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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re:  
SOUND SHORE MEDICAL CENTER OF  
WESTCHESTER, et al.,<sup>1</sup>  
Debtors.  
-----X

Chapter 11 Case  
Case No. 13- 22840 (RDD)  
  
(Jointly Administered)

**FIRST AMENDED PLAN OF LIQUIDATION UNDER CHAPTER 11 OF THE  
BANKRUPTCY CODE OF SOUND SHORE MEDICAL CENTER OF  
WESTCHESTER, ET AL.**

Dated: September 17, 2014  
New Rochelle, New York

<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number include: Sound Shore Health System, Inc. (1398), Sound Shore Medical Center of Westchester (0117), The Mount Vernon Hospital (0115), Howe Avenue Nursing Home, Inc., d/b/a Helen and Michael Schaffer Extended Care Center (0781), NRHMC Services Corporation (9137), The M.V.H. Corporation (1514) and New Rochelle Sound Shore Housing, LLC (0117). There are certain additional affiliates of the Debtors who are not debtors and have not sought relief under Chapter 11.

Sound Shore Medical Center of Westchester (“SSMC”), Sound Shore Health System, Inc., Sound Shore Medical Center of Westchester, The Mount Vernon Hospital, Howe Avenue Nursing Home, Inc., d/b/a Helen and Michael Schaffer Extended Care Center, NRHMC Services Corporation, The M.V.H. Corporation and New Rochelle Sound Shore Housing, LLC as debtors and debtors in possession, propose this first amended plan of liquidation for the resolution of outstanding Claims against the Debtors pursuant to Chapter 11 of the Bankruptcy Code. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

## ARTICLE I.

### DEFINITIONS AND CONSTRUCTION OF TERMS

Section 1.1. Definitions; Interpretation; Application of Definitions and Rules of Construction. For purposes of the Plan, the following terms shall have the meanings specified in this Article I. A term used herein that is not defined herein, but that is used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code. The rules of construction contained in Section 102 of the Bankruptcy Code shall apply to the construction hereof. Headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. The words “herein”, “hereof”, “hereto”, “hereunder” and other words of similar import refer to the Plan as a whole and not to any particular Section, sub-Section or clause contained in the Plan. 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 such document shall be substantially in such form or substantially on such terms and conditions. Any reference in the Plan to an existing document or an exhibit filed or to be filed (in connection with the Disclosure Statement, or the Plan) means such document or exhibit, as it may have been or may be amended, modified, or supplemented. Any reference to a Person as a holder of a Claim includes that Person’s successors, assigns, and affiliates. Wherever the Plan provides that a payment or distribution shall occur “on” any date, it shall mean “on or as soon as reasonably practicable after” such date. Further, where appropriate, from a contextual reading of a term, each term includes the singular and plural form of the term regardless of how the term is stated and each stated pronoun is gender neutral.

“*Administrative Claim*” means a Claim against the Debtors for payment of an administrative expense of the kind specified in Section 503(b) of the Bankruptcy Code that is entitled to priority under Section 507(a)(2) of the Bankruptcy Code, including, without limitation, the actual, necessary costs and expenses incurred after the Petition Date of preserving the Estates, administering the Cases, and operating the Debtors’ businesses; provided, however, that the term “Administrative Claim” shall not include any Professional Fee Claims.

“*Administrative/Priority Claims*” means all Administrative Claims, Priority Tax Claims, Professional Fee Claims, U.S. Trustee Fees, and Other Priority Claims.

“*Allowed*” means with reference to any Claim, (i) a Claim against the Debtors that is Allowed under the Plan and, therefore, is not subject to disallowance, defense, reduction, avoidance, setoff, recoupment, or subordination of any kind, and (ii) any Claim against the Debtors to the extent: (a) such Claim is scheduled by the Debtors pursuant to the Bankruptcy

Code and Bankruptcy Rules in a liquidated amount and not listed as contingent, unliquidated, zero, undetermined or disputed, or (b) a proof of such Claim was timely filed, or deemed timely filed, with the Court pursuant to the Bankruptcy Code, the Bankruptcy Rules, and/or any applicable Final Order; and, in either case, has not been previously satisfied (x) is not objected to within the period fixed by the Bankruptcy Code, the Bankruptcy Rules, this Plan, and/or applicable Final Orders of the Court, (y) has been settled pursuant to either Section 4.5 of the Plan or Mediation Procedures, or (z) has otherwise been allowed, or in respect of Medical Malpractice/Personal Injury Claims estimated for distribution purposes, by a Final Order. An "Allowed Claim" shall be net of any amounts previously paid, as well as any valid setoff or recoupment amount based on a valid setoff or recoupment right. Except as otherwise expressly provided herein, the term "Allowed Claim" shall not, for the purposes of computation of distributions under the Plan, include any amounts not allowable under the Bankruptcy Code or applicable law.

"*Assets*" means (a) all remaining assets and properties of every kind, nature, character and description, whether real, personal, or mixed, whether tangible or intangible (including contract rights), wherever situated and by whomever possessed, including the goodwill related thereto, operated, owned, or leased by the Debtors that constitute property of the Estates within the meaning of Section 541 of the Bankruptcy Code, including, without limitation, any and all Claims, Causes of Action, or rights of the Debtors under federal, state, or foreign law, letters of credit issued for or on behalf of any Debtor and the monies deposited to secure the performance of any contract or lease by any Debtor; and (b) the proceeds, products, rents, and/or profits of any of the foregoing.

"*Avoidance Actions*" means any Claims, rights, defenses, or other Causes of Action arising under any Section of Chapter 5 of the Bankruptcy Code, including, without limitation, Sections 502, 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code, or under similar or related state or federal statutes and common law, including state fraudulent transfer laws, whether or not such claims or actions have been asserted or commenced as of the Confirmation Date or the Effective Date.

"*Ballot*" means the form distributed to each holder of an Impaired Claim against the Debtors that is entitled to vote to accept or reject the Plan on which is to be indicated, among other things, acceptance or rejection of the Plan.

"*Bankruptcy Code*" means Title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as such title has been, or may be, amended from time to time, to the extent that any such amendment is applicable to the Cases.

"*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure, the Official Bankruptcy Forms, and the local rules and general orders of the Court, as each has been, or may be, amended from time to time, to the extent that any such amendment is applicable to the Cases.

"*Bar Date*" means the date(s) fixed by order of the Court by which Persons asserting a Claim against the Debtors must file a proof of Claim on account of such Claim or be forever barred from asserting a Claim against the Debtors or their property and from sharing in distributions hereunder.

*"Business Day"* means any day other than a Saturday, Sunday or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

*"Cases"* means the Debtors' jointly administered cases under Chapter 11 pending before the Court.

*"Cash"* means cash or cash equivalents, including, but not limited to, wire transfers, checks and other readily marketable direct obligations of the United States of America and certificates of deposit issued by banks.

*"Causes of Action"* means, whether or not described in the Disclosure Statement, the Schedules, the Plan or any Plan Supplement, any and all Claims, rights, defenses, offsets, recoupments, actions in law or equity or otherwise, choses in action, suits, damages, rights to legal or equitable remedies, judgments, third-party Claims, counterclaims and cross-claims against any Person, whether arising under the Bankruptcy Code or federal, state, common, or other law, regardless of whether such Cause of Action is the subject of pending litigation or proceedings on the Confirmation Date, the Effective Date, or thereafter, including, without limitation, as to Causes of Action of the Debtors: (a) all Avoidance Actions; (b) all other Claims in avoidance, recovery, and/or subordination; and (c) all other actions described in the Disclosure Statement, the Schedules, the Plan or any Plan Supplement.

*"Chapter 11"* means Chapter 11 of the Bankruptcy Code.

*"Claim"* means any claim within the meaning of Section 101(5) of the Bankruptcy Code, whether or not asserted.

*"Class"* means a Class of Claims or Interests against the Debtors described in Article III of the Plan.

*"Committee"* means the Official Committee of Unsecured Creditors appointed by the U.S. Trustee in the Cases, as constituted from time to time, in its official capacity, but does not mean the members of the Committee in their individual capacities.

*"Confirmation"* means entry of the Confirmation Order by the Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.

*"Confirmation Date"* means the date of entry of the Confirmation Order on the docket maintained by the Clerk of the Court.

*"Confirmation Hearing"* means the hearing held by the Court to consider the Confirmation of the Plan pursuant to Section 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

*"Confirmation Order"* means the Order of the Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.

*"Covered Medical Professional"* means any doctor, intern, resident, fellow, nurse or other employee of the Debtors to the extent that such Person has a right of indemnification from,

or another Claim against, any Debtor with respect to claims of medical malpractice alleged to have occurred during the scope of their services to any of the Debtors, whether such services were rendered on or off the premises of the hospitals, nursing home or clinics of the Debtors.

*"Court"* means the United States Bankruptcy Court for the Southern District of New York and any court having competent jurisdiction to hear appeals or certiorari proceedings therefrom, or any successor thereto that may be established by any act of Congress, or otherwise, and which has competent jurisdiction over the Cases or the Plan.

*"Creditor"* means any holder of a Claim against any Debtor or holder of any Claim against property of any Debtor.

*"Debt"* means liability on a Claim.

*"Debtors"* means Sound Shore Health System, Inc., Sound Shore Medical Center of Westchester, The Mount Vernon Hospital, Howe Avenue Nursing Home, Inc., d/b/a Helen and Michael Schaffer Extended Care Center, NRHMC Services Corporation, The M.V.H. Corporation and New Rochelle Sound Shore Housing, LLC, as the context dictates, whether as debtors or as debtors-in-possession, and *"Debtor"* means any one of them, as the context dictates.

*"Debtors Release Parties"* means each of the Debtors' present and former directors, officers, and trustees (solely in their capacities as such).

*"Disallowed"* means with reference to any Claim, a Claim against any Debtor or any portion thereof that: (i) has been disallowed or expunged by a Final Order; (ii) has been withdrawn, in whole or in part, by the holder thereof or by agreement with the Debtors or the Plan Administrator, as applicable; (iii) is scheduled at zero or as contingent, disputed or unliquidated and as to which no proof of Claim has been filed by the applicable bar date or deemed timely filed with the Court pursuant to either the Bankruptcy Code or any Final Order; or (iv) is not listed in the Schedules and as to which no proof of Claim has been timely filed by the applicable bar date or deemed timely filed with the Court pursuant to either the Bankruptcy Code or any Final Order.

*"Disclosure Statement"* means the disclosure statement filed with the Court by the Plan Proponents pursuant to Section 1125 of the Bankruptcy Code with respect to the Plan, including all exhibits and schedules thereto, which was approved by the Court pursuant to Section 1125 of the Bankruptcy Code, as it may be altered, amended, supplemented or modified from time to time.

*"Disputed"* means with reference to any Claim, a Claim against any Debtor that is not an Allowed Claim or a Disallowed Claim.

*"Disputed Claims Reserve"* means the reserve to be established and maintained by the Plan Administrator described in Section 5.16 of the Plan.

*"District Court"* means the United States District Court for the Southern District of New York.

*"D&O Claim"* means a claim against any of the Debtors Release Parties asserted on or before the D&O Release Effective Date; provided, however, that "D&O Claim" shall not include: (i) any Avoidance Actions of the Debtors; or (ii) any claim for gross negligence or willful misconduct.

*"D&O Release Effective Date"* means 11:59 p.m. prevailing eastern time on November 6, 2014.

*"Effective Date"* means the first Business Day upon which each of the conditions in Section 10.2 of the Plan have been satisfied or waived pursuant to Section 10.3 of the Plan.

*"Estates"* means the jointly administered Chapter 11 estates of the Debtors created by Section 541 of the Bankruptcy Code, and "Estate" means the Chapter 11 estate of one Debtor or another, as the context dictates.

*"Executory Contract"* means any executory contract or unexpired lease subject to Section 365 of the Bankruptcy Code, between any Debtor and any other Person.

*"Final Order"* means an order or judgment of the Court (or, with respect to estimation of Medical Malpractice/Personal Injury Claims, the District Court) that has not been reversed, stayed, modified, or amended and as to which the time to appeal or seek review, rehearing, reargument, or certiorari has expired and as to which no appeal or petition for review, rehearing, reargument, stay or certiorari is pending, or as to which any right to appeal or to seek certiorari, review, or rehearing has been waived, or if an appeal, reargument, petition for review, certiorari, or rehearing has been sought, the order or judgment of the Court (or, with respect to estimation of Medical Malpractice/Personal Injury Claims, the District Court) has been affirmed by the highest court to which the order was appealed or from which the reargument, review, or rehearing was sought, or certiorari has been denied, and as to which the time to take any further appeal, or seek further reargument, review, certiorari, or rehearing has expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order shall not cause such order not to be a Final Order.

*"Impaired"* means "impaired" within the meaning of Section 1124 of the Bankruptcy Code.

*"Indemnification Claim"* means any claim by a Covered Medical Professional against the Debtors for indemnification, subrogation, contribution or reimbursement of all liabilities, losses, damages, costs and expenses of whatever kind, including attorneys fees, arising from any professional liability claim or lawsuit which may arise by reason of negligent acts committed or performed within the scope of such Covered Medical Professional's employment, studies, administrative or committee functions or responsibilities with the Debtors.

*"Interests"* means all legal, equitable, contractual and other ownership rights or interests in any Debtor, including, without limitation, common and preferred stock, membership interests, options to purchase such stock or interests, or any unpaid dividends or distributions thereon or any agreements or contracts to purchase or acquire the same.

*“Mediation Order”* means that certain Order of the Bankruptcy Court dated October 25, 2013 [Docket No. 402], which Order, among other things: (a) established the Mediation Procedures; and (b) enjoined the commencement or continuation of medical malpractice actions against, among others, certain Covered Medical Professionals.

*“Mediation Procedures”* means procedures established to resolve Medical Malpractice/Personal Injury Claims pursuant to the Mediation Order.

*“Medical Malpractice/Personal Injury Claim”* means any Claim asserted or which can be asserted against any of the Debtors on account of or related to such Debtor’s purported liability resulting either from the provision of medical services including personal injury or wrongful death claims, or any other personal injury claim, net of the proceeds of any third party insurance available to pay the holder of such Claim.

*“Net Proceeds”* means the Remaining Cash together with the aggregate Cash received after the Effective Date from the liquidation of the Assets or otherwise, minus Cash necessary to fund Allowed Administrative/Priority Claims and Allowed Secured Claims, the costs to administer the Plan (including the costs and expenses of the Plan Administrator, the Post Effective Date Committee and their respective professionals), and the Disputed Claims Reserve.

*“Other Priority Claim”* means a Claim against the Debtors entitled to priority in payment pursuant to Section 507(a) of the Bankruptcy Code other than a Claim entitled to priority in payment pursuant to Section 507(a)(1), 507(a)(2), or 507(a)(8) of the Bankruptcy Code.

*“Person”* means an individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, estate, unincorporated organization, governmental unit (or agency or political subdivision thereof), or other entity.

*“Petition Date”* means May 29, 2013, the date on which the Debtors filed their voluntary petitions under Chapter 11 of the Bankruptcy Code.

*“Plan”* means this first amended plan of liquidation (including all exhibits and schedules hereto), as it may be modified, amended, or supplemented from time to time.

*“Plan Administrator”* means Monica Terrano, or such other Person designated by the Debtors and the Committee, and approved by the Bankruptcy Court pursuant to the Confirmation Order, or, after the Effective Date, such other person designated pursuant to Section 5.9 hereof, to administer the Plan.

*“Plan Proponents”* means the Debtors, in each case in their capacity as proponents of the Plan; provided, however, that after the Effective Date, such term shall mean the Plan Administrator.

*“Plan Supplement”* means the compilation of documents, if any, including any exhibits to the Plan not included herewith, that the Debtors shall file with the Court ten (10) days prior to the voting deadline for the Plan (or such later date as may be agreed to by the Debtors and the Committee).

*"Post Effective Date Committee"* means the Committee as it shall function after the Effective Date as more fully described in Section 5.10 of the Plan.

*"Priority Tax Claim"* means a Claim against the Debtors of a governmental unit entitled to priority under Section 507(a)(8) of the Bankruptcy Code. Priority Tax Claims shall include only such Claims for penalties that are related to a Claim specified in Section 507(a)(8) of the Bankruptcy Code and that seek compensation for actual pecuniary loss.

*"Professional Fee Claims"* means Claims against the Debtors of Professional Persons or any other Person for compensation and/or reimbursement of expenses pursuant to Sections 328, 330, 331, 363 or 503(b) of the Bankruptcy Code.

*"Professional Fee Claims Bar Date"* means 4:00 p.m. (prevailing Eastern time) on the date that is sixty (60) days after the Effective Date.

*"Professional Persons"* means all attorneys, accountants, financial advisors, investment bankers, appraisers, consultants, and other professionals retained or to be compensated by the Estates pursuant to an order of the Court entered under Sections 327, 328, 330, 331, 363 503(b) or 1103 of the Bankruptcy Code.

*"Pro Rata"* means, with respect to any monetary distribution on account of any Allowed Claim in any Class, the ratio of (a) the amount of such Allowed Claim to (b) the sum of (i) all Allowed Claims in such Class and (ii) the aggregate maximum allowable amount of all Disputed Claims in such Class for which any reserve must be established under the Plan.

*"Remaining Cash"* means all Cash held by or for the benefit of the Estates upon the Effective Date.

*"Scheduled"* means, with respect to any Claim, that such Claim is listed on the Schedules.

*"Schedules"* means the Schedules of Assets and Liabilities filed with the Court in the Cases, as amended from time to time in accordance with Bankruptcy Rule 1009.

*"Secured Claim"* means a Claim against the Debtors to the extent such Claim is secured by a valid lien, security interest, or other interest in property in which the Debtors have an interest, that has been perfected properly as required by applicable law and is not otherwise avoidable by the Debtors as debtors in possession or any other Person, but only to the extent of the value of the Debtors' interests in such property determined in accordance with Section 506(a) of the Bankruptcy Code, or, in the event that such Claim is subject to setoff under Section 553 of the Bankruptcy Code, to the extent of such setoff.

*"Stay Modification Option"* means the election by the holder of a Medical Malpractice/Personal Injury Claim, pursuant to the Mediation Procedures, to liquidate his or her Medical Malpractice/Personal Injury Claim in a forum outside of this Court, but limiting all recovery solely to any available insurance coverage and otherwise waiving all claims against the Debtors and Covered Medical Professionals



"*Unclaimed Property*" shall have the meaning ascribed to that term in Section 5.24 of the Plan.

"*Unimpaired*" means, with respect to a Class of Claims, that such Class is not Impaired.

"*Unsecured Claim*" means a Claim against the Debtors that is not an Administrative Claim, Priority Tax Claim, Professional Fee Claim, Secured Claim, or Other Priority Claim.

"*U.S. Trustee*" means the Office of the United States Trustee for the Southern District of New York.

"*U.S. Trustee Fees*" means all fees and charges assessed against the Estates under Section 1930 of Title 28 of the United States Code, and interest, if any, for delinquent quarterly fees pursuant to Section 3717 of Title 31 of the United States Code.

Section 1.2. Computation of Time. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

## ARTICLE II.

### TREATMENT OF UNCLASSIFIED CLAIMS

Section 2.1. Non-Classification. As provided in Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims against the Debtors are not classified for the purposes of voting on or receiving distributions under the Plan. All such Claims, as well as Professional Fee Claims and U.S. Trustee Fees, are instead treated separately upon the terms set forth in this Article II.

#### Section 2.2. Administrative Claims.

(a) *Supplemental Administrative Claims Bar Date.* Except as provided below for (1) Professional Persons requesting compensation or reimbursement for Professional Fee Claims, and (2) U.S. Trustee Fees, requests for payment of Administrative Claims, for which a Bar Date to file such Administrative Claim was not previously established, must be filed no later than forty-five (45) days after the occurrence of the Effective Date, or such later date as may be established by Order of the Court. **Holders of Administrative Claims who are required to file a request for payment of such Claims and who do not file such requests by the applicable Bar Date shall be forever barred from asserting such Claims against the Debtors or their property, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset or recover such Administrative Claim.**

(b) *Estimation of Administrative Claims.* The Debtors and the Plan Administrator reserve the right, for purposes of allowance and distribution, to seek to estimate any unliquidated Administrative Claims if the fixing or liquidation of such Administrative Claim would unduly delay the administration of and distributions under the Plan (including seeking to estimate post-petition indemnification, medical malpractice or personal injury Claims in the District Court).

(c) *Treatment.* Each holder of an Allowed Administrative Claim, in full and final satisfaction release and settlement of such Allowed Claim, shall receive Cash from the Remaining Cash in an amount equal to such Allowed Administrative Claim on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes Allowed or otherwise payable, unless such holder shall agree to a different and less favorable treatment of such Claim. After the Effective Date, the Plan Administrator may, in the ordinary course of business, satisfy any liabilities, expenses and other Claims incurred by the Plan Administrator in the ordinary course of business and without further order of the Court.

Section 2.3. Priority Tax Claims.

(a) *Treatment.* Unless the holder thereof shall agree to a different and less favorable treatment, each holder of an Allowed Priority Tax Claim, in full and complete satisfaction of such Allowed Claim, shall receive payment in Cash from the Remaining Cash in an amount equal to such Allowed Priority Tax Claim on or as soon as reasonably practicable after the later of (a) the Effective Date and (b) the date on which such Claim becomes Allowed.

Section 2.4. Professional Fee Claims.

(a) *Professional Fee Claims Bar Date.* All final applications for payment of Professional Fee Claims for the period through and including the Effective Date shall be filed with the Court and served on the Plan Administrator and the other parties entitled to notice pursuant to the Interim Compensation and Reimbursement Procedures Order [Docket No. 148] on or before the Professional Fee Claims Bar Date, or such later date as may be agreed to by the Plan Administrator. Any Professional Fee Claim that is not asserted in accordance with this Section 2.4(a) shall be deemed Disallowed under the Plan and the holder thereof shall be enjoined from commencing or continuing any Cause of Action, employment of process or act to collect, offset, recoup or recover such Claim against the Estates or any of their respective Assets or property.

(b) *Treatment.* Each holder of an Allowed Professional Fee Claim shall be paid in Cash from the Remaining Cash in an amount equal to such Allowed Professional Fee Claim on or as soon as reasonably practicable after the first Business Day following the date upon which such Claim becomes Allowed by Final Order, unless such holder agrees to a different and less favorable treatment of such Claim.

(c) *Post Effective Date Services.* The fees and expenses of professionals retained by the Plan Administrator and the Post Effective Date Committee on and after the Effective Date, shall be paid by the Plan Administrator upon receipt of invoice(s) therefor, or on such other terms as the Plan Administrator and the applicable professional may agree to, without the need for further Court authorization or entry of a Final Order, but subject to the approval of the Post Effective Date Committee, which approval shall not unreasonably be withheld. If the Plan Administrator and the professional cannot agree on the amount of post Effective Date fees and expenses to be paid to such professional, such amount shall be determined by the Court.

Section 2.5. U.S. Trustee Fees. The Debtors shall pay all United States Trustee quarterly fees under 28 U.S.C. §1930(a)(6), plus interest due and payable under 31 U.S.C.

§3717, if any, on all disbursements, including Plan payments and disbursements in and outside the ordinary course of the Debtors' business, until the entry of a final decree, dismissal of the case or conversion of the case to Chapter 7.

### ARTICLE III.

#### CLASSIFICATION OF CLAIMS

Section 3.1. Classification; Elimination of Classes. For purposes of the Plan, Claims (other than Administrative Claims, Priority Tax Claims and Professional Fee Claims) are classified as provided below. A Claim against the Debtors is classified in a particular Class only to the extent that such Claim (or a portion of such claim) qualifies within the description of that Class and is classified in a different Class to the extent that such Claim (or a portion of such claim) qualifies within the description of such different Class. Any Class of Claims that is not occupied as of the date of the Confirmation Hearing by an Allowed Claim, or a Claim temporarily Allowed under Rule 3018 of the Bankruptcy Rules, and for which, on the Effective Date, there are no Disputed Claims in such Class pending, shall be deemed deleted from the Plan for all purposes.

Section 3.2. Class 1: Secured Claims. Class 1 consists of Allowed Secured Claims. For convenience of identification, the Plan describes Allowed Secured Claims in Class 1 as a single Class. Class 1 consists of separate subclasses, each based on the underlying property securing such Allowed Secured Claim, and each subclass is treated hereunder as a distinct Class for treatment and distribution purposes and for all other purposes under the Bankruptcy Code. Class 1 is Unimpaired by the Plan and, therefore, each holder of an Allowed Class 1 Claim is deemed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

Section 3.3. Class 2: Other Priority Claims. Class 2 consists of Allowed Other Priority Claims. Class 2 is Unimpaired by the Plan and, therefore, each holder of an Allowed Class 2 Claim is deemed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

Section 3.4. Class 3: Unsecured Claims. Class 3 consists of Allowed Unsecured Claims, including, without limitation, Allowed Medical Malpractice/Personal Injury Claims which arose prior to the Petition Date. Class 3 is Impaired by the Plan and, therefore, each holder of an Allowed Class 3 Claim is entitled to vote to accept or reject the Plan.

Section 3.5. Class 4: Interests. Class 4 consists of Interests. Class 4 is Impaired by the Plan. Class 4 is deemed to reject the Plan.

### ARTICLE IV.

#### TREATMENT OF CLAIMS

Section 4.1. Class 1 (Secured Claims). Each holder of an Allowed Secured Claim, in full and final satisfaction, release and settlement of such Claim, shall receive one of the following alternative treatments, at the election of the Plan Administrator: (a) payment in full in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the

date the Claim becomes due and payable by its terms; (b) the legal, equitable and contractual rights to which such Claim entitles the holder, unaltered by the Plan; (c) the treatment described in Section 1124(2) of the Bankruptcy Code; or (d) all collateral securing such Claim, without representation or warranty by or recourse against the Debtors. To the extent that the value of the Collateral securing each Allowed Secured Claim is less than the amount of such Allowed Secured Claim, the undersecured portion of such Claim shall be treated for all purposes under the Plan as an Unsecured Claim in Class 3 and shall be classified as such. Class 1 is an Unimpaired Class and is deemed to have accepted the Plan.

Section 4.2. Class 2 (Other Priority Claims). Each holder of an Allowed Other Priority Claim, in full and final satisfaction, release and settlement of such Claim, shall be paid in full in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes Allowed, unless such holder shall agree to a different and less favorable treatment of such Claim (including, without limitation, any different treatment that may be provided for in the documentation governing such Claim or in a prior agreement with such holder).

Section 4.3. Class 3 (Unsecured Claims). The holders of Allowed Unsecured Claims, in full and final satisfaction, release and settlement of such Allowed Claims, shall from time to time receive Pro Rata distributions of Cash from the Net Proceeds.

Section 4.4. Class 4 (Interests). On the Effective Date, all Interests shall be cancelled and extinguished. Holders of Interests shall not receive or retain any property on account of such Interests.

Section 4.5. Liquidation and Treatment of Medical Malpractice/Personal Injury Claims. With respect to holders Medical Malpractice/Personal Injury Claims, pursuant to the Mediation Procedures:

(a) To the extent the Stay Modification Option was not previously exercised, each holder of a Medical Malpractice/Personal Injury Claim, for which a proof of claim was timely filed (or deemed timely filed), may elect to be granted relief from the automatic stay imposed under section 362(a) of the Bankruptcy Code, the injunction imposed by the Mediation Order and/or any plan injunction, as applicable, in order to litigate such holder's Medical Malpractice/Personal Injury Claim in state court provided that, if such election is made, any recovery on account of such Medical Malpractice/Personal Injury Claim shall be limited solely to available insurance, if any, and such holder shall not receive any distribution on account of such claim from the Debtors or from the Estate of such Debtors. Each holder of a Medical Malpractice/Personal Injury Claim that asserts a claim against any Covered Medical Professional for claims that would entitle such Covered Medical Professionals to an Indemnification Claim may not make this election unless such holder affirmatively elects to either release such Covered Medical Professional from any liability or look only to available insurance with respect to such Covered Medical Professional prior to pursuing such election.

(b) Any holder of a Medical Malpractice/Personal Injury Claim, for which a proof of claim was timely filed (or deemed timely filed), who neither elected the Stay Modification Option nor elects the treatment under Section 4.5(a) of the Plan, shall have such

holder's Medical Malpractice/Personal Injury Claim Allowed or Disallowed pursuant to the Mediation Procedures, which procedures shall remain in place after the Effective Date. If the Mediation Procedures do not result in an Allowed Medical Malpractice/Personal Injury Claim, such claim shall be estimated by the District Court pursuant to section 502(c) of the Bankruptcy Code together with any vicarious or other liability the Debtors may have related to such Claim.

(c) The holders of Allowed Medical Malpractice/Personal Injury Claims, whether estimated by the District Court or liquidated through the Mediation Procedures, in full and final satisfaction, release and settlement of such Allowed Claims, shall receive, as applicable either (x) the treatment afforded under the Plan for Administrative Claims, to the extent such claim is determined to be an Allowed Administrative Claim, or (y) the treatment afforded under the Plan for Class 3 Unsecured Claims, to the extent such claim is determined to be an Allowed Unsecured Claim. The Mediation Order shall remain in full force and effect, until all Medical Malpractice/Personal Injury Claims have been Allowed or Disallowed as the case may be pursuant to the Mediation Procedures, estimated by the District Court or an agreement as to the aggregate cap on the Medical Malpractice/Personal Injury Claim shall have been reached between the Plan Administrator and the holder of such Claim.

(d) If the holder of a Medical Malpractice/Personal Injury Claim elects the treatment under Section 4.5(a) to have the automatic stay and any relevant injunctions lifted, such election will be binding on such holder regardless of whether Class 3 accepts the Plan, provided that the Plan is confirmed and the Effective Date occurs. In addition, nothing contained in the Plan shall alter, modify, limit or impair the provisions of those heretofore "So Ordered" stipulations and orders lifting the automatic stay, resolving litigation claims and limiting recoveries to available insurance; such stipulations will remain in full force and effect and control the disposition of the Medical Malpractice/Personal Injury Claims subject to those stipulations.

(e) Nothing herein shall be deemed to be an assumption of any insurance policy or contract and the Debtors do not waive, and expressly reserve, their rights to assert that any insurance coverage is property of the Estates to which they are entitled. Nothing in this Section 4.5 of the Plan is intended to, shall, or shall be deemed to preclude any holder of an Allowed Medical Malpractice/Personal Injury Claim from seeking and/or obtaining a distribution or other recovery from any insurer of the Debtors.

(f) The Plan shall not expand the scope, or alter in any other way, the rights and obligations of the Debtors' insurers under their policies, and the Debtors' insurers shall retain any and all defenses to coverage that such insurers may have, including, without limitation, the right to contest and/or litigate with any party, including the Debtors, the existence, primacy and/or scope of available coverage under any alleged applicable policy. The Plan shall not operate as a waiver of any other Claims the Debtors' insurers have asserted in any proof of claim or the Debtors rights and defenses to such proofs of claim.

## ARTICLE V.

### **IMPLEMENTATION OF THE PLAN AND THE PLAN ADMINISTRATOR**

Section 5.1. Implementation of the Plan. The Plan will be implemented by the Plan Administrator in a manner consistent with the terms and conditions set forth in the Plan and the Confirmation Order.

Section 5.2. Plan Funding. The funds utilized to make Cash payments under the Plan have been and/or will be generated from, among other things, collections, the proceeds of sale of substantially all of the Debtors' assets to date in the Cases, and the proceeds of the liquidation or other disposition of the remaining Assets of the Debtors.

Section 5.3. Vesting of Assets in the Debtors. Except as expressly provided otherwise in the Plan, on the Effective Date, all Assets shall vest in the Debtors free and clear of all Claims, liens, encumbrances, charges, interests and other rights and interests of Creditors and holders of Interests arising on or before the Effective Date, but subject to the terms and conditions of the Plan and the Confirmation Order.

Section 5.4. Continuing Existence. From and after the Effective Date, the Debtors shall continue in existence for the purposes of (i) winding up their affairs as expeditiously as reasonably possible, (ii) liquidating, by conversion to Cash or other methods, of any remaining Assets as expeditiously as reasonably possible, (iii) enforcing and prosecuting Causes of Action, interests, rights and privileges of the Debtors, (iv) resolving Disputed Claims, (v) administering the Plan, (vi) filing appropriate tax returns and (vii) performing all such other acts and conditions required by and consistent with consummation of the terms of the Plan and the wind down of their affairs.

Section 5.5. Liquidation of Remaining Assets. From and after the Effective Date, the Plan Administrator, with the approval of the Post Effective Date Committee (which approval shall not be unreasonably withheld), may, without further approval of the Court, use, sell at public or private sale, assign, transfer, or otherwise dispose of any remaining Assets and convert same to Cash.

Section 5.6. Management of Debtors. On the Effective Date, the members of the Debtors' boards shall be deemed to have resigned therefrom, and shall be relieved of all further responsibilities with the operation of the Debtors becoming the general responsibility of the Plan Administrator in accordance with the Plan.

Section 5.7. Powers and Obligations of the Plan Administrator.

(a) The Confirmation Order shall provide for the appointment of the Plan Administrator. The compensation for the Plan Administrator shall be \$160 per hour. The Plan Administrator shall be deemed the Estates' representative in accordance with section 1123 of the Bankruptcy Code and shall have all powers, authority and responsibilities specified under sections 704 and 1106 of the Bankruptcy Code.

(b) The Plan Administrator will act for the Debtors in a fiduciary capacity as applicable to a board of directors, subject to the provisions of the Plan. On the Effective Date, the Plan Administrator shall succeed to all of the rights of the Debtors with respect to the Assets necessary to protect, conserve, and liquidate all Assets as quickly as reasonably practicable, including, without limitation, control over (including the right to waive) all attorney-client privileges, work-product privileges, accountant-client privileges and any other evidentiary privileges relating to the Assets that, prior to the Effective Date, belonged to the Debtors pursuant to applicable law. The powers and duties of the Plan Administrator shall include, without further order of the Court, except where expressly stated otherwise, the rights:

(i) to invest Cash in accordance with section 345 of the Bankruptcy Code, and withdraw and make distributions of Cash to holders of Allowed Claims and pay taxes and other obligations owed by the Debtors or incurred by the Plan Administrator in connection with the wind-down of the Estates in accordance with the Plan;

(ii) to receive, manage, invest, supervise, and protect the Assets, including paying taxes or other obligations incurred in connection with administering the Assets;

(iii) subject to the approval of the Post Effective Date Committee (which approval shall not be unreasonably withheld), to engage attorneys, consultants, agents, employees and all professional persons, to assist the Plan Administrator with respect to the Plan Administrator's responsibilities;

(iv) subject to the approval of the Post Effective Date Committee (which approval shall not be unreasonably withheld), or further Order of the Court, to pay the fees and expenses for the attorneys, consultants, agents, employees and professional persons engaged by the Plan Administrator and the Post Effective Date Committee and to pay all other expenses in connection with administering the Plan and for winding down the affairs of the Debtors in each case in accordance with the Plan;

(v) to execute and deliver all documents, and take all actions, necessary to consummate the Plan and wind-down the Debtors' business;

(vi) subject to the approval of the Post Effective Date Committee (which approval shall not be unreasonably withheld), to dispose of, and deliver title to others of, or otherwise realize the value of, all the remaining Assets;

(vii) to coordinate the collection of outstanding accounts receivable;

(viii) to coordinate the storage and maintenance of the Debtors' books and records;

(ix) to oversee compliance with the Debtors' accounting, finance and reporting obligations;

(x) to prepare monthly operating reports and financial statements and United States Trustee quarterly reports;

(xi) to oversee the filing of final tax returns, audits and other corporate dissolution documents if required;

(xii) to perform any additional corporate actions as necessary to carry out the wind-down, liquidation and ultimate dissolution of the Debtors;

(xiii) to communicate regularly with and respond to inquiries from the Post Effective Date Committee and its professionals, including providing to the Post Effective Date Committee regular cash budgets, information on all disbursements on a monthly basis, and copies of bank statements on a monthly basis;

(xiv) subject to Section 9.1 of the Plan, to object to Claims against the Debtors;

(xv) subject to Section 9.2(b) of the Plan, to compromise and settle Claims against the Debtors;

(xvi) to act on behalf of the Debtors in all adversary proceedings and contested matters (including, without limitation, any Causes of Action), then pending or that can be commenced in the Court and in all actions and proceedings pending or commenced elsewhere, and to settle, retain, enforce, or dispute any adversary proceedings or contested matters (including, without limitation, any Causes of Action) and otherwise pursue actions involving Assets of the Debtors that could arise or be asserted at any time under the Bankruptcy Code or otherwise, unless otherwise specifically waived or relinquished in the Plan, *provided, however*, that settlements by the Plan Administrator of Causes of Action shall be subject to the approval of the Post Effective Date Committee, which approval shall not be unreasonably withheld, or further Order of the Court;

(xvii) to implement and/or enforce all provisions of the Plan;

(xviii) to implement and/or enforce all agreements entered into prior to the Effective Date, and

(xix) to use such other powers as may be vested in or assumed by the Plan Administrator pursuant to the Plan or Bankruptcy Court Order or as may be necessary and proper to carry out the provisions of the Plan.

Section 5.8. Plan Administrator's Bond. The Plan Administrator shall obtain and maintain a bond in an amount equal to one hundred and ten percent (110%) of Remaining Cash. As Remaining Cash is reduced through distributions and payments by the Plan Administrator and/or additional Cash comes into the Estates, the Plan Administrator shall, at the appropriate time, adjust the amount of the bond to an amount equal to at least 110% of the amount of Cash in the Estates.

Section 5.9. Resignation, Death or Removal of Plan Administrator. The Plan Administrator may resign at any time upon not less than 30 days' written notice to the Post Effective Date Committee. The Plan Administrator may be removed at any time by the Post Effective Date Committee for cause upon proper application to, and Final Order of, the Court.



In the event of the resignation, removal, death or incapacity of the Plan Administrator, the Post Effective Date Committee shall designate another Person to become the Plan Administrator, and thereupon the successor Plan Administrator, without further act, shall become fully vested with all of the rights, powers, duties and obligations of his predecessor. No successor Plan Administrator hereunder shall in any event have any liability or responsibility for the acts or omissions of his or her predecessors.

Section 5.10. Post Effective Date Committee.

(a) On the Effective Date, the Committee shall continue as the Post Effective Date Committee. The Post Effective Date Committee shall be comprised of the members of the Committee, unless any particular member thereof opts not to be a member thereof. If a member of the Post Effective Date Committee resigns or is removed, a replacement who holds an Unsecured Claim against the Debtors may be appointed by the remaining members of the Post Effective Date Committee. The duties and powers of the Post Effective Date Committee shall terminate upon the closing of the Cases. The Post Effective Date Committee's role shall be to consult with the Plan Administrator, and to perform the functions set forth in the Plan.

(b) The Post Effective Date Committee shall have the power and authority to utilize the services of its counsel and financial advisor as necessary to perform the duties of the Post Effective Date Committee and to authorize and direct such Persons to act on behalf of the Post Effective Date Committee in connection with any matter requiring its attention or action. The Plan Administrator shall pay the reasonable and necessary fees and expenses of the Post Effective Date Committee's counsel and financial advisor without the need for Court approval.

(c) Except for the reimbursement of reasonable, actual costs and expenses incurred in connection with their duties as members of the Post Effective Date Committee, the members of the Post Effective Date Committee shall serve without compensation. Reasonable expenses incurred by members of the Post Effective Date Committee may be paid by the Plan Administrator without need for Court approval.

(d) The Plan Administrator shall report all material matters to the Post Effective Date Committee.

Section 5.11. Rights of Action. In accordance with Section 1123(b)(3)(B) of the Bankruptcy Code, the Plan Administrator may pursue all reserved rights of action, including, without limitation, Causes of Action of the Debtors. Any distributions provided for in the Plan and the allowance of any Claim for the purpose of voting on the Plan is and shall be without prejudice to the rights of the Plan Administrator to pursue and prosecute any reserved rights of action. Except as otherwise set forth in the Plan, all Causes of Action of the Debtors shall survive confirmation of the Plan and the commencement and prosecution of Causes of Action of the Debtors shall not be barred or limited by res judicata or any estoppel, whether judicial, equitable or otherwise. In reviewing the Plan and the Disclosure Statement, Creditors (including Creditors who received payments or transfers from the Debtors within ninety (90) days prior to the Petition Date and insiders who received payments or transfers from the Debtors within one

(1) year before the Petition Date) and other parties should consider that Causes of Action of the Debtors may exist against them, that, except as otherwise set forth in the Plan, the Plan preserves all Causes of Action of the Debtors, and that the Plan authorizes the Plan Administrator to prosecute all Causes of Action of the Debtors. If the Plan Administrator does not prosecute a Cause of Action of the Debtors, the Post Effective Date Committee shall, upon the consent of the Plan Administrator, be authorized and have standing to prosecute such Cause of Action on behalf of the Debtors. If the Plan Administrator does not consent to the Post Effective Date Committee's prosecution of a Cause of Action of the Debtors, the Post Effective Date Committee may seek authority and standing from the Court to prosecute such Cause of Action, and all rights of the Plan Administrator to object or otherwise oppose such relief are reserved.

Section 5.12. Corporate Action. On the Effective Date, the appointment of the Plan Administrator, and any and all other matters provided for under the Plan involving corporate action by the Debtors, their directors or their trustees, including, without limitation, the transfer of management responsibilities of the Debtors to the Plan Administrator, shall be deemed to have occurred and shall be in effect from and after the Effective Date pursuant to applicable law, without any requirement of further action by the Debtors' directors, officers or trustees. Upon the distribution of all Assets pursuant to the Plan and the filing by the Plan Administrator of a certification to that effect with the Bankruptcy Court (which may be included in the application for the entry of the final decree), the Debtors shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the Debtors or payments to be made in connection therewith; provided, however, that the Debtors and/or the Plan Administrator on behalf of the Debtors may take appropriate action to dissolve under applicable law. From and after the Effective Date, the Debtors shall not be required to file any document, or take any action, to withdraw their business operations from any states where the Debtors previously conducted business.

Section 5.13. Cancellation of Existing Securities, Instruments and Agreements. On the Effective Date, except as otherwise provided herein, all securities, instruments, and agreements governing any Claim against the Debtors shall be deemed cancelled and terminated, and the obligations of the Debtors relating to, arising under, in respect of, or in connection with such securities, instruments, or agreements shall be deemed released and/or satisfied as to the Debtors.

Section 5.14. Full and Final Satisfaction. All payments and all distributions under the Plan shall be in full and final satisfaction, settlement and release of all the Debtors' obligations with respect to Claims against the Debtors and, where applicable, Covered Medical Professionals, except as otherwise provided in the Plan.

Section 5.15. Setoffs. The Plan Administrator may, pursuant to and to the extent permitted by applicable law, setoff against any Claim asserted against the Debtors and/or the Assets, and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, any Claims of any nature whatsoever that that Debtors or the Estates may have against the holder of such Claim, provided that the Plan Administrator shall give the holder of such Claim notice of the proposed setoff and the holder of such Claim does not object to the proposed setoff within thirty (30) days service of such notice; provided further that if an objection is timely raised to a proposed setoff, the Plan Administrator may seek relief from the Court to effectuate the setoff; and provided further that neither the failure to effect a setoff, nor the allowance of any

Claim against the Debtors hereunder, shall constitute a waiver or release of any such Claim the Debtors or the Estates may have against such holder.

Section 5.16. Funding of the Disputed Claims Reserve.

(a) The portion of the Assets attributable to Disputed Administrative, Priority Tax, Other Priority, Unsecured and Medical Malpractice/Personal Injury Claims, shall be held by the Plan Administrator in the "Disputed Claims Reserve". As Disputed Claims are resolved, excess Cash in the Disputed Claims Reserve shall be made available for distribution to the holders of Allowed Claims in accordance with the Plan, provided that there is sufficient Cash to administer the Plan and pay Plan expenses. The Plan Administrator may set aside from the Assets an amount of Cash that the Plan Administrator determines is necessary to pay ongoing expenses of administering the Plan.

(b) For the purposes of effectuating the distributions to the holders of Allowed Claims, the Court (or the District Court, as applicable) may estimate the amount of Disputed Claims pursuant to Section 502(c) of the Bankruptcy Code, in which event the amounts so estimated shall be deemed the amounts of the Disputed Claims for purposes of distribution under the Plan. In lieu of estimating the amount of any Disputed Claim for purposes of allowance and distribution, the Court (or the District Court, as applicable) may estimate the amount to be reserved for such Disputed Claim (singularly or in the aggregate), or such amount may be fixed by agreement in writing by and between the Plan Administrator and the holder of a Disputed Claim. In the event that the Court (or the District Court, as applicable) estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Court (or the District Court, as applicable). If the estimated amount constitutes a maximum limitation on such Claim, the Plan Administrator may elect to pursue any supplemental proceedings to object to any ultimate allowance of such Claim. Claims may be estimated by the Court (or the District Court, as applicable) and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Court or the District Court, as applicable.

Section 5.17. Plan Distributions. The Plan Administrator shall make distributions to holders of Allowed Claims in accordance with Article IV of the Plan on or as soon as reasonably practicable after the Effective Date. From time to time, in consultation with the Post Effective Date Committee, the Plan Administrator shall make Pro Rata distributions to holders of Allowed Class 3 Claims in accordance with Article IV of the Plan. Notwithstanding the foregoing, the Plan Administrator may retain such amounts (i) as are reasonably necessary to meet contingent liabilities (including Disputed Claims and unliquidated Medical Malpractice/Personal Injury Claims) and to maintain the value of the assets of the Estates during liquidation, (ii) to pay reasonable administrative expenses (including the costs and expenses of the Plan Administrator and the Post Effective Date Committee and the fees, costs and expenses of all professionals retained by the Plan Administrator and the Post Effective Date Committee, and any taxes imposed in respect of the Assets), (iii) to satisfy other liabilities to which the Assets are otherwise subject, in accordance with the Plan, and (iv) to establish any necessary reserve. All distributions to the holders of Allowed Claims shall be made in accordance with the Plan. The Plan Administrator may withhold from amounts distributable to any Person any and all amounts determined in the Plan Administrator's reasonable sole discretion to be required by any law,

regulation, rule, ruling, directive or other governmental requirement. Holders of Allowed Claims shall, as a condition to receiving distributions, provide such information and take such steps as the Plan Administrator may reasonably require to ensure compliance with withholding and reporting requirements and to enable the Plan Administrator to obtain certifications and information as may be necessary or appropriate to satisfy the provisions of any tax law. In the event that a holder of an Allowed Claim does not comply with the Plan Administrator's requests in the preceding sentence within ninety (90) days, no distribution shall be made on account of such Allowed Claim and the Plan Administrator shall reallocate such distribution for the benefit of all other holders of Allowed Claims in accordance with the Plan.

Section 5.18. Cash Distributions. The Plan Administrator shall not be required to make interim or final Cash distributions in an amount less than \$5.00. Any funds so withheld and not distributed on an interim basis shall be held in reserve and distributed in subsequent distributions to the extent the aggregate distribution exceeds \$10,000. Should a final distribution to any holder of an Allowed Claim not equal or exceed \$5.00, that sum shall be distributed to other holders of Allowed Claims in accordance with the Plan.

Section 5.19. Delivery of Plan Distributions. All distributions under the Plan on account of any Allowed Claims shall be made at the address of the holder of such Allowed Claim as set forth in a filed Proof of Claim or on the register on which the Plan Administrator records the name and address of such holders or at such other address as such holder shall have specified for payment purposes in a written notice to the Plan Administrator at least fifteen (15) days prior to such distribution date. In the event that any distribution to any holder is returned as undeliverable, the Plan Administrator shall use reasonable efforts to determine the current address of such holder, but no distribution to such holder shall be made unless and until the Plan Administrator has determined the then-current address of such holder, at which time such distribution shall be made to such holder without interest; provided, however, that such undeliverable or unclaimed distributions shall become Unclaimed Property at the expiration of one hundred eighty (180) days from the date such distribution was originally made. The Plan Administrator shall reallocate the Unclaimed Property for the benefit of all other holders of Allowed Claims in accordance with the Plan, provided, however, if the Plan Administrator determines, with the approval of the Post Effective Date Committee, that the administrative costs of distribution effectively interfere with distribution or that all creditors, including administrative claimants, have been paid in full and there is no one that has a right to the funds, such remaining Unclaimed Property shall be donated to the American Bankruptcy Institute Endowment Fund, a not-for-profit, non-religious organization dedicated to, among other things, promoting research and scholarship in the area of insolvency.

Section 5.20. Distributions to Holders as of the Confirmation Date. As of the close of business on the Confirmation Date, the claims register shall be closed, and there shall be no further changes in the record holders of any Claims. Neither the Debtors nor the Plan Administrator, as applicable, shall have any obligation to recognize any transfer of any Claims occurring after the close of business on the Confirmation Date, and shall instead be entitled to recognize and deal for all purposes under the Plan (except as to voting to accept or reject the Plan pursuant to Section 6.1 of the Plan) with only those holders of record as of the close of business on the Confirmation Date.

Section 5.21. Abandoned Assets. Upon the election of the Plan Administrator, with the approval of the Post Effective Date Committee, the Plan Administrator may abandon any Assets without the need for additional approval of the Court, and upon such abandonment, such Assets shall cease to be Assets of the Estates.

Section 5.22. Windup. After (a) the Plan has been fully administered, (b) all Disputed Claims have been resolved, (c) all Causes of Action have been resolved, and (d) all Assets have been reduced to Cash or abandoned, the Plan Administrator shall effect a final distribution of all Cash remaining (after reserving sufficient Cash to pay all unpaid expenses of administration of the Plan and all expenses reasonably expected to be incurred in connection with the final distribution) to holders of Allowed Claims in accordance with the Plan.

Section 5.23. Indefeasibility of Distributions. All distributions provided for under the Plan shall be indefeasible.

Section 5.24. Distribution of Unclaimed Property. Any distribution of property (Cash or otherwise) provided for under the Plan which is unclaimed after one hundred eighty (180) days following such distribution (collectively, the "Unclaimed Property") shall irrevocably revert to the Estate for re-distribution in accordance with the Plan.

Section 5.25. Saturday, Sunday, or Legal Holiday. If any payment or act under the 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 Business Day.

Section 5.26. Final Order. Any requirement in the Plan for a Final Order may be waived by the Plan Proponents.

## ARTICLE VI.

### VOTING

Section 6.1. Voting of Claims. Each holder of an Allowed Claim in an Impaired Class which receives or retains property under the Plan shall be entitled to vote separately to accept or reject the Plan and indicate such vote on a duly executed and delivered Ballot as provided in such order as is entered by the Court establishing certain procedures with respect to the voting to accept or reject the Plan.

Section 6.2. Nonconsensual Confirmation. If any Impaired Class entitled to vote shall not accept the Plan by the requisite statutory majorities provided in Sections 1126(c) or 1126(d) of the Bankruptcy Code, as applicable, or if any Impaired Class is deemed to have rejected the Plan, the Plan Proponents reserve the right (a) to undertake to have the Court confirm the Plan under Section 1129(b) of the Bankruptcy Code and (b) subject to Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, to modify the Plan to the extent necessary to obtain entry of the Confirmation Order, provided such modifications are consistent with Section 11.1 of the Plan. At the Confirmation Hearing, the Plan Proponents will seek a ruling that if no holder of a Claim eligible to vote in a particular Class timely votes to accept or reject the Plan, the Plan will be deemed accepted by the holders of such Claims in such Class for the purposes of Section 1129(b) of the Bankruptcy Code.

## ARTICLE VII.

### SUBSTANTIVE CONSOLIDATION

Section 7.1. Substantive Consolidation. On the Effective Date: (a) all Assets (and all proceeds thereof) and liabilities of each Debtor shall be deemed merged or treated as though they were merged into and with the assets and liabilities of the other Debtors, (b) no distributions shall be made under the Plan on account of intercompany Claims among the Debtors and all such Claims shall be eliminated, (c) all guarantees of the Debtors of the obligations of any other Debtor shall be deemed eliminated and extinguished so that any Claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint and several liability of any of the Debtors shall be deemed to be one obligation of the consolidated Debtors, (d) each and every Claim filed or to be filed in any of the Cases shall be deemed filed against the consolidated Debtors, and shall be deemed one Claim against and obligation of the consolidated Debtors, and (e) for purposes of determining the availability of the right of set-off under Section 553 of the Bankruptcy Code, the Debtors shall be treated as one entity so that, subject to the other provisions of Section 553 of the Bankruptcy Code, debts due to any of the Debtors may be set-off against the debts of the other Debtors. Such substantive consolidation shall not (other than for purposes related to the Plan) affect the legal and corporate structures of the Debtors. Notwithstanding anything in this section to the contrary, all Post Effective Date U.S. Trustee Fees pursuant to 28 U.S.C. § 1930 shall be calculated on a separate legal entity basis for each Debtor.

## ARTICLE VIII.

### EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Section 8.1. Assumption or Rejection of Executory Contracts. Effective on and as of the Confirmation Date, all Executory Contracts are hereby specifically deemed rejected, except for any Executory Contract (a) that has been specifically assumed or assumed and assigned by the Debtors on or before the Confirmation Date with the approval of the Court, (b) in respect of which a motion for assumption or assumption and assignment has been filed with the Court on or before the Confirmation Date, or (c) that is specifically designated as a contract to be assumed on a schedule to the Plan, which schedule, if any, shall be filed as part of the Plan Supplement.

Section 8.2. Approval of Assumption or Rejection of Executory Contracts. Entry of the Confirmation Order by the Clerk of the Court, but subject to the condition that the Effective Date occur, shall constitute (a) the approval, pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption or assumption and assignment of the Executory Contracts assumed or assumed and assigned pursuant to Section 8.1 of the Plan, and (b) the approval, pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the rejection of the Executory Contracts rejected pursuant to Section 8.1 of the Plan.

Section 8.3. Bar Date for Filing Proofs of Claim Relating to Executory Contracts Rejected Pursuant to the Plan. Claims against the Debtors arising out of the rejection of Executory Contracts pursuant to the Plan must be filed with the Court no later than forty-five (45) days after the later of service of (a) notice of entry of an order approving the rejection of

such Executory Contract which Order may be the Confirmation Order, and (b) notice of occurrence of the Effective Date. Any such Claims not filed within such time shall be forever barred from assertion against the Debtors and any and all of their respective properties and Assets.

Section 8.4. Compensation and Benefit Programs. To the extent not previously terminated, all employment and severance agreements and policies, and all employee compensation and benefit plans, policies and programs of the Debtors applicable generally to their respective current employees or officers as in effect on the Confirmation Date, including, without limitation, all savings plans, retirement plans, health care plans, disability plans, severance benefit plans, incentive plans and life, accidental death and dismemberment insurance plans, shall be terminated as of the Confirmation Date.

## ARTICLE IX.

### PROVISIONS FOR RESOLVING AND TREATING CLAIMS

Section 9.1. Prosecution of Disputed Claims. Except as otherwise provided herein, the Plan Administrator shall have the right to object to all Claims on any basis, including those Claims that are not listed in the Schedules, that are listed therein as disputed, contingent, and/or unliquidated, that are listed therein at a lesser amount than asserted by the respective Creditor, or that are listed therein at for a different category of claim than asserted by the respective Creditor. Subject to further extension by the Court for cause with or without notice, the Plan Administrator may object to the allowance of Class 3 Claims up to one hundred eighty (180) days after the Effective Date, the allowance of Administrative/Priority Claims and Secured Claims up to the later of (i) sixty (60) days after the Effective Date or (ii) the deadline for filing an objection established by order of the Court; provided, however, that an objection to a Claim based on Section 502(d) of the Bankruptcy Code may be made at any time in any adversary proceeding against the holder of any relevant Claim. The filing of a motion to extend the deadline to object to any Claims shall automatically extend such deadline until a Final Order is entered on such motion. In the event that such motion to extend the deadline to object to Claims is denied by the Court, such deadline shall be the later of the current deadline (as previously extended, if applicable) or 30 days after the Court's entry of an order denying the motion to extend such deadline. From and after the Effective Date, the Plan Administrator shall succeed to all of the rights, defenses, offsets, and counterclaims of the Debtors and the Committee in respect of all Claims, and in that capacity shall have the power to prosecute, defend, compromise, settle, and otherwise deal with all such objections, subject to the terms of the Plan. The Debtors and the Plan Administrator reserve the right, for purposes of allowance and distribution, to estimate pursuant to Section 502(c) of the Bankruptcy Code any unliquidated Medical Malpractice/ Personal Injury Claims in the District Court.

#### Section 9.2. Settlement of Disputed Claims.

(a) Pursuant to Bankruptcy Rule 9019(b), subject to paragraph 9.2(b) and any Final Order approving Mediation Procedures, the Plan Administrator may settle any Disputed Claim (or aggregate of Claims if held by a single Creditor), respectively, without notice, a Court hearing or Court approval.

(b) The Plan Administrator shall give notice to the Post Effective Date Committee of (i) a settlement of any Disputed Class 3 Claim (or aggregate of Claims if held by a single Creditor) that results in the disputed portion of such Disputed Class 3 Claim(s) being Allowed in an amount in excess of \$100,000, (ii) a settlement of any Disputed Administrative/Priority Claims, or (iii) settlement of any Disputed Secured Claims. The Post Effective Date Committee shall have ten (10) days after service of such notice to object to such settlement. Any such objection shall be in writing and sent to the Plan Administrator and the settling party. If no written objection is received by the Plan Administrator and the settling party prior to the expiration of such ten (10) day period, the Plan Administrator and the settling party shall be authorized to enter into the proposed settlement without a hearing or Court approval. If a written objection is timely received, the Plan Administrator, the settling party and the objecting party shall use good-faith efforts to resolve the objection. If the objection is resolved, the Plan Administrator and the settling party may enter into the proposed settlement (as and to the extent modified by the resolution of the objection) without further notice of hearing or Court approval, provided that the Claim of the settling party against the Estates shall not be greater under the proposed settlement than that disclosed in the notice. Alternatively, the Plan Administrator may seek Court approval of the proposed settlement upon expedited notice and a hearing. Settlements of Medical Malpractice/Personal Injury Claims shall be in accordance with the Mediation Procedures previously approved by the Bankruptcy Court.

Section 9.3. No Distributions Pending Allowance. Notwithstanding any provision in the Plan to the contrary, no partial payments and no partial distributions shall be made by the Plan Administrator with respect to any portion of any Claim against the Debtors if such Claim or any portion thereof is a Disputed Claim. In the event and to the extent that a Claim against the Debtors becomes an Allowed Claim after the Effective Date, the holder of such Allowed Claim shall receive all payments and distributions to which such holder is then entitled under the Plan.

## ARTICLE X.

### CONDITIONS PRECEDENT

Section 10.1. Conditions to Confirmation. The following conditions are conditions precedent to Confirmation of the Plan unless waived by the Plan Proponents pursuant to Section 10.3 of the Plan: (i) the Confirmation Order must be in a form and substance reasonably acceptable to the Plan Proponents and the Committee; and (ii) the Confirmation Order shall:

(a) authorize the appointment of all parties appointed under or in accordance with the Plan, including, without limitation, the Plan Administrator, and direct such parties to perform their obligations under such documents;

(b) approve in all respects the transactions, agreements, and documents to be effected pursuant to the Plan;

(c) authorize the Plan Administrator and the Post Effective Date Committee to assume the rights and responsibilities fixed in the Plan;

(d) approve the releases and injunctions granted and created by the Plan;



(e) order, find, and decree that the Plan complies with all applicable provisions of the Bankruptcy Code, including that the Plan was proposed in good faith; and

(f) except as otherwise specifically provided in the Plan, order that nothing herein operates as a discharge, release, exculpation, or waiver of, or establishes any defense or limitation of damages to, any Claim or Cause of Action belonging to the Estates.

Section 10.2. Conditions to Effective Date. The Plan shall not become effective unless and until the following conditions shall have been satisfied or waived pursuant to Section 10.3 of the Plan:

(a) the Confirmation Date shall have occurred and the Confirmation Order, in a form consistent with the requirements of Section 10.1 of the Plan, shall have become a Final Order;

(b) the Plan Administrator shall have been appointed;

(c) all actions, documents and agreements necessary to implement the provisions of the Plan, and such actions, documents, and agreements shall have been effected or executed and delivered;

(d) all other actions required by the Plan to occur on or before the Effective Date shall have occurred.

Section 10.3. Waiver of Conditions. Any of the conditions set forth in this Article may be waived by the Plan Proponents and the Committee to the extent such waiver does not adversely affect the distributions hereunder.

Section 10.4. Notice to Court. The Plan Proponents shall notify the Court in writing promptly after the Effective Date that the Effective Date has occurred.

## ARTICLE XI.

### MODIFICATION, REVOCATION OR WITHDRAWAL OF THE PLAN

Section 11.1. Modification of Plan: Generally. The Plan Proponents may alter, amend or modify the Plan pursuant to Section 1127 of the Bankruptcy Code at any time prior to the Confirmation Date. After such time and prior to substantial consummation of the Plan, the Plan Proponents may, so long as the treatment of holders of Claims against the Debtors under the Plan is not adversely affected, institute proceedings in Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, and any other matters as may be necessary to carry out the purposes and effects of the Plan; provided, however, notice of such proceedings shall be served in accordance with Bankruptcy Rule 2002 or as the Court shall otherwise order.

Section 11.2. Revocation or Withdrawal of Plan. The Plan Proponents reserve the right to revoke or withdraw the Plan at any time prior to the Effective Date. If the Plan Proponents revoke or withdraw the Plan prior to the Effective Date, then the Plan shall be deemed null and

void, and nothing contained in the Plan shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

## ARTICLE XII.

### RETENTION OF JURISDICTION

Section 12.1. Exclusive Jurisdiction of the Court. Except as provided in Sections 12.2 and 12.3 of the Plan, following the Effective Date, the Court will retain exclusive jurisdiction of the Cases for the following purposes:

- (a) to hear and determine any pending applications for the assumption or rejection of Executory Contracts, and the resulting allowance of Claims against the Debtors;
- (b) to determine any adversary proceedings, applications, contested matters and other litigated matters pending on the Effective Date;
- (c) to ensure that distributions to holders of Allowed Claims are accomplished as provided in the Plan;
- (d) to hear and determine objections to or requests for estimation of Claims against the Debtors (except to the extent objections to or estimation of Claims against the Debtors are required to be heard by the District Court, in which case, the District Court may hear such matters), including any objections to the classification of any Claims, and to allow, disallow and/or estimate Claims, in whole or in part;
- (e) 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;
- (f) to issue any appropriate orders in aid of execution of the Plan or to enforce the Confirmation Order and/or the discharge, or the effect of such discharge, provided to the Debtors;
- (g) to hear and determine any applications to modify the Plan, to cure any defect or omission or to reconcile any inconsistency in the Plan or in any order of the Court, including, without limitation, the Confirmation Order;
- (h) to hear and determine all applications for compensation and reimbursement of expenses of professionals under Sections 328, 330, 331, 363 and/or 503(b) of the Bankruptcy Code;
- (i) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;
- (j) to hear and determine other issues presented or arising under the Plan;

(k) to hear and determine other issues related to the Plan to the extent not inconsistent with the Bankruptcy Code; and

(l) to enter a final decree closing the Cases.

Section 12.2. Non-Exclusive Jurisdiction of the Court. Following the Effective Date, the Court will retain non-exclusive jurisdiction of the Cases for the following purposes:

(a) to recover all Assets of the Debtors and property of the Estates, wherever located;

(b) to hear and determine any actions commenced on or after the Effective Date by the Plan Administrator (or the Post Effective Date Committee, if applicable pursuant to Section 5.11 of the Plan), including, but not limited to, Avoidance Actions or other Causes of Action;

(c) to hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes and tax benefits and similar or related matters with respect to the Debtors or the Estates arising prior to the Effective Date or relating to the period of administration of the Cases, including, without limitation, matters concerning state, local and federal taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code; and

(d) to hear and determine any other matters to the extent not inconsistent with the Bankruptcy Code.

Section 12.3. Failure of the Court to Exercise Jurisdiction. If the Court abstains from exercising or declines to exercise jurisdiction over any matter arising under, arising in or related to the Cases, including with respect to the matters set forth above in this Article, this Article shall not prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such subject matter.

## ARTICLE XIII.

### INJUNCTION AND RELEASES

#### Section 13.1. Injunction.

(a) **Except as otherwise expressly provided in the Plan including, without limitation, the treatment of Claims against and Interests in the Debtors, the entry of the Confirmation Order shall, provided that the Effective Date shall have occurred, operate to enjoin permanently all Persons that have held, currently hold or may hold a Claim against or Interest in the Debtors, from taking any of the following actions against the Debtors, the Plan Administrator, the Committee or members thereof, the Post Effective Date Committee or members thereof, present and former directors, officers, trustees, agents, attorneys, advisors, members or employees of the Debtors, the Committee or members thereof, the Post Effective Date Committee or members thereof, or the Plan Administrator, or any of their respective successors or assigns, or any of their respective assets or properties, on account of any Claim against or Interest in the Debtors: (a)**

commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind with respect to a Claim against or Interest in the Debtors; (b) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order with respect to a Claim against or Interest in the Debtors; (c) creating, perfecting or enforcing in any manner, directly or indirectly, any lien or encumbrance of any kind with respect to a Claim against or Interest in the Debtors; (d) asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any Debt, liability or obligation due to the Debtors or their property or Assets with respect to a Claim against or Interest in the Debtors; and (e) proceeding in any manner in any place whatsoever that does not conform to or comply with or is inconsistent with the provisions of the Plan; provided, however, nothing in this injunction shall preclude the holder of a Claim against the Debtors from pursuing any applicable insurance after the Cases are closed, from seeking discovery in actions against third parties or from pursuing third-party insurance that does not cover Claims against the Debtors; provided further, however, nothing in this injunction shall limit the rights of a holder of an Allowed Claim against the Debtors to enforce the terms of the Plan.

(b) **Covered Medical Professionals Injunction.** Except as otherwise provided in the Plan, upon the Effective Date, all Persons are permanently enjoined from commencing or continuing any medical malpractice or related action against any Covered Medical Professional and/or from enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against a Covered Medical Professional with respect to any such actions, provided however, that such injunction shall not extend to recoveries against any available insurance. In exchange for this injunction, each Covered Medical Professional shall be deemed to waive any Indemnification Claim and any Claims against the Debtors and their Estates, administrative or otherwise, related to, or arising in connection with, the Debtors' alleged obligation to purchase or provide medical malpractice insurance and/or any related extended reporting period coverage, provided that the waiver of the Indemnification Claims and other claims hereunder shall not impair the injunction in this Section of the Plan and neither the waiver of the Indemnification Claims, nor this injunction shall release the obligations of any insurance company to defend a Covered Medical Professional under an otherwise applicable insurance policy.

Section 13.2. **Releases.**

(a) Upon (x) the Effective Date, (i) each Person that receives and retains a distribution under the Plan, (ii) each Person who obtains a release under the Plan or obtains the benefit of an injunction provided pursuant to the Plan, and (iii) each Person who received any benefit from any third party insurance providers on account of a Claim against the Debtors or a claim against any Covered Medical Professional, in consideration therefor, conclusively, absolutely, unconditionally, irrevocably and forever releases and discharges each of the Debtors and their present and former directors, officers, trustees, agents, attorneys, advisors, and members (solely in their capacity as such), and (y) the D&O Release Effective Date (which is 11:59 p.m. prevailing eastern time on November 6, 2014, the last time by which the Debtors, the Plan Administrator, the Committee or the Post Effective Date Committee must assert (including, but not limited to, by providing

notice to the insurance carrier), if at all, a D&O Claim against any of the Debtors Release Parties so as to be covered under the Debtors' officers and directors insurance policy), the Debtors conclusively, absolutely, unconditionally, irrevocably and forever release and discharge each of the Debtors Release Parties: of and from any and all past, present and future legal actions, causes of action, choses in action, rights, demands, suits, claims, liabilities, encumbrances, lawsuits, adverse consequences, amounts paid in settlement, costs, fees, damages, debts, deficiencies, diminution in value, disbursements, expenses, losses and other obligations of any kind, character or nature whatsoever, whether in law, equity or otherwise (including, without limitation, those arising under applicable non-bankruptcy law, and any and all alter-ego, lender liability, indemnification or contribution theories of recovery, and interest or other costs, penalties, legal, accounting and other professional fees and expenses, and incidental, consequential and punitive damages payable to third parties), whether known or unknown, fixed or contingent, direct, indirect, or derivative, asserted or unasserted, foreseen or unforeseen, suspected or unsuspected, now existing, heretofore existing or which may have heretofore accrued, occurring from the beginning of time to and including the Effective Date or, with respect to the Debtors Release Parties, the D&O Release Effective Date, related in any way to, directly or indirectly, and/or arising out of and/or connected with, any or all of the Debtors and their Estates, the Cases, the Debtors' pre-petition financing arrangements, the Debtors' financial statements, the Debtors' debtor in possession financing facility or the failure of any person or entity to maintain malpractice insurance, provide funding for a self-insurance trust for medical malpractice claims, or cause the Debtors to cease operations (including any such claims based on theories of alleged negligence, misrepresentation, nondisclosure or breach of fiduciary duty); *provided, however*, that (i) nothing contained in this Section 13.2 or otherwise in the Plan shall release any of the Debtors Release Parties from any D&O Claim which is asserted (including, but not limited to, by providing notice to the insurance carrier) by either the Debtors, the Plan Administrator, the Committee or the Post Effective Date Committee on or before the D&O Release Effective Date; (ii) recovery on any D&O Claim shall be limited to the proceeds of available insurance, if any, and shall not be payable from any other assets of the Debtors Release Parties; (iii) nothing in this Section 13.2(a) of the Plan shall release, limit or affect Avoidance Actions of the Debtors; (iv) this Section 13.2(a) of the Plan shall not affect the liability of any Person due to willful misconduct, gross negligence or failure to fully comply with Rule 1.8(h)(1) of the New York Rules of Professional Conduct, as determined by a Final Order; (v) nothing in this Section 13.2(a) of the Plan shall operate or be a release by any Professional Persons of any Professional Fee Claims; and (vi) nothing in this Section 13.2(a) of the Plan shall release, limit or affect the Debtors' and/or the Plan Administrators' obligations under the Plan. For the avoidance of doubt, Section 13.2(a)(x) of the Plan shall not release, limit or affect Causes of Action of the Debtors.

(b) **Releases by Holders of Claims and Interests.** To the greatest extent permissible by law and except as otherwise provided in the Plan, as of the Effective Date, each holder of a Claim against or Interest in the Debtors shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever released and discharged each of the Debtors, the Committee, the Patient Care Ombudsman and their respective present directors, officers, trustees, agents, attorneys, advisors, members and employees (solely in their capacity as such) of and from any and all past, present and future legal

actions, causes of action, choses in action, rights, demands, suits, claims, liabilities, encumbrances, lawsuits, adverse consequences, amounts paid in settlement, costs, fees, damages, debts, deficiencies, diminution in value, disbursements, expenses, losses and other obligations of any kind, character or nature whatsoever, whether in law, equity or otherwise (including, without limitation, those arising under applicable non-bankruptcy law, and any and all alter-ego, lender liability, indemnification or contribution theories of recovery, and interest or other costs, penalties, legal, accounting and other professional fees and expenses, and incidental, consequential and punitive damages payable to third parties), whether known or unknown, fixed or contingent, direct, indirect, or derivative, asserted or unasserted, foreseen or unforeseen, suspected or unsuspected, now existing, heretofore existing or which may have heretofore accrued against the Debtors, the Committee, the Patient Care Ombudsman or their respective present directors, officers, trustees, agents, attorneys, advisors, members or employees (solely in their capacity as such) occurring from the beginning of time to and including the Effective Date, related in any way to, directly or indirectly, and/or arising out of and/or connected with, any or all of the Debtors and their Estates, or the Cases; provided, however, that this Section 13.2(b) of the Plan shall not affect the liability of any Person due to willful misconduct or gross negligence as determined by a Final Order. Nothing in this Section 13.2(b) of the Plan shall be deemed to release or impair Allowed Claims against the Debtors, which Allowed Claims against the Debtors shall be treated as set forth in the Plan. For the avoidance of doubt, nothing in this Section 13.2(b) of the Plan shall release, limit or affect Causes of Action of the Debtors.

Section 13.3. Exculpation. None of (i) Garfunkel Wild, P.C., in its capacities as counsel to the Debtors or counsel to the Plan Administrator; (ii) Alvarez and Marsal, in its capacity as the Debtors' financial advisor; (iii) the Debtors' trustees, in-house counsel, officers and directors (in their capacities as such); (iv) the Plan Administrator and its representatives (in their capacities as such); (v) the Committee and the Post Effective Date Committee; (vi) the members of the Committee and the members of the Post Effective Date Committee, in their capacities as members of the Committee and as members of the Post Effective Date Committee; (vii) Alston & Bird LLP, in its capacities as counsel to the Committee and as counsel to the Post Effective Date Committee; (viii) Deloitte Financial Advisory Services LLP and Deloitte Transactions and Business Analytics LLP, in their capacity as financial advisor to the Committee; (ix) Deloitte Transactions and Business Analytics LLP, in its capacity as financial advisor to the Post Effective Date Committee; (x) Polsky Advisors LLC, in its capacities as financial advisor to the Committee and as financial advisor to the Post Effective Date Committee; (xi) Daniel T. McMurray in his capacity as the Patient Care Ombudsman appointed in these Cases; (xii) Focus Management Group USA, Inc., in its capacity as consultants to the Patient Care Ombudsman; or (xiii) Neubert, Pepe & Monteith, P.C., in its capacity as counsel to the Patient Care Ombudsman, shall have or incur any liability for any act or omission in connection with, related to, or arising out of, the Cases, the formulation, preparation, dissemination, implementation, confirmation, or approval of the Plan, the administration of the Plan or the property to be distributed under the Plan, or any contract, instrument, release, or other agreement or document provided for or contemplated in connection with the consummation of the transactions set forth in the Plan; provided, however, that (i) nothing contained in this Section 13.3 of the Plan shall affect the liability of any Person that would result from any such act or omission to the extent that act or omission is determined

by a Final Order of the Court to have constituted willful misconduct, gross negligence or failure to fully comply with Rule 1.8(h)(1) of the New York Rules of Professional Conduct; and in all respects, such Persons shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and shall be fully protected from liability in acting or refraining to act in accordance with such advice; (ii) nothing contained in this Section 13.3 of the Plan shall exculpate any of the Debtors Release Parties from any D&O Claim which is asserted by either the Debtors, the Plan Administrator, the Committee or the Post Effective Date Committee on or before the D&O Release Effective Date; provided that recovery on any D&O Claim shall be limited to the proceeds of available insurance, if any, and shall not be payable from any other assets of the Debtors Release Parties; (iii) nothing in this Section 13.3 of the Plan shall release, limit or affect Avoidance Actions of the Debtors; and (iv) nothing in this Section 13.3 of the Plan shall release, limit or affect the Debtors' and/or the Plan Administrators' obligations under the Plan.

Section 13.4. Indemnification. The Plan Administrator and the members of the Post Effective Date Committee shall be indemnified and receive reimbursement against and from all loss, liability, expense (including counsel fees) or damage which the Plan Administrator or the members of the Post Effective Date Committee may incur or sustain in the exercise and performance of any of their respective powers and duties under the Plan, to the full extent permitted by law, except if such loss, liability, expense or damage is finally determined by a court of competent jurisdiction to result solely from the Plan Administrator's or the Post Effective Date Committee member's willful misconduct, fraud, intentional misconduct or gross negligence. The amounts necessary for such indemnification and reimbursement shall be paid by the Plan Administrator out of Cash held by the Plan Administrator under the Plan. The Plan Administrator shall not be personally liable for this indemnification obligation or the payment of any expense of administering the Plan or any other liability incurred in connection with the Plan, and no person shall look to the Plan Administrator personally for the payment of any such expense or liability. This indemnification shall survive the death, resignation or removal, as may be applicable, of the Plan Administrator and/or the members of the Post Effective Date Committee, and shall inure to the benefit of the Plan Administrator's and the Post Effective Date Committee members' and their respective successors, heirs and assigns, as applicable.

Section 13.5. Release of Collateral. Except as expressly provided otherwise in the Plan, unless a holder of a Secured Claim receives a return of its Collateral in respect of such Claim under the Plan: (i) each holder of; (A) an Allowed Secured Claim; and/or (B) an Allowed Claim that is purportedly secured, on the Effective Date shall (x) turn over and release to the Debtors any and all property that secures or purportedly secures such Claim; and (y) execute such documents and instruments as the Plan Administrator requires to evidence such claimant's release of such property; and (ii) on the Effective Date, all claims, rights, title and interest in such property shall revert to the Debtors, free and clear of all Claims against the Debtors, including (without limitation) liens, charges, pledges, encumbrances and/or security interests of any kind. No Distribution hereunder shall be made to or on behalf of any holder of such Claim unless and until such holder executes and delivers to the Plan Administrator such release of liens. Any such holder that fails to execute and deliver such release of liens within 60 days of any demand thereof shall be deemed to have no further Claim and shall not participate in any Distribution hereunder. Notwithstanding the immediately preceding sentence, a holder of a

Disputed Claim shall not be required to execute and deliver such release of liens until the time such Claim is Allowed or Disallowed.

Section 13.6. **Cause of Action Injunction.** On and after the Effective Date, all Persons other than the Plan Administrator and, to the extent applicable pursuant to Section 5.11 of the Plan, the Post Effective Date Committee will be permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively or otherwise) on account of, or respecting any, Claim, debt, right or Cause of Action that the Plan Administrator retains authority to pursue in accordance with the Plan.

Section 13.7. **Preservation and Application of Insurance.** The provisions of the Plan, including without limitation the release and injunction provisions contained in the Plan, shall not diminish or impair in any manner the enforceability and/or coverage of any insurance policies (and any agreements, documents, or instruments relating thereto) that may cover Claims (including Medical Malpractice/Personal Injury Claims) against the Debtors, any directors, trustees or officers of the Debtors, or any other Person, other than as expressly as set forth herein. For the avoidance of doubt, and as set forth in the Plan, all of the Debtors' insurance policies, or third party policies whether or not the Debtors are named as additional insured parties, and the proceeds thereof shall be available to holders of Medical Malpractice/Personal Injury Claims to the extent such insurance policies cover such Medical Malpractice/Personal Injury Claims. In addition, such insurance policies and proceeds thereof shall be available to holders of Medical Malpractice/Personal Injury Claims for the purpose of satisfying Medical Malpractice/Personal Injury Claims estimated pursuant to section 502(c) of the Bankruptcy Code or in accordance with the Plan.

#### ARTICLE XIV.

##### **MISCELLANEOUS PROVISIONS**

Section 14.1. **Payment of Statutory Fees.** All outstanding fees payable pursuant to Section 1930 of Title 28 of the United States Code shall be paid on or before the Effective Date.

Section 14.2. **Reports.** Until a final decree closing the Cases is entered, the Plan Administrator shall comply with any requisite reporting requirements established pursuant to the guidelines of the U.S. Trustee.

Section 14.3. **Governing Law.** Except to the extent the Bankruptcy Code, the Bankruptcy Rules, or other federal laws are applicable, the laws of the State of New York shall govern the construction and implementation of the Plan and all rights and obligations arising under the Plan.

Section 14.4. **Withholding and Reporting Requirements.** In connection with the Plan and all instruments issued in connection therewith and distributions thereon, the Plan Administrator shall comply with all withholding, reporting, certification and information requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall, to the extent applicable, be subject to any such withholding, reporting,



certification and information requirements. Persons entitled to receive distributions hereunder shall, as a condition to receiving such distributions, provide such information and take such steps as the Plan Administrator may reasonably require to ensure compliance with such withholding and reporting requirements, and to enable the Plan Administrator to obtain the certifications and information as may be necessary or appropriate to satisfy the provisions of any tax law. Any person that fails to comply with the Plan Administrator's requests in the preceding sentence within ninety (90) days of any such request thereof, shall not be entitled to participate in any distribution under the Plan and no such distribution shall be made on account of any such person's Allowed Claim, and the Plan Administrator shall reallocate such distribution for the benefit of all other holders of Allowed Claims in accordance with the Plan.

Section 14.5. Section 1146 Exemption. Pursuant to Section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of any security under the Plan; or the execution, delivery, or recording of an instrument of transfer pursuant to, in implementation of or as contemplated by the Plan; or the vesting, transfer, or sale of any real property of the Debtors pursuant to, in implementation of or as contemplated by the Plan shall not be taxed under any state or local law imposing a stamp tax, transfer tax, or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax, or similar tax.

Section 14.6. Severability. In the event that any provision of the Plan is determined to be unenforceable, such determination shall not limit or affect the enforceability and operative effect of any other provisions of the Plan. To the extent that any provision of the Plan would, by its inclusion in the Plan, prevent or preclude the Court from entering the Confirmation Order, the Court, on the request of the Plan Proponents, may modify or amend such provision, in whole or in part, as necessary to cure any defect or remove any impediment to the Confirmation of the Plan existing by reason of such provision; provided, however, that such modification shall not be effected except in compliance with Section 11.1 of the Plan.

Section 14.7. Reservation of Rights. If the Plan is not confirmed for any reason, the rights of all parties in interest in the Cases are and shall be reserved in full. Any concession reflected or provision contained herein, if any, is made for purposes of the Plan only, and if the Plan does not become effective, no party in interest in the Cases shall be bound or deemed prejudiced by such concession.

Section 14.8. Binding Effect; Counterparts. The provisions of the Plan shall bind all holders of Claims against the Debtors, whether or not they have accepted the Plan. The Plan may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Plan.

Section 14.9. Notices. All notices, requests, and demands to or upon the Plan Proponents, the Plan Administrator, the Committee or the Post Effective Date Committee must be in writing (including by facsimile transmission) and, unless otherwise expressly provided

herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission or by electronic mail, when received and telephonically confirmed, addressed as follows:

If to the Plan Proponents, to:

Garfunkel Wild, P.C.  
Burton S. Weston  
Afsheen A. Shah  
Adam T. Berkowitz  
111 Great Neck Road  
Great Neck, New York 11021  
Tel: (516) 393-2200  
Fax: (516) 466-5964  
Email: bweston@garfunkelwild.com  
ashah@garfunkelwild.com  
aberkowitz@garfunkelwild.com

If to the Committee, to:

ALSTON & BIRD LLP  
Martin G. Bunin  
Craig E. Freeman  
90 Park Ave.  
New York, New York 10016-1387  
Tel: (212) 210-9400  
Fax: (212) 210-9444  
E-mail: craig.freeman@alston.com  
marty.bunin@alston.com

If to the Plan Administrator, to:

Monica Terrano  
P.O. Box #780029  
Maspeth, NY 11378

with a copy to

Garfunkel Wild, P.C.  
Burton S. Weston  
Afsheen A. Shah  
Adam T. Berkowitz  
111 Great Neck Road  
Great Neck, New York 11021  
Tel: (516) 393-2200  
Fax: (516) 466-5964  
Email: bweston@garfunkelwild.com  
ashah@garfunkelwild.com  
aberkowitz@garfunkelwild.com

If to the Post Effective Date Committee, to:

ALSTON & BIRD LLP

Martin G. Bunin

Craig E. Freeman

90 Park Ave.

New York, New York 10016-1387

Tel: (212) 210-9400

Fax: (212) 210-9444

E-mail: [craig.freeman@alston.com](mailto:craig.freeman@alston.com)

[marty.bunin@alston.com](mailto:marty.bunin@alston.com)

Section 14.10. Plan Controls. In the event and to the extent that any provision of the Plan is inconsistent with the provisions of the Disclosure Statement, the provisions of the Plan shall control and take precedence.

[SIGNATURE PAGE TO FOLLOW]

Date: September 17, 2014  
New Rochelle, New York

**SOUND SHORE MEDICAL CENTER  
OF WESTCHESTER, *et al.***  
Debtors And Debtors-In-Possession

By: /s/ Monica Terrano  
Monica Terrano  
Wind Down Officer

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