

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re: :
 : Chapter 11
SKM GOURMET PRODUCTS, LTD. d/b/a :
THE RAVIOLI STORE, : Case No. 07-10566 (REG)
 :
Debtor. :
 :
-----X

**FIRST AMENDED PLAN OF REORGANIZATION
OF SKM GOURMET PRODUCTS, LTD.**

DICONZA LAW, P.C
Bankruptcy Counsel for
SKM Gourmet Products, Ltd.
630 Third Avenue, Seventh Floor
New York, New York 10017
Telephone: (212) 682-4940
Attn: Gerard DiConza
Lance A. Schildkraut

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS.....	1
1.1 " <u>Administrative Bar Date</u> "	1
1.2 " <u>Administrative Expense</u> "	2
1.3 " <u>Administrative Period</u> "	2
1.4 " <u>Allowed Amount</u> "	2
1.5 " <u>Allowed Claim</u> "	3
1.6 " <u>Allowed Priority Claim</u> "	3
1.7 " <u>Bankruptcy Actions</u> "	3
1.8 " <u>Bankruptcy Code</u> "	3
1.9 " <u>Bankruptcy Rules</u> "	3
1.10 " <u>Business Day</u> "	3
1.11 " <u>Cash</u> "	3
1.12 " <u>Causes of Action</u> "	4
1.13 " <u>Chapter 11 Case</u> "	4
1.14 " <u>Claim</u> "	4
1.15 " <u>Claimant</u> "	4
1.16 " <u>Class</u> "	4
1.17 " <u>Class 3 Distribution</u> "	4
1.18 " <u>Confirmation Date</u> "	4
1.19 " <u>Confirmation Order</u> "	5
1.20 " <u>Consummation Date</u> "	5
1.21 " <u>Court</u> "	5
1.22 " <u>Creditors</u> "	5
1.23 " <u>Debtor</u> "	5
1.24 " <u>Disputed Amount</u> "	5
1.25 " <u>Disputed Claim</u> "	5
1.26 " <u>Distribution</u> "	5
1.27 " <u>Effective Date</u> "	5
1.28 " <u>Entity</u> "	6
1.29 " <u>Estate</u> "	6
1.30 " <u>Final Decree</u> "	6
1.31 " <u>Final Order</u> "	6
1.32 " <u>Holder</u> "	6
1.33 " <u>Impaired</u> "	6
1.34 " <u>Interests</u> "	6
1.35 " <u>Petition Date</u> "	7
1.36 " <u>Plan</u> "	7
1.37 " <u>Plan Contribution</u> "	7
1.38 " <u>Plan Funder</u> "	7
1.39 " <u>Pre-Petition Claim</u> "	7
1.40 " <u>Priority Non-Tax Claim</u> "	7
1.41 " <u>Priority Tax Claim</u> "	7

1.42	"Professionals"	7
1.43	"Property"	7
1.44	"Pro rata"	8
1.45	"Reorganized Debtor"	8
1.46	"Schedules"	8
1.47	"Secured Claim"	8
1.48	"Secured Creditor"	8
1.49	"TRS"	8
1.50	"TRS/Zaccaro Distribution"	9
1.51	"TRS/Zaccaro Financing Documents"	9
1.52	"TRS/Zaccaro Secured Claim"	9
1.53	"TRS/Zaccaro Stipulation and Order"	9
1.54	"Unimpaired"	9
1.55	"Unsecured Claim"	9
ARTICLE II TREATMENT OF ADMINISTRATIVE		
	EXPENSE CLAIMS AND PRIORITY TAX CLAIMS	10
2.1	Administrative Expenses	10
2.2	Professional Compensation and Reimbursement Claims	10
2.3	Priority Tax Claims	11
ARTICLE III CLASSIFICATION OF CLAIMS AND INTERESTS		
	12	
3.1	Classes and Treatment	12
3.2	Impairment of Classes	12
ARTICLE IV TREATMENT OF CLAIMS AND INTERESTS		
	12	
4.1	TRS/Zaccaro Secured Claim	12
4.2	Priority Non-Tax Claims	13
4.3	Unsecured Claims	13
4.4	Interests	14
ARTICLE V MEANS FOR THE EXECUTION AND		
	IMPLEMENTATION OF THE PLAN	14
5.1	Plan Funding and Distributions	14
5.2	Date of Distributions	15
5.3	Delivery of Distributions	15
5.4	Time Bar to Cash Payments	16
5.5	Manner of Payment Under the Plan	16
5.6	Distributions After Effective Date	16
ARTICLE VI EXECUTORY CONTRACTS AND UNEXPIRED LEASES		
	16	
ARTICLE VII MANAGEMENT OF DEBTOR		
	17	
ARTICLE VIII EFFECT OF CONFIRMATION		
	17	

8.1	Discharge and Release.	17
8.2	Binding Effect.....	17
8.3	Vesting of Liens.	18
8.4	Avoidance and Recovery Actions.....	18
ARTICLE IX EXCULPATION, RELEASES AND INJUNCTIONS.....		18
9.1	Exculpation.....	18
9.2	Injunctions.....	19
ARTICLE X GENERAL PROVISIONS.....		19
10.1	Objection to Confirmation.....	19
10.2	Disputed Claims.....	19
10.3	Disputed Claims Reserve.....	20
10.4	Disallowance of Claims Without Further Order of the Court.....	20
10.5	Administrative Bar Date.....	21
ARTICLE XI MISCELLANEOUS PROVISIONS.....		21
ARTICLE XII CONDITIONS PRECEDENT TO THE CONFIRMATION ORDER.....		23
12.1	Conditions Precedent to Entry of the Confirmation Order.....	23
ARTICLE XIII JURISDICTION.....		23

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re: :
 : Chapter 11
SKM GOURMET PRODUCTS, LTD. d/b/a :
THE RAVIOLI STORE, : Case No. 07-10566 (REG)
 :
Debtor. :
 :
-----X

PLAN OF REORGANIZATION OF SKM GOURMET PRODUCTS, LTD.

SKM Gourmet Products, Ltd. d/b/a The Ravioli Store, the debtor and debtor in possession herein hereby proposes the following Plan of Reorganization:

ARTICLE I

DEFINITIONS

Unless otherwise provided, all capitalized terms throughout this Plan and the Disclosure Statement that describes this Plan, shall have the meanings set forth in this Article I. Unless otherwise indicated, the singular shall include the plural and any term used in this Plan which is not defined below, but which is defined in the Bankruptcy Code, shall have the meaning set forth in the Bankruptcy Code:

1.1 "Administrative Bar Date". Shall mean the date established in the Bankruptcy Court in the Confirmation Order that shall constitute the final date by which any Administrative Expense Claim must be asserted against the Debtor; provided, however, that the Confirmation Order shall fix a separate date by which applications by Professionals for the allowance of compensation and reimbursement of expenses pursuant to sections 330 and 331 of the Bankruptcy Code must be filed.

1.2 "Administrative Expense". Shall mean (a) any right to payment constituting a cost or expense of administration of the Debtor's Chapter 11 Case (including, without limitation, professional fees and expenses), incurred during the Administrative Period, duly filed in accordance with section 503(a) of the Bankruptcy Code, asserting classification under any subsection of section 503(b) of the Bankruptcy Code, which are entitled to treatment under sections 507(a) and/or 1129(a)(9) of the Bankruptcy Code or (b) a Claim that is determined to be an Administrative Expense pursuant to a Final Order.

1.3 "Administrative Period". Shall mean the period beginning on the Petition Date and ending on the Confirmation Date.

1.4 "Allowed Amount". Shall mean, with respect to a particular Claim, (a) the amount of a Claim that is listed in the Debtor's Schedules, as they may from time to time be amended in accordance with Bankruptcy Rule 1009, as not disputed, contingent or unliquidated, if the Holder of such Claim has not filed a proof of claim with the Court within the applicable period of limitation fixed by the Court pursuant to Bankruptcy Rule 3003(c)(3) and there otherwise has been no objection interposed against such claim, or (b) if a Holder of a Claim has filed a proof of claim with the Court within the applicable period of limitation fixed by the Court pursuant to Bankruptcy Rule 3003(c)(3): (i) the amount stated in such proof of claim if no objection to such proof of claim has been interposed within the applicable period of limitations fixed by the Bankruptcy Code or applicable Bankruptcy Rules or as otherwise fixed by the Court or (ii) such amount as shall be fixed by an order of the Court that has become a Final Order, if an objection has been interposed within the applicable period of limitations fixed by the Bankruptcy Code, applicable Bankruptcy Rule, or the Court; or (c) with respect to a request for allowance of

an Administrative Expense by a Professional, such amount as shall be fixed by an order of the Court that has become a Final Order.

1.5 “Allowed Claim”. Shall mean any such Claim for which an Allowed Amount has been determined.

1.6 “Allowed Priority Claim”. Shall mean an Allowed Claim for which the Holder asserts and is determined to be entitled to priority under section 507 *et. seq.* of the Bankruptcy Code, in an amount allowed by Final Order of the Court.

1.7 “Bankruptcy Actions”. Shall mean and avoidance or recovery action and cause of action (and the proceeds thereof), whether or not commenced as of the date hereof, arising under the Bankruptcy Code, including, without limitation, sections 544, 545, 547, 548, 549, 550, 551 and 553 thereof.

1.8 “Bankruptcy Code”. Shall mean the United States Bankruptcy Code, codified under 11 U.S.C. §§ 101, *et. seq.*

1.9 “Bankruptcy Rules”. Shall mean the Rules of Bankruptcy Procedure recommended by the Judicial Conference of the United States and prescribed by the Supreme Court of the United States, effective August 1, 1983, in accordance with the provisions of section 2075 of title 28 of the United States Code, and all amendments thereto.

1.10 “Business Day”. Shall mean any day other than a Saturday, Sunday or “legal holiday” as defined in Bankruptcy Rule 9006(a).

1.11 “Cash”. Shall mean United States currency, a certified check, a cashier’s check, a wire transfer of good funds from any source or final credits to the account of the Debtor or Reorganized Debtor arising from an instrument for the payment of money, cash equivalents and other readily marketable securities or instruments

1.12 "Causes of Action". Shall mean any and all actions, causes of action, suits, rights to payment and claims under any insurance policies, whether known or unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise.

1.13 "Chapter 11 Case". Shall mean the small business bankruptcy case under Chapter 11 of the Bankruptcy Code filed by the Debtor, commenced on the Petition Date and designated as Case No. 07-10566 (REG).

1.14 "Claim". Shall mean (a) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed or contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) a right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

1.15 "Claimant". Shall mean the Holder of a Claim or Interest.

1.16 "Class". Shall mean a group of Claims or Interests which are substantially similar in nature and are grouped together for similar treatment pursuant to this Plan.

1.17 "Class 3 Distribution". Shall mean the funds contributed by the Plan Funder to be distributed *pro rata* in Cash to each Holder of an Allowed Unsecured Claim in accordance with Article IV of this Plan.

1.18 "Confirmation Date". Shall mean the date upon which the Confirmation Order is entered on the docket maintained by the Clerk of the Court with respect to the Chapter 11 Case.

1.19 “Confirmation Order”. Shall mean that order entered by the Court confirming the Plan under § 1129 of the Bankruptcy Code.

1.20 “Consummation Date”. Shall mean the date on which all of the conditions to consummation of this Plan set forth in Article XII are satisfied.

1.21 “Court”. Shall mean the United States Bankruptcy Court, Southern District of New York.

1.22 “Creditors”. Shall mean all creditors holding Claims for unsecured debts, liabilities, contingent and otherwise, demands or claims of any character whatsoever.

1.23 “Debtor”. Shall mean SKM Gourment Products, Ltd. d/b/a The Ravioli Store, the small business debtor and debtor in possession in the Chapter 11 Case.

1.24 “Disputed Amount”. Shall mean, with respect to a particular Disputed Claim, that amount which is equal to the difference, if any, between the Face Amount of such Claim and the amount of such Claim that the Debtor concedes.

1.25 “Disputed Claim”. Shall mean any Claim for which an Allowed Amount has not yet been determined, and with respect to which an objection, either by motion or adversary proceeding, has been interposed on or prior to the Confirmation Date or such other date as may be fixed by the Court.

1.26 “Distribution”. Shall mean the Cash required by the Plan to be distributed to the Holders of Allowed Claims.

1.27 “Effective Date”. Shall mean the date that is ten (10) days after the date on which the Confirmation Order becomes a Final Order or, if such date is not a Business Day, the next succeeding Business Day.

1.28 "Entity". Shall mean any individual, corporation, limited or general partnership, limited liability company, joint venture, association, joint stock company, estate, trust, trustee, United States trustee, unincorporated organization, government, governmental unit (as defined in the Bankruptcy Code), agency or political subdivision thereof.

1.29 "Estate". Shall mean the estate created in Debtor's Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

1.30 "Final Decree". Shall mean the order to be entered by the Court closing the Chapter 11 Case in accordance with section 350(a) of the Bankruptcy Code and Bankruptcy Rule 3022.

1.31 "Final Order". Shall mean an order or judgment of the Court that is not the subject of a pending appeal, which has not been reversed, stayed, modified or amended, and respecting which the time to appeal from or to seek review or rehearing of such order shall have expired, as a result of which such order shall have become final in accordance with Bankruptcy Rule 8002.

1.32 "Holder". Shall mean any Entity that holds a Claim or Interest.

1.33 "Impaired". When used with respect to any Claim, Interest or Class, has the same meaning as that contained in section 1124 of the Bankruptcy Code.

1.34 "Interests". Shall mean any equity interests in the Debtor, including, but not limited to, shares of common stock, any stock rights, options, warrants, calls, subscriptions, shareholder loans or other similar rights, agreements, or commitments or other outstanding agreements obligating the Debtor to issue, transfer, or sell any shares of any type of stock of the Debtor.

1.35 "Petition Date". Shall mean March 5, 2007, the date the Debtor filed the Chapter 11 Case with the Court.

1.36 "Plan". This Plan of Reorganization in the present form or as it may be amended or supplemented.

1.37 "Plan Contribution". Shall mean such funds contributed by the Plan Funder, including, but not limited to: (i) the TRS/Zaccaro Distribution, (ii) the Class 3 Distribution and (iii) sufficient Cash to satisfy distributions to Holders of Allowed Administrative Expenses (including Professionals), Holders of Allowed Priority Tax Claims and Holders of Allowed Priority Non-Tax Claims in accordance with Articles II and IV of this Plan.

1.38 "Plan Funder". Shall mean DMN Gourmet, Inc.

1.39 "Pre-Petition Claim". Shall mean any Claim arising or accruing prior to the Petition Date.

1.40 "Priority Non-Tax Claim". Shall mean any Claim, other than a Priority Tax Claim or an Administrative Expense, which is entitled to priority treatment under section 507(a) of the Bankruptcy Code.

1.41 "Priority Tax Claim". Shall mean any Claim which is entitled to priority treatment under section 507(a)(8) of the Bankruptcy Code.

1.42 "Professionals". Shall mean any professionals retained by order of the Court pursuant to, *inter alia*, sections 327 and 328 of the Bankruptcy Code in the Chapter 11 Case.

1.43 "Property". Shall mean all of Debtor's assets, including without limitation, any and all of Debtor's accounts receivable, inventory, machinery and equipment, vehicles, cash,

Causes of Action, products, general intangibles, and other assets and personal property of any kind or description.

1.44 "Pro rata". Shall mean proportionally, so that the ratio of the amount of consideration distributed on account of a particular Allowed Claim to the Allowed Amount of the Claim is the same as the ratio of the amount of consideration distributed on account of all Allowed Claims of the Class in which the particular Claim is included to the aggregate amount of the Allowed Claims of the Class.

1.45 "Reorganized Debtor". Shall mean SKM Gourmet Products, Ltd., d/b/a The Ravioli Store, a New York corporation, on and after the Effective Date.

1.46 "Schedules". Shall mean the schedules of assets and liabilities filed by the Debtor with the Court as they may be amended or supplemented from time to time in accordance with Bankruptcy Rule 1009.

1.47 "Secured Claim". Shall mean a Claim secured by a "lien", as that term is defined at section 101(37) of the Bankruptcy Code, including, but not limited to, a "judicial lien" as that term is defined at section 101(36) of the Bankruptcy Code, against any Property of the Estate, but only to the extent of the "value", as determined by the Court pursuant to section 506(a) of the Bankruptcy Code or as otherwise agreed to, of such Claimant's interest in the Estate's interest in such Property; the Claimant's interest must be lawfully perfected, and not subject to avoidance under the Bankruptcy Code or any applicable non-bankruptcy law.

1.48 "Secured Creditor". Shall mean the Holder of a Secured Claim.

1.49 "TRS". Shall mean The Ravioli Store, Inc. and its affiliates, stockholders, subsidiaries, officers and directors.

1.50 "TRS/Zaccaro Distribution". Shall mean the sum of Ninety Thousand Dollars (\$90,000) contributed by the Plan Funder to purchase the Allowed TRS/Zaccaro Secured Claim pursuant to the TRS/Zaccaro Stipulation and Order.

1.51 "TRS/Zaccaro Financing Documents". Shall mean those loan and financing documents between the Debtor and TRS annexed to the Proof of Claim filed by TRS and John A. Zaccaro, Jr. against the Debtor on or about May 7, 2007.

1.52 "TRS/Zaccaro Secured Claim". Shall mean the Secured Claim asserted by TRS and John A. Zaccaro, Jr. against the Debtor arising under the TRS/Zaccaro Financing Documents as such Secured Claim is assigned to the Plan Funder.

1.53 "TRS/Zaccaro Stipulation and Order". Shall mean the Stipulation and Order Regarding (a) Resolution of Claims of The Ravioli Store, Inc. and John A. Zaccaro, Jr. against SKM Gourmet Products, Ltd. and Michael A. Nasoff, (b) Sale of Allowed Claim of The Ravioli Store, Inc. and John A. Zaccaro, Jr. to DMN Gourmet, Inc., and (c) Agreement by DMN Gourmet, Inc. to Fund Chapter 11 Plan of Reorganization. A copy of the TRS/Zaccaro Stipulation and Order is attached to the Plan as Exhibit A.

1.54 "Unimpaired". Shall mean any Class of Claims or Interests that is not Impaired.

1.55 "Unsecured Claim". Shall mean any Claim that does not qualify as an Administrative Expense, Priority Non-Tax Claim, Priority Tax Claim, or Secured Claim, and which is not an Interest.

ARTICLE II

TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

2.1 Administrative Expenses. Each Holder of Allowed Administrative Expense Claims shall receive in full and final satisfaction, settlement, release and discharge of, and in exchange for, such Administrative Expense Claim, Cash in an amount equal to the unpaid portion of such Allowed Administrative Expense Claim, on the later of (a) the Effective Date, (b) the date on which its Administrative Expense Claim becomes an Allowed Claim, or (c) the date on which its Administrative Expense Claim becomes payable under any agreement relating thereto, provided, however, Allowed Administrative Expenses representing obligations incurred by the Debtor in the ordinary course of business consistent with past practice, or assumed by the Reorganized Debtor, shall be paid in full or performed by the Reorganized Debtor in the ordinary course of business, consistent with past practice; provided further, however, that Allowed Administrative Expenses incurred by the Debtor or Reorganized Debtor after the Confirmation Date, including, without limitation, claims for Professionals' fees and expenses, shall not be subject to application and may be paid by the Debtor or Reorganized Debtor, as the case may be, in the ordinary course of business and without further Court approval.

Failure to file a request for payment of an Administrative Expense Claim prior to the Administrative Bar Date shall result in such Administrative Expense Claim being forever barred and discharged.

2.2 Professional Compensation and Reimbursement Claims. All Professionals seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date pursuant to sections 327, 328, 330, 331 and 503(b) of the Bankruptcy Code (a) shall file their respective final

applications for allowances of compensation for services rendered and reimbursement of expenses incurred through the Confirmation Date by the date that is thirty (30) days after the Confirmation Date or such other date as may be fixed by the Bankruptcy Court, and (b) if granted such an award by the Bankruptcy Court, shall be paid in full in such amounts as are Allowed by the Bankruptcy Court (i) on the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable or (ii) upon such other terms as may be mutually agreed upon between such holder of an Administrative Expense Claim and the Debtor or the Reorganized Debtor. Furthermore, prior to the Effective Date, the estimated amount of unpaid fees and expenses of Professionals as of the Effective Date, or an amount as otherwise agreed, will be deposited by the Plan Funder in an interest-bearing segregated account with the Debtor's counsel in accordance with Bankruptcy Rule 3020(a). Such escrowed funds, including interest thereon, shall be used to pay Allowed Administrative Expense Claims of Professionals and any funds remaining after making all such payments shall revert in the Debtor or Reorganized Debtor.

2.3 Priority Tax Claims. On the later of (a) the Effective Date or (b) the date on which its Priority Tax Claim becomes an Allowed Priority Tax Claim, each holder of an Allowed Priority Tax Claim shall receive, in full and final satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Priority Tax Claim, (i) Cash in the amount equal to the unpaid portion of such Allowed Priority Tax Claim, (ii) treatment in any other manner such that its Allowed Priority Tax Claims will not be impaired, or (iii) such other treatment as to which the Debtor or Reorganized Debtor and the holder of such Allowed Priority Tax Claim have agreed upon in writing.

ARTICLE III

CLASSIFICATION OF CLAIMS AND INTERESTS

3.1 Classes and Treatment. The Plan consists of four (4) Classes, as follows: Holders of the TRS/Zaccaro Secured Claim (Class 1), Priority Non-Tax Claims (Class 2), Unsecured Claims (Class 3), and Interests (Class 4). Administrative Expenses and Priority Tax Claims of the kinds specified in sections 507(a)(2) and 507(a)(8) of the Bankruptcy Code (set forth in Article II above) have not been classified and are excluded from classification in accordance with section 1123(a)(1) of the Bankruptcy Code.

An Allowed Claim or Allowed Interest is part of a particular Class only to the extent of the amount that the Allowed Claim or Allowed Interest qualifies for treatment within that Class and is in a different Class to the extent that the remaining amount of the Allowed Claim or Allowed Interest qualifies for treatment within that different Class.

3.2 Impairment of Classes. The following Classes are Impaired under the Plan: Classes 1, 3 and 4. The following Classes are Unimpaired under the Plan: Class 2.

ARTICLE IV

TREATMENT OF CLAIMS AND INTERESTS

4.1. Class 1. TRS/Zaccaro Secured Claim: Class 1 consists of all Allowed TRS/Zaccaro Secured Claim. The TRS/Zaccaro Secured Claim is deemed an Allowed Claim in the amount of \$90,000. Pursuant to the TRS/Zaccaro Stipulation and Order, and in full and final satisfaction, settlement, release and discharge of, and in exchange for, the Allowed TRS/Zaccaro Secured Claim, the holder of the Allowed TRS/Zaccaro Secured Claim shall receive, within three (3) business days after approval of the Stipulation and Order, \$90,000 in Cash from the Plan Funder. Upon payment, the TRS/Zaccaro Secured Claim all rights thereunder shall be

assigned to the Plan Funder. In satisfaction of the Plan Contribution made by the Plan Funder, including funds to satisfy the TRS/Zaccaro Secured Claim, the Plan Funder shall receive all Interests in the Reorganized Debtor.

Class 1 Claims are Impaired.

4.2. Class 2. Priority Non-Tax Claims: Class 2 consists of all Allowed Priority Non-Tax Claims. Unless a holder of an Allowed Priority Non-Tax Claim agrees otherwise to different treatment, each holder of an Allowed Priority Non-Tax Claim shall receive, in full and final satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Priority Non-Tax Claim, Cash in an amount equal to the amount of such Allowed Priority Non-Tax Claim on the later of (i) the Effective Date or (ii) as soon as practicable after the date on which any Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim; provided, however, Allowed Priority Non-Tax Claims representing obligations incurred in the ordinary course shall be paid in full or performed by the Debtor or Reorganized Debtor in the ordinary course of business, consistent with past practice.

Class 2 Claims are Unimpaired.

4.3. Class 3. Unsecured Claims: On the later of (a) the Effective Date, (b) the date on which its Unsecured Claim becomes an Allowed Unsecured Claim, or (c) the date on which its Unsecured Claim becomes payable under any agreement relating thereto, Holders of Allowed Unsecured Claims shall receive, in full and final satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Unsecured Claim, a Cash distribution equal to 35% of their respective Allowed Claims.

Class 3 Claims are Impaired.

4.4. Class 4. Interests: Class 4 consists of all Allowed Interests of the Debtor.

On the Effective Date, all Interests will be extinguished and no distributions will be made in respect of such Interests. In consideration for making the Plan Contribution, on the Effective Date, new common stock will be issued to the Plan Funder, pursuant to which it will own 100% of the equity security interests in Reorganized Debtor.

Class 4 is Impaired.

ARTICLE V

MEANS FOR THE EXECUTION AND IMPLEMENTATION OF THE PLAN

5.1 Plan Funding and Distributions. Prior to the hearing on confirmation of this Plan, the Plan Funder shall deliver the Plan Contribution (less (i) any amount previously paid in accordance with the TRS/Zaccaro Stipulation and Order and (ii) such estimated amount required to pay fees and expenses of Professionals) to the Debtor to be distributed by Debtor or Reorganized Debtor in the manner indicated in Articles II and IV of this Plan. The Distributions required of Debtor and/or Reorganized Debtor under this Plan to Holders of Allowed Claims will be paid by Debtor and/or Reorganized Debtor from Cash and the Plan Contribution in the manner indicated in Articles II and IV of this Plan. Furthermore, prior to the Effective Date, the estimated amount of unpaid fees and expenses of Professionals as of the Effective Date, or an amount as otherwise agreed, will be delivered by the Plan Funder to the Debtor's counsel to be deposited in an interest-bearing segregated account in accordance with Bankruptcy Rule 3020(a). Such escrowed funds, including interest thereon, shall be used to pay Allowed Administrative Expense Claims of Professionals and any funds remaining after making all such payments shall revert in the Debtor or Reorganized Debtor.

5.2 Date of Distributions. Any Distributions and deliveries to be made under this Plan shall be made on the Effective Date or as soon as practicable thereafter, unless otherwise specifically provided for under this Plan. If any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

5.3 Delivery of Distributions. Subject to Rule 9010 of the Bankruptcy Rules, and except as otherwise provided herein, Distributions to holders of Allowed Claims shall be made at the address of each of such holders as set forth in the Schedules filed with the Bankruptcy Court unless superseded by the address set forth on proofs of Claim filed by such holders (or at the last known address of such holders if no proof of Claim is filed or if the Debtor has been notified in writing of a change of address). If any Distribution to any holder is returned as undeliverable, the Reorganized Debtor shall use reasonable efforts to determine the current address of such holder, but no Distribution to any such holder shall be made unless and until the Reorganized Debtor has determined the then current address of such holder, at which time such Distribution to such holder shall be made to such holder without interest. Amounts in respect of any undeliverable Distributions made by the Reorganized Debtor shall be returned to the Reorganized Debtor until such Distributions are claimed. If such Distributions are not claimed by the expiration of the later of (a) one year from the Effective Date or (b) one year from the actual date of the making of such Distribution (the “Unclaimed Distribution Date”), such Distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code. After the Unclaimed Distribution Date, all unclaimed property shall be transferred to the Reorganized Debtor.

5.4 Time Bar to Cash Payments. Checks issued by the Debtor or Reorganized Debtor on account of Allowed Claims shall be null and void if not negotiated within eighty (80) days after the date of issuance thereof. Requests for reissuance of any check shall be made in writing directly to the Reorganized Debtor by the holder of the Allowed Claim with respect to which such check originally was issued. Any Claim in respect of such a voided check shall be made in writing on or before the first anniversary of the Effective Date. After such date, all Claims in respect of void checks shall be discharged and forever barred.

5.5 Manner of Payment Under the Plan. At the option of the Reorganized Debtor, any Distribution of Cash to be made pursuant to this Plan may be made by a check or wire transfer or as otherwise required or provided in applicable agreements. Distributions and notices delivered in accordance with the Plan will be deemed delivered to the Creditor regardless of whether such distributions or notices are actually received by such Creditor.

5.6 Distributions After Effective Date. Distributions made after the Effective Date to holders of Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims shall be deemed to have been made on the Effective Date.

ARTICLE VI

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.1 Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, the Debtor hereby assumes all other executory contracts and unexpired leases not previously assumed or rejected.

6.2 Except as may otherwise be agreed to by the parties, within thirty (30) days after the Effective Date, the Debtor shall cure any and all undisputed defaults under any executory contract or unexpired lease assumed by the Debtor pursuant to Section 6.1 of the Plan,

in accordance with section 365(b)(1) of the Bankruptcy Code. All disputed defaults required to be cured shall be cured either within thirty (30) days of the entry of a Final Order determining the amount, if any, of the Debtor's liability with respect thereto, or as may otherwise be agreed to by the parties.

ARTICLE VII

MANAGEMENT OF DEBTOR

7.1 On the Effective Date, and thereafter, Reorganized Debtor shall be managed by Michael A. Nasoff. Mr. Nasoff shall be president of the Reorganized Debtor.

ARTICLE VIII

EFFECT OF CONFIRMATION

8.1 Discharge and Release. On the Effective Date, all Claims against and Liabilities of the Debtor arising on or before the Confirmation Date will be fully satisfied, discharged and released in exchange for the consideration provided under the Plan. To the extent permitted under applicable law, all Entities will be precluded from asserting against the Debtor, the Plan Funder, the Debtor's successor(s), including the Reorganized Debtor, and their respective assets, properties or interests in property, any Claims or Liabilities of the Debtor arising on or before the Confirmation Date and any other Claims based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

8.2 Binding Effect. Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, on the Effective Date, the provisions of the Plan will bind all holders of Claims and Interests and such holder's respective successors and assigns, whether or not the Claim or Interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

8.3 Vesting of Liens. On the Effective Date, all Liens against any Property of the Debtor shall be deemed extinguished and discharged, and the Reorganized Debtor will be revested with Property of the Debtor not distributed or otherwise transferred under the Plan, free and clear of all Liabilities and Liens. Any and all security interests filed against the Debtor's assets shall be deemed satisfied and withdrawn as of the Effective Date.

8.4 Avoidance and Recovery Actions. As of the Effective Date, the Debtor shall transfer to the Reorganized Debtor the right to prosecute, on behalf of itself and the Estate, any Bankruptcy Action and any other Causes of Action, or rights to payment of claims, that belong to or could have been raised by or on behalf of the Debtor or the Estate; provided, however, that the Debtor expressly retains the right to assert such claims as defenses to, and setoffs against, Disputed Claims. The Debtor may retain the right to prosecute any such actions (if any) that may be pending on the Effective Date.

ARTICLE IX

EXCULPATION, RELEASES AND INJUNCTIONS

9.1 Exculpation. To the fullest extent permitted by applicable law, as of the Effective Date, the Debtor, the Plan Funder and the Reorganized Debtor, and their respective officers, directors, members, attorneys or other professionals, employees or agents (collectively, the "Releasees") shall have no liability to any holder of a Claim or Equity Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or affiliates, or any of their successors or assigns, for any actions taken or not taken in connection with or related to: (a) the Chapter 11 Case; (b) the Plan; (c) the Disclosure Statement; (d) Distributions, payments or transfers made under the Plan or during the Chapter 11 Case; (e) acts performed pursuant to the Plan; (f) any contract, release, or other agreement or document

created or entered into, or any other action taken or omitted to be taken, in connection with the Plan; or (g) any Claim settled or released in the Chapter 11 Case or under or pursuant to the Plan; provided, however, that the foregoing release shall not release the Releasees (i) from their obligations under the Plan and (ii) for any acts, or omissions to act, evidencing and/or constituting gross negligence or willful misconduct.

9.2 Injunctions. To the fullest extent permitted by applicable law, the Debtor shall seek the entry of a Confirmation Order that provides for an injunction to permanently enjoin and restrain all Entities from taking any actions against the Debtor, the Plan Funder, the Reorganized Debtor and their respective successors or assigns, or their respective property, assets, or interests in property that may interfere with the implementation or consummation of the Plan.

ARTICLE X

GENERAL PROVISIONS

10.1 Objection to Confirmation. If any objection or opposition is made to confirmation of this Plan at the hearing on confirmation of this Plan or otherwise, then no payment or Distribution shall be made to any Creditor unless the Confirmation Order becomes a Final Order in all respects and is no longer subject to further review or appeal. Thereafter, all payments and Distribution to Creditors hereunder shall be made, without interest thereon, except as provided otherwise herein as if the Confirmation Order was entered on the date when the judgment or decree sustaining the Confirmation Order was entered and becomes a Final Order in all respects.

10.2 Disputed Claims. If any objection or opposition is made to the allowance of the Claim of any Creditor, and such objection or opposition is pending on the date that

payment or distribution to Creditors is scheduled to be made, then no payment or distribution shall be made to such Creditor until such Claim becomes an Allowed Claim, whereupon the payment and distribution to such Creditor, shall be made. Objections to the asserted Claims, if necessary, shall be brought by the Debtor or the Reorganized Debtor within sixty (60) days after the Confirmation Date, which deadline may be extended by the Court. Any timely filed Claim as to which no objection has been filed within the time fixed therefore, including extensions, shall be deemed an Allowed Claim in such amount as is set forth in a proof of claim filed with the Bankruptcy Court. The Debtor has resolved the TRS and DJL Claims pursuant to the TRS/Zaccaro Stipulation and Order and DJL Settlement Agreement, respectively. The Debtor continues to review the other filed proofs of Claim, but does not expect to object to any of those filed Claims.

10.3 Disputed Claims Reserve. If there remain any Disputed Claims on the Effective Date, the Debtor shall establish a segregated, interest-bearing account under the control of its counsel with JP Morgan Chase Bank, and the Plan Funder shall deposit therein Cash in an aggregate amount sufficient to pay to each Creditor holding a Disputed Claim the *pro rata* amount of Cash that such claimant would have been entitled to receive under the Plan if such Claim had been an Allowed Claim on the Effective Date.

10.4 Disallowance of Claims Without Further Order of the Court. Except with respect to Administrative Expense Claims, as of the Confirmation Date, any Claim that is scheduled as disputed, contingent and/or unliquidated in amount, and for which a proof of claim has not been filed by the Claimant, shall be deemed expunged, without further act or deed. Any Claim that is filed after the Confirmation Date shall be deemed expunged without further act or deed, unless a prior Order of the Court or provision of this Plan has authorized such late filing.

10.5 Administrative Bar Date. The Confirmation Order shall contain a bar date for the filing of Administrative Expense Claims, which date shall be a date at least thirty (30) days after the Confirmation Date or such other date as the Bankruptcy Court shall require and which shall apply to all Administrative Expense Claims other than professional fees pursuant to sections 330, 331, 503(b) or 1103 of the Bankruptcy Code.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1 Should any provision of this Plan be determined to be unenforceable following the Effective Date, such determination shall in no way limit or effect the enforceability and operative effect of any and all other provisions of this Plan.

11.2 The duties, rights and obligations of any person or Entity named or referred to in this Plan shall be binding upon, and shall enure to the benefit of the successors and assigns of such person or entity.

11.3 Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, the rights and obligations arising under this Plan shall be governed by, construed under, and enforced in accordance with the laws of the State of New York.

11.4 The headings of the Articles are inserted for convenience only and shall not effect the interpretation of this Plan.

11.5 Any notice, demand, Claim or other request under this Plan shall be in writing and shall be deemed to have been given upon personal delivery thereof or upon the fifth (5th) day following mailing thereof if sent by certified mail, return receipt requested, postage pre-paid, to the respective address of the parties set forth below (or such other address as the party may specify by notice given as provided herein):

If to the Debtor, to:

SKM Gourmet Products, Ltd.
43-44 21st Street
Long Island City, New York 11101
Attn: Michael A. Nasoff

With a copy to:

DiConza Law, P.C.
630 Third Avenue, Seventh Floor
New York, New York 10017
Attn: Gerard DiConza, Esq.

11.6 This Plan may be altered, amended or modified by the Debtor before or after the Confirmation Date as provided in Section 1127 of the Bankruptcy Code.

11.7 The Debtor and the Reorganized Debtor are hereby authorized and empowered to take all necessary steps, and to perform all necessary acts, to necessary or appropriate to employment and consummate the terms and conditions of this Plan. On or before the Effective Date, the Debtor may file with the Court such agreements and other documents as may be necessary or appropriate to effectuate or further evidence the terms and conditions of this Plan and the other agreements referred to herein. The Debtor and the Reorganized Debtor, as the case may be, shall be authorized and shall, execute such documents and take such other actions as are necessary to effectuate the transactions provided for herein, without the need for any additional approvals, authorizations or consents.

11.8 Payment of Statutory Fees. All fees payable pursuant to 28 U.S.C. § 1930 as determined by the Court at the hearing on confirmation of this Plan or otherwise, shall be paid by the Debtor or Reorganized Debtor on or before the Effective Date. Under current applicable law, the Reorganized Debtor is required to pay fees under 28 U.S.C. § 1930(a)(6) until entry of an order closing the Chapter 11 Case, or until entry of an order prior thereto dismissing or

converting the Chapter 11 Case. Subject to a change in applicable law, the Reorganized Debtor shall pay all fees under 28 U.S.C. § 1930(a)(6), and shall file post-confirmation reports in the format prescribed by the United States Trustee until entry of an order closing the Chapter 11 Case, or until entry of an order prior thereto dismissing or converting the Chapter 11 Case.

11.9 To the extent this Plan is inconsistent with the Disclosure Statement, the provisions of this Plan shall be controlling.

11.10 Reservation of Rights. If this Plan is not confirmed by the Bankruptcy Court or any other court of competent jurisdiction for any reason or if confirmed and if the Effective Date does not occur, the rights of all parties in interest in the Chapter 11 Case are and will be reserved in full. Any concession, compromise or settlement reflected herein, if any, are made for purposes of this Plan only, and if the Effective Date does not occur, no party in interest in the Chapter 11 Case shall be bound or deemed prejudiced by any such concession, compromise or settlement.

ARTICLE XII

CONDITIONS PRECEDENT TO THE CONFIRMATION ORDER

12.1 Conditions Precedent to Entry of the Confirmation Order. The following conditions must be satisfied on or before the Confirmation Date:

(a) The Confirmation Order must be in form and substance reasonably acceptable to the Plan Funder and Debtor.

(b) The Plan Funder shall have made the Plan Contribution.

ARTICLE XIII

JURISDICTION

13.1 As of the Effective Date, the Bankruptcy Court shall retain jurisdiction, and if the Bankruptcy Court exercises its retained jurisdiction, shall have exclusive jurisdiction, of all matters arising out of, and relating to, the Chapter 11 Case and this Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- (a) To determine any and all objections to the allowance of Claims and Interests and to render judgments and orders;
- (b) To determine any and all applications for allowance of compensation;
- (c) To determine any and all applications pending on the Confirmation Date for the rejection and disaffirmance or assumption and assignment of executory contracts and the allowance of any Claim resulting therefrom;
- (d) To determine any and all controversies and disputes arising under, or in connection with, the Disclosure Statement, the Plan and such other matters as may be provided for in the Confirmation Order;
- (e) To determine any and all applications, adversary proceedings and litigated matters pending on the Effective Date;
- (f) To effectuate payments under, and performance of, the provisions of this Plan;
- (g) To determine such other matters and for such other purposes as may be provided for in the Confirmation Order;

- (h) To determine any application by the Debtor to modify any provision of this Plan to the full extent permitted by the Bankruptcy Code;
- (i) To correct any defect, cure any omission, or reconcile any inconsistency in this Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of this Plan;
- (j) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (k) To issue such orders in aid of execution of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;
- (l) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;
- (m) To compel the conveyance of property and other performance contemplated under the Plan and documents executed in connection herewith;
- (n) To enforce all orders, judgments, injunctions and decrees; and
- (o) To enter a Final Decree closing the Chapter 11 Case.

Dated: New York, New York
August 16, 2007

SKM GOURMET PRODUCTS, LTD

By: /s/ Michael A. Nasoff
Michael A. Nasoff, President

DICONZA LAW, P.C.
Bankruptcy Counsel for SKM Gourmet
Products, Ltd.

By: /s/ Gerard DiConza
Gerard DiConza (GD-0890)
630 Third Avenue, Seventh Floor
New York, New York 10017
Telephone: (212) 682-4940
Facsimile: (212) 682-4942

EXHIBIT A

TRS/ZACCARO STIPULATION AND ORDER