

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
Richmond Division

In re:)
) Chapter 11 Cases
)
HEILIG-MEYERS COMPANY, et al.,)
) Case Nos. **00-34533 through 00-34535** and
) Case Nos. **00-34537 through 00-34538**
)
) Jointly Administered Under
) Case No. **00-34533**
Debtors.)
)
)
)

**NINTH POST-CONFIRMATION STATUS REPORT
OF THE HEILIG-MEYERS LIQUIDATION TRUST
PURSUANT TO SECTION 1106(a)(7) OF THE BANKRUPTCY CODE**

Mark Stickel, as Liquidation Trustee (the “Trustee”) of the Heilig-Meyers Liquidation Trust (the “Trust”), by and through his undersigned counsel and pursuant to section 1106(a)(7) of the Bankruptcy Code, submits this Ninth Post-Confirmation Status Report of the Heilig-Meyers Liquidation Trust Pursuant to Section 1106(a)(7) of the Bankruptcy Code (the “Report”) and respectfully represents as follows:

I. BACKGROUND

1. On August 16, 2000 (the “Petition Date”), Heilig-Meyers Company (“Heilig-Meyers”) and certain of its subsidiaries and affiliates (together, the “Debtors”), each filed in this Court¹ voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

2. On December 23, 2005, this Court entered an order confirming the Third Amended and Restated Joint Liquidating Plan of Reorganization Proposed by Heilig-Meyers

¹ All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Liquidating Plan.

Company, Heilig-Meyers Furniture Company, Heilig-Meyers Furniture Company West, Inc., HMY Star, Inc., MacSaver Financial Services, Inc., and the Official Committee of Unsecured Creditors, dated December 7, 2005 (the "Liquidating Plan"). The effective date of the Liquidating Plan occurred on February 17, 2006 (the "Effective Date").

3. On the Effective Date, the Trust was established for the purpose of, among others things, liquidating the Debtors' remaining assets and making distributions as contemplated by the Liquidation Plan.

4. Pursuant to Section 1106(a)(7) of the Bankruptcy Code, the Trustee periodically files post-confirmation reports to disclose the actions taken by the Trustee and the progress made in furtherance of his duties as Trustee. To date, the Trustee has filed eight prior confirmation reports, which are incorporated herein by reference.

II. STATUS OF CLAIMS RECONCILIATION PROCESS

A. Administrative, Secured and Priority Claims

5. The Trustee is not aware of any remaining open administrative, secured or priority claims.

B. Unsecured Claims

6. The Trust has resolved all of the timely filed unsecured non-priority claims through a series of Omnibus Objections.

7. As of the date of this Report, there is \$494,482,314 in allowed Class 5(a) claims and approximately \$415,833,617 in allowed Class 5(b) claims.

III. TRUST ASSETS

8. The Trust Assets consist primarily of: (i) Cash and (ii) the New RoomStore Common Stock. As a result of the Registration Statement (defined below) becoming effective

(as discussed in more detail in section III.B below), the Trust anticipates that it will make final distributions of cash, New RoomStore Common Stock, or a combination of both, to the Trust beneficiaries by no later than the end of the first quarter of 2010.

A. Cash Balance

9. The Trust has approximately \$5.0 million of cash on hand as of November 30, 2009. The cash will be used for (1) administrative expenses, including the quarterly Trustee fees, and other costs to manage the Trust through closing and (2) the final distribution to beneficiaries.

B. The RoomStore Common Stock

10. Pursuant to the confirmed plan of reorganization of HMY RoomStore, Inc. (the “RoomStore Plan”),² the Trust, as successor in interest to Heilig-Meyers, held an allowed general unsecured claim against RoomStore in the amount of \$57,900,000. Pursuant to the RoomStore Plan, the Trust received approximately 7,006,500 shares of Reorganized RoomStore’s new common stock (the “New RoomStore Common Stock”) in November 2006.

11. The New RoomStore Common Stock held by the Trust represents the largest remaining Trust asset. According to information provided by RoomStore, the Trust understands that it has received approximately 71% of New Roomstore Common Stock, subject to dilution by shares of New RoomStore Common Stock issued pursuant to the management incentive program approved under the RoomStore Plan.

12. As reported in the eighth post-confirmation report, after weighing its alternatives, the Trust determined to exercise its registration rights with RoomStore to register with the

² The RoomStore Plan was confirmed by order of this Court dated May 18, 2005. The RoomStore Plan went effective on June 1, 2005.

Securities and Exchange Commission (the “SEC”) the distribution of the New RoomStore Common Stock to the Trust beneficiaries. In July 2008, the Trust served a demand registration request on RoomStore. Subsequently, RoomStore and the Trust worked cooperatively towards the preparation of a registration statement to be filed with the SEC. RoomStore filed its initial SEC Form S-1 Registration Statement with the SEC in April 2009. In response to comments from the SEC, an amended SEC Form S-1 Registration was filed in June 2009. In July 2009, the SEC responded with additional comments that will require a further response from RoomStore. On November 23, 2009, RoomStore filed Amendment No. 3 to the SEC Form S-1 Registration (the initial SEC Form S-1 Registration Statement and such amendments, the “Registration Statement”).

13. On December 22, 2009, the Registration Statement became effective. As a result, the Trust will proceed with a distribution of the New RoomStore Common Stock to the Trust beneficiaries. Share certificates will be issued to beneficiaries by the stock transfer agent of RoomStore and the cash distributions will be issued to the beneficiaries by the Trust.

IV. DISTRIBUTIONS MADE PURSUANT TO THE LIQUIDATING PLAN

14. Since the Effective Date, the Trustee has made certain distributions and established certain Reserves as required under the Liquidating Plan. The Trust received approximately \$26.5 million from the Debtors at the inception of the Trust. The Trust has paid out approximately \$7.7 million in administrative claims, \$6.4 million in priority and secured claims, and \$5.1 million in pre-Effective Date professional fees. Since the inception of the Trust, investment income has been approximately \$1.7 million and the Trust has generated approximately \$17.4 million in cash from non-cash assets received from the Debtor. The Trust has disbursed approximately \$5.5 million in professional fees and operating expenses for Post-

Effective Date operations of the Trust. The Trust has previously distributed approximately \$16.1 million to holders of allowed Class 5A and 5B claims. The final distribution to holders of allowed Class 5A and 5B claims will consist of a combination of cash and/or shares of New RoomStore Common Stock. There will be no fractional shares of New RoomStore Common Stock issued. Certain holders of allowed Class 5A and 5B claims will not receive any New RoomStore Common Stock if their distribution amount is less than the value of a single share of New RoomStore Common Stock.

15. The chart below summarizes the actions of the Trust as of November 30, 2009, with respect to distributions:

<u>Class</u>	<u>Description</u>	<u>Class Treatment</u>	<u>Status</u>
N/A	Administrative Claims	Payment in full in Cash of any Allowed Administrative Claim (unless otherwise agreed).	Since the Effective Date, the Trust has paid approximately \$7.7 million to holders of Allowed Administrative Claims.
N/A	Priority Tax Claims	Payment in full in Cash of any Allowed Priority Tax Claim (unless otherwise agreed).	Since the Effective Date, the Trust has paid approximately \$6.4 million to holders of Allowed Priority Tax Claims.
N/A	DIP Lender Claim	Payment in full in Cash of any Allowed DIP Lender Claim (except as otherwise agreed).	The Trust has made no distribution to the holder of the Allowed DIP Lender Claim and does not anticipate making future distributions on account of such claims.
1	Other Priority Claims	Payment in full in Cash of any Allowed Other Priority Claim (unless otherwise agreed).	Since the Effective Date, the Trust has made no distributions to holders of Allowed Other Priority Claims.
2	Pre-Petition Lender Claims	Treatment provided in the Settlement Agreement.	Each holder of a Pre-Petition Lender Claim has received and retained the right to the treatment afforded them in the Settlement Agreement.
3	Secured Reimbursement Claims	Retention of rights in and benefits of the Letters of Credit.	Each holder of a Secured Reimbursement Claim has retained the rights in and benefits of the Letters of Credit.

<u>Class</u>	<u>Description</u>	<u>Class Treatment</u>	<u>Status</u>
4	Other Secured Claims	Payment in full in cash of any Allowed Other Secured Claim.	Since the Effective Date, the Trust has paid \$58,000 to holders of Allowed Other Secured Claims.
5(a)	Funded Debt Unsecured Claims	Holders of Allowed Funded Debt Unsecured Claims shall receive a Pro Rata distribution of Class 5(a) Trust Interests	<p>The aggregate Allowed amount of Funded Debt Unsecured Claims is \$494,482,314.</p> <p>In January 2008, the Trust made an interim distribution of \$9,889,646 to holders of Allowed Funded Debt Unsecured Claims on account of the Class 5(a) Trust Interests. This distribution results in a recovery of approximately 2% to holders of Allowed Funded Debt Unsecured Claims.</p> <p>The Trust is unable at this time to determine when a final distribution to holders of Allowed Funded Debt Unsecured Claims will occur.</p>
5(b)	Heilig Unsecured Claims	Holders of Allowed Heilig Unsecured Claims shall receive a Pro Rata distribution of Class 5(b) Trust Interests.	<p>There are approximately \$415,833,617 in allowed Class 5(b) claims.</p> <p>The Trust has made an interim distribution of \$6,178,769 to holders of Allowed Heilig Unsecured Claims on account of the Class 5(b) Trust Interests. This distribution results in a recovery of approximately 1.5% to holders of Allowed Heilig Unsecured Claims. The Trust is unable at this time to determine when a final distribution to holders of Allowed Funded Debt Unsecured Claims will occur.</p>
6	Subordinated Claims	No Distribution. Holders of Subordinated Claims will not be entitled to, nor retain, any property or interest in property on account of Subordinated Claims.	No Distribution.
7	Old Common Stock Interests	No Distribution. Holders of Old Common Stock Interests will not be entitled to, nor retain, any property or interest in property on account of Old Common Stock Interests.	No Distribution.

V. PAYMENT OF PROFESSIONAL CLAIMS AND U.S. TRUSTEE FEES

16. Final orders with respect to all applications for final allowance of Professional Claims have been entered by the Court and the Trust has made all payments of allowed Professional Claims required thereunder. The Trust has paid all fees owing to the U.S. Trustee and shall continue to do so as required by applicable law.

VI. TRUST WEBSITE

17. The Trust has established a website hosted by Bridge Associates LLC containing additional information regarding the Debtors' chapter 11 cases. The website can be accessed at the following internet address: <http://www.bridgellc.com/clientsites.html>.

Dated: December 31, 2009

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