

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

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WW WAREHOUSE, INC., f/k/a *
WOODWORKERS WAREHOUSE, INC., *
Debtor. *

Case No. 03-13655-JBR
(Chapter 11)

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**DISCLOSURE STATEMENT - - EXECUTIVE SUMMARY OF FIRST AMENDED
JOINT PLAN OF LIQUIDATION OF WW WAREHOUSE, INC., F/K/A
WOODWORKERS WAREHOUSE, INC.**

**TO: ALL HOLDERS OF CLAIMS IN AMOUNTS LESS THAN \$1,000 ENTITLED TO
VOTE AND HOLDERS OF EQUITY INTERESTS:**

BACKGROUND

WW Warehouse, Inc., f/k/a Woodworkers Warehouse, Inc., the debtor in the above-captioned bankruptcy case (the "Debtor" or "Woodworkers"), filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on December 2, 2003 (the "Petition Date") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") commencing this case (the "Woodworkers Case"). An Official Committee of Unsecured Creditors (the "Committee") was appointed by the Office of the United States Trustee to represent the interests of general unsecured creditors in the Woodworkers Case. On June 16, 2004, the Debtor and the Committee (jointly, the "Proponents") filed a First Amended Joint Plan of Liquidation of WW Warehouse, Inc., f/k/a Woodworkers Warehouse, Inc. (the "Plan"), which sets forth how and to what extent creditors will be paid on account of their claims.

This Disclosure Statement - - Executive Summary of the First Amended Joint Plan of Liquidation of WW Warehouse, Inc., f/k/a Woodworkers Warehouse, Inc. ("Executive Summary") has been approved by Order of the Bankruptcy Court for mailing, in lieu of the Plan and lengthier 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. (the "Disclosure Statement"), to: (1) creditors who hold claims of less than \$1,000.00, including holders of gift certificate claims, who are entitled to vote to accept or reject the Plan; and (2) holders of equity interests in the Debtor who will receive no distribution, are presumed to reject the Plan, and therefore are not entitled to vote. This Executive Summary summarizes key provisions of the Plan and also contains a summary of the treatment of all claims and equity interests under the Plan.

Class 4 (General Unsecured) claims against the Debtor include claims arising on or before the Petition Date asserted, without limitation, by vendors, suppliers, manufacturers, merchandise credit claimants, landlords and employees. Class 5 (Gift Certificate Holders) claims against the Debtor include claims arising from the purchase of gift certificates from Woodworkers on or before the Petition Date. Holders of general unsecured claims and gift certificate claims are receiving this Executive Summary along with: (i) a ballot or ballots, if a creditor holds claims in either of the voting classes, to vote to accept or reject the Plan, with instructions and a return envelope; (ii) a Letter of Transmittal from the Proponents recommending that the holders of claims in voting classes vote to accept the Plan; (iii) a copy of the Notice of Hearing on Confirmation of First Amended Joint Plan of Liquidation of WW Warehouse, Inc., f/k/a Woodworkers Warehouse, Inc. (the "Confirmation Notice"); and (iv) a copy of the Bankruptcy Court's Order approving the Disclosure Statement and the Plan voting and solicitation materials and procedures and establishing deadlines for certain important events in the case (the "Disclosure Statement Order"), which contains certain important deadlines such as (x) when ballots are due, (y) when objections, if any, to the Plan are due and (z) the date of the hearing on confirmation (Bankruptcy Court approval) of the Plan.

Holders of Class 6 (Equity Interests) claims are beneficial owners in any and all issued or unissued common or preferred stock of Woodworkers, including general unsecured creditors who received common stock as part of their payment under the confirmed (court-approved) plan of reorganization in the Trend-Lines, Inc. and Post Tool, Inc. bankruptcy cases (the "Trend-Lines Plan") in the United States District Court for the District of Massachusetts. In accordance with the Trend-Lines Plan, Woodworkers is the successor by merger to Trend-Lines, Inc. and Post-Tools, Inc.

Holders of equity interests are receiving this Executive Summary, along with the Confirmation Notice and Disclosure Statement Order, **for informational purposes only and not for solicitation purposes**. Holders of Class 6 claims are **not entitled to vote** to accept or reject the Plan and will not receive a ballot.

OVERVIEW OF THE PLAN

The Plan is a liquidating plan and does not contemplate the continuation of the Debtor's business. The Debtor has completed liquidating substantially all of its business assets. The Plan requires that a liquidating manager (the "Liquidating Manager"), be selected by the Committee, to distribute the net proceeds from the liquidation of the Debtor's assets. The Liquidating Manager shall make one or more distributions, in the Liquidating Manager's discretion, to holders of claims that are allowed (*i.e.*, approved) for payment. Holders of equity interests in the Debtor will receive no distribution and retain no rights or property on account of their equity interests under the Plan.

The primary objectives of the Plan are to: (i) maximize the value of the ultimate recovery to all creditors on a fair and equitable basis consistent with applicable law; and (ii) settle, compromise or otherwise resolve claims on terms that the Proponents believe to be fair and reasonable, consistent with applicable law and in the best interests of the Debtor's bankruptcy estate and creditors. The Proponents believe that through the Plan, holders of allowed claims will obtain a substantially greater recovery than the recovery they would receive

if the Debtor's assets and property of the Debtor's bankruptcy estate were liquidated under Chapter 7 of the United States Bankruptcy Code (the "Bankruptcy Code"). See the **Liquidation Analysis**, a copy of which is attached to this Executive Summary as **Exhibit 1**, which the Proponents prepared to provide a further explanation of: (i) why the Plan is in the best interest of creditors; and (ii) the projected recoveries to general unsecured creditors and gift certificate holders under the Plan, with underlying assumptions.

SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN

The following table summarizes the classifications and treatment of claims and equity interests under the Plan:

| Class | Type of Claim or Equity Interest | Treatment | Estimated Recovery |
|--------------|--|---|-------------------------------|
| -- | Administrative Claims [Estimated Total: \$2,217,000] | Unimpaired. Cash equal to such Allowed Administrative Claim as soon as practicable after the Effective Date or the date on which an Administrative Claim becomes an Allowed Administrative Claim, whichever is later. | 100% |
| -- | Priority Tax Claims [Estimated Total: \$14,000] | Unimpaired. Cash equal to such Allowed Priority Tax Claim on the latter of the Initial Distribution Date or the date such Priority Tax Claim becomes an Allowed Priority Tax Claim. | 100% |
| -- | Reclamation Claim [Estimated Total: \$.00] | Unimpaired. Cash equal to such Allowed Reclamation Claim on the later of the Initial Distribution Date and the date such Reclamation Claim becomes an Allowed Reclamation Claim. | 100% |
| 1 | Secured Claim of Bank of America, N.A., individually and as agent for Foothill Capital Corporation and TransAmerica Capital [Estimated Total: \$88,500] | Unimpaired. During the Chapter 11 Case, the Debtor paid the Secured Lenders' claims, in full, from the proceeds of inventory liquidations and going out of business sales, except for certain fees and costs as set forth in a Final Cash Collateral Order which shall be paid in a stipulated amount or pursuant to Order of the Bankruptcy Court. Thereafter, the Secured Lender shall have no further Claims against the Debtor or its Estate and will not receive any payment under the Plan. The Lenders' liens against the Debtors' assets will be deemed extinguished and released on payment in full of the Lenders' Allowed Secured Claim. | 100% of Allowed Secured Claim |
| 2 | Other Secured | Unimpaired. Each Allowed Class 2 Claim, if any should | 100% |

| Class | Type of Claim or Equity Interest | Treatment | Estimated Recovery |
|-------|---|--|--------------------|
| | <p>Claims</p> <p>[Estimated Total: \$101,000]</p> | <p>exist, shall be fully satisfied in accordance with one of the five following alternatives at the Debtor's and Committee's election, written notice of which election shall be given to the holder of the Claim no later than ten days prior to the date first scheduled for a hearing on confirmation of the Plan:</p> <p>(a) The holder of the Allowed Class 2 Claim shall be paid the Allowed amount of such a Claim, in Cash, on the later of the of Initial Distribution Date or within ten (10) days after such Claim becomes an Allowed Claim;</p> <p>(b) On or before the Effective Date, the property subject to a Lien securing an Allowed Class 2 Claim shall be abandoned by the Debtor pursuant to section 554 of the Bankruptcy Code at which time the holder of such Allowed Class 2 Claim may exercise any and all rights and remedies it has with respect to such property;</p> <p>(c) The property subject to a Lien securing the Allowed Class 2 Claim if not already sold shall be sold free and clear of the Lien, in accordance with sections 363(f) and (k) of the Bankruptcy Code, and the Proceeds of the sale, less expenses of the sale, shall be paid to the holder of the Allowed Class 2 Claim on the later of the Initial Distribution Date or ten (10) days after such Claim becomes an Allowed Claim;</p> <p>(d) If property subject to a Lien securing the Allowed Class 2 Claim (including Liens securing personal property, income, sales or use taxes) has been sold pursuant to an Order of the Bankruptcy Court which entered prior to the Effective Date and which provided that the Lien would attach to the Proceeds of the sale, then the Proceeds of sale, less expenses of the sale, shall be paid to the holder of the Allowed Class 2 Claim on the later of the Initial Distribution Date or ten (10) days after such Claim becomes an Allowed Claim, in Cash, in full, with accrued interest calculated in accordance with applicable law from the date of assessment, at which time the Lien shall be extinguished and the Class 2 Claim shall be deemed fully satisfied; or</p> <p>(e) The Allowed Class 2 Claim shall be satisfied in the</p> | |

| Class | Type of Claim or Equity Interest | Treatment | Estimated Recovery |
|-------|---|---|--|
| | | manner specified in a written agreement between the Debtor and the holder of the Allowed Claim, which written agreement shall be subject to Bankruptcy Court approval. Any such written agreement shall be filed with the Bankruptcy Court not later than the Confirmation Date. | |
| 3 | Priority Non-Tax Claims [Estimated Total Excluding Gift Certificate Claims: \$.00] | Unimpaired. The holder of any Allowed Claims in Class 3 shall be paid the Allowed amount of such Claim, in Cash, on the later of the Initial Distribution Date or within ten (10) days after such Claim becomes an Allowed Claim. Remaining unpaid employee Claims under sections 507(a)(3) and (a)(4) of the Bankruptcy Code in excess of the applicable priority cap shall be treated as Class 4 Unsecured Claims, without priority, to the extent they constitute Allowed Claims and have not been waived or released. | 100% |
| 4 | General Unsecured Claims [Estimated Total: \$22,500,000] | Impaired. Each holder of an Allowed Class 4 Claim shall receive from the Liquidation Manager one or more Pro-Rata Distributions from Available Cash only until the Final Distribution, as determined by the Liquidation Manager in accordance with the Plan. The first of such Distributions shall take place on the Initial Distribution Date. | See Ex. 1 8.1 – 8.8% |
| 5 | Gift Certificate Claims [Estimated Total (including those filed as secured claims): \$188,000] | Impaired. Unless ordered otherwise, on the Initial Distribution Date, each holder of an Allowed Class 5 Claim shall receive the same treatment as Class 4 creditors and shall receive from the Liquidation Manager one or more Pro Rata Distributions from Available Cash only until the Final Distribution, as determined by the Liquidation Manager in accordance with the Plan. The first of such Distributions shall take place on the Initial Distribution Date. | See Ex. 1 8.1 – 8.8% unless allowed as priority claims, in which event would be paid 100% |
| 6 | Equity Interests | Impaired. Holders of Equity Interests will receive no Distributions and retain no rights or property on account of their Class 6 Equity Interest which shall be deemed extinguished on the Effective Date of the Plan. | 0% |

SOURCES OF FUNDING AND CASH PAYMENTS

The sources of funding of the Plan shall include the following: (i) all cash on hand in the estate; (ii) the proceeds from prior sale or liquidation of the Debtor's assets; (iii) the proceeds from all other property of the Debtor's bankruptcy estate and assets of the estate; and (iv) the proceeds of all causes of action of the estate (*i.e.*, claims the Liquidating Manager may bring or continue to pursue on behalf and as an authorized representative of the Debtor's estate, subject to the supervision of the post-Confirmation Date Plan Committee, to be comprised of members of the current Committee willing to serve.

Cash payments made pursuant to the Plan will be in United States funds, by the means to which the Liquidating Manager and the respective holders of allowed claims agrees, including by check or wire transfer, or, in the absence of an agreement, such commercially reasonable manner as the Liquidating Manager shall reasonably determine.

TIME BAR TO CASH PAYMENTS

Checks issued by the Liquidating Manager will be null and void if not cashed within 90 days of the date of their issuance. Requests for reissuance of any check must be made to the Liquidating Manager, by the claimant to whom the check was issued, on or before 180 days after the date of issuance of the check. After that date, all claims in respect of void checks will be discharged and forever barred and the cash, including earned interest on that cash, if any, shall be distributed in accordance with the terms of the Plan.

CERTAIN RISK FACTORS TO BE CONSIDERED IN VOTING ON THE PLAN

Because substantially all of the Debtor's operating assets already have been liquidated, the risk factors of the Plan are relatively few. The Proponents' estimate of recovery to holders of general unsecured claims and gift certificate claims stated in **Exhibit 1**. There can be no assurance that any additional liquidation proceeds will be realized from the Debtor's remaining assets sufficient to generate additional proceeds for distribution, or that the estimated amount of allowed claims will prove to be accurate, as the resolution. Recovery also may be impacted by any dollars realized from the Liquidating Manager's prosecution of any lawsuits to recover money or property the Debtor transferred prior to the Petition Date. This recovery would be contingent on a wide variety of litigation factors, which may result in a higher (or lower) projected actual return under the Plan.

THE ISSUE CONCERNING TREATMENT OF GIFT CERTIFICATE CLAIMS

The Proponents maintain that the Gift Certificate claims, as a matter of law, are general unsecured claims not entitled to be treated with any special priority. Section 507(a)(6), however, provides for priority treatment of claims arising from the "deposit . . . of money in connection with the purchase . . . of property" for personal or household use. In this case, all priority claims will be paid in full upon confirmation. Some courts in other jurisdictions have recognized gift certificate claims to be entitled to priority. The Proponents believe that decisions by two other courts support the conclusion that gift certificate claims are not "deposits." The Proponents believe the latter approach is more consistent with the plain language of Section 507(a)(6), and do not believe Gift Certificate claims, as a matter of law, are entitled to

priority treatment. Accordingly, the Plan provides that Gift Certificate claims will receive pro rata distributions of the cash available after payment of all secured and priority claims, in the same manner as the Class 4 (general unsecured claims), unless the Court orders otherwise.

The United States Trustee has questioned this proposed treatment. In the event that the Gift Certificate claims are determined by a final and nonappealable Court Order to be entitled to priority, they will be paid in full under the Plan.

RELEASES OF DIRECTORS AND OFFICERS

The Plan provides for releases (the "Releases") of the Debtor's directors and officers with respect to all claims, known and unknown, arising from their prepetition acts or omissions, to which all persons who vote to accept the Plan are deemed to have consented. The Committee has conducted a review of the conduct of the Debtor's officers and directors prior to the Petition Date, and based on that review, neither the Debtor nor the Committee is aware of any possible causes of action against the Debtor's directors and officers for prepetition conduct or omissions. The Debtor and the Committee, therefore, support including the Releases in the Plan. The Releases will be binding only on those Class 4 and Class 5 creditors who vote to accept the Plan.

VOTING ON THE PLAN, AND HOW TO OBJECT TO THE PLAN

For your vote on the Plan to count, you must complete, date, sign, and mail the Ballot accompanying this Executive Summary, using the enclosed envelope, to the Delaware Claims Agent Company 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

If you want to object to confirmation of the Plan, you must file an objection in writing, stating the grounds for the objection, with the U.S. Bankruptcy Court for the District of Delaware, 824 Market Street, 2nd Floor, Wilmington, Delaware 19801, so that the objection is actually received by the Court, and the parties to be served copies of the objection listed below, **by no later than July 16, 2004, at 4:00 p.m. (Prevailing Eastern Time)**. Copies of the objection must be served on the following parties:

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

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

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.

RECOMMENDATIONS

It is the Proponents' position that the Plan is preferable to a liquidation under Chapter 7 of the Bankruptcy Code, and that conversion of this Chapter 11 case to a case under Chapter 7 would result in substantial delays in the distribution of proceeds available under such an alternative and would significantly increase administrative costs, including Chapter 7 trustee's fees and expenses, and, therefore, would reduce creditor recoveries. See Exhibit 1 for details.

**ACCORDINGLY, THE DEBTOR AND THE COMMITTEE RECOMMEND THAT
GENERAL UNSECURED CREDITORS AND GIFT CERTIFICATE HOLDERS
VOTE IN FAVOR OF THE PLAN.**

HOW TO OBTAIN ADDITIONAL INFORMATION

If you would like to read or obtain the Plan and/or the Disclosure Statement, which is much more detailed than this Executive Summary, you have the following options, each of which is free of charge to you:

(1) You can visit the website for the Balloting Agent, Delaware Claims Agent Company, at www.delawareclaimsagency.com, where you can access the Plan and Disclosure Statement under the case administration docket; or

(2) You can obtain a copy of the Disclosure Statement and Plan by sending your request, in writing, to:

Delaware Claims Agency, LLC
P.O. Box 515
Wilmington, DE 19899
Attention: Woodworkers Vote Tabulation Counter.

Dated: June 16, 2004
Wilmington, Delaware

SAUL EWING LLP

THE BAYARD FIRM

By: /s/ Donald J. Detweiler
Donald J. Detweiler (#3087)
222 Delaware Avenue, Suite 1200
P.O. Box 1266
Wilmington, DE 19899
(302) 421-6800

By: /s/ Christopher A. Ward
Steven M. Yoder (#3885)
Christopher A. Ward, Esq. (#3877)
222 Delaware Avenue, Suite 900
P.O. Box 25130
Wilmington, DE 19801
(302) 655-5000

and

Irving E. Walker, Esq.
Joyce A. Kuhns, Esq.
SAUL EWING LLP
100 South Charles Street, 15th Floor
Baltimore, MD 21201-2773
(410) 332-8600

**Attorneys for WW Warehouse, Inc., f/k/a
Woodworkers Warehouse, Inc., Debtor and
Debtor-in-Possession**

**Attorneys for the Official Committee of
Unsecured Creditors of WW Warehouse, Inc.,
f/k/a Woodworkers Warehouse, Inc.**

EXHIBIT 1

**LIQUIDATION ANALYSIS
CHAPTER 11 AS COMPARED TO CHAPTER 7
(IN THOUSANDS)**

WW WAREHOUSE, INC.
F/K/A Woodworkers Warehouse, Inc.
LIQUIDATION ANALYSIS
CHAPTER 11 AS COMPARED TO CHAPTER 7
(IN THOUSANDS)

The following analysis reflects estimated proceeds expected to be realized and expenditures expected to be incurred during the pendency of the Chapter 11 case with a comparison to estimated results under a Chapter 7 case. This analysis is based on the reported assets of Woodworkers Warehouse and its estimated claims as of April 3, 2004. Although this analysis was developed by management and considered reasonable, there are a number of underlying estimates and assumptions which are inherently subject to uncertainties and contingencies beyond management's control, including assumptions with respect to liquidation decisions that are subject to change.

| | <u>Chapter 11</u> Estimated Realizable Value as of April 3, 2004 | <u>Chapter 7</u> Estimated Realizable Value as of April 3, 2004 |
|--|---|--|
| Estimated Proceeds: | | |
| Cash and cash equivalents | \$ 4,011 A | \$ 4,011 A |
| Accounts receivable, net | 100 A | 100 A |
| Other assets, net (recovery of credit card deposits) | <u>400 G</u> | <u>400 G</u> |
| Total Estimated Proceeds | \$ 4,511 | \$ 4,511 |
| Estimated Secured and Priority Claims: | | |
| Potential CitiCapital and BankNorth secured equipment claims | 101 H | 101 H |
| Reserve for potential priority tax audit claims | 100 A | 100 A |
| Winthrop Resources Corp. payment | 70 B | 70 B |
| Priority tax Claims | <u>14 A</u> | <u>14 A</u> |
| Total Estimated Secured and Priority Claims | <u>285 D</u> | <u>285 D</u> |
| Total Estimated Proceeds Available for Admin. & Unsecured Creditors | \$ 4,226 | \$ 4,226 |
| Estimated Administrative Claims: | | |
| Chapter 7 Trustee Fee | - | 158 |
| Wind-down and Operating costs | 677 A | 677 A |
| Professional fees | 1,400 A, I | 1,600 |
| United States Trustee Fees | 50 A | 50 A |
| Bank legal costs, Fees, and Letter of Credit | <u>92 A</u> | <u>92 A</u> |
| Total Estimated Administrative Claims | <u>2,219</u> | <u>2,577</u> |
| Total Estimated Proceeds Available for Unsecured Creditors | <u>\$ 2,007</u> | <u>\$ 1,649</u> |
| Total Estimated Unsecured Claims | <u>\$ 22,694 C</u> | <u>\$ 22,694 C</u> |
| Estimated Unsecured Creditor Recovery % | <u>8.8% D</u> | <u>7.3% D</u> |

A Based on Debtor's books and records, actual activity to date, and latest projections.

B Per agreement with Winthrop Resources Corp.

C Comprised of the following projections:

| | |
|--|-------------------------|
| Accounts payable | \$ 15,129 A |
| Trend-lines notes payable | 2,000 E |
| Estimated rejected lease claims | 3,500 A |
| Winthrop Resources Corp. claim | 515 B |
| Other equipment lease claims | 1,289 A |
| Gift certificates | 188 D |
| Trend-lines United States Trustee fees | <u>73 E</u> |
| | <u>\$ 22,694</u> |

D

This Liquidation Analysis assumes the treatment of Gift Certificates as Unsecured Claims. If Gift Certificates are treated as Priority Claims, the total estimated Secured and Priority Claims would increase to \$473, and the proceeds available for Unsecured Creditors in a Chapter 11 case would be \$1,819 and Unsecured Claims would decrease to \$22,506. The Recovery % in a Chapter 11 or Chapter 7 case would decrease to 8.1 % and 6.5% respectively.

