.

6.1.4. Equity Structure of Reorganized Debtor.

The equity structure of the reorganized Debtor, as of the effective Date of the Plan, shall be the same as the current structure of the Debtor.

6.1.5. Plan Distributions.

The distributions under the Plan shall be made by the Debtor and the Administrator. The following provisions relating to distributions apply to any appointed disbursing agent (i.e. the Administrator) notwithstanding a reference to "the Debtor."

The payments and distributions under the Plan shall be made on the date(s) provided for in the Plan (or on such earlier date as the Debtor, at its election, may choose), unless otherwise ordered

by the Bankruptcy Court. The Debtor reserves and retains the right to prepay any obligation under the Plan without penalty. Any payment and/or distribution to be made on the Effective Date pursuant to this Plan shall be deemed as having been made on the Effective Date if such payment and/or distribution is made on the Effective Date or as soon thereafter as is practicable. Any payment or distribution required to be made under this plan on a day other than a business day shall be made on the next succeeding business day, or as soon thereafter as practicable.

In the event of any disputed claims, the Debtor shall not be required to make payment on and shall not make distribution to such disputed claims until the dispute has been resolved and/or the disputed claim becomes an allowed claim, by agreement of the parties or by final order of the Bankruptcy Court. As soon as practicable after the disputed claim is resolved by the Debtor or the parties, or allowed by agreement or final order, and subject to the terms of the Plan, the Debtor shall pay and distribute to the holder of such allowed claim the amount provided in the Plan in the manner provided in the Plan, subject to the following conditions. (i) If a disputed claim is contained within a class that is to receive a pro rata distribution, the Debtor shall determine each claimant's pro rata share without regard to the asserted amount of the disputed claim and shall make payment and distribution on such calculation. When all disputed claims in the class receiving a pro rata distribution have been allowed or disallowed by a final order, the Debtor shall re-calculate each claimant's pro rata share and shall make the re-calculation in such manner as to pay the creditor holding the previously disputed but now allowed claim, within the term remaining for payment of the class, the distribution required to be made pursuant to the Plan; and (ii) If a disputed claim is contained within a class that is to receive a certain percentage of its claim over a stated term, the Debtor shall re-amortize the previously disputed but now allowed claim to calculate the payment needed on that claim to pay the percentage required by the Plan within the remaining term. The Debtor may choose, in the alternative, to make any additional payment and/or distribution to the creditor holding the previously disputed but now allowed claim to "catch-up" the claim to the distribution the Debtor had made to the class up until the time that the disputed claim was allowed.

If a proposed pro rata distribution to a particular claim or claims results in a proposed distribution of less than \$100, the Debtor is not required to make payment on, and instead may, at its option, propose to hold and accumulate such pro rata distribution until the accumulated distribution to such creditor equals or exceeds the sum of \$100.

Any property to be distributed under the Plan that remains unclaimed or otherwise not deliverable to the creditors entitled thereto as of the later of (a) one year after the date of the order confirming the Plan; or (b) one hundred twenty (120) days after the distribution shall become vested in and shall be transferred and delivered to the Debtor. In such event, such creditor's claim shall no longer be deemed to be allowed and such creditor shall be deemed to have waived its rights to such payments or distributions under the Plan and shall have no further claim in respect of such distribution and shall not participate in any further distributions under the Plan with respect to such claim. Unclaimed property shall include non-negotiated checks issued to creditors that are not negotiated within 90 days of the date such check was issued.

The Debtor, or any disbursing agent, shall withhold from any property distributed under this Plan, any amounts which must be withheld for federal, state or local taxes payable with respect

thereto or payable by the person entitled to such distribution to the extent required by applicable law. The issuance, transfer or exchange of any of the securities issued under, or the transfer of any other property pursuant to this Plan, or the making or delivery of an instrument of transfer under this Plan, shall not be taxes under any law imposing a stamp tax, transfer tax or other similar tax.

Except as expressly stated in the Plan or otherwise allowed by a final order of the Bankruptcy Court, no interest, penalty or late charge arising after the date the bankruptcy case was filed shall be allowed on any claim regardless of whether any objection to the claim is filed and sustained. Similarly, no attorneys' fees shall be paid with respect to any claim except as specified in the Plan or as allowed by a final order of the Bankruptcy Court. Accordingly, payments and distributions under the Plan shall not take into account any such interest, penalty, late charge or attorneys' fees.

Unless otherwise provided in the Plan, distributions to be made under this Plan to holders of allowed claims shall be made by first class United States mail, postage prepaid to (a) the latest mailing address set forth in the schedules; or (b) to such other address provided by the holder of any allowed proof of claim specifically identified as being the appropriate address for distributions under the Plan as opposed to the address set forth in the schedules.

Subject to the limitations provided in Section 553 of the Bankruptcy Code, the Debtor may, but shall not be required to, setoff against any claim and the payments or other distributions to be made pursuant to the Plan in respect of such claim, claims of any nature whatsoever the Debtor may have against the holder of such claim, but neither the failure to do so, nor the allowance of any claim hereunder shall constitute a waiver or release by the Debtor of any such claim that the Debtor may have against such holder.

6.1.6. Implementation of Plan.

The Plan will be implemented upon confirmation of the Plan. As more fully discussed in the section of the Disclosure Statement on confirmation standards, the Plan can be confirmed either by vote of the creditors pursuant to Section 1129(a) of the Bankruptcy Code, or over any negative vote or objection of the creditors pursuant to Section 1129(b) of the Bankruptcy Code.

The Debtor may modify the Plan in the manner provided for under Section 1127 (a) or (b) of the Bankruptcy Code. The Debtor shall give notice of any proposed modification to the United States Trustee and to any other parties designated by the Court. The Debtor also reserves the right to make such modifications at any hearing on confirmation as are necessary to permit the Plan to be confirmed under Section 1129 of the Bankruptcy Code.

The Debtor's obligations under the Plan are contingent upon entry of an order confirming the Plan, and said order not being reversed on appeal.

6.2. Reservation of Rights, Powers and Jurisdiction

After confirmation of the Plan, the Debtor shall have the following rights and powers and the

Bankruptcy Court shall have the following jurisdiction.

6.2.1. Debtor's Rights and Powers.

Except as otherwise expressly provided in the Plan, the Debtor shall retain, after confirmation of the Plan, the right and power to do any of the following:

- (a) Object to the allowance of claims;
- (b) Pursue any claims against third parties, including preferences, fraudulent transfers, and any other action arising under Section V of the Bankruptcy Code;
- (c) Pursue any claims and/or rights arising under the Bankruptcy Code in favor of the trustee/debtor-in-possession; and
- (d) Pursue any cause of action that the Debtor has or may have, including any cause of action that the Debtor may have commenced during the Chapter 11 case. Said causes of action shall specifically include any counterclaim that the Debtor may hold against creditors asserting claims against the Debtor, including any counterclaims that may not have been listed in the Debtor's schedules filed in the case. Said causes of action that the Debtor had or may have had prior to confirmation of the Plan shall survive confirmation of the Plan, shall vest in the Debtor, and shall not be affected by confirmation except as may otherwise be specifically provided in the Plan.

The Debtor may object to the allowance of claims within the time period provided by the order confirming the plan, as such time may be extended by the Court. The Debtor's authority to object to the allowance of claims shall not be affected in any way by the Debtor's failure to object to allowance of the claim for purposes of voting.

Any proceeds of any recovery from causes of action shall be used as hereinafter provided. Any proceeds recovered by the Debtor from prosecution of any avoidable transfers such as preferences and/or fraudulent transfers, or from any action against third parties which constitute an asset of the bankruptcy estate shall be disposed of as follows: first in payment of the expenses incurred to generate the proceeds; then used to pay the increased distribution, if any, that results from the recovery; and the balance, if any, will be used to fund the payments due on claims pursuant to the Plan.

6.2.2. Court Approval

After confirmation of the Plan, the Debtor shall seek such court approval of settlements as may be required by the provisions of the Bankruptcy Code and, if court approval is so required, shall seek such court approval in the manner required and/or permitted by the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Rules, or as may be permitted by the terms of an order of the Bankruptcy Court.

6.2.3. Committee of Unsecured Creditors.

The Official Committee of Unsecured Creditors shall be disbanded upon the Effective Date of the Plan. A Post Confirmation Committee of Unsecured Creditors (“Post Confirmation Committee”) shall be formed and shall consist of those members of the Official Committee of Unsecured Creditors that wish to serve on the Post Confirmation Committee and that give notice to the Administrator of the wish to serve on the Post Confirmation Committee on or before the Effective Date.

6.2.4 Professionals

The bankruptcy case attorney for the Debtor will continue to act as attorney for the Debtor and shall receive compensation for such services from the assets of the bankruptcy estate.

If the Post Confirmation Committee wishes to hire counsel, it shall give notice to the Administrator of the counsel that it wishes to retain. The counsel retained by the Post Confirmation Committee shall also receive compensation for services rendered from the assets of the bankruptcy estate.

6.2.5. Jurisdiction.

Until the Plan has been fully consummated, the court shall retain jurisdiction for the following purposes, and the Debtor shall retain standing and the right to pursue any cause of action, proceeding, and/or request for relief related to the following:

- (a) classification of the claims of creditors;
- (b) allowance of the claims of creditors;
- (c) determination of any counterclaims of the Debtor against any creditor (regardless of whether any such counterclaim is listed in the Debtor's schedules filed in the case or specifically disclosed in the Disclosure Statement), including any claim for turnover of property of the Debtor and any claim for offset of the value of the property against the claim of the creditor (regardless of whether any such turnover claim or claim of offset is specifically disclosed in the Disclosure Statement);
- (d) allowance of claims for damages from the rejection of executory contracts or unexpired leases;
- (e) determination of all issues and disputes regarding title to the assets of the estate and/or the Debtor;
- (f) determination of all causes of actions between the Debtor and any other party, including but not limited to any right of the Debtor to recover assets pursuant to the provisions of the Bankruptcy Code;
- (g) correction of any defect, the curing of any omission or the reconciliation

of any inconsistency of the Plan or the order confirming the Plan as may be necessary to carry out the purpose and intent of the Plan;

(h) interpretation and enforcement of the terms of the Plan;

(i) shortening or extending, for cause, of any time fixed for doing any act or thing under the Plan;

(j) entry of any order, including any injunction, necessary to enforce the title, rights and powers of the Debtor;

(k) entry of an order concluding and terminating the case;

(l) approval of any settlement related to any of the foregoing that the Debtor chooses to seek pursuant to the provisions of this Plan; and

(m) allowance of fees and costs for professionals employed by the Debtor or the Committee.

6.3. Effects of Plan Confirmation.

Confirmation of the Plan shall have the effects described below.

6.3.1 Binding Effect.

The Plan shall be binding upon and inure to the benefit of the Debtor, all present and former holders of claim(s) against the Debtor or of interest(s) in the Debtor, and all respective successors and assigns.

6.3.2. Discharge and Injunction.

Confirmation of this Plan constitutes a complete discharge, waiver, release and satisfaction of all claims and interests of all creditors and interest holders against the Debtor except as provided in this Plan. Confirmation of the Plan results in a discharge of the Debtor pursuant to Section 1141(d) of the Bankruptcy Code. The discharge and release shall discharge, release and extinguish any purported liens, encumbrances or security interest claimed by a claimant or any other entity against property of the Debtor, property dealt with by the Plan, and property of the estate, except as otherwise provided in the Plan. The order confirming the Plan is a general adjudication and resolution with prejudice, as of the Effective Date, of all pending legal proceedings against the Debtor, against property of the Debtor and/or against property of the estate, except as otherwise provided in the Plan.

The discharge and the order confirming the Plan operates as an injunction as provided in Section 524 of the Bankruptcy Code. Any creditor or equity holder entitled to receive and/or accepting, any distribution pursuant to this Plan shall be presumed conclusively to have released the Debtor

from any cause of action based on the same subject matter as the claim or interest on which the distribution is received. This release shall be enforceable as a matter of contract against any creditor or equity holder that acquires any right to distribution pursuant to this Plan.

Unless a taxing authority has asserted a claim against the Debtor before the deadline for filing claims, the discharge discharges any claim or lien of any taxing authority against the Debtor, against the estate, against property of the Debtor, and/or against property of the estate, for any taxes, penalties or interest (i) arising for any tax year for a period before the date the bankruptcy petition was filed; (ii) arising out of the failure, if any, of the Debtor to have filed any tax return; and/or (iii) arising out of an audit of any tax return for a period before the date the bankruptcy petition was filed.

6.3.3. Re-Vesting.

Except as otherwise expressly provided in the Plan, on the date that the order confirming the Plan is filed the Debtor shall be restored to its full ownership of and dominion over all property owned by the Debtor, all property of the estate, and all property dealt with by the Plan. The property so vested in the Debtor shall be free and clear of all claims, liens, encumbrances, charges and/or other interests of holders of claims or interests, except as otherwise provided in the Plan.

VII. ALTERNATIVES TO THE PLAN OF LIQUIDATION

Because this plan is a plan of liquidation, the Debtor has not prepared an analysis of liquidation in chapter 7. **According to the Debtor's analysis, the creditors will receive distribution under the Plan at an earlier time than creditors will receive if the case were converted to a case under Chapter 7.** Any distribution in a Chapter 7 case would take place only after the Chapter 7 case is fully administered.

As to the value of potential preference recoveries, since the Debtor is proposing that the recovered proceeds be used to pay costs incurred in recovering the proceeds, to pay the increased distribution which may result from recovery of the proceeds and the creation of a new claim, and to pay the amounts due the administrative expense, priority and unsecured creditors hereunder, substantially all of the value of the preference net proceeds is being realized by the creditors. Accordingly, the potential preference recovery does not affect the liquidation analysis.

Based on the foregoing and the other factors involved in the analysis, the Debtor believes the best alternative for the unsecured creditors is distribution pursuant to the Plan.

VIII. CONFIRMATION STANDARDS

Before confirmation, the Court must determine whether the Plan has been accepted by the holders of claims and interests in each class that is considered "impaired" by the Plan. However, certain limitations are imposed regarding whether a class is deemed to have accepted or rejected

the plan. A class that is not impaired under the plan, and each holder of a claim or interest of such class, are conclusively presumed to have accepted the plan and solicitation of acceptances with respect to such class is not required. A class that neither receives nor retains property under the plan on account of such claim or interest, and each holder of a claim or interest of such class, are deemed not to have accepted a plan and solicitation of acceptances or rejections is not permitted. Accordingly, the Court determines whether the Plan has been accepted or rejected by a given class only if the class is impaired and the Plan provides that the holders of claims within the class shall receive or retain some property under the Plan. For a class of claims to accept the Plan, an affirmative vote must be cast by those that vote at least two-thirds in amount and more than fifty percent in number of allowed claims. For a class of interests to accept the Plan, an affirmative vote of at least two-thirds in amount of allowed interests must be cast by those who vote.

The purpose of the Disclosure Statement is to provide the holders of such claims and interests with adequate information about the Debtor and the Plan so that they can make an informed judgment about the Plan's merits. It is possible that the Bankruptcy Court order approving the Disclosure Statement and setting the date of the confirmation hearing may set a deadline date by which ballots must be filed with the clerk of Bankruptcy Court which is earlier than the date of the confirmation hearing. Creditors may vote on the Plan by filling out and mailing the accompanying Ballot to the Bankruptcy Court, or, if the deadline date by which ballots must be filed allows, they may attend the hearing and present the Ballot in person prior to the time set by the Bankruptcy Court. Pursuant to Bankruptcy Rules 3001 to 3003, claims will be allowed to the extent listed in the Schedules of the Debtor, unless scheduled as disputed, contingent or unliquidated, or unless a timely proof of claim is filed without objection.

As a creditor, your vote is important. The Plan can be confirmed by the Bankruptcy Court if it is accepted by the holders of two-thirds in amount and more than one-half in number of the claims in each class voting on the Plan. In the event that the impaired classes reject the Plan, the Bankruptcy Court may nevertheless confirm the Plan if the Bankruptcy Court finds that the Plan accords fair and equitable treatment to the class rejecting it. This means that, pursuant to 11 U.S.C. §1129(b), the Plan may be confirmed even if a class of claims or interests rejects the Plan so long as the Plan provides that (1) each holder of a claim or interest in the rejecting class receives the value of that claim or interest; or (2) no holder of a claim or interest junior to those held by members of the rejecting class will receive or retain something under the Plan. The Debtor specifically reserves the right to seek confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code.

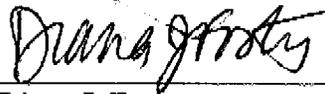
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IX. CONCLUSION

The Debtor believes that acceptance of the Plan is in the best interest of all parties. Debtor urges all holders of claims and interests to vote in favor of the Plan.

NORDIC PRINTING & PACKAGING, INC.

Dated: 1/21/04

By: 
Diana J. Foster
Its President

HENSON & EFRON, P.A.

/s/ Mary L. Cox
William I. Kampf (#53387)
Mary L. Cox (#176552)
220 South Sixth Street, Suite 1800
Minneapolis, MN 55402
Telephone: 612-339-2500

Attorneys for Debtor

	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	CASE TO DATE
Beginning Cash	207	49105	7858	93877	30716	44584	20809	957	86091	75032	72939	72889	207
Cash Receipts	689787	921154	610671	718098	712583	713269	302842	85389	3814	0	0	10590	4768197
Cash Available	689994	970259	618529	811975	743300	757853	323651	86346	89905	75032	72939	83479	4768404

	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	CASE TO DATE
CASH PAYMENTS													
NET PAYROLL	191542	232992	150389	171768	146320	151756	48974	0	0	0	0	0	1093742
PAYROLL TAXES PAID	76443	103790	65911	75677	101524	85310	31797	0	143	0	0	0	540595
SECURED /RENTAL /LEASES				8885	0	19240	10355	0	0	0	0	0	38479
UTILITIES	1154	63260	6043	26056	17538	1435	18517	0	0	0	0	0	134003
INSURANCE	1150	57986	39362	53297	27803	35744	9933	0	7165	1567	0	1740	235747
INVENTORY PURCHASES	307383	366596	164823	223752	289946	204345	90770	0	0	0	0	0	1647616
VEHICLE EXPENSE		757	933	0	1505	474	0	0	0	0	0	0	3669
TRAVEL	3619	4808	3008	550	0	46	0	0	0	0	0	0	12031
ENTERTAINMENT		444	0	0	0	0	0	0	0	0	0	0	444
REPAIRS AND MAINTENANCE	1747	13456	13637	202	12841	7242	5176	0	0	0	0	0	54302
SUPPLIES		13356	3131	12861	9062	7884	6419	0	0	0	0	0	52711
WORKING LOC PAYDOWN		0	0	130961	0	0	0	190	0	0	0	0	131150
BANK/PAYROLL FEES	540	3246	1813	1504	1517	1367	734	65	65	50	50	50	11000
OTHER (INCL BENEFITS & RENT)	57310	83777	72101	72870	90659	199703	65020	0	0	475	0	0	641915
PROFESSIONAL FEES		17682	0	2877	0	15000	35000	0	0	0	0	5094	75653
U.S. TRUSTEE QUARTERLY FEES		250	3500	0	0	7500	0	0	7500	0	0	0	18750
TOTAL CASH NEEDS	640888	962401	524652	781259	698715	737044	322695	255	14873	2092	50	6884	4691807
ENDING CASH	49106	7858	93877	30716	44584	20809	957	86091	75032	72939	72889	76595	76595

EXHIBIT B

Estimated Funds Available for Distribution **\$526,595**

Sale Proceeds	\$500,000
Hartford Insurance Refund	\$ 10,500
Worker's Comp Refund	<u>\$ 34,500</u>
	\$545,000
Paid admin expenses	<u>(18,405)</u>
Funds currently available	\$526,595
Sales Tax Audit Refund	Unknown

Chapter 11 Administrative Expenses (Unpaid)

Professionals	<u>Current Unpaid</u>	<u>Estimated Additional</u>
Attorney for Debtor	\$40,000	\$10,000
Accountant for Debtor	\$10,000	-0-
Atty for Debtor re Union Matters	\$ 9,482	-0-
Accountant re Sales Tax Audit	na	na
Attorney for Committee	<u>\$ 6,200</u>	<u>\$ 4,000</u>
Subtotal	\$65,682	\$14,000

Total Professional Fees **(79,682)**

Unpaid Chapter 11 Expenses Incurred During Case

Total unpaid Chapter 11 expense claims **(93,169)**

Subtotal \$353,744

Priority Employee Claims **(\$214,126)**

(not including employer's share of taxes)

Subtotal 139,618

Priority Employee Benefit Claims **(44,592)**

**Estimated Balance Available
for Unsecured Claims** **95,026+**
**funds from sale tax
audit.**

Date(s) Cash Becomes Available for Distribution

Currently Available Cash (as of August 31, 2004)	\$76,595.32
March, 2005	\$90,000.00
March, 2006	\$90,000.00
March, 2007	\$90,000.00
March, 2008	\$90,000.00
March, 2009	\$90,000.00

Estimated Distributions

<u>Date of Distribution</u>	<u>Recipients of Distribution</u>	<u>Estimated Amount of Distribution</u>
Effective Date (estimated to occur prior to 12/31/04)	Chapter 11 Admin. Expenses (on pro rata basis)	\$76,595.32
Second Quarter, 2005	Chapter 11 Admin Expenses (on pro rata basis)	\$90,000.00
Second Quarter, 2006	Chapter 11 Admin Expense (balance) Priority Employee Claims	\$ 6,255.68 \$83,744.32
Second Quarter, 2007	Priority Employee Claims	\$90,000.00
Second Quarter, 2008	Priority Employee Claims Priority Employee Benefit Claims Unsecured Claims	\$40,381.68 \$44,592.00 \$ 5,026.32
Second Quarter,	Unsecured Claims	\$90,000.00

EXHIBIT C

CLASS 2 CLAIMS

Employee	Union	Amount in Schedule E ¹ for Wage Claim	Amount in Filed Proof of Claim ²	
Carlson, Tom	1B	\$2,372.66	na	
Anderson, A	1M	\$1,618.24	\$2,00.00	
Aupperle Dave	1M	\$2,002.40	\$2,782.98	
Bjorkedal, J	1M	\$2,828.08	\$4,142.15	
Bukowski, R	1M	\$3,214.80	na	
Burgeson, R	1M	\$2,855.70	na	
Decker, H	1M	\$3,490.68	na	
DeFlorin, I	1M	\$2,978.82	na	
Dwyer, T	1M	\$2,605.20	na	
Easler, S	1M	\$2,597.92	na	
Fernandez, M	1M	\$1,716.98	na	
Friese, J	1M	\$ 311.76	na	
Groninga, R	1M	\$3,441.66	na	
Herrick, B	1M	\$1,892.10	\$3,118.00	
Koon, G	1M	\$3,237.60	na	
L'Herault, B	1M	\$3,679.30	\$6,706.13	
Lincoln, L	1M	\$3,458.76	na	
Pastoreus, R	1M	\$4,127.60	\$4,546.84	
Sabiniski, D	1M	\$3,005.60	na	
Sewray, G	1M	\$3,230.76	na	
Xiong, H	1M	\$1,349.82	na	
Smith, D	1M	\$3,769.49	na	
Adams, R	na	\$ 866.32	na	
Bauer, S	na	\$2,932.69	na	
Bjorkedal, A	na	\$ 840.00	na	
Bursheim, S	na	\$2,612.21	\$3,050.06	
Cordes, L	na	\$ -0-	\$4,006.73	
Foster, D	na	\$4,650.00	na	
Gandrud, C	na	\$1,864.70	\$2,584.62	
Gramstad, R	na	\$1,412.95	\$1,960.17	
Green, R	na	\$2,963.46	na	

¹ The amount in the column is the amount that will be set forth in an amended Schedule E to be filed no later than early October.

² The proof of claim amount is the amount set forth in a proof of claim either timely or untimely filed.

Grove, L	na	\$2,200.00	na	
Hacker, J	na	\$2,187.36	\$3,000.33	
Hartschen, R	na	\$1,576.44	na	
Keiser, J	na	\$ -0-	na	
Kerker, T	na	\$4,650.00	\$9,001.24	
Kise, R	na	\$2,757.00	\$9,534.40	
Kocon, W	na	\$1,096.97	\$1,796.54	
Krehbiel, J	na	\$2,768.79	na	
Kriegel, G	na	\$ -0-	\$5,375.61	
Lavandowska, L	na	\$4,650.00	na	
Mengelkoch, D	na	\$1,474.26	\$4,264.96	
Morris, R	na	\$Unknown	\$1,508.40	
Mulvey, H	na	\$777.04	\$1,804.00	
Nix, G	na	\$2,598.75	\$2,598.75	
Parkin, R	na	\$4,612.50	na	
Peot, L	na	\$3,501.20	\$3,390.00	
Riippa, M	na	\$3,951.00	\$4,947.53	
Rubink, M	na	\$2,055.00	na	
Schroeder, Sharo	na	\$1,775.28	\$1,088.56	
Syvertsen, G	na	\$1,730.77	na	
Thompson, L	na	\$4,038.46	\$4,600.00	
Turnquist, P	na	\$4,650.00	\$12,772.13	
VanDell, T	na	\$3,648.46	\$1,846.08	
Vander Plaats, J	na	\$801.22	na	
Vander Plaats, L	na	\$3,816.00	na	
Walters, M	na	\$2,769.60	na	
Weiss, K	na	\$1,927.69	na	
Bogucki, M	PACE	\$1,762.50	\$1,357.20	
Cook, J	PACE	\$1,853.52	\$ 824.82	
Danielson, R	PACE	\$1,734.48	\$1,734.48	
Didier, A	PACE	\$1,932.61	\$ 951.44	
Ehalt, J	PACE	\$1,383.56	\$1,782.72	
Gardner, B	PACE	\$1,990.28	na	
Gray, S	PACE	\$2,367.04	\$1,200.64	
Hanson, J	PACE	\$2,047.76	\$1,405.46	
Hanson, P	PACE	\$1,763.65	\$1,054.64	
Harper, L	PACE	\$ -0-	na	
Hunter, K	PACE	\$1,773.84	\$996.84	
Johnson, W	PACE	\$1,762.50	\$1,357.20	
Klempke, S	PACE	\$1,773.84	\$1,054.64	
Kuklock, D	PACE	\$1,863.96	\$1,597.68	
LaCrosse, M	PACE	\$1,618.24	\$1,185.04	
Lahr, R	PACE	\$2,047.76	\$1,260.16	
Lambert, A	PACE	\$1,673.36	\$1,029.76	

Lemke, G	PACE	\$2,099.76	\$1,260.16	
Lewis, D	PACE	\$1,462.64	\$1,141.24	
Lundgren, B	PACE	\$2,472.66	\$1,449.36	
McNellis, M	PACE	\$1,813.76	\$1,174.96	
Moressette, J	PACE	\$1,840.52	\$1,410.32	
Murphy, J	PACE	\$1,654.18	\$ 995.84	
O'Neill, E	PACE	na	\$ 75.68	
Palmer, T	PACE	\$1,695.96	\$1,776.72	
Parker, T	PACE	\$1,763.44	\$1,346.04	
Pedersen, B	PACE	\$1,862.50	\$1,2260.80	
Pittman, M	PACE	\$1,509.64	\$1,284.80	
Race, A	PACE	\$1,462.64	\$ 995.84	
Sarafanov, V	PACE	\$1,805.44	\$1,200.64	
Schmitt, J	PACE	\$1,509.64	\$ 995.84	
Schroeder, Sherri	PACE	\$1,596.12	na	
Tharpa, N	PACE	\$1,596.84	\$1,322.96	
Tikkanen, R	PACE	na	\$1,279.92	
Tisdall, M	PACE	na	\$1,449.36	
Weber, T	PACE	\$1,618.24	\$1,141.24	
Wells, A	PACE	\$1,686.72	\$1,226.80	

EXHIBIT D

OTHER ADMINISTRATIVE CLAIMS

Post Petition Payables (including Professionals)

Vendor Name	Amt
Adam's PestControlInc	144.50
American Compensation Ins	7,050.00
American Intl Machinery	1,675.59
AMG Laminating	80.00
Bax Global	132.39
CenterPointEnergy	11,107.73
Central Container Corpora	601.52
Cleanco	59.68
Creative Carton	(40.46)
Creo Americas, Inc.	1,988.58
Data CenterSystems	517.59
Dermco - LaVine Construct	357.50
Digit Imaging	525.00
Employers Association, In	9,481.25 ¹
Enovation Graphic Systems	224.87
Enterprise Freight System	715.00
Eschelon	948.36
Eschelon Telecom Inc.	331.56
FedEx Freight	45.38
Fortis Benefits	1,015.64
G K Services	427.91
GCIU HW Fund Local1M	31,968.00
GCIU Retirement Fund	12,231.92

¹ These are professional fees.

Graphic Arts Industry	437.50
Harris Companies	1,511.53
Henson Efron P.A.	74,554.29 ²
Image Arrangers Inc	2,826.50
IndustrialRubber Supply	(362.28)
Interthor Inc.	138.41
IOS Capital, LLC	2,752.48
Jefferson Smurfit Corpora	3,183.30
John A Dalsin & Sons Inc	2,500.00
John Keiser	(970.14)
Lapp LibraThomson Stoebner	6,172.62
Layne Lavandowska	(409.19)
Lisa Grove	(95.22)
Lurie Besikof Lapidus Co	22,912.55 ³
Marcom Print Group	(882.00)
McMaster -Carr Supply	1,281.05
Metrocall	44.06
MN Dept ofRevenue	841.84
National Paperboard Group	(1,229.06)
Office Depot	94.72
PACE Local#7-0264	2,126.24
PACE Industry Union Mgmt	5,361.17
Packaging Corporation of	(38.45)
Paul Revere Life Insurance	(75.00)
Pitney Bowes Credit Corp	500.86
Principal Financial Group	3,955.02

² Amount owed is actually lower after taking into account application of certain funds authorized to be paid by Court order.

³ Amount shown is amount of billing. Amount agreed to be billed is per retention agreement.

Qualified Labs	(124.41)
Qwest	129.29
Richard Parkin	(199.16)
RoadRunnerTransportation	143.76
Rock-Tenn Corporation	(3,490.35)
Ruth Kise	(344.61)
Shipper's Supply	165.00
Spicers Paper Inc	468.00
SPS Commerce	1,140.75
Star Tribune	337.75
Sterling Commerce (Americ	112.95
The Bureau	46.00
The Hartford	5,737.65
Tim O'Connell CPA ⁴	2,183.28
Toll Gas Welding	48.56
Tom Kerker	(1,865.39)
U.S. Trustee Office	(2,000.00)
United Parcel Services	(16.00)
Vector Internet Services	154.95
Waste Management	1,874.14
Wilcox Paper Company	(14.47)
X-Cel Energy	(4,736.73)
Grand Total	208,473.27 ⁵

⁴ These fees are to be paid from sales tax audit recovery.

⁵ The Grand Total includes the fees for professionals. When professionals fees are subtracted, the total amount of unpaid post petition payables is \$93,169.28.