

EXHIBIT A TO DISCLOSURE STATEMENT

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UNITED STATES BANKRUPTCY COURT
DISTRICT OF ARIZONA

In re:

JB'S FAMILY RESTAURANTS, INC., a Delaware
corporation,

Debtor.

No. 02-03349-ECF-CGC

Chapter 11

DEBTOR'S SECOND AMENDED PLAN OF REORGANIZATION

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INTRODUCTION

JB's, as debtor and debtor in possession in the above-encaptioned chapter 11 reorganization case, hereby proposes the following Plan of Reorganization. The Plan provides for the payment of the secured debt according to the terms of the secured obligations except for the modification agreed by Textron extending the due date on the B Note and agreeing to release collateral for the Retirees, the payment of Administrative Expenses on the Effective Date of the Plan, the payment of Priority Tax claims in six equal monthly installments commencing on the first day of the month following the Effective Date; the payment of the Executive Retirement Plan from the Effective Date forward according to its terms along with payment for the past due amounts over the term of this Plan, and the payment to Unsecured Creditors the full amount of their allowed claims over a period of five years plus simple interest at five percent (5%) per annum in three payments a year, from revenues from operations.

Reference is made to the Disclosure Statement contemporaneously filed with this Plan for a discussion of the Debtor's history, business, properties, results of operations, risk factors, and for a summary and analysis of the Plan and related matters.

The Debtors are the Proponents of the Plan as that term is used in section 1129 of the Bankruptcy Code.

Subject to the restrictions on modifications set forth in section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019, and the Plan, the Debtors expressly reserve its right to alter, amend, modify or revoke this Plan, one or more times, before the Plan's substantial consummation.

ARTICLE I

DEFINITIONS, RULES OF CONSTRUCTION, AND COMPUTATION OF TIME

- 1.01 Defined Terms.** For purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms used in this Plan shall have the meanings ascribed to them in Appendix A attached hereto.
- 1.02 Undefined Terms.** Terms and phrases, whether capitalized or not, that are used and not defined in Appendix A attached hereto, but are defined by the Bankruptcy Code, have the meanings ascribed to them in the Bankruptcy Code.
- 1.03 Rules of Interpretation.** For purposes of this Plan: (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that it shall be substantially in such form or substantially on such terms and conditions, (b) any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented, (c) unless otherwise specified, all references in the Plan to Sections, Articles, Appendices, Schedules, and Exhibits are to the Sections, Articles, Appendices, Schedules, and Exhibits of or to the Plan, (d) the words "herein" or "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan, (e) the headings and captions used in this Plan are for convenience and reference only and are not intended to be a part of or affect the interpretation of the Plan and shall not limit or otherwise affect the provisions hereof, (f) words denoting the singular number shall include the plural number and vice versa, (g) words denoting one gender shall include the other gender, and (h) the rules of construction set forth in Section 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply.
- 1.04 Computation of Time.** In computing any period of time prescribed by or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

ARTICLE II

ADMINISTRATIVE EXPENSES AND PRIORITY TAX CLAIMS

- 2.01 Administrative Expenses.** Unless paid earlier pursuant to Court Order, the allowed amount of Administrative Expenses shall be paid on the later of: (1) the Effective Date; (2) ten days after an Order approving the Administrative Expense is entered if the Claim is one of a professional person employed under Sections 327 or 1103 of the Bankruptcy Code; (3) twenty days after the Claim becomes an Allowed Claim for all other Administrative Expenses; or (4) on the date an Administrative Expense becomes payable pursuant to any agreement between the Debtor and the holder of such Administrative Expense.
- 2.02 Administrative Expenses Incurred in the Ordinary Course.** Notwithstanding the above, Administrative Expenses with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 case, shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.
- 2.03 Administrative Expenses Not Incurred in the Ordinary Course.** All payments of Administrative Expenses not incurred in the Ordinary Course of business and all payments of Allowed Administrative Expenses for Rent or Lease Payments for Leases that terminated after the commencement of this Chapter 11 proceeding or were rejected by the Debtor, quarterly fees owing to the United States Trustee and other fees owing pursuant to Section 1930 of Title 28 of the United States Code, and the Reclamation Claim shall be paid on the Effective Date.
- 2.04 Priority Tax Claims.** Each Allowed Priority Tax Claim, as allowed pursuant to 11 U.S.C. § 507(a)(8), shall be paid in full satisfaction, release, settlement, and discharge of the Claim in full in six monthly installments commencing on the first day of the month following the Effective Date and continuing on the first day of each month thereafter.

ARTICLE III

CLASSIFICATION OF CLAIMS AND INTERESTS

- 3.01 Introduction.** Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of classes of Claims against and Interests in the Debtor. A Claim or Interest is placed in a particular Class for the purpose of voting on the Plan and of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or an Allowed Interest in that Class and such Claim or Interest has not been paid, released, or otherwise settled prior to the Effective Date. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expenses and Priority Tax Claims of the kinds specified in sections 507(a)(1) and 507(a)(8) if the Bankruptcy Code have not been classified, and their treatment is as set forth in Article II above.
- 3.02 Class 1: Priority Claims.** Class 1 consists of all Allowed Claims entitled to priority under Bankruptcy Code section 507(a)(4), (5), (6) or (9).
- 3.03 Class 2: Administrative Convenience Class.** Class 2 consists of all Administrative Convenience Claims against the Debtor. Claimants in the Administrative Convenience Class includes all Allowed Claims against the Debtor in the amount of \$500.00 or less (in the aggregate for any one Creditor) or those creditors that elect to be reduce their Allowed Claim to the amount of \$500.00 in their ballot. The total amount of claims in this case is in the approximate amount of \$58,743.32.

- 3.04 Class 3: Secured Claim Of Textron Financial Corporation** Class 3 consists of the Secured Claim of Textron Financial Corporation in the approximate amount of \$6,350,000.00. The Textron Secured Claim is secured by substantially all of the Debtor's assets.
- 3.05 Class 4: Secured Claim of CFSC Consortium Group.** Class 4 consists of the Secured Claim of CFSC Consortium Group in the approximate amount of \$361,000.00. The CFSC Secured Claim is secured by a Mortgage in a first priority position on the land and building on Unit #38 located in Hurricane, Utah.
- 3.06 Class 5: Secured Claim of Regency Savings Bank.** Class 5 consists of the Secured Claim of Regency Savings Bank in the approximate amount of \$66,000.00. The Secured Claim of Regency Savings Bank is secured by a Deed of Trust in a first priority position on the land and building on Unit # 116 located in Kingman, Arizona.
- 3.07 Class 6: Unsecured Claims of Claimants of the Executive Retirement Plan.** Class 6 consists of the claims of those entitled to be paid retirement benefits pursuant to the terms of JB's Executive Retirement Plan. The amount of these claims based on actuarial tables is approximately \$1,700,000.
- 3.08 Class 7: General Unsecured Claims.** Class 7 consists of the Allowed General Unsecured Claims and all Claims not otherwise classified. These claims are in the approximate amount of \$3,250,000.00.
- 3.09 Class 8: Equity Security Holders' Interests.** Class 8 consists of all equity interests represented by the shares of stock in the Debtor.
- 3.10 Elimination of Classes.** Any Class that is not occupied as of the date of the hearing on confirmation of this Plan by an Allowed Claim or a Claim temporarily allowed pursuant to Rule 3019 of the Bankruptcy Rules shall be deemed deleted from this Plan for purposes of voting on acceptance or rejection of this Plan and for the purpose of determining whether this Plan has been accepted by such Class pursuant to Section 1129 of the Bankruptcy Code.

ARTICLE IV

IDENTIFICATION OF CLASSES OF CLAIMS AND INTERESTS IMPAIRED AND NOT IMPAIRED BY THE PLAN

- 4.01 Unimpaired Classes of Claims and Interests.** Class 1 Priority Claims, Class 2 Administrative Convenience Class, Class 4 Secured Claim of CFSC Consortium Group, Class 5 Secured Claim of Regency Savings Bank and Class 8 Equity Security Holder's Interests are Unimpaired Classes under the Plan.
- 4.02 Impaired Classes of Claims and Interests.** Class 3 Secured Claim of Textron Financial Corporation, Class 6 Unsecured Claims of Claimants of the Executive Retirement Plan and Class 7 General Unsecured Claims are Impaired Classes under the Plan

ARTICLE V

PROVISIONS FOR THE TREATMENT OF CLAIMS AND INTERESTS

- 5.01 Class 1: Priority Claims.** Class 1 Priority Claims, if any, shall be paid in full on the Effective Date.
- 5.02 Class 2: Administrative Convenience Class.** Class 2 Administrative Convenience Class Claims shall be paid in full on the Effective date.

5.03 Class 3: Secured Claim Of Textron Financial Corporation. The Class 3 Secured Claim of Textron Financial Corporation shall remain unaltered except as provided in the Settlement Agreement with the Retirees, attached hereto as Appendix B and incorporated herein by this reference, or as mutually agreed between the Debtor and Textron Financial Corporation and shall be paid in full in accordance with the terms of the loan and security documents, except that the due date for the B Note shall be extended for one year and Textron shall subordinate its secured position on Unit 604 (as provided in the Settlement Agreement with the Retirees). Textron Financial Corporation shall retain its pre-petition security interest except as otherwise noted.

5.04 Class 4: Secured Claim of CFSC Consortium Group. The Class 4 Secured Claim of CFSC Consortium Group shall remain unaltered and shall be paid in full in accordance with the terms of the loan and security documents. CFSC Consortium Group shall retain its pre-petition security interest.

5.05 Class 5: Secured Claim of Regency Savings Bank. The Class 5 Secured Claim of Regency Savings Bank shall remain unaltered and shall be paid in full in accordance with the terms of the loan and security documents. Regency Savings Bank shall retain its pre-petition security interest.

5.06 Class 6: Unsecured Claims of Claimants of the Executive Retirement Plan. The Debtor shall pay Class 6 claims in full. These claims shall be treated and paid as provided in the Settlement Agreement with the Retirees, which is attached as Appendix B and incorporated herein by this reference. The payment on the Arrearages shall not commence until all Priority Claims and Priority Tax Claims are paid in full.

5.07 Class 7: General Unsecured Claims. The Debtor shall pay Class 7 claims in full. Debtor shall pay Class 7 claims as follows:

- Class 7 claims shall accrue simple interest at five percent (5%) per annum;
- Debtor shall pay the Class 7 Claims in three (3) payments per year from the available net cash flow of the Debtor in the approximate and anticipated amounts shown on Exhibit E to the Disclosure Statement on March 30, June 30, and September 30 of each year for a total of five years;
- The Claimants in Class 7 shall receive their prorata share of each payment to Class 7.
- The Debtor shall commence making payments on the later of September 30, 2003 or the date that is seven (7) months from the Effective Date.
- Class 7 payments shall not commence until all Priority Claims and Priority Tax Claims are paid in full.

Special Treatment of the Santa Barbara Claim: Included in Class 7 is the claim of Santa Barbara. The Debtor and Santa Barbara, as a part of the Settlement Agreement with the Retirees, agreed to settle any disputes over the amount of its claim and agreed as follows:

- a. The Reimbursement Agreement shall be terminated and any monies being held in escrow shall be returned to SBRG.
- b. SBRG's claim shall be allowed as a general unsecured claim in the amount of \$256,000.00 as a compromise of the amount owing that has been negotiated between JB's and SBRG. In addition, SBRG shall receive a contingent claim for amounts potentially due from SBRG pursuant to the guarantees made by SBRG as follows: (1) \$213,566 plus interest and taxes under the Point of Sale Equipment Transaction; and \$380,000 to the Retirees pursuant to section A (c) of the Retiree's Settlement Agreement.

- c. Unless there is an uncured Default in payments to SBRG under the confirmed Plan of Reorganization, SBRG shall be entitled to payment on its claim in the amount of \$256,000 only. In the event of Default in payments to SBRG under the confirmed Plan Of Reorganization is not cured within 30 days of written notice to JB's, then SBRG shall be entitled to file an amended claim to include any portion of its contingent claims as set forth in subparagraph b above, less any payments, credits or adjustments due as of the date of Default.

All other terms and conditions of the agreements between and among Textron, JB's, and LBW shall remain unaltered except as expressly agreed by Textron in writing duly executed by an authorized Textron representative.

Santa Barbara's claim shall be subject to the terms of the Subordination Agreement dated November 13, 2000 between and among Textron, JB's, LBW and SBRG, and no distributions on SBRG's claim may be made until after Note B is fully paid. After the date Note B is fully paid, SBRG may receive distributions on its claim along with other Class 7 Claimants provided that, both immediately prior to and after making such payment, (a) JB's remains in compliance with the Fixed Charge Coverage covenant set forth in Section 5.15 of the Loan Agreement between Textron and JB's, and (b) no Default or Event of Default exists as those terms are defined in the Loan Agreement between Textron and JB's. All of Santa Barbara's security interest in JB's and LBW shall be released upon entry of the Confirmation Order.

5.08 Class 8: Equity Security Holders' Interests. Class 8 shall retain its shares in the Debtor.

5.09 Debtor's Rights and Defenses Reserved. Except as otherwise provided in the Plan, nothing herein shall affect the Debtor's rights and defenses, both legal and equitable, with respect to any Claims, including, but not limited to, all rights with respect to legal and equitable defenses, setoffs or recoupments against Claims.

5.10 Post-Petition Interest Fees and Costs. Except as provided in this Plan, or in an order of the Bankruptcy Court, no holder of an Allowed Claim shall be entitled to the accrual of post-petition interest or the payment by the debtor of post-petition interest or professional fees on account of such Claim.

ARTICLE VI

ACCEPTANCE OR REJECTION OF THE PLAN

6.01 Classes Entitled to Vote. Each Impaired Class of Claims or Interest that is likely to receive or retain any interest in property under the Plan shall be entitled to vote to accept or reject the Plan. By operation of law, each Unimpaired Class of Claims is deemed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan. By operation of law, each class that will receive nothing under the Plan is deemed to have rejected the Plan.

6.02 Acceptance By Impaired Classes. An Impaired Class of Claims shall have accepted the Plan if, of the Claims actually voting, the holders (other than any holder designated under Section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims and more than 50% in number of the Allowed Claims have voted to accept the Plan.

6.03 Cramdown. The Debtor may request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. Debtor reserves the right to modify the Plan so long as such modifications comply with Section 1127 of the Bankruptcy Code.

ARTICLE VII

MEANS FOR IMPLEMENTATION OF THE PLAN

- 7.01 Procedure To Implement The Plan.** On or before the Effective Date shall:
- a. Determine the amounts of all allowed Class claims and make all calculations necessary for distributions under the Plan.
 - b. Obtain consent from the necessary administrative creditors for alternative treatment.
 - c. Execute any documents necessary to implement Plan.
- 7.02 Property Vests In The Debtor.** All Property, assets and rights of the estate of the Debtor shall vest in the Debtor, free and clear of all liens, Claims and encumbrances of any kind whatsoever unless expressly provided for under this Plan. Debtor shall be able to manage its affairs, subject only to the limitations set forth in this Plan, without the requirement of further orders from the Bankruptcy Court.
- 7.03 Continued Corporate Existence.** JB's shall continue to exist after the Effective Date as a corporate entity, with all the powers of a corporation under the laws of the State of Delaware and pursuant to the certificate of incorporation and bylaws in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws are amended by this Plan or by authority granted by order of the Bankruptcy Court.
- 7.04 Sources of Cash for Plan Distributions.** The Debtor shall make all distributions out of funds on hand, from the Settlement Proceeds from Summit Family Restaurants, Inc., from advances on the marketing plan with i Dine Restaurant Group, Inc. and from the income from post-confirmation business operations and collections.
- 7.05 Directors and Officers.** The existing officers and the board of directors of the Debtor shall continue to maintain their positions until resignation or removal as provided by the Debtor's bylaws and/or applicable law.
- 7.06 Preservation of Rights of Action and Settlement of Litigation Claims.** Except as otherwise provided in this Plan or the Confirmation Order, or in any contract, instrument, release, indenture, or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Debtor may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all claims, rights, or causes of actions, suits, and proceedings, whether in law or in equity, known or unknown, that the Debtors or the Estate may hold against any person or entity.
- 7.07 Effectuating Documents; Further Transactions.** On or before the Effective Date, the chairman of the board of directors, the president, chief financial officer, or other appropriate officer of the Debtor is authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The secretary of the Debtor is authorized to certify or attest to any of the foregoing actions.

ARTICLE VIII

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

- 8.01 Assumed Contracts.** The Confirmation Order will provide for the assumption of those Executory Contracts specified on the Schedule of Assumed Executory Contracts attached to the Disclosure Statement as Exhibit I. The Debtor may modify this Schedule at any time

prior to the Confirmation Hearing. These are in addition to the Executory Contracts that were assumed by Court Orders during these Chapter 11 proceedings.

- 8.02 Rejected If Not Assumed.** All contracts and leases of Debtor that constitute Executory Contracts or unexpired leases as of the date of filing the Chapter 11 petition for relief shall be rejected as of the Effective Date, except for such contracts and leases that (a) have been assumed or rejected pursuant to Section 8.01; (b) have been renegotiated and either assumed or rejected on renegotiated terms pursuant to an order of the Bankruptcy Court entered prior to the Effective Date; (c) are the subject of a motion to assume that is pending before the Bankruptcy Court on the Effective Date; (d) are the subject of a motion to approve renegotiated terms and assumption or rejection on renegotiated terms that is pending before the Bankruptcy Court on the Effective Date; or (e) are specifically treated otherwise in this Plan, the Confirmation Order or other order of the Court.
- 8.03 Disputes As To Executory/Unexpired Status.** If, on the Effective Date, there is a pending dispute as to whether a contract is executory or a lease is unexpired, Debtor's right to assume or reject such contract or lease shall be extended until the date that is thirty (30) days after entry of a Final Order by the Bankruptcy Court determining that the contract is executory or the lease is unexpired.
- 8.04 Franchise Agreements.** The Confirmation Order shall provide for the assumption of all Franchise Agreements with its Franchisees as those agreements have been modified by negotiation with the Franchisees. The agreed upon modifications are shown on Exhibit H to the Disclosure Statement.
- 8.05 Cure Upon the Assumption of Executory Contracts.** Upon the assumption of any Executory Contract or unexpired lease (including an Executory Contract or unexpired lease deemed to be such by assumption herein) including, without limitation, defaults specified in § 365(b)(10) of the Bankruptcy Code and any defaults specified in § 365(b)(2) of the Bankruptcy Code, shall be deemed cured except to the extent written demand for the cure of or demonstration of ability to cure any default has been filed with the Bankruptcy Court and served upon Debtor by the non-Debtor party to such executory contract or unexpired lease within thirty (30) days after the date of service of notice of the Effective Date. In the absence of a timely demand in accordance with the foregoing, Debtor's obligation to cure or demonstrate the ability to cure shall be deemed waived, released and discharged. If any non-Debtor party to such Executory Contract or unexpired lease timely serves and files such written demand, and Debtor files an objection in writing to such demand within thirty (30) days thereafter, any monetary amounts by which each Executory Contract to be assumed pursuant to the Plan is in default, shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, at the option of the Debtor, by Cure. If there is a dispute regarding (a) the nature or amount of any Cure, (b) the ability of the Debtor to provide "adequate assurance of future performance" or (c) any other matter pertaining to assumption, the dispute will be brought before the Bankruptcy Court and Cure shall occur following the entry of a Final Order resolving the dispute and approving the assumption. The Bankruptcy Court shall, by the issuance of a Final Order, determine the amount actually due and owing in respect of such demand or shall approve the settlement of such demand. Debtor shall have thirty (30) days thereafter in which to effect such Cure or withdraw ab initio their assumption of such Executory Contract or unexpired lease whereupon such Executory Contract or unexpired lease shall be deemed to have been rejected as of the date of the Chapter 11 petition for relief.
- 8.06 Bar To Rejection Damages.** If the rejection of an Executory Contract or unexpired lease results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not heretofore evidenced by a filed proof of Claim, shall be forever barred and shall not be enforceable unless a proof of Claim is filed with the Bankruptcy Court and served upon the Debtor as follows: (a) if the Claim arises from the rejection of an Executory

Contract or unexpired lease by operation of any provision of this Plan, thirty (30) days after the date of service of notice of the Effective Date; (b) if the Claim arises from the rejection of an Executory Contract or unexpired lease pursuant to a Final Order of the Bankruptcy Court (other than the Confirmation Order) authorizing rejection of such contract or lease, thirty (30) days after service of notice of the entry of such Final Order; or (c) if the Claim arises from the rejection of an Executory Contract or unexpired lease that is rejected after withdrawal of the assumption thereof, thirty (30) days after service of notice of the assumption withdrawal. The foregoing applies only to Claims arising from the rejection of an Executory Contract or unexpired lease; any other Claims held by a party to a rejected contract or lease shall have been evidenced by a proof of Claim filed by earlier applicable bar dates or shall be barred and unenforceable.

- 8.07 Treatment of Claims Arising From Assumption Or Rejection.** All Allowed Claims arising from the assumption of an Executory Contract or unexpired lease shall be treated as a Class 7 General Unsecured Claim unless otherwise ordered by Final Order of the Bankruptcy Court.

ARTICLE IX

GENERAL PROCEDURES FOR OBJECTING TO CLAIMS AND RESOLVING AND TREATING CONTESTED AND CONTINGENT CLAIMS

- 9.01 Claim Objection Deadline.** Unless another date is established by the Bankruptcy Court, all objections to Claims shall be filed with the Clerk of the Bankruptcy Court and served on the holders of such Claims (unless earlier filed) by the later of 30 days after the Effective Date or the date that is sixty (60) days after a particular proof of Claim (or a request for payment in the case of Administrative Claim) has been filed. If an objection has not been filed to a Claim by the deadlines established herein, the Claim shall be treated as an Allowed Claim; provided, however, that no objection shall be required if a Claim was not listed on the Schedules or was listed on the Schedules as disputed, contingent or unliquidated and was not evidenced by a timely filed proof of Claim. No such unlisted, disputed, contingent, unliquidated or unfiled Claim shall be treated as an Allowed Claim, except pursuant to a Final Order so providing. The objection deadlines established herein shall not apply to Claims and causes of action that must be asserted through an adversary proceeding.
- 9.02 Preservation Of Objections To Claims.** Except as otherwise provided in this Plan or in the Confirmation Order or other Final Order, no compromise, waiver or release of Claims, demands or causes of action, that may be provided for in this Plan or in any Final Order of the Court shall, in any way, limit or impair the right of the Debtor to prosecute objections to Claims, and the Debtor hereby retains all objections to a Claim and all defenses associated with such objections.
- 9.03 No Distributions Pending Resolution Of Objections.** Notwithstanding any other provision of this Plan, no distributions shall be made with respect to a contested Claim (or any contested portion of a Claim, if such Claim is not severable) by Debtor unless and until all objections to such contested Claim have been determined by Final Order.
- 9.04 Interest On Contested Claims And Contingent Claims.** No interest shall accrue on a contested Claim during the period from the Effective Date until the date on which the Claim is allowed, if ever, and no interest shall accrue on a contingent Claim during the period from the Effective Date until the date on which the Claim becomes fixed and absolute or is otherwise allowed.
- 9.05 Treatment Of Contingent Claims.** Until such time as a contingent Claim or a contingent portion of an Allowed Claim becomes fixed and absolute or is disallowed, such Claim shall

be treated as a contested Claim for all purposes related to the distributions under this Plan; provided, however, that the distribution entitlements shall arise only from the date on which a contingent Claim becomes fixed and absolute or is otherwise allowed.

- 9.06 Disallowance Of Post-Petition Additions.** The Debtor shall not be required to make specific objection to proofs of Claim that allege a right to recover post-petition interest, penalties, fees, and other accruals with respect to pre-petition Claims (except Secured Claims entitled to such accruals pursuant to § 506(b) of the Bankruptcy Code), and any Claim amounts attributable to such post-petition interest, penalties, fees and other accruals shall be disallowed in full upon entry of the Confirmation Order.
- 9.07 Deficiency Claims.** Unsecured Creditors whose Claims arise out of a deficiency resulting from the abandonment of Collateral to a previously Secured Creditor or resulting from orders granting relief from the provisions of § 362 of the Bankruptcy Code, must file their Claims within thirty (30) days after Confirmation of this Plan.
- 9.08 Barring Of Claims.** The entry of the Confirmation Order shall permanently bar the filing and asserting of any Claims against the Debtor which arose or relate to the period of time prior to the Confirmation Date, which were listed by the Debtor in its Schedules and Statement Of Financial Affairs filed with the Court or were not evidenced by timely and proper proofs of Claim filed with the Court.

ARTICLE X

GENERAL PROVISIONS

- 10.01 Post-Confirmation Operating Of The Automatic Stay.** Any lawsuits pending in any court (other than the Bankruptcy Court) that seek to establish Debtor's liability on pre-petition Claims and that are stayed pursuant to § 362 of the Bankruptcy Code, shall be dismissed as of the Effective Date unless the Debtor elects to have its liability or its affirmative claims determined by such other courts. Any pending motions to lift or vacate the automatic stay shall be deemed denied as of the Effective Date and the stay shall remain in effect. Any such pre-petition Claims shall be determined as provided in this Plan.
- 10.02 Prohibition Against Discriminating Treatment Against The Debtor.** No individual, entity or government may discriminate against the Debtor solely because of the commencement, continuation or termination of this Chapter 11 proceeding, or because of any provision of this Plan, or the legal effect of this Plan, and the Confirmation Order shall constitute an express injunction against such discriminating treatment.
- 10.03 Compliance With Tax Requirements.** In connection with this Plan, Debtor shall comply with all withholding and reporting requirements imposed by federal, state and local taxing authorities.
- 10.04 Insurance.** The Debtor shall use its best efforts to maintain insurance on all of its property sufficient to cover the Allowed Claims of all Creditors.
- 10.05 Termination Of Adequate Protection Payments.** Upon the entry of a Confirmation Order by the Court, any and all payments to Secured Creditors for adequate protection shall be terminated.
- 10.06 Remedies To Cure Defects.** After Confirmation, the Debtor may, with the approval of the Court, and so long as it does not materially and/or adversely affect the interest of Creditors, remedy any defect or omission, or reconcile any inconsistencies in this Plan, or in the

Confirmation of this Plan, in such a manner as may be necessary to carry out the purposes and the intent of this Plan.

10.07 Retention Of Jurisdiction. After the Effective Date, the Bankruptcy Court shall retain and have exclusive jurisdiction over the Chapter 11 cases for the following purpose:

- (a) To determine any and all objections to the allowance of Claims;
- (b) To determine any and all applications for allowances of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or this Plan;
- (c) To determine any applications for the rejection or assumption of Executory contracts or unexpired leases or for the assumption and assignment, as the case may be, of Executory contracts or unexpired leases to which Debtor is a party or with respect to which Debtor may be liable, and to hear and determine, and if need be, to liquidate any and all Claims arising therefrom;
- (d) To determine any and all applications, adversary proceedings and contested or litigated matters that may be pending on the Effective Date;
- (e) To consider any modifications of this Plan, remedy and defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order, to the extent authorized by the Bankruptcy Code;
- (f) To determine any and all controversies, suits and disputes that may arise in connection with the interpretation, enforcement or consummation of this Plan or any person's or entity's obligations thereunder;
- (g) To determine all controversies, suits and disputes arising as a result of a demand by any utility for a deposit or other form of security as a condition to providing post-confirmation utility services to Debtor;
- (h) To determine all controversies, suits and disputes of this Plan as a result of discriminatory treatment of Debtor;
- (i) To hear and determine any Claim or cause of action by or against Debtor, and to consider and act on the compromise and settlement of any Claim or cause of action by or against Debtor;
- (j) To issue such orders in aid of execution of this Plan, as are authorized by § 1142 of the Bankruptcy Code; and
- (k) To determine such other matters as may be set forth in the Confirmation Order or as may arise in connection with this Plan or the Confirmation Order.

10.08 Modification Of Plan. Modifications of this Plan may be proposed in writing by Debtor at any time before Confirmation, provided that this Plan, as modified, meets the requirements of §§ 1122 and 1123 of the Bankruptcy Code, and Debtor shall have complied with § 1125 of the Bankruptcy Code. This Plan may be modified at any time after Confirmation and before its substantial consummation, provided that this Plan, as modified, meets the requirements of §§ 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and hearing, confirms this Plan, as modified, under § 1129 of the Bankruptcy Code, and the circumstances warrant such modification. A holder of a Claim that has accepted or rejected this Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection.

10.09 Modification Of Plan Due To Default. If any Creditor holding an Allowed Claim seeks such an Order, the Debtor may seek modification of the Plan prior to entry of the Order based upon good cause for the default and reasonableness of the modification.

10.10 Severability. Wherever possible, each provision of this Plan shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Plan shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Plan. Furthermore, if the Bankruptcy Court

will not confirm this Plan because one or more provisions hereof are determined to be prohibited or invalid under applicable law, Debtor may seek permission of the Bankruptcy Court to amend this Plan by deleting the offending provision.

- 10.11 Revocation Of Plan.** Debtor reserves the right to revoke and/or withdraw this Plan prior to entry of the Confirmation Order. If Debtor revokes and/or withdraws this Plan, or if Confirmation of this Plan does not occur, then this Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against Debtor or any other person or entity or to prejudice in any manner the rights of Debtor or any person or entity in any further proceeding involving Debtor.
- 10.12 Unclaimed Monies.** All distribution of money under the Plan which are returned by the Post Office undelivered or which cannot be delivered due to lack of a current address will be retained by the Debtor, in trust, in a federally insured bank for the distributee. After the expiration of six months from the date of the first attempted distribution, the unclaimed monies, stock, and all future distributions will vest in the Debtor, free of any Claim by the distributee.
- 10.13 Post Confirmation Fees To The United States Trustee.** After Confirmation of the Plan Debtor shall pay quarterly fees to the United States Trustee as required by 28 U.S.C. § 1930 as long as such fees are required to be paid.
- 10.14 Post Confirmation Financial Reports.** Debtor shall file post-confirmation financial reports on a quarterly basis, also sending a copy to the Office of the United States Trustee, as long as such reports are required to be filed but no longer than the time up to the time this Plan is substantially consummated.
- 10.15 Releases of Santa Barbara and Textron Arising Out Of Sale Of JB's To LBW.** The release by Debtor as set forth in paragraph 6 of the Settlement Agreement with the Retirees shall also act as a release on behalf of the Estate and all Creditors of the Estate receiving notice of the Settlement Agreement as a part of the Plan of Santa Barbara and Textron of all Claims arising out of the sale of JB's from Santa Barbara to LBW and Textron's financing of that transaction.
- 10.16 Remedy in Event of Default in Plan Payments to Classes Six and Seven.** In the event of an uncured default of payment in Class Seven or the Arrearages as defined in Class Six, the remaining balance of such claims shall be accelerated and become immediately due and payable ("Accelerated Balance"). Payment of claims in Class Seven and the Arrearages as defined in Class Six shall be in default 25 days after written notice of the default by the claimants, or a representative thereof, to JB's, Textron and SBRG, unless such default is cured within the 25 days following written notice. Written notice of default shall be sent by regular mail, fax or email as follows:

JB's Family Restaurants
ATTN: Lynn Whiteford

Email: lwhiteford@jbsfamily.com
Fax: (602) 426-0480

With a copy to:

Thomas E. Littler
Warnicke & Littler, PLC
1411 N. Third Street
Phoenix, AZ 85004

Email: tom@warnickelittler.com
Fax: (602) 256-0345

Textron Financial Corp.
ATTN: Alan Wolverton

Email: Awolverton@textronfinancial.com
Fax: 1-888-249-8733

With a copy to:

Kevin J. Blakley
Gammage & Burnham, PLC
Two N. Central Ave., 18th Floor
Phoenix, AZ 85004

Email: kblakley@gblaw.com
Fax: (602) 256-4475

Santa Barbara Restaurant Group:
ATTN: Chief Financial Officer

Email: tabajian@ckr.com
Fax: (805) 898-4224

With a copy to:

General Counsel
Email: rwilson@ckr.com
Fax: (714) 520-4485

And

Elissa D. Miller
Sulmeyer, Kupetz, Balmann & Rothman
300 South Grand Avenue, 14th Floor
Los Angeles, California 90071

Email: emiller@sulmeyerlaw.com
Fax: (213) 629-4520

U. S. Food Service
ATTN: Mark Speiser

Email: mark.speiser@usfood.com
Fax: (480) 606-5666

With a copy to:

Kristin Mihelic
Fagelhaber, LLC
55 E. Monroe, 40th Fl.
Chicago, Ill 60603

Email: kmihelic@fagelhaber.com
Fax: (312) 580-2201

Unsecured Creditors Committee
C/o Donald Powell
Carmichael & Powell, PC
7301 N. 16th Street, Ste. 103
Phoenix, AZ 85020

Email: d.powell@cplawfirm.com
Fax: (602) 870-0296

ARTICLE XI

DISCHARGE OF DEBTOR

- 11.01 Discharge Of The Debtor.** Except as otherwise provided in this Plan or in the Confirmation Order, the rights afforded under this Plan and the treatment of Claims under this Plan shall be in exchange for and in complete satisfaction, discharge and release of all Claims including any interest or Claims from the petition date. Confirmation of this Plan shall discharge the Debtor from all Claims or other debts, liabilities or obligations of any kind or nature, that arose, in whole or part, before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not a proof of Claim based on such debt is timely filed or deemed filed pursuant to § 501 of the Bankruptcy Code, a Claim based on such debt is allowed pursuant to § 502 of the Bankruptcy Code, or the holder of a Claim based on such debt has accepted this Plan.
- 11.02 Effect Of Discharge On Other Entities.** Pursuant to § 524(e) of the Bankruptcy Code, except as otherwise provided in this Plan, the discharge of a debt of the Debtor, pursuant to this Plan, shall not affect the liability of any other entity on, or the Property of any other entity for, such debt provided, however, that any Final Order that determines the amount of an Allowed Claim shall apply to any guarantee of that Claim and Debtor reserves the right to seek protection under the Bankruptcy Code to seek protection from any action that interferes with the intent and purposes of this Plan and the Debtors continued operations

ARTICLE XII

CONDITIONS OF CONFIRMATION

- 12.01 Conditions To Confirmation Of The Plan.** It shall be a condition precedent to the Confirmation of this Plan that the Final Order provide for:
- (a) A Confirmation Order in form and substance reasonably acceptable to the Debtor;
 - (b) To supplement the injunctive provisions of § 524 of the Bankruptcy Code, except as provided in this Plan or the Confirmation Order, as of the Confirmation Date, all persons or entities and governmental units shall be stayed, restrained and enjoined from taking any of the following actions on account of any such discharge Claims, debts or liabilities: (i) commencing or continuing in any manner any action or other proceeding against Debtor, or its property; (ii) enforcing, attaching (including, without limitation, any prejudgment attachment), collecting or recovering in any manner any judgment, award, decree or order against Debtor, or its property; (iii) creating, perfecting or enforcing in any manner, directly or indirectly, any lien or

encumbrance against Debtor, or any of its property, or any direct or indirect transferee of any property of, or any direct or indirect successor in interest to, or any property of such transferee or successor; (iv) setting-off, seeking reimbursement of, contribution from, subrogation against or otherwise recouping in any manner directly or indirectly, any amount owed to Debtor, or any direct or indirect transferee of any property of, or any successor in interest to Debtor, commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of this Plan.

- (c) Acceptance or rejection of this Plan was solicited in good faith and in compliance with the applicable provisions of the Bankruptcy Code, and no Person conducting or participating in solicitation, including Debtor, shall be liable, on account of such solicitation or participation, for violation of any applicable law, rule, or regulation government solicitation of acceptance or rejection of a plan of reorganization;
- (d) All Executory Contracts assumed by the Debtors remain in full force and effect for the benefit of the Debtors; and
- (e) All fees payable pursuant to Section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation be paid on or before the Effective Date.

RESPECTFULLY SUBMITTED this ___ day of July, 2003.

JB'S FAMILY RESTAURANTS, INC.

By _____
Lynn B. Whiteford
President/CEO

WARNICKE & LITTLER, P.L.C.

By _____
Ronald E. Warnicke
Thomas E. Littler
1411 N. Third Street
Phoenix, Arizona 85004
Attorneys for Debtor