

Heilig-Meyers Liquidating Trust

Anthony H. N. Schnelling, Trustee
c/o Bridge Associates LLC
2701 North Rocky Point Drive
Suite 183
Tampa, Florida 33607

February 18, 2008

To : Heilig-Meyers Liquidating Trust Beneficiaries

Re : 2007 Income Tax Information and Trust Financial Statements

The Heilig-Meyers Liquidating Trust (“Trust”) was established on February 17, 2006, pursuant to a Liquidating Trust Agreement (“Trust Agreement”) by and among Heilig Meyers Company and its related subsidiaries that were the subject of the bankruptcy proceeding (collectively, “HEILIG-MEYERS”) and Anthony H. N. Schnelling of Bridge Associates LLC, as Trustee (the “Trustee”), in accordance with the Plan confirmed by the Court on December 23, 2005.

As the holder of an allowed unsecured claim in the HEILIG-MEYERS bankruptcy proceeding, you are a Beneficiary of the Trust which has certain tax reporting implication for you. If you are the registered holder on the Heilig-Meyers Liquidating Trust claims register, the enclosed Grantor Letter and Heilig-Meyers Liquidating Trust 2007 Federal Income Tax Information booklet provides 2007 income tax information that will help you understand and determine your pro rata share of taxable income and deductions attributable to your respective beneficial interest in the Heilig-Meyers Liquidating Trust. You are encouraged to read the entire booklet very carefully and to retain the booklet as part of your income tax records

If you are a holder of a MacSaver bond for which Wells Fargo Bank (1) serves as the Indentured Trustee and (2) is the registered holder on the Heilig-Meyers Liquidating Trust claims register, you will not receive a Grantor Letter. The Trust has included a special section in the enclosed Heilig-Meyers Liquidating Trust 2007 Federal Income Tax Information booklet to assist you with determining your pro rata share of taxable income and deductions attributable to your respective beneficial interest in the Heilig-Meyers Liquidating Trust.. You are encouraged to read the entire booklet very carefully and to retain the booklet as part of your income tax records.

THE GRANTOR LETTERS AND THE INSTRUCTIONS AND WORKSHEETS CONTAINED IN THIS BOOKLET ARE DESIGNED TO ASSIST BENEFICIARIES WITH THEIR INCOME TAX COMPLIANCE AND

HAVE BEEN PROVIDED AS A CONVENIENCE BY THE TRUSTEE. THE TRUSTEE CAN NOT AND DOES NOT PROVIDE INCOME TAX ADVICE OR GUIDANCE TO ANY BENEFICIARY AS EACH BENEFICIARY MAY HAVE INCOME TAX SITUATIONS THAT REQUIRE TAX REPORTING OTHER THAN WHAT HAS BEEN DESCRIBED IN THE ENCLOSED GRANTOR LETTER AND 2006 FEDERAL INCOME TAX BOOKLET. THE TRUSTEE RECOMMENDS AND URGES EACH BENEFICIARY CONSULT HIS, HER OR ITS TAX ADVISOR ON ALL TAX COMPLIANCE MATTERS.

The Heilig-Meyers Liquidating Trust financial statements for the periods of January 1, 2007 through December 31, 2007 and February 17, 2006 through December 31, 2006 are included in the enclosed booklets. The financial statements for the Trust are unaudited, and based upon review, reflect all adjustments necessary for a fair presentation of the financial position and income and expenses of the Trust prepared on a Federal income tax basis.

While the Trust did have taxable income and deductions for 2007, the Trust did not make a distribution to the holders of allowed unsecured claims in 2007. The first distribution to the holders of allowed unsecured claims began in January 2008 to holder of allowed unsecured claims whose distribution amount exceeded \$50.. The Trust is working is working diligently to resolve the remaining claim issues and realize the value of the non-cash assets held by the Trustee in order to close this bankruptcy case and make a final distribution.

If you have received a letter from us requesting you to complete an a IRS Form W-9 and have not responded, please respond by March 15, 2008 in order to be eligible to receive any distribution from the Trust. The Trust is required by the Internal Revenue Service to obtain your tax identification number and your acknowledgement as to whether you are subject to back up withholdings on the enclosed IRS Form W-9. IF THE TRUST DOES NOT RECEIVE A COMPLETED AND SIGNED W-9 FROM YOU BY MARCH 15, 2008 YOU WILL NOT RECEIVE A DISTRIBUTION FROM THE TRUST AND MAY FORFEIT YOUR RIGHT TO A DISTRIBUTION.

Please check the website at www.bridgeassociatesllc.com/clients/heilig-meyers for the most recently posted information regarding Trust activities.

Sincerely,

Anthony H. N. Schnellling
Trustee