

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
WW WAREHOUSE, INC., f/k/a)
WOODWORKERS WAREHOUSE, INC.,)
) Case No. 03-13655(JBR)
)
Debtor.)

**FIRST AMENDED DISCLOSURE STATEMENT OF THE DEBTOR AND
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS' JOINT
PLAN OF LIQUIDATION OF WW WAREHOUSE, INC., F/K/A
WOODWORKERS WAREHOUSE, INC.**

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Woodworkers Warehouse, Inc.**

Dated: June 16, 2004
Wilmington, Delaware

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**THIS IS A SOLICITATION BY WW WAREHOUSE, INC., f/k/a
WOODWORKERS WAREHOUSE, INC., THE DEBTOR AND DEBTOR-IN-
POSSESSION, AND ITS OFFICIAL COMMITTEE OF UNSECURED CREDITORS
AND IS NOT A SOLICITATION BY THEIR RESPECTIVE ATTORNEYS, FINANCIAL
ADVISORS OR OTHER PROFESSIONAL ADVISORS. INFORMATION CONTAINED
HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT.**

I. PURPOSE OF DISCLOSURE STATEMENT

WW Warehouse, Inc., f/k/a Woodworkers Warehouse, Inc. (the "Debtor," "Woodworkers" or the "Company") and its Official Committee of Unsecured Creditors (the "Committee") (jointly, the "Proponents") provide this Disclosure Statement of the Debtor and the Official Committee of Unsecured Creditors' Joint Plan of Liquidation of WW Warehouse, Inc. (this "Disclosure Statement") to the Office of the United States Trustee, the Securities and Exchange Commission and to all of the Debtor's known Creditors¹ and Equity Interest holders pursuant to section 1125(b) of Title 11 of the United States Code (the "Bankruptcy Code") for the purpose of soliciting acceptances of the Joint Plan of Liquidation of WW Warehouse, Inc. (the "Plan"), which has been filed with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The Bankruptcy Court approved this Disclosure Statement by Order dated June 14, 2004 (the "Disclosure Statement Order") as containing "adequate information" of a kind and in sufficient detail to enable a hypothetical reasonable investor typical of a Creditor or Equity Interest holder to make an informed decision to accept or reject the Plan.

The Proponents strongly urge you to read this Disclosure Statement because it contains a summary of the Plan and important information concerning the Debtor. This Disclosure Statement also provides information regarding alternatives to the Plan. A copy of the Plan is attached to this Disclosure Statement as **Exhibit A**.² If you want to review a much more abbreviated form of Disclosure Statement that does not have the details contained herein, you may visit the website for the Balloting Agent, www.delawareclaimsagency.com, and access the "Disclosure Statement - - Executive Summary" under the case administration docket.

II. DISCLAIMER

NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT, INCLUDING THE EXECUTIVE SUMMARY, ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, OTHER EXHIBITS, SUPPLEMENTS TO THE PLAN AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME HEREAFTER. ALL CREDITORS AND EQUITY INTEREST HOLDERS SHOULD READ CAREFULLY AND CONSIDER FULLY THE "RISK FACTORS" SECTION OF THIS DISCLOSURE STATEMENT BEFORE VOTING FOR OR AGAINST THE PLAN. TO THE EXTENT OF ANY INCONSISTENCY

¹ All capitalized terms not defined in this Disclosure Statement have the meaning ascribed to them in the Joint Plan of Liquidation of WW Warehouse, Inc., f/k/a Woodworkers Warehouse, Inc.

² A complete electronic copy of the Plan and Disclosure Statement may be found by accessing the Woodworkers electronic docket at www.delawareclaimsagency.com.

BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN SHALL CONTROL.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT, LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN FURTHERANCE OF SETTLEMENT NEGOTIATIONS.

THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF THE PLAN, STATUTORY PROVISIONS, DOCUMENTS RELATED TO THE PLAN, EVENTS IN THE DEBTOR'S CHAPTER 11 CASE AND FINANCIAL INFORMATION. ALTHOUGH THE PROPONENTS BELIEVE THAT THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY DEBTOR'S MANAGEMENT FROM THE DEBTOR'S RECORDS AND PUBLIC PLEADINGS, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE PROPONENTS ARE UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION THIS DISCLOSURE STATEMENT CONTAINS, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT INACCURACY OR OMISSION, ALTHOUGH DILIGENT EFFORTS HAVE BEEN MADE TO PRESENT ACCURATE AND COMPLETE INFORMATION. NEITHER PROPONENT ACCEPTS ANY RESPONSIBILITY FOR ANY INFORMATION PROVIDED BY THE OTHER PROPONENT.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN.

THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, NOR SHALL IT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTOR. ANY VALUE GIVEN AS TO ASSETS OF THE DEBTOR IS BASED UPON AN ESTIMATION OF SUCH VALUE. YOU ARE URGED TO CONSULT YOUR OWN COUNSEL AND FINANCIAL AND TAX ADVISORS ON ANY QUESTIONS OR CONCERNS RESPECTING TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN ON HOLDERS OF CLAIMS OR EQUITY INTERESTS.

The Disclosure Statement Order specifies the deadlines, procedures and instructions for voting to accept or reject the Plan and for filing objections to confirmation of the Plan and standards for tabulating ballots ("Ballots" or a "Ballot" as used in the singular form) to accept or reject the Plan. In addition, voting instructions accompany each Ballot. Each holder of a Claim or Equity Interest entitled to vote on the Plan should read this Disclosure Statement and

Plan, or Executive Summary, the Disclosure Statement Order and the instructions accompanying the Ballot in their entirety before voting on the Plan.

III. GENERAL INFORMATION ON CONFIRMATION PROCEDURE AND VOTING

3.1 PLAN CONFIRMATION PROCESS

3.1.1 Requirements. The requirements for confirmation of a plan are set forth in detail in section 1129 of the Bankruptcy Code. The following summarizes some of the pertinent requirements:

A. **Acceptance by Impaired Classes.** Without invoking the “cramdown” provision of the Bankruptcy Code, each impaired class must accept a plan. Under all circumstances, at least one class must vote in favor of a plan. The definition of an “impaired class” is discussed in section 3.2.1 below.

B. **“Cramdown” Provisions.** If an impaired class of claims or equity interests either is deemed to have rejected a plan or votes to reject a plan, the plan may still be confirmed under the Bankruptcy Code’s “cramdown” provision so long as the plan is fair and equitable and does not discriminate unfairly against the non-accepting classes.

C. **Feasibility.** A court must find that confirmation of a plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor, unless otherwise contemplated by the Plan. In this case, the Plan is based on liquidation of the Debtor.

D. **“Best Interests of Creditors” Test.** A plan must be in the “best interests” of the debtor’s creditors. To satisfy this requirement, each holder of a claim or equity interest must accept the plan or receive or retain property that has a value not less than the amount such holder would receive if the debtor’s property were liquidated under chapter 7 of the Bankruptcy Code.

3.1.2 Confirmation Hearing. To confirm the Plan, the Bankruptcy Court must hold a hearing to determine whether the Plan meets the requirements of the Bankruptcy Code (the “Confirmation Hearing”). The Bankruptcy Court has scheduled the Confirmation Hearing for **July 27, 2004 at 1:00 p.m. (Prevailing Eastern Time)**.

3.1.3 Objections to Confirmation. Any party in interest may object to confirmation of the Plan and appear at the Confirmation Hearing to pursue such objection. The Bankruptcy Court has set **July 16, 2004 at 4:00 p.m. (Prevailing Eastern Time)** as the deadline for filing and serving objections. Objections to confirmation must be filed with the Bankruptcy Court at the following address:

U.S. Bankruptcy Court for the
District of Delaware
824 Market Street
2nd Floor
Wilmington, Delaware 19801

with a copy served upon counsel to the Debtor:

Steven Yoder, Esquire
The Bayard Firm
222 Delaware Avenue, Suite 1000
Wilmington, Delaware 19801

Chris Ward, Esquire
The Bayard Firm
222 Delaware Avenue, Suite 1000
Wilmington, Delaware 19801

and a copy served upon counsel to the Committee:

Donald J. Detweiler, Esquire
Saul Ewing LLP
222 Delaware Avenue, Suite 1200
Wilmington, Delaware 19801

Irving E. Walker, Esquire
Saul Ewing LLP
100 South Charles Street, 15th Floor
Baltimore, Maryland 21201-2773

and a copy served upon counsel to the United States Trustee:

Joseph J. McMahon, Jr., Esquire
Office of the United States Trustee
J. Caleb Buggs Federal Building
844 King Street, Room 2207, Lockbox 35
Wilmington, Delaware 19801

3.1.4 Effect of Confirmation. Except as otherwise provided in the Bankruptcy Court's Order confirming the Plan (the "Confirmation Order"), property of the Debtor's Estate will vest in the Debtor free and clear of all Claims and Liens on the Effective Date. On the Effective Date, the Debtor shall deliver all Assets to the Liquidation Manager for administration and Distribution to the holders of Allowed Claims in accordance with the terms of the Plan. Upon entry of the Confirmation Order, the Plan shall be binding on the Debtor, all Creditors, Equity Interest holders and other parties in interest.

3.2 VOTING ON THE PLAN

3.2.1 Who May Vote. Only the holders of impaired claims and equity interests who will retain or receive property under a plan may vote to accept or reject the Plan. A class of claims or equity interests is impaired under a plan unless the plan leaves unaltered the legal, equitable or contractual rights of the holders of such interests. Holders of impaired claims or equity interests that retain no rights or property on account of their interests are deemed to have rejected the Plan and are not entitled to vote. Holders of unimpaired claims or equity interests are not entitled to vote.

Class 4 (General Unsecured) and Class 5 (Gift Certificate) claims are impaired under the Plan and the holders of such claims are the only parties entitled to vote to accept or reject the Plan. Administrative Claims, Priority Tax Claims and Reclamation Claims are not classified for voting purposes and the holders of such claims are unimpaired and not entitled to vote. Class 1 (Secured Claim of Bank of America, N.A.), Class 2 (Other Secured) and Class 3 (Priority Non-Tax) claims are unimpaired under the Plan and the holders of such claims are not entitled to vote. Holders of Class 6 (Equity Interests) claims will receive no Distributions or retain any rights or property. Thus, the holders of Class 6 claims are conclusively presumed to have rejected the Plan and are not entitled to vote.

If you are the holder of a Class 4 or Class 5 claim, you are entitled to vote to accept or reject the Plan, and a Ballot is enclosed for the purpose of voting.

3.2.2 Eligibility. In order to vote on the Plan, you must hold a Class 4 or Class 5 claim and have timely filed a proof of Claim or have a Claim that is identified on the Debtor's Schedule of Assets and Liabilities (the "Schedules") that is not listed as disputed, unliquidated or contingent.

3.2.3 Procedure/Voting Deadlines. In order for your vote to count, you must complete, date, sign and properly mail the enclosed Ballot (please note that envelopes have been included with the Ballot) to the Delaware Claims Agent Company (the "Balloting Agent") at the following address:

(if mailed)

Delaware Claims Agency, LLC
Woodworkers Warehouse, Inc.
Claims Agent
P.O. Box 515
Wilmington, DE 19899

(if sent by hand-delivery or overnight courier)

Delaware Claims Agency, LLC
Woodworkers Warehouse, Inc.
Claims Agent
103 West Seventh Street, Third Floor
Wilmington, Delaware 19801

The Balloting Agent must receive original Ballots by mail or overnight delivery on or before **5:00 p.m., July 20, 2004 at 5:00 p.m. (Prevailing Eastern Time)** (the "Ballot Submission Deadline"). Except as otherwise provided in the Disclosure Statement Order, you may not change your vote once the Balloting Agent receives your Ballot.

All Ballots the Balloting Agent receives that are incomplete or inaccurate in any way will be treated as follows:

(a) The Balloting Agent will complete or correct a Ballot that does not indicate the claimant's claim amount or that indicates an amount inconsistent with the Schedules or the claimant's proof of claim, as the case may be, based upon the Schedules if the Schedules indicate that the claim is liquidated, non-contingent and undisputed and if the claimant did not file a proof of claim on or before the Bar Date, or if the claimant filed a proof of claim on or before the Bar Date to which the Debtor files no objection by June 25, 2004, based upon the claimant's proof of claim amount. After the Balloting Agent completes or corrects the claim

amount in accordance with the provisions of this section, the Balloting Agent will calculate the claimant's vote based on the corrected amount;

(b) The Balloting Agent will not count a claimant's vote if the Ballot fails to identify the claimant or if the Ballot is unsigned;

(c) The Balloting Agent will complete or correct a Ballot, as the case may be, that does not reflect in which class such Ballot is cast or that incorrectly classifies such claimant's claim. After the Balloting Agent completes or corrects the Ballot to reflect the claimant's proper class, the Balloting Agent will count the claimant's vote accordingly;

(d) The Balloting Agent will count a Ballot that is complete, except that such claimant fails to vote to accept or reject the Plan, as a vote to accept the Plan.

Holders of Class 4 and Class 5 claims are urged to complete, date and sign the Ballot properly and legibly and promptly serve the completed Ballot on the Balloting Agent in accordance with the provisions of this section.

3.3 ACCEPTANCE OF THE PLAN

As the holder of a Class 4 or Class 5 claim, your acceptance of the Plan is the most important aspect of confirmation. At least one of the two voting classes must vote to accept the Plan. If either voting class votes to accept the Plan, the Proponents will attempt to invoke the "cramdown" provisions of the Bankruptcy Code with respect to the holders of Class 4 or Class 5 claims, if either such class votes to reject the Plan. To accept the Plan by vote, a majority of claimants who possess at least two thirds of the dollar amount representing that class must vote to accept the Plan. If the Balloting Agent receives no valued Ballots to accept or reject the Plan from a voting class on or before the Ballot Submission Deadline, the Class from which no claimants voted will be deemed to have accepted the Plan.

3.4 ADDITIONAL INFORMATION

Any questions regarding the Plan or this Disclosure Statement may be directed to:

Counsel to the Debtor:

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The Bayard Firm
222 Delaware Avenue, Suite 1000
Wilmington, Delaware 19801
(302) 429-4238

Chris Ward, Esquire
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222 Delaware Avenue, Suite 1000
Wilmington, Delaware 19801
(302) 429-4220

Counsel to the Committee:

Donald J. Detweiler, Esquire
Saul Ewing LLP
222 Delaware Avenue, Suite 1200
Wilmington, Delaware 19801

Irving E. Walker, Esquire
Joyce E. Kuhns, Esquire
Saul Ewing LLP
100 South Charles Street

IV. BACKGROUND OF THE DEBTOR

4.1 WOODWORKERS' PREPETITION BUSINESS OPERATIONS AND CREDIT FACILITIES

The Debtor was a specialty retailer of power and hand tools and accessories, primarily for use in woodworking and light construction. As of the Petition Date, the Debtor operated 93 Woodworkers Warehouse stores, located in the New England and Mid-Atlantic regions and employed approximately 525 employees. In addition to its retail operations, the Debtor also mailed catalogs and operated a website (www.woodworkerswarehouse.com), the rights to which were acquired by Woodworkers Supply, Inc. under an IP Purchase Agreement in this Chapter 11 Case. The Debtor's corporate office (the "Store Support Center") was located in Lynn, Massachusetts, and the lease for the Store Support Center, as amended in March 2004, expired by its own terms on April 30, 2004.

Woodworkers is the successor by merger (the "Merger") to Trend-Lines, Inc. ("Trend-Lines"). The Merger was effectuated as part of a plan of reorganization (the "Trend-Lines Plan"), confirmed on October 17, 2001 (the "Trend-Lines Confirmation Date") by the United States Bankruptcy Court for the District of Massachusetts Eastern Division in the matter of *Trend-Lines, Inc. and Post-Tool, Inc.*, Case No. 00-15431 (CJK) (the "Trend-Lines Bankruptcy Cases").

Under the terms of the Merger, the Trend-Lines Plan and the confirmation order approving the Trend-Lines Plan, Woodworkers, as the surviving entity in the merger, became liable for all debts, duties and obligations of Trend-Lines and Post-Tool, Inc. ("Post Tool"). In addition, the security interests of Trend-Lines and Woodworkers' secured lenders, Bank of America, N.A. ("Bank of America") as agent for itself and the other lenders, Foothill Capital Corporation ("Foothill") and Transamerica Business Capital Corporation ("Transamerica") (collectively, the "Lenders"), were deemed to be automatically perfected on the effective date of the Trend-Lines Plan, without the necessity of the Lenders taking possession, filing financing statements, mortgages or any other documents.

On October 29, 2001, the Lenders and Woodworkers entered into a Second Amended and Restated Loan and Security Agreement (the "Second Amended Loan") for a credit facility that provided borrowings up to \$30 million. The credit facility was secured by substantially all of the Debtor's assets. The Second Amended Loan was the subject of 5 additional amendments which were entered into from the period April 4, 2002 through October 27, 2003. (The Second Amended Loan and the 5 additional amendments are hereinafter referred to as the "Credit Facility").

The Lenders properly perfected their interests in the collateral pledged under the Credit Facility and the Debtor and the Committee, after extensive investigation, have concluded that there is no basis to challenge the Lenders' liens or claims under the Credit Facility in this Chapter 11 Case.

