ORDERED ACCORDINGLY.

Dated: December 17, 2012

George B. Nielsen, Bankruptcy Judge

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COUNSEL FOR DEBTORS

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF ARIZONA

In re: **STAR BUFFET, INC.,** **Debtor.**	**Chapter 11** **Jointly Administered** **Case Nos.: 2:11-bk-27518 and 2:11-bk-27713**
In re: **SUMMIT FAMILY RESTAURANTS, INC.,** **Debtor.**	**FINDINGS OF FACT AND CONCLUSIONS OF LAW ON CONFIRMATION OF DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION DATED OCTOBER 17, 2012**
THIS FILING APPLIES TO: X BOTH DEBTORS ___ STAR BUFFET, INC. ___ SUMMIT FAMILY RESTAURANTS, INC.	**Hearing Date: December 6, 2012** **Hearing Time: 10:00 a.m.** **Hearing Room: 702**

This matter first came before the court on December 3, 2012 at the hour of 9:00 a.m. for hearing on confirmation of Debtors' Second Amended Joint Plan of Reorganization dated October 17, 2012 (the "**Plan**"). A second hearing was held on December 6, 2012 at the hour of 10:00 a.m. Debtors appeared through counsel S. Cary Forrester, of Forrester & Worth, PLLC. The Official Joint Committee of

Unsecured Creditors (the "**Committee**") appeared through counsel Schuyler G. Carroll, of Perkins Coie, LLP. The Office of the United States Trustee (the "**U.S. Trustee**") appeared through trial attorney Patty Chan. Greenway Leasing L.P. and Joyce Greenway Groves (collectively "**Greenway**") appeared through counsel Gregory J. Gnepper, of Gammage & Burnham, PLC. Other appearances are as noted on the record.

Based upon the evidence presented at the hearing, together with the arguments and representations of counsel and the entire record before the Court, and good cause appearing, the Court makes the findings of fact and conclusions of law set forth below.[1]

THE COURT MAKES THE FOLLOWING FINDINGS OF FACT:

A. Pursuant to Bankruptcy Rule 3017(d) and the Court's Order Approving First Amended Disclosure Statement, Granting Motion for Order Approving Procedures for Plan Confirmation, and Fixing Time for Filing Acceptance or Rejection of Plan, Combined with Notice Thereof, dated May 25, 2012 (the "**Order and Notice**") (DE #147), and as evidenced by the Certificate of Service filed on June 6, 2012 (DE #157), notice to interested parties was provided as follows:

(i) the Order and Notice, First Amended Disclosure Statement (with all exhibits), Plan (with all exhibits), Voting Instructions, and Ballots were timely served upon all creditors and parties in interest; and,

(ii) the Order and Notice was timely served on all shareholders.

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[1] To the extent that any provision designated herein as a finding of fact should properly be characterized as a conclusion of law, it is adopted as such. To the extent that any provision designated herein as a conclusion of law should properly be characterized as a finding of fact, it is adopted as such.

B. Pursuant to the Order and Notice, written objections to the Plan were required to be filed on or before July 5, 2012, with copies served upon Debtors' counsel.

C. Objections were filed by the following parties: Tinsley Hospitality Group, LLC, Flying W. Diamond Ranch, Inc., K-Bob's U.S.A., Inc. and K-Bob's Capital Resource Group, LTD (collectively "**Tinsley**"); (b) Spirit Master Funding ("**Spirit**"); (c) the Committee; (d) the U.S. Trustee; (e) Mid South Partners ("**Mid South**"); and (f) Greenway.

D. The objection filed by the Committee was resolved by the Stipulation to Resolve the Committee's Objections to Confirmation of the Second Amended Joint Plan of Reorganization (the "**Stipulation**"), filed on December 2, 2012 (DE #306) and through specified language to be included in the confirmation order. The objection filed by Spirit was withdrawn. The objection filed by Tinsley was largely mooted by the Stipulation and, to the extent that it was not mooted, it was overruled. The objections filed by the U.S. Trustee and Greenway were granted in part and overruled in part, with certain objectionable provisions of the Plan to be deleted through the confirmation order. The objection filed by Mid South, which raised the same issues as the objections filed by the U.S. Trustee and Greenway, was addressed in the same manner as the other two objections.

E. The Plan has been accepted by all creditors and equity security holders whose acceptances are required by law, as evidenced by the Ballot Report filed on July 9, 2012 (DE #215), as amended and supplemented on July 12, 2012 (DE #223) and July 25, 2012 (DE #231). Four classes of impaired claims voted to accept the Plan. The accepting classes are Classes 3, 5, 6 and 7, consisting of the secured claims of Wells Fargo, Stockman Bank, and the administrative convenience class. Only one class, Class 8(A), consisting of general unsecured

claims, voted to reject the Plan. Four classes did not vote, including Class 8(B), the unsecured claim of Robert Wheaton, Class 9, the Bank of Utah guarantee claim, Class 10 penalty claims, and Class 12, consisting of Greenway Leasing's contested secured claim. There are no known members of the remaining class of impaired claims, Class 11, consisting of securities claims.

F. After the balloting was completed, the Plan was amended to add Class 13, the secured claim of Naisbitt Investment Company, LLC Series Investment ("**Naisbitt**"). After notice and a hearing, the Court entered its Order Granting Debtors' Emergency Motion for Order Determining that Plan Modifications are Non-Adverse and Limiting Notice to Newly Added Secured Creditor (DE #281), in which, among other things, it found that the amendments did not adversely affect the treatment of any creditor that had voted to accept the Plan and that all such creditors are deemed to have accepted the Plan. Naisbitt's secured Class 13 claim is unimpaired.

G. The Plan is feasible and confirmation is not likely to be followed by liquidation, except to the extent that the Plan calls for liquidation, or by the further reorganization of Debtors.

H. Each holder of a claim or interest in Debtors has accepted the Plan or will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if Debtors were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

I. As to holders of secured claims, the Plan provides that they will retain their liens to the extent of their allowed secured claims and receive on account of their claims deferred cash payments totaling at least the amount of their allowed secured claims, as of the Effective Date.

J. The Plan does not discriminate unfairly, and is fair and equitable, with respect to any class of claims or interests that is impaired under the Plan and has not accepted it.

K. All payments made or promised by Debtors for services, costs, or expenses in or in connection with the cases, or in connection with the Plan and incident to the cases, have been fully disclosed and approved or, if to be fixed after confirmation of the Plan, will be subject to the approval of the Court.

L. Debtors have fully disclosed the identity and affiliations of all individuals proposed to serve after confirmation of the Plan as a director, officer, or voting trustee and the nature of all compensation to be paid to such individuals. The employment of such individuals after confirmation of the Plan is equitable and consistent with the interests of creditors and equity security holders, and with public policy.

M. All fees payable under 28 U.S.C. § 1930 have been paid, and the Plan provides for the payment of any unpaid fees on the Effective Date.

N. The Plan provides for the payment, on the Effective Date, of all administrative and priority claims and expenses, except as the holders of such claims and expenses may otherwise agree.

O. The estate is not obligated for the payment of any "retiree benefits" as that term is defined in 11 U.S.C. § 1114.

P. Debtors, as proponents of the Plan, have complied with the provisions of the Bankruptcy Code and the Plan has been proposed in good faith and not by any means forbidden by law.

Q. The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of Section 5 of the Securities Act of 1933.

R. The Plan does not alter the legal or equitable rights of Debtor's equity security holders.

BASED UPON THE FOREGOING, THE COURT MAKES THE FOLLOWING CONCLUSIONS OF LAW:

1. The classification of claims and interests in the Plan is proper, complies with applicable law, and satisfies the requirements of the Bankruptcy Code, including, but not limited to, 11 U.S.C. §§ 1122 and 1123.

2. The Plan complies with the applicable requirements of the Bankruptcy Code including, without limitation, 11 U.S.C. §§ 1122, 1123, and 1129.

3. The notices provided to creditors and interested parties in regard to approval of the First Amended Disclosure Statement and confirmation of the Plan satisfy the requirements of Rules 2002(b), 3017, and 3018, Federal Rules of Bankruptcy Procedure.

4. All members of classes designated as unimpaired in the Plan are conclusively presumed to have accepted the Plan, pursuant to 11 U.S.C. § 1126(f).

5. Four impaired classes of claims have accepted the Plan and the "cramdown" requirements of 11 U.S.C. § 1129(b) have been satisfied. The Plan does not discriminate unfairly against, and is fair and equitable as to, each non-accepting impaired class.