

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

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In re:

The Baptist Home of Philadelphia d/b/a Deer  
Meadows Retirement Community, *et al.*,

Debtors.

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)  
) Chapter 11  
)  
) Case No. 14-13305 (ELF)  
) Jointly Administered  
)  
)  
)  
)  
)

**DISCLOSURE STATEMENT FOR THE THIRD AMENDED PLAN OF  
REORGANIZATION OF THE BAPTIST HOME OF PHILADELPHIA d/b/a  
DEER MEADOWS RETIREMENT COMMUNITY UNDER  
CHAPTER 11 OF THE BANKRUPTCY CODE**

**THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN.  
ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE  
STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE  
STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED  
BY THE BANKRUPTCY COURT.**

Dated: February 24, 2015

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## **I. INTRODUCTION AND SUMMARY**

### **A. Overview**

The Baptist Home of Philadelphia d/b/a Deer Meadows Retirement Community (the “Debtor”) transmits this Disclosure Statement (as may be further amended, the “*Disclosure Statement*”) pursuant to section 1125(b) of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “*Bankruptcy Code*”) and Rule 3017 of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”), in connection with the *Third Amended Plan of Reorganization of the Baptist Home of Philadelphia d/b/a Deer Meadows Retirement Community under Chapter 11 of the Bankruptcy Code*, dated February 24, 2015 (as may be further amended, the “*Plan*”), in order to provide adequate information to enable holders of Claims that are impaired under (and entitled to vote on) the Plan to make an informed judgment in exercising their right to vote for acceptance or rejection of the Plan. A copy of the Plan is annexed hereto as Exhibit A. All capitalized terms used but not defined in this Disclosure Statement shall have the respective meanings ascribed to them in the Plan, unless otherwise noted.

The Plan sets forth the treatment of all Claims against the Debtor, and provides a means by which the proceeds of the sale of certain of the Debtor’s assets and its operations will be distributed to creditors under Chapter 11 of the Bankruptcy Code. The Plan also provides for the continued existence of the Debtor following confirmation of the Plan so that it may continue to act and use its assets remaining after distributions to holders of Allowed Claims have been made, in furtherance of its charitable mission. As described in more detail below, on December 1, 2014, the Debtor closed the Court-approved sale (the “*Sale*”) of substantially all of its assets (collectively, the “*Sale Assets*”) related to its operation of the Deer Meadows Retirement Community pursuant to that certain Asset Purchase Agreement dated July 25, 2014 (as amended and supplemented) to Deer Meadows Property, L.P. (the “*Purchaser*”).

### **THE DEBTOR STRONGLY URGES ACCEPTANCE OF THE PLAN, AND URGES ALL CREDITORS ENTITLED TO VOTE THEREON TO VOTE TO ACCEPT THE PLAN.**

In addition to the Plan, an Order of the Court (the “*Disclosure Statement Approval Order*”) which, among other things, approves the Disclosure Statement and establishes certain procedures with respect to the solicitation of votes to accept or reject the Plan is attached to this Disclosure Statement as Exhibit B.

The Disclosure Statement Approval Order sets forth the deadlines for voting to accept or reject the Plan and for filing objections to confirmation of the Plan. In addition, detailed voting instructions accompany each Ballot. Each holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Plan, the Disclosure Statement Approval Order and the instructions accompanying the Ballot in their entirety before voting on the Plan. These documents contain, among other things, important information concerning the classification and valuation of Claims for voting purposes and the tabulation of votes. No solicitation of votes to accept the Plan may be made except pursuant to Section 1125 of the Bankruptcy Code.

**B. Summary of Classification and Treatment Under the Plan**

In general, and as more fully described herein, the Plan (i) divides Claims into four unclassified categories and six classes and (ii) sets forth the treatment afforded to each category and class. The following table sets forth a summary of the treatment of each class of Claims under the Plan (a more detailed description of the Plan is set forth in Section IV of this Disclosure Statement entitled “Overview of The Plan”).<sup>1</sup>

<i>Class</i>	<i>Type of Claim</i>	<i>Treatment of Allowed Claims</i>	<i>Estimated Recovery</i>
—	<i>Administrative Expense Claims</i>	<i>Except to the extent a holder of an Allowed Administrative Expense Claim agrees to less favorable treatment, on or as soon as practicable after the later of (i) the Effective Date or (ii) the first Business Day after the date that is thirty (30) days after the date an Administrative Expense Claim becomes an Allowed Claim, each holder of an Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Allowed Administrative Expense Claim.</i>	<i>100%</i>
—	<i>Priority Tax Claims</i>	<i>Except to the extent that a holder of an Allowed Priority Tax Claim agrees to less favorable treatment or has been paid by the Debtor prior to the Effective Date, each holder of an Allowed Priority Tax Claim, in full and final satisfaction, release and settlement of such Allowed Priority Tax Claim, shall receive on account of such Allowed Priority Tax Claim (a) on or as soon as practicable after the later of (i) the Effective Date or (ii) the first Business Day after the date that is thirty (30) days after the date a Priority Tax Claim becomes an Allowed Claim, Cash in an amount equal to such Allowed Claim, or (b) deferred Cash payments following the Effective Date, over a period not exceeding five years from the Petition Date. Any Claim or demand for fines or penalties relating to any Priority Tax Claim (other than a penalty of the type specified in section 507(a)(8)(G) of the Bankruptcy Code) shall be Disallowed, and the holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Estate, the Debtor, the Reorganized Debtor or any of their Assets or properties.</i>	<i>100%</i>

<sup>1</sup> This summary contains only a brief description of the classification and treatment of Claims under the Plan. It does not describe every provision of the Plan. Accordingly, reference should be made to the entire Disclosure Statement (including exhibits) and the Plan for a complete description of the classification and treatment of Claims.

<i>Class</i>	<i>Type of Claim</i>	<i>Treatment of Allowed Claims</i>	<i>Estimated Recovery</i>
—	<i>Professional Fee Claims</i>	<i>A Professional Fee Claim in respect of which a final fee application has been timely and properly filed and served pursuant to Section 2.5 of the Plan shall be payable to the extent approved by order of the Court. On the Effective Date, or as soon thereafter as reasonably practicable, to the extent not otherwise paid, all Allowed Professional Fees (including estimated fees through the Effective Date) shall be paid in full in Cash. To receive payment on the Effective Date for unbilled fees and expenses estimated to be incurred through the Effective Date, each Professional shall reasonably estimate fees and expenses due for unbilled fees and expenses for periods that will not have been billed as of the Effective Date and shall deliver such estimates to the Debtor, counsel to the Debtor, counsel to the Committee and the U.S. Trustee prior to the Effective Date. If the estimated payment received by such Professional exceeds the actual Allowed Professional Fee Claim for the estimated period, such excess amount shall be deducted from the Holdback Amount for such Professional and if the Holdback Amount is insufficient, such Professional shall disgorge and return the difference to the Reorganized Debtor. If the estimated payment received by the Professional is lower than the Allowed Professional Fee Claim of such Professional, the difference shall be promptly paid to the Professional by the Reorganized Debtor. The Professionals of the Reorganized Debtor and the Committee (subject to Section 13.9 of the Plan) shall be entitled to payment of their post-Effective Date fees and expenses from the Professional Fee Reserve established under Section 6.10 of the Plan.</i>	<i>100%</i>
—	<i>U.S. Trustee Fees</i>	<i>U.S. Trustee Fees incurred by the Estate prior to the Effective Date shall be paid in Cash on the Effective Date in accordance with the applicable schedule for payment of such fees.</i>	<i>100%</i>
<i>1</i>	<i>Bond Indebtedness Claim</i>	<i>The payment of the Initial Indenture Trustee Distribution and the Final Indenture Trustee Distribution to the Indenture Trustee, as the holder of the Bond Indebtedness Claim, constitutes full and final satisfaction, release and settlement of the Allowed Bond Indebtedness Claim prior to the Effective Date, and any and all Liens of the Indenture Trustee shall be deemed</i>	<i>100%</i>

<u>Class</u>	<u>Type of Claim</u>	<u>Treatment of Allowed Claims</u>	<u>Estimated Recovery</u>
		<i>satisfied and released. No further payments or other Distributions of property will be made on account of the Bond Indebtedness Claim. For the avoidance of doubt, the treatment of the Bond Indebtedness Claim as set forth herein shall also be in full and final satisfaction, release and settlement of all indebtedness of the Foundation related to or under the Bonds or the Notes.</i>	
2	<i>Beneficial Secured Claim</i>	<i>Pursuant to the Global Settlement Agreement, the holder of the Allowed Beneficial Secured Claim has received or will have received property prior to the Effective Date which Beneficial, as the holder of the Allowed Beneficial Secured Claim, has agreed is in full and final satisfaction, release and settlement of the Allowed Beneficial Secured Claim, and any and all Liens of Beneficial shall be deemed satisfied and released. No further payments or other Distributions of property will be made on account of the Beneficial Secured Claim. For the avoidance of doubt, the treatment of the Beneficial Secured Claim as set forth herein shall also be in full and final satisfaction, release and settlement of all indebtedness of the Foundation related to or under the Beneficial Secured Claim.</i>	100%
3	<i>Other Priority Claims</i>	<i>Except to the extent the holder of an Allowed Other Priority Claim (i) agrees to less favorable treatment, (ii) has been paid prior to the Effective Date or (iii) is an employee of the Debtor having a claim for which the Purchaser has assumed liability under the Asset Purchase Agreement, each holder of an Allowed Other Priority Claim shall receive, in full and final satisfaction, release and settlement of such Allowed Other Priority Claim, on or as soon as practicable after the later of (x) the Effective Date or (y) the first Business Day after the date that is thirty (30) days after the date an Other Priority Claim becomes an Allowed Claim, Cash in an amount equal to such Allowed Other Priority Claim. For the avoidance of doubt, holders of Other Priority Claims who were employees of the Debtor having claims for which the Purchaser has assumed liability under the Asset Purchase Agreement will not receive any Distribution from the Debtor. <b>Estimated Total Class 3 Claim Amount (exclusive of claims of employees of the Debtor for which the Purchaser has assumed liability under the Asset Purchase Agreement): \$253,000</b></i>	100%



<u>Class</u>	<u>Type of Claim</u>	<u>Treatment of Allowed Claims</u>	<u>Estimated Recovery</u>
4	Beneficial Unsecured Claim	<p><i>Except to the extent the holder of the Allowed Beneficial Unsecured Claim agrees to less favorable treatment or has been paid prior to the Effective Date, the holder of the Allowed Beneficial Unsecured Claim shall receive one or more Distributions consisting of a 35% share of the Percentage Sharing Carve-Out and a Pro Rata share (computed as a percentage of all Allowed Claims in Classes 4 and 5) of the General Unsecured Claim Fund. The first such Distribution will occur within seven (7) business days after the Effective Date. To the extent such Allowed Beneficial Unsecured Claim has not been Paid in Full, subsequent Distributions shall be made as soon as reasonably practicable until the earlier of (i) such Allowed Beneficial Unsecured Claim being Paid in Full or (ii) proceeds from the above funding sources, to the extent available to pay creditors under the Plan and applicable non-bankruptcy law, being fully exhausted, at which time such Allowed Beneficial Unsecured Claim shall be deemed to have been fully and finally satisfied, released and settled. The holder of the Allowed Beneficial Unsecured Claim shall not be entitled to any Distribution from the Beneficial Carve-Out and the Sale Proceeds Carve-Out. Any additional funds remaining in the General Unsecured Claim Fund after payment in full of the Allowed General Unsecured Claims is to be used to pay the remaining unpaid balance of the Allowed Beneficial Unsecured Claim, if any. For the avoidance of doubt, the treatment of the Beneficial Unsecured Claim as set forth herein shall also be in full and final satisfaction, release and settlement of all indebtedness of the Foundation related to or under the Beneficial Unsecured Claim. <b>Allowed Class 4 Claim Amount: \$2,656,712.39</b></i></p>	80%
5	General Unsecured Claims	<p><i>Except to the extent the holder of an Allowed General Unsecured Claim agrees to less favorable treatment or has been paid prior to the Effective Date, the holder of an Allowed General Unsecured Claim shall receive one or more Distributions consisting of (i) a Pro Rata share (computed as a percentage of all Allowed Claims in Class 5 only) of: (A) the Beneficial Carve-Out; (B) the Sale Proceeds Carve-Out; and (C) 65% of the Percentage Sharing Carve-Out; and (ii) a Pro Rata share (computed as a percentage of all Allowed Claims</i></p>	100%

<u>Class</u>	<u>Type of Claim</u>	<u>Treatment of Allowed Claims</u>	<u>Estimated Recovery</u>
		<i>in Classes 4 and 5) of the General Unsecured Claim Fund. The first such Distribution will occur within seven (7) business days after the Effective Date. To the extent such Allowed General Unsecured Claims have not been Paid in Full, subsequent Distributions shall be made as soon as reasonably practicable until the earlier of (i) such Allowed General Unsecured Claims being Paid in Full or (ii) proceeds from the above funding sources, to the extent available to pay creditors under the Plan and applicable non-bankruptcy law, being fully exhausted, at which time such Allowed General Unsecured Claims shall be deemed to have been fully and finally satisfied, released and settled. <b>Estimated Total Class 5 Claim Amount: \$4,323,000</b></i>	
6	Interdebtor Claims	The holders of any Interdebtor Claims will not receive any Distributions on account of such Claims.	0%

The Debtor projects that it will have the following funds available for distribution under the Plan: (i) Cash in an amount of approximately \$3.916 million; (ii) the Sale Proceeds Carve-Out (as defined in the Global Settlement Agreement) in an amount of \$125,000; (iii) the Percentage Sharing Carve-Out (as defined in the Global Settlement Agreement) in an amount of \$335,000; and (iv) the Beneficial Carve-Out (as defined in the Global Settlement Agreement) in an amount of \$625,000.

The Debtor estimates, based on the Schedules and its review of all filed proofs of claim, that the aggregate amount of general unsecured claims, consisting of the Allowed Beneficial Unsecured Claim and Allowed General Unsecured Claims, including claims for rejection damages, will be approximately \$6.98 million. Of this amount, approximately \$3.4 million has already been paid in the Initial Unsecured Creditor Distribution, consisting of a distribution to Beneficial of approximately \$1.33 million and distributions to General Unsecured Creditors of approximately \$2.07 million. The Initial Unsecured Distribution also included payment of approximately \$126,000 of the approximately \$253,000 in Allowed Other Priority Claims.

Accounting for its need to pay in full the Administrative Expense Claims, Professional Fee Claims, Priority Tax Claims, Other Priority Claims, and U.S. Trustee Fees, and to fund the various reserves provided for under the Plan, the Debtor projects that it will have sufficient Cash as of the Effective Date to pay Allowed Claims in Class 4 and Class 5 to the extent set forth in the Debtor's projected waterfall, attached as Exhibit C hereto, which reflects the expected Distributions to the various classes of creditors as provided for under the Plan.

**THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY ORDER OF THE COURT AS CONTAINING INFORMATION OF A KIND, AND IN SUFFICIENT DETAIL, TO ENABLE HOLDERS OF CLAIMS TO MAKE AN INFORMED JUDGMENT IN VOTING TO ACCEPT OR REJECT THE PLAN. APPROVAL OF**

**THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION OR RECOMMENDATION BY THE COURT AS TO THE FAIRNESS OR THE MERITS OF THE PLAN.**

**THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN. WHILE THE DEBTOR BELIEVES THAT THIS SUMMARY IS FAIR AND ACCURATE AND PROVIDES ADEQUATE INFORMATION WITH RESPECT TO THE PLAN, SUCH SUMMARY IS QUALIFIED TO THE EXTENT THAT IT DOES NOT SET FORTH THE ENTIRE TEXT OF THE PLAN. IN THE EVENT OF ANY CONFLICT, INCONSISTENCY, OR DISCREPANCY BETWEEN THE TERMS AND PROVISIONS IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS IN THE PLAN, THE PLAN SHALL GOVERN FOR ALL PURPOSES. ALL HOLDERS OF CLAIMS SHOULD READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS TO THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.**

**THE STATEMENTS CONTAINED HEREIN HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT ASSUME AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN UNLESS SO SPECIFIED. WHILE THE DEBTOR HAS MADE EVERY EFFORT TO DISCLOSE WHERE CHANGES IN PRESENT CIRCUMSTANCES REASONABLY CAN BE EXPECTED TO AFFECT MATERIALLY THE VOTE ON THE PLAN, THIS DISCLOSURE STATEMENT IS QUALIFIED TO THE EXTENT THAT CERTAIN EVENTS, SUCH AS THOSE MATTERS DISCUSSED IN SECTION VII BELOW ENTITLED "RISK FACTORS", DO OCCUR.**

**THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER APPLICABLE NON-BANKRUPTCY LAW. PERSONS OR ENTITIES HOLDING OR TRADING IN, OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS AGAINST THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED.**

**WITH RESPECT TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT AND THE INFORMATION CONTAINED HEREIN SHALL NOT BE CONSTRUED AS AN ADMISSION OR STIPULATION, BUT RATHER AS STATEMENTS MADE IN SETTLEMENT NEGOTIATIONS.**

**C. Voting and Confirmation Procedures**

As set forth above, accompanying this Disclosure Statement are copies of, among other things, the following documents: (i) the Plan, which is annexed hereto as Exhibit A, and (ii) the Disclosure Statement Approval Order, which is annexed hereto as Exhibit B, approving (a) this

Disclosure Statement as containing adequate information pursuant to Section 1125 of the Bankruptcy Code, (b) procedures for the solicitation and tabulation of votes to accept or reject the Plan, and (c) the notice and fixing of (1) the time for submitting acceptances or rejections to the Plan, (2) the hearing to consider confirmation of the Plan, (3) the time for filing objections to confirmation of the Plan and (4) other deadlines and notice procedures.

1. Who May Vote

Pursuant to the provisions of the Bankruptcy Code, impaired classes of claims or interests are entitled to vote to accept or reject a plan of reorganization. A class is “impaired” under the Bankruptcy Code unless the legal, equitable, and contractual rights of the holders of claims or interests in such class are not modified or altered. A class which is not “impaired” is deemed to have accepted a plan and is not entitled to vote. Additionally, a class which receives no distribution under a plan is deemed to have rejected the plan and also is not entitled to vote. As is explained below, Classes 4 and 5 are impaired and entitled to vote on the Plan. Classes 1, 2 and 3 are unimpaired and deemed to accept the Plan. Class 6 is receiving no distribution under the Plan and, therefore, is deemed to reject the Plan.

Accordingly, the Ballots, the Plan, this Disclosure Statement and the related materials delivered together herewith, are being furnished to holders of Claims in Classes 4 and 5, for purposes of soliciting votes on the Plan. The Disclosure Statement is also available at no cost upon request to holders of Claims in Classes 1, 2 and 3 (which classes are unimpaired and therefore deemed to have accepted the Plan), to holders of Interdebtor Claims in Class 6 (which class is not receiving a distribution under the Plan and, therefore, is deemed to reject the Plan) and other persons or entities, solely for informational purposes.

2. Voting Procedures

All votes to accept or reject the Plan must be cast by using the approved form of Ballot. No votes other than ones using such Ballot will be counted except to the extent the Court orders otherwise. The Court has determined that [TBD] \_\_\_\_\_ 2015, has been established as the date for the determination of holders of record of Claims who are entitled to (a) receive a copy of this Disclosure Statement and all of the related materials and (b) vote to accept or reject the Plan. As set forth above, the Disclosure Statement Approval Order sets forth the deadlines for voting to accept or reject the Plan and for filing objections to confirmation of the Plan. In addition, detailed voting instructions accompany each Ballot. Each holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Plan, the Disclosure Statement Approval Order and the instructions accompanying the Ballot in their entirety before voting on the Plan. These documents contain, among other things, important information concerning the classification and valuation of Claims for voting purposes and the tabulation of votes. After carefully reviewing the Plan, the Disclosure Statement Approval Order and this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan on the appropriate Ballot and return such Ballot in the enclosed envelope to the Debtor’s counsel, Cozen O’Connor, at the following address by first class mail, overnight mail or hand delivery:

Cozen O'Connor  
Attn: John T. Carroll, III, Esq.  
1201 North Market Street, Suite 1001  
Wilmington, Delaware 19801

**BALLOTS MUST BE PHYSICALLY RECEIVED BY THE ABOVE DEBTOR'S COUNSEL ON OR BEFORE [ ] P.M. (PREVAILING EASTERN TIME) ON [ ], 2015. ANY BALLOT TRANSMITTED TO DEBTOR'S COUNSEL BY FACSIMILE OR OTHER ELECTRONIC MEANS WILL NOT BE ACCEPTED.**

**II. THE DEBTOR'S BUSINESS AND DEBT STRUCTURE AND EVENTS LEADING TO COMMENCEMENT OF CHAPTER 11 CASES**

**A. Overview of the Debtor's Business**

The Debtor was founded in 1869 as an independent institution under the leadership of Deacon George Nugent of the Eleventh Baptist Church. Originally sponsored by the Baptist Association of Philadelphia, the Debtor has been in continuous operation since that time. At the time of its founding, the Debtor was located in West Philadelphia. However, due to space constraints, the Debtor was eventually relocated to its current location in Northeast Philadelphia in 1926. The Debtor was incorporated in 1869 and is a 501(c)(3) not-for-profit corporation.

The Baptist Home Foundation (the "*Foundation*") was incorporated in 1997 as a not-for-profit 501(c)(3) to act as the development and fundraising entity of the Debtor. While the Foundation is registered as a charitable organization in the state of Pennsylvania, in September 2003, the Foundation's Board of Directors agreed that its fundraising efforts should cease. Since 2003, fundraising has continued under the auspices of the Debtor.

Located at 8301 Roosevelt Boulevard and adjacent to Route 1 in Philadelphia, Pennsylvania, the Debtor, prior to the Sale, provided high quality senior care to residents of Northeast Philadelphia through its 206 licensed skilled nursing beds and 126 independent living and personal care units. The Debtor's personal care and independent living accommodations varied in size, while the facility's nursing and rehabilitation center offered both short and long-term skilled nursing beds. The Debtor had the capacity to serve up to 491 residents and provided a range of services that included inpatient hospice, memory-impaired care, rehabilitation therapy, respite care, recreation, community transportation, and full onsite medical services. In 2008, the Debtor opened an Airway Unit which offered short and long-term care for ventilator dependent residents.

As a Continuing Care Retirement Community (CCRC) designated senior living facility, the Debtor established itself as a leading provider of skilled nursing care, independent living, and personal care services. The Debtor's mission has been to provide high quality senior care at an affordable cost within a Christian environment. The Debtor's mission has been accomplished through the empowerment of five core values: compassion (caring for residents with kind, heartfelt, and genuine concern); creativity (continuous improvement through innovation and teamwork); integrity (dedication to doing what is right); quality (excellence in service to others); and respect (having the highest regard for the worth and right of others). Driven by its mission to

serve the physical and spiritual needs of its residents, the Debtor became one of the preeminent senior living facilities in Northeast Philadelphia.

**B. The Debtor's Prepetition Capital Structure**

On April 15, 1998, the Philadelphia Authority for Industrial Development (the "Authority") and First Union National Bank ("*First Union*"), as bond trustee, issued (i) its Health Care Facilities Revenue Bonds Series 1998A (The Baptist Home of Philadelphia) in the aggregate principal amount of \$25,825,000, and (ii) its Health Care Facilities Revenue Bonds Series 1998B (The Baptist Home of Philadelphia) Extendable Rate Adjustable Securities in the aggregate principal amount of \$2,550,000 (together, the "*Bonds*"). Pursuant to the Loan Agreement, dated as of April 15, 1998, the Authority loaned the proceeds of the Bonds to the Debtor and Foundation for the purpose of, among other things, financing alterations, additions, and improvements to the Debtor's health care facilities. Contemporaneously with the execution and delivery of the Trust Indenture and the Loan Agreement, the Authority assigned and transferred to First Union, as trustee, all of the Authority's right, title, and interest in and to the Loan Agreement as well as all payments thereunder, to be held in trust, as part of the security for payments of the Bonds.

To evidence their obligations under the Loan Agreement, the Debtor and the Foundation executed and delivered two master promissory notes to First Union, as master trustee, in the respective principal amounts of \$25,825,000 and \$2,550,000, pursuant to the Master Trust Indenture (as supplemented, the "Master Indenture"), dated as of April 15, 1998. US Bank National Association (the "*Indenture Trustee*") succeeded First Union as master trustee under the Master Indenture.

Pursuant to the Master Indenture, the Debtor granted the master trustee a security interest in, among other things, all of the rights, titles, and interests of the Debtor in and to the Pledged Revenues (as defined in the Master Indenture), including but not limited to all revenues of the Debtor from whatever source derived, accounts, general intangibles, documents, instruments, chattel paper, and all proceeds of the foregoing.

Pursuant to the Mortgage and Security Agreement (the "*Mortgage*"), dated as of April 15, 1998, between the Debtor and First Union, as master trustee, the Debtor granted the master trustee a mortgage lien upon certain real property and a security interest in certain personal property, all as more specifically described in the Mortgage. The Mortgage was recorded on April 21, 1998, in the Office of the Commissioner of Records for Philadelphia County.

As of April 25, 2014, the outstanding principal and accrued interest under the Bonds was \$23,901,561.11, comprising principal in the amount of \$22,735,000 and accrued interest in the amount of \$1,168,561.11.

Pursuant to a Line of Credit Note, dated January 22, 2008 (the "*First Bank Note*"), Beneficial Mutual Savings Bank ("*Beneficial*") extended an unsecured line of credit loan to the Debtor in an amount not to exceed the principal sum of \$1,375,000. Pursuant to a second Line of Credit Note, dated May 9, 2008 (the "*Second Bank Note*"), Beneficial extended a second line of credit loan to the Debtor in an amount not to exceed the principal sum of \$6,750,000. The

Debtor secured the Second Bank Note by: (i) the Pledge and Security Agreement (Cash Accounts), dated as of May 9, 2008, between the Debtor and Beneficial, pursuant to which the Debtor assigned certain deposit accounts of the Debtor to Beneficial as collateral for the Second Bank Note; and (ii) the Pledge and Security Agreement (Marketable Securities), dated as of May 9, 2008, between the Debtor and Beneficial, pursuant to which the Debtor granted to a Beneficial a security interest in a brokerage account with Pershing Advisory Solutions LLC and certain securities held therein.

In July 2009, the Debtor and Beneficial entered into the Note and Loan Document Modification Agreement, pursuant to which the First Bank Note was modified to provide, among other things, that the security interests, liens, and other rights in or relative to any collateral granted to Beneficial by the Debtor or in any instrument or agreement also would secure all other liabilities of the Debtor to Beneficial. As a result, the Pledge Agreements also secure the Debtor's obligations under the First Bank Note.

**C. Events Leading to the Chapter 11 Filing**

The primary cause of the Debtor's bankruptcy was its inability to service its debt due to negative financial and operational events which occurred from 2008 to 2011. Specifically, the Debtor experienced significant financial volatility due to a confluence of changing market trends, including declining government reimbursement, and declining patient and resident census.

The negative operating performance of the Debtor resulted in a leadership change in November 2011. Under the direction of current President and Chief Executive Officer, Lisa Sofia, the Debtor developed and implemented a financial and operational improvement plan. A new Chief Financial Officer, Ronald Singer, was added in October 2013. Under this new leadership, operations improved significantly. While the Indenture Trustee and certain holders of the Bonds worked with the Debtor to address various restructuring alternatives outside of bankruptcy, it nonetheless became evident to the bondholders and the Debtor in early 2014 that chapter 11 relief was necessary.

**III. SIGNIFICANT EVENTS DURING THE DEBTOR'S CHAPTER 11 CASE**

**A. Overview of Chapter 11 and Commencement of Chapter 11 Cases in General**

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its finances and operations for the benefit of itself, its creditors and interest holders. In addition to permitting rehabilitation of a debtor, another goal of Chapter 11 is to promote the optimization of a debtor's assets and equality of treatment for similarly situated creditors and interest holders with respect to the distribution of a debtor's assets.

The commencement of a Chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing of the debtor's bankruptcy petition. The Bankruptcy Code provides that a Chapter 11 debtor may continue to operate its business and remain in possession of its property as a debtor-in-possession.



The Debtor commenced the Case by following a voluntary petition for relief under Chapter 11 of the Bankruptcy Code with the Court on April 25, 2014 (the “*Petition Date*”). The Foundation also filed a petition for Chapter 11 relief on the *Petition Date*. The cases were assigned to the Honorable Eric L. Frank, Chief United States Bankruptcy Judge for the Eastern District of Pennsylvania. The Debtor continues to retain control of its remaining assets as debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

Confirmation and consummation of a plan of reorganization or liquidation are the principal objectives of a Chapter 11 case. In general, confirmation of a plan by the bankruptcy court makes the plan binding upon a debtor, any person acquiring property under the plan and any creditor or interest holder of a debtor. Before soliciting acceptances of a proposed plan, however, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment in voting to accept or reject the plan. The Debtor is distributing this Disclosure Statement to satisfy the requirements of section 1125 of the Bankruptcy Code and Rule 3017 of the Federal Rules of Bankruptcy Procedure.

The following is a brief description of some of the major events that have occurred in the Case.

**B. First Day Orders**

On the *Petition Date*, the Debtor filed certain motions and applications seeking relief from the Bankruptcy Court designed to minimize the potential disruption of the Chapter 11 filing on the Debtor’s business affairs and facilitate the orderly administration of the Case. Shortly after the *Petition Date*, the Court entered various orders. These include:

- a. an order granting procedural consolidation of the Case with the case of the Foundation and authorizing joint administration thereof [Docket No. 31];
- b. an order authorizing the Debtor’s payment of pre-petition employee wages, salaries and other compensation, employee medical, dental and similar benefits, withholdings from employee paychecks and related deductions, and reimbursable employee expenses [Docket No. 36];
- c. an order authorizing the Debtor to use pre-petition bank accounts and existing business forms [Docket No. 39];
- d. an order granting an extension of time for the Debtor to file (a) statement of financial affairs and (b) schedules of assets and liabilities, current income and expenditures and executory contracts and unexpired leases [Docket No. 77]; and
- e. an order enjoining utility providers from terminating service to the Debtor and establishing procedures for determining requests for additional adequate assurance [Docket No. 95].



**C. Retention of Debtor's Professionals**

During the Case, the Court also entered various orders authorizing the Debtor to retain professionals to assist it with the conduct and administration of the Case and its reorganization efforts. These professionals are:

- a. the law firm of Cozen O'Connor, retained as counsel [Docket No. 143];
- b. the law firm of Laura Solomon and Associates, retained as corporate and tax counsel [Docket Nos. 217, 288];
- c. Shea Advisory Services, retained as financial advisor [Docket No. 249]; and
- d. KMPG Corporate Finance LLC, retained as financial advisor and investment banker [Docket No. 176].

**D. Appointment of Creditors' Committee and Professionals**

On or about May 6, 2014, the U.S. Trustee appointed the Committee [Docket No. 60] to represent the interests of the unsecured creditors. Since the Committee's formation, the Debtor has consulted and coordinated with the Committee concerning various aspects of the Case, including, without limitation, the sale of the Sale Assets, the formulation of the Plan, and expected recoveries for creditors thereunder. The members of the Committee are:

- McKesson Medical-Surgical Minneapolis Supply;
- RehabCare Group East, Inc. d/b/a RehabCare Group Therapy Services Inc.
- Respiratory Health Services, LLC
- Shelly's Medication Services, Inc.; and
- Sodexo Operations, LLC

Pursuant to orders of the Court, the Committee has employed Pepper Hamilton LLP as its primary counsel [Docket No. 138] and Maschmeyer Karalis, P.C. as its conflicts counsel [Docket No. 172].

**E. Use of Cash Collateral**

On the Petition Date, the Debtor filed a motion for approval of its continued use of cash collateral in order to provide the funding critical to the operation of the Debtor's business and the administrative costs associated with the Case (the "*Cash Collateral Motion*"). On May 2, 2014, the Court entered an interim consent order that, among other things, (i) authorized the Debtor to utilize cash collateral pursuant to section 363 of the Bankruptcy Code, and (ii) granted adequate protection to the Indenture Trustee and Beneficial [Docket No. 50], all on an interim basis, pending a final hearing on the Cash Collateral Motion (the "*Final Cash Collateral Hearing*"). The Debtor's interim use of cash collateral was extended by further orders of the Court [Docket Nos. 96, 118].

Prior to the Final Cash Collateral Hearing, the Committee conducted an investigation into, among other things, the (i) nature, validity, extent and priority of the liens and claims asserted by the Indenture Trustee and Beneficial against the Debtor, (ii) the Debtor's proposed Sale, and (iii) other matters relating to the assets, liabilities and potential causes of action of the Debtor and its estate.

As a result of its investigation, the Committee raised certain issues and alleged deficiencies with respect to the liens and claims of the Indenture Trustee and Beneficial, as well as certain objections to the Cash Collateral Motion and Sale Motion, among other matters. Following extensive negotiations, the Committee, the Debtor, the Foundation, Beneficial, and the Indenture Trustee entered into a global settlement resolving a number of issues and disputes between the parties. The global settlement agreement is described more fully below.

On June 27, 2014, the Court entered an order approving the Debtor's use of cash collateral on a final basis [Docket No. 190] (the "*Final Cash Collateral Order*"). Pursuant to the Final Cash Collateral Order, the Debtor was, among other things, authorized to use the cash collateral of the Indenture Trustee pursuant to an agreed budget, which budget has been extended by agreement of the Indenture Trustee and the Debtor, and with the consent of the Committee. In addition, in consideration for the use of cash collateral, and in connection with the global settlement agreement discussed below, the Final Cash Collateral Order approved releases in favor of the Indenture Trustee and its officers, directors, employees, agents, attorneys, professionals, affiliates, subsidiaries, assigns and successors.

#### **F. The Global Settlement Agreement**

As previously noted, the Debtor, the Foundation, the Committee, the Indenture Trustee, and Beneficial entered into a global settlement agreement (the "*Global Settlement Agreement*"). On, June 18, 2014 the Debtor filed and served a motion [Docket No. 169] seeking an order approving the Global Settlement Agreement.

The Global Settlement Agreement included agreements as to the Debtor's use of cash collateral on a final basis; bid procedures and a timeline with respect to a possible sale or other disposition of substantially all of the Debtor's assets; the Debtor's retention of KMPG Corporate Finance LLC as its investment banker/broker to assist in the Debtor's pursuit of sale or other transactions, such as a restructuring; and resolution of claims, disputes, and causes of action with Beneficial.

Pursuant to the Global Settlement Agreement, carve-outs with respect to the disposition of the proceeds of certain of the Debtor's assets were established, and have been incorporated into the Plan, as follows:

- (a) A carve-out by Beneficial of \$625,000 (the "*Beneficial Carve-Out*") from its collateral, for the benefit of holders of Allowed General Unsecured Claims.
- (b) A carve-out by the Indenture Trustee from the proceeds of sale or other disposition of all or part of its collateral, in an amount equal to:

- (i) \$125,000 (the “*Sale Proceeds Carve-Out*”) for the benefit of holders of Allowed General Unsecured Claims, plus
- (ii) 5% of any such sale proceeds (on a gross basis) between \$19,000,000 and \$21,000,000, 6% of any such sale proceeds (on a gross basis) between \$21,000,001 and \$22,000,000, and 7% of any such sale proceeds (on a gross basis) in excess of \$22,000,000 up to the amount needed to satisfy the Indenture Trustee’s allowed claim (the “*Percentage Sharing Carve-Out*”).

The Global Settlement Agreement provides that the Percentage Sharing Carve-Out shall be split among Beneficial and all other holders of Allowed General Unsecured Claims (excluding, however, any allowed unsecured deficiency claim of the Indenture Trustee) as follows: (i) 35% of the Percentage Sharing Carve-Out shall be distributed to Beneficial, and (ii) 65% of the Percentage Sharing Carve-Out shall be distributed to all other holders of Allowed General Unsecured Claims.

The Court entered an order [Docket No. 188] approving the Settlement Agreement on June 27, 2014, which constituted a crucial milestone in bringing this Chapter 11 Case to a successful outcome. The Global Settlement Agreement, and the related agreements among the parties, provided certainty at a critical juncture in the Case, ensuring the Debtor had sufficient financing to properly pursue its sale process and continue to operate. Moreover, in light of the results of the sale process and the Debtor’s continued operations during the Case, the Debtor projects that creditors of all classes will receive the substantial distributions described herein.

**G. The Sale of Substantially All of the Debtor’s Assets**

On May 20, 2014, the Debtor filed a motion (the “*Sale Motion*”) [Docket No. 113] that sought, among other things, to approve bidding procedures and an auction (the “Auction”) in connection with the proposed sale of substantially all of the Debtor’s assets to the bidder with the highest and best bid at the Auction, free and clear of all liens, claims and interests. On June 27, 2014, the Court entered an order (the “*Bidding Procedures Order*”) [Docket No. 192] that authorized the Debtor to, among other things, solicit bids for its assets. On July 25, 2014, pursuant to the authority granted in the Bidding Procedures Order, the Debtor entered into, and filed with the Court [Docket No. 223], a stalking horse asset purchase agreement with the Purchaser.

Pursuant to the Bidding Procedures Order, competing bids for any or all of the Debtor’s assets were required to be submitted to the Debtor and other parties on or before August 8, 2014. No other qualified bids were received by the Debtor by the bid deadline. Thus, in accordance with the Bidding Procedures Order, an Auction was not held, and the Purchaser was determined to be the successful bidder. The Purchaser’s winning bid was initially comprised of a cash purchase price of \$30,250,000 minus certain adjustments for assumed liabilities. On August 27, 2014, the Court held a hearing to consider approval of the sale to the Purchaser. On August 28, 2014, the Court entered an order approving the sale to the Purchaser free and clear of all liens, claims, encumbrances, and other interests (the “*Sale Order*”).

Subsequently, the Purchaser and the Debtor entered into an amendment to their Asset Purchase Agreement which provides for the sale of the Debtor's accounts receivable, which were not originally included among the Sale Assets under the original Asset Purchase Agreement, to the Purchaser. The additional consideration for the accounts receivable was 70% of the full amount of the Debtor's accounts receivable, as set forth in the Debtor's books and records as of the Closing Date. The Court approved the amendment to the Asset Purchase Agreement approving this sale of accounts receivable on or about November 19, 2014. The Purchase Price paid at closing attributable to the accounts receivable was \$2,350,520.

Pursuant to the Sale Order, the sale of Sale Assets to the Purchaser closed on December 1, 2014, subsequent to the parties' obtaining the required regulatory approvals for the transaction. The Debtor intends to make distributions to creditors pursuant to the Plan and continue to administer the Case. Following confirmation of the Plan and the Effective Date, the Reorganized Debtor will use any sale proceeds remaining to the extent all creditors have received payment in full, as well as certain restricted funds which are not available for distribution to creditors or for other general uses, in furtherance of its charitable mission.

The Purchaser, pursuant to Section 14(c) of the Asset Purchase Agreement, agreed to assume all obligations related to Employment Expenses (as defined therein).

#### **H. Claims Process and Bar Dates**

On May 23, 2014, the Debtor filed its schedules of assets and liabilities (the "*Schedules*") and statement of financial affairs (the "*Statement*") with the Court [Docket Nos. 123-133]. Among other things, the Schedules contain information identifying the Debtor's executory contracts and unexpired leases, the creditors holding claims against the Debtor, and the nature of such claims. The Statement further provides information including, among other things, payments or other transfers of property made by the Debtor to creditors on or within 90 days before the Petition Date or, in the case of "insiders," payments or other transfers of property made by the Debtor on or within one year before the Petition Date.

Subsequently, on July 28, 2014, the Debtor filed a motion [Docket No. 228] seeking entry of an order establishing, among other things, the deadline by which creditors needed to file proofs of claim asserting unsecured or secured, priority or nonpriority Claims or administrative expense claims arising under section 503(b)(9) of the Bankruptcy Code against the Debtor arising or accruing prior to the Petition Date (the "*Prepetition Bar Date*"). On August 20, 2014, the Court entered an order (the "*Bar Date Order*") [Docket No. 269] setting October 16, 2014 as the Prepetition Bar Date, and October 22, 2014 (the "*Government Bar Date*"), as the bar date for Creditors that constitute governmental units (as defined by the Bankruptcy Code) to file proofs of claim against the Debtor. The Bar Date Order provides, except as set forth therein, that any holder of a Claim that fails to file a timely proof of claim on or before the Prepetition Bar Date or the Government Bar Date, as applicable, shall not be permitted to vote to accept or reject any plan of reorganization or to participate in any distribution in the Case on account of such Claim.

Seventy-two (72) proofs of claim have been filed against the Debtor's estate as of the Prepetition Bar Date and the Government Bar Date claiming aggregate liability of approximately \$29.3 million in varying levels of priority (*i.e.*, secured, administrative, priority and general

unsecured claims). Of this aggregate amount, approximately \$22.7 million represents the pre-petition portion of the Bond Indebtedness Claim, and approximately \$2.65 million represents the allowed general unsecured claim of Beneficial pursuant to the Global Settlement Agreement.

The Debtor has reviewed the filed claims and compared them with its Schedules and its books and records. The Debtor believes that the foregoing filed proofs of claim include, among other things, some invalid, overstated, duplicative, misclassified and/or otherwise objectionable claims. Thus, the Debtor believes that the foregoing aggregate filed claim amount was overstated. The Debtor has been working to reconcile material discrepancies with its creditors, and believes that based on these efforts the total amount of General Unsecured Claims, including rejection damage claims but excluding the Allowed Beneficial Unsecured Claim, to be Allowed will be in the amount of approximately \$4.32 million, and Allowed Other Priority Claims to be paid by the Debtor pursuant to the Plan will be in the amount of approximately \$253,000.

**I. Payment of Bond Indebtedness Claim and Initial Distribution to Unsecured Creditors**

On December 18, 2014, the Court entered an order (the “*Initial Distribution Order*”) [Docket No. 431] which authorized the Debtor to make a 50% interim distribution to each holder of an Allowed Other Priority Claim or Allowed General Unsecured Claim (the “*Initial Unsecured Creditor Distribution*”). Accordingly, the Debtor has made the Initial Unsecured Creditor Distribution, in a total amount of approximately \$3.52 million, consisting of a distribution to Beneficial of approximately \$1.33 million, distributions to General Unsecured Creditors of approximately \$2.07 million, and distributions to holders of Allowed Other Priority Claims of approximately \$126,000.

In addition, the Initial Distribution Order authorized the Debtor to make a Distribution to the Indenture Trustee in the amount of \$23,539,649.80 (the “*Initial Indenture Trustee Distribution*”) and the Debtor made the Initial Indenture Trustee Distribution. Subsequently, by order dated December 31, 2014 [Docket No. 547], the Court authorized the Debtor to complete the Distribution to the Indenture Trustee on account of the Bond Indebtedness Claim by paying the amounts previously held back pursuant to the Initial Distribution Order. Accordingly, the Debtor made a further Distribution to the Indenture Trustee in the amount of \$495,605.23 (the “*Final Indenture Trustee Distribution*”), which, in combination with the Initial Indenture Trustee Distribution, satisfies the Bond Indebtedness Claim in full.

**IV. OVERVIEW OF THE PLAN**

**A. General**

The following is a summary intended as a brief overview of the Plan and is qualified in its entirety by reference to the full text of the Plan, a copy of which is annexed hereto as Exhibit A. Holders of Claims are respectfully referred to the relevant provisions of the Bankruptcy Code and are encouraged to review the Plan and this Disclosure Statement with their counsel.

In general, a Chapter 11 plan must (i) divide claims and interests into separate categories and classes, (ii) specify the treatment that each category and class is to receive under such plan, and (iii) contain other provisions necessary to implement the reorganization of a debtor. A Chapter 11 plan may specify that the legal, equitable, and contractual rights of the holders of claims or interests in certain classes are to remain unchanged by the liquidation effectuated by the plan. Such classes are referred to as “unimpaired” and, because of such favorable treatment, are deemed to vote to accept the plan. Accordingly, it is not necessary to solicit votes from holders of claims or interests in such “unimpaired” classes. Pursuant to Section 1124(1) of the Bankruptcy Code, a class of claims or interests is “impaired,” and entitled to vote on a plan, unless the plan “leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest.” 11 U.S.C. § 1124(1).

## **B. Classification of Claims and Interests**

Section 1122 of the Bankruptcy Code provides that a plan shall classify the claims and interests of a debtor’s creditors and equity interest holders. In compliance with section 1122 of the Bankruptcy Code, the Plan divides the holders of Claims into four unclassified categories and six Classes, and sets forth the treatment to be provided to each Class.<sup>2</sup> These Classes take into account the differing nature and priority of Claims against the Debtor. Section 101(5) of the Bankruptcy Code defines “claim” as a “right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured” or a “right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.” 11 U.S.C. § 101(5). A “claim” against the Debtor also includes a claim against property of the Debtor, as provided in Section 102(2) of the Bankruptcy Code. 11 U.S.C. § 102(2).

For the holder of a Claim to participate in a plan and receive the treatment offered to the class in which it is classified, its Claim must be “Allowed.” Under the Plan, “*Allowed*” means with reference to any Claim, (i) a Claim against the Debtor that is Allowed under the Plan and, therefore, is not subject to disallowance, defense, reduction, avoidance, setoff, recoupment, or subordination of any kind; (ii) any Claim against the Debtor to the extent: (a) such Claim has been listed by the Debtor in its Schedules, as such Schedules have been or may be amended by the Debtor from time to time in accordance with Bankruptcy Rule 1009, as liquidated in an amount and not Disputed or contingent and for which no proof of Claim has been filed; (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,

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<sup>2</sup> A plan proponent is required under section 1122 of the Bankruptcy Code to classify the claims and interests of a debtor’s creditors and interest holders into classes containing claims and interests that are substantially similar to the other claims or interests in such class. While the Debtor believes that its classification of all Claims is in compliance with the provisions of section 1122 of the Bankruptcy Code, it is possible that a holder of a Claim may challenge the Debtor’s classification scheme and the Court may find that a different classification is required for the Plan to be confirmed. In such event, it is the present intent of the Debtor, to the extent permitted by the Court, to modify the Plan to provide for whatever reasonable classification might be required by the Court for Confirmation, and to use the acceptances received by the Debtor from any holder of a Claim pursuant to this solicitation for the purpose of obtaining the approval of the Class or Classes of which such holder of a Claim is ultimately deemed to be a member.



has not been previously satisfied and (x) is not objected to within the period fixed by the Bankruptcy Code, the Bankruptcy Rules, the Plan and/or applicable Final Orders of the Court, (y) has been settled pursuant to the provisions of the Plan, or (z) has otherwise been allowed by a Final Order; (iii) any Claim as to which the Debtor or Reorganized Debtor has determined not to interpose an objection; (iv) any Claim or Administrative Expense Claim allowed pursuant to the Plan; (v) any Claim or Administrative Expense Claim that is not Disputed; (vi) any Claim or Administrative Expense Claim that is compromised, settled, or otherwise resolved pursuant to the authority granted to the Debtor or the Reorganized Debtor pursuant to a Final Order of the Court or under the Plan; or (vii) any Claim or Administrative Expense Claim that has been allowed by Final Order. Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Court shall not be considered "Allowed Claims" hereunder. An Allowed Claim shall be net of any setoff or recoupment amount of any Claim that may be asserted by the Debtor against the holder of such Claim, which amount shall be deemed setoff or recouped pursuant to the terms of the Plan. The presence of a Disputed Claim in any Class will not be cause to delay Distribution to Allowed Claims in that Class or in any other Classes, so long as a reserve is created for the Disputed Claim pursuant to the terms of the Plan.

### **C. Treatment of Claims Under the Plan**

The Plan segregates the various Claims against the Debtors into the following groups: Administrative Expense Claims, Priority Tax Claims, Professional Fee Claims, U.S. Trustee Fees, Class 1 (Bond Indebtedness Claim), Class 2 (Beneficial Secured Claim), Class 3 (Other Priority Claims), Class 4 (Beneficial Unsecured Claim), Class 5 (General Unsecured Claims) and Class 6 (Interdebtor Claims).

Under the Plan, Claims in Classes 1, 2 and 3 are unimpaired, and Claims in Classes 4, 5 and 6 are impaired. Set forth below is a summary of the Plan's treatment of the various categories and Classes of Claims. This summary is qualified in its entirety by the full text of the Plan. In the event of an inconsistency between the Plan and the description contained herein, the terms of the Plan shall govern. The Plan is complicated and substantial. Time should be allowed for its analysis; consultation with a legal and/or financial advisor is recommended and should be considered.

#### **1. Unclassified Categories of Claims**

##### **(a) Administrative Expense Claims**

*Treatment.* Except to the extent a holder of an Allowed Administrative Expense Claim agrees to less favorable treatment, on or as soon as practicable after the later of (i) the Effective Date or (ii) the first Business Day after the date that is thirty (30) days after the date an Administrative Expense Claim becomes an Allowed Claim, each holder of an Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Allowed Administrative Expense Claim.

*Time for Filing.* The holder of an Administrative Expense Claim accruing on or after the Petition Date other than: (a) a Professional Fee Claim; (b) an Administrative Expense Claim that has been Allowed on or before the

Confirmation Date; (c) the Claim for Indenture Trustee's Fees, if any, and (d) a Claim for U.S. Trustee Fees, must serve on Debtor and its counsel, as well as Committee counsel, a request for payment of such Administrative Expense Claim so as to be received by 5:00 p.m. (prevailing Eastern Time) on the date that is thirty (30) days after entry of the Confirmation Order. Such request must include at a minimum: (i) the name of the holder of the Administrative Expense Claim; (ii) the amount of the Administrative Expense Claim; (iii) the basis of the Administrative Expense Claim; and (iv) all supporting documentation for the Administrative Expense Claim. FAILURE TO FILE AND SERVE SUCH REQUEST TIMELY AND PROPERLY SHALL RESULT IN THE ADMINISTRATIVE EXPENSE CLAIM BEING FOREVER BARRED AND DISCHARGED. For the avoidance of doubt, the Indenture Trustee Fees are Allowed under the Plan as part of the Bond Indebtedness Claim.

(b) Priority Tax Claims

*Treatment.* Except to the extent that a holder of an Allowed Priority Tax Claim agrees to less favorable treatment or has been paid by the Debtor prior to the Effective Date, each holder of an Allowed Priority Tax Claim, in full and final satisfaction, release and settlement of such Allowed Priority Tax Claim, shall receive on account of such Allowed Priority Tax Claim (a) on or as soon as practicable after the later of (i) the Effective Date or (ii) the first Business Day after the date that is thirty (30) days after the date a Priority Tax Claim becomes an Allowed Claim, Cash in an amount equal to such Allowed Claim, or (b) deferred Cash payments following the Effective Date, over a period not exceeding five years from the Petition Date. Any Claim or demand for fines or penalties relating to any Priority Tax Claim (other than a penalty of the type specified in section 507(a)(8)(G) of the Bankruptcy Code) shall be Disallowed, and the holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Estate, the Debtor, the Reorganized Debtor or any of their Assets or properties.

(c) Professional Fee Claims

*Professional Fee Claims Bar Date.* All Professional Fee Claims, except Professional Fee Claims that have been Allowed prior to the Confirmation Date, must be filed with the Court and served on (i) the Debtor and its counsel, (ii) the Reorganized Debtor and its counsel, (iii) the U.S. Trustee, and (iv) counsel to the Committee no later than thirty (30) days after the Confirmation Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Court in the Case, the Allowed amounts of such Fee Claims shall be determined by the Court. FAILURE TO FILE AND SERVE FINAL FEE APPLICATIONS TIMELY AND PROPERLY SHALL RESULT IN THE UNDERLYING FEE CLAIMS BEING FOREVER BARRED AND DISCHARGED UNLESS OTHERWISE ALLOWED BY THE COURT. Objections to Professional Fee Claims, if any, must be filed and served pursuant to the procedures set forth in the Confirmation Order no later than twenty-one



(21) days after the filing of the Professional Fee Claim or such other date as may be established by the Court. Unpaid fees and expenses for legal, financial advisory, and accounting services rendered to the Reorganized Debtor or the Committee after the Confirmation Date shall be paid, without need for the filing of a fee application or entry of an order approving such payment, within fifteen (15) days of submission of an invoice by such Professional to the Reorganized Debtor, with copies to counsel for the Reorganized Debtor and the Committee; provided, however, that in the event of a dispute regarding payment of such post-Confirmation Date fees, the dispute will be presented to the Court for determination.

*Treatment.* A Professional Fee Claim in respect of which a final fee application has been timely and properly filed and served pursuant to Section 2.5 of the Plan shall be payable to the extent approved by order of the Court. On the Effective Date, or as soon thereafter as reasonably practicable, to the extent not otherwise paid, all Allowed Professional Fees (including estimated fees through the Effective Date) shall be paid in full in Cash. To receive payment on the Effective Date for unbilled fees and expenses estimated to be incurred through the Effective Date, each Professional shall reasonably estimate fees and expenses due for unbilled fees and expenses for periods that will not have been billed as of the Effective Date and shall deliver such estimates to the Debtor, counsel to the Debtor, counsel to the Committee and the U.S. Trustee prior to the Effective Date. If the estimated payment received by such Professional exceeds the actual Allowed Professional Fee Claim for the estimated period, such excess amount shall be deducted from the Holdback Amount for such Professional and if the Holdback Amount is insufficient, such Professional shall disgorge and return the difference to the Reorganized Debtor. If the estimated payment received by the Professional is lower than the Allowed Professional Fee Claim of such Professional, the difference shall be promptly paid to the Professional by the Reorganized Debtor. The Professionals of the Reorganized Debtor and the Committee (subject to Section 13.9 of the Plan) shall be entitled to payment of their post-Effective Date fees and expenses from the Professional Fee Reserve established under 6.10 of the Plan.

(d) U.S. Trustee Fees

U.S. Trustee Fees incurred by the Estate prior to the Effective Date shall be paid in Cash on the Effective Date in accordance with the applicable schedule for payment of such fees.

2. Unimpaired Classes of Claims

A Chapter 11 plan may specify that the legal, equitable, and contractual rights of the holders of claims or interests in certain classes are to remain unchanged by the plan. Such classes are referred to as “unimpaired” and, because of such favorable treatment, are deemed to vote to accept the plan. Accordingly, it is not necessary to solicit votes from holders of claims or

interests in such “unimpaired” classes. Under the Plan, Classes 1, 2 and 3 are unimpaired and, therefore, are deemed to have accepted the Plan.

(a) Class 1 (Bond Indebtedness Claim).

*Allowance.* The Bond Indebtedness Claim is Allowed in an aggregate amount of \$24,035,255.03, which amount has been paid in full through the Initial Indenture Trustee Distribution and the Final Indenture Trustee Distribution, and was calculated as follows:

(w) \$24,558,043.75, consisting of (i) principal in the amount of \$22,735,000.00, (ii) accrued, unpaid interest as of the Petition Date in the amount of \$1,168,561.11, and (iii) accrued, unpaid interest from the Petition Date through and including November 14, 2014, in the amount of \$654,482.64; plus

(x) the aggregate of: (i) accrued and unpaid interest on the Series 1998A Bonds due 2018 at the rate of 5.50% from November 15, 2014, through and including the date that the Bond Indebtedness Claim is paid in full; (ii) accrued and unpaid interest on the Series 1998A Bonds due 2028 at the rate of 5.60% from November 15, 2014, through and including the date that the Bond Indebtedness Claim is paid in full; (iii) accrued and unpaid interest on the Series 1998B Bonds at the rate of 2.1125% from November 15, 2014, through and including the date that the Bond Indebtedness Claim is paid in full; (iv) any unpaid Indenture Trustee Fees as of the date that the Bond Indebtedness Claim is paid in full and not paid from the funds held by the Indenture Trustee under the Trust Indenture as part of the trust estate; less

(y) the aggregate of: (i) an amount equal to any funds held by the Indenture Trustee under the Trust Indenture as part of the trust estate after payment of any unpaid Indenture Trustee Fees as of the date that the Bond Indebtedness Claim is paid in full; less (ii) \$50,000.00 (to the extent available) to be funded from funds held by the Indenture Trustee under the Trust Indenture as part of the trust estate after payment of any unpaid Indenture Trustee Fees as of the date that the Bond Indebtedness Claim is paid in full (the “*Indenture Trustee Fee and Expense Reserve*”); and less

(z) the aggregate of: (i) \$291,643.00, representing the unaccrued portion of the original issue discount, calculated using the straight-line method, through November 15, 2014; less (ii) \$57.07, per day, representing the accrual of a portion of the original issue discount, calculated using the straight-line method, for each day from November 16, 2014, until the date that the Bond Indebtedness Claim is paid in full.

*Treatment.* The payment of the Initial Indenture Trustee Distribution and the Final Indenture Trustee Distribution to the Indenture Trustee, as the holder of the Bond Indebtedness Claim, constitutes full and final satisfaction, release and settlement of the Allowed Bond Indebtedness Claim prior to the Effective Date, and any and all Liens of the Indenture Trustee shall be deemed satisfied and released. No further payments or other Distributions of property will be made on account of the Bond Indebtedness Claim. For the avoidance of doubt, the treatment of the Bond Indebtedness Claim as set forth herein shall also be in full and final satisfaction, release and settlement of all indebtedness of the Foundation related to or under the Bonds or the Notes.

(b) Class 2 (Beneficial Secured Claim)

*Treatment.* Pursuant to the Global Settlement Agreement, the holder of the Allowed Beneficial Secured Claim has received or will have received property prior to the Effective Date which Beneficial, as the holder of the Allowed Beneficial Secured Claim, has agreed is in full and final satisfaction, release and settlement of the Allowed Beneficial Secured Claim, and any and all Liens of Beneficial shall be deemed satisfied and released. No further payments or other Distributions of property will be made on account of the Beneficial Secured Claim. For the avoidance of doubt, the treatment of the Beneficial Secured Claim as set forth herein shall also be in full and final satisfaction, release and settlement of all indebtedness of the Foundation related to or under the Beneficial Secured Claim.

(c) Class 3 (Other Priority Claims).

*Treatment.* Except to the extent the holder of an Allowed Other Priority Claim (i) agrees to less favorable treatment, (ii) has been paid prior to the Effective Date or (iii) is an employee of the Debtor having a claim for which the Purchaser has assumed liability under the Asset Purchase Agreement, each holder of an Allowed Other Priority Claim shall receive, in full and final satisfaction, release and settlement of such Allowed Other Priority Claim, on or as soon as practicable after the later of (x) the Effective Date or (y) the first Business Day after the date that is thirty (30) days after the date an Other Priority Claim becomes an Allowed Claim, Cash in an amount equal to such Allowed Other Priority Claim. For the avoidance of doubt, holders of Other Priority Claims who were employees of the Debtor having claims for which the Purchaser has assumed liability under the Asset Purchase Agreement will not receive any Distribution from the Debtor.

3. Impaired Classes of Claims Entitled to Vote

Pursuant to section 1124 of the Bankruptcy Code, a class of claims or interests is impaired unless the legal, equitable, and contractual rights of the holders of claims or interests in such class are not modified or altered by a plan. Holders of allowed claims in impaired classes that receive or retain property under a plan are entitled to vote on such plan. Under the Plan,

Classes 4 and 5 are impaired and receive or retain property under the Plan and, therefore, are entitled to vote on the Plan.

(a) Class 4 (Beneficial Unsecured Claim).

*Treatment.* The Beneficial Unsecured Claim has been fixed in the amount of \$2,656,712.39 pursuant to the Global Settlement Agreement. Except to the extent the holder of the Allowed Beneficial Unsecured Claim agrees to less favorable treatment or has been paid prior to the Effective Date, the holder of the Allowed Beneficial Unsecured Claim shall receive one or more Distributions consisting of a 35% share of the Percentage Sharing Carve-Out and a Pro Rata share (computed as a percentage of all Allowed Claims in Classes 4 and 5) of the General Unsecured Claim Fund. The first such Distribution will occur within seven (7) business days after the Effective Date. To the extent such Allowed Beneficial Unsecured Claim has not been Paid in Full, subsequent Distributions shall be made as soon as reasonably practicable until the earlier of (i) such Allowed Beneficial Unsecured Claim being Paid in Full or (ii) proceeds from the above funding sources, to the extent available to pay creditors under the Plan and applicable non-bankruptcy law, being fully exhausted, at which time such Allowed Beneficial Unsecured Claim shall be deemed to have been fully and finally satisfied, released and settled. The holder of the Allowed Beneficial Unsecured Claim shall not be entitled to any Distribution from the Beneficial Carve-Out and the Sale Proceeds Carve-Out. Any additional funds remaining in the General Unsecured Claim Fund after payment in full of the Allowed General Unsecured Claims is to be used to pay the remaining unpaid balance of the Allowed Beneficial Unsecured Claim, if any. For the avoidance of doubt, the treatment of the Beneficial Unsecured Claim as set forth herein shall also be in full and final satisfaction, release and settlement of all indebtedness of the Foundation related to or under the Beneficial Unsecured Claim.

(b) Class 5 (General Unsecured Claims).

*Treatment.* Except to the extent the holder of an Allowed General Unsecured Claim agrees to less favorable treatment or has been paid prior to the Effective Date, the holder of an Allowed General Unsecured Claim shall receive one or more Distributions consisting of (i) a Pro Rata share (computed as a percentage of all Allowed Claims in Class 5 only) of: (A) the Beneficial Carve-Out; (B) the Sale Proceeds Carve-Out; and (C) 65% of the Percentage Sharing Carve-Out; and (ii) a Pro Rata share (computed as a percentage of all Allowed Claims in Classes 4 and 5) of the General Unsecured Claim Fund. The first such Distribution will occur within seven (7) business days after the Effective Date. To the extent such Allowed General Unsecured Claims have not been Paid in Full, subsequent Distributions shall be made as soon as reasonably practicable until the earlier of (i) such Allowed General Unsecured Claims being Paid in Full or (ii) proceeds from the above funding sources, to the extent available to pay creditors under the Plan and applicable non-bankruptcy law, being fully exhausted, at which time

such Allowed General Unsecured Claims shall be deemed to have been fully and finally satisfied, released and settled.

Under the Plan, “*Paid in Full*” means (a) with respect to the Beneficial Unsecured Claim only, that the Allowed amount of \$2,656,712.39 has been paid and (b) with respect to a General Unsecured Claim or Other Priority Claim only, that the Allowed amount of such General Unsecured Claim or Other Priority Claim has been paid; for the avoidance of doubt, no post-petition interest will be paid on account of the Beneficial Unsecured Claim, Other Priority Claims or General Unsecured Claims.

**There are no holders of equity interests in the Debtor, and the Plan accordingly makes no provision for such holders.**

4. Classes of Claims Not Receiving Distributions

Pursuant to section 1126(g) of the Bankruptcy Code, a class of claims or interests is deemed not to have accepted a plan if such plan provides that claims or interests of such class do not entitle the holders of such claims or interests to receive a distribution under the plan. Accordingly, it is not necessary to solicit votes from holders of claims or interests in such classes. Under the Plan, Class 6 is not receiving a distribution under the Plan and, therefore, is deemed to have not accepted the Plan.

(a) Class 6 (Interdebtor Claims).

*Treatment.* The holders of any Interdebtor Claims will not receive any Distributions on account of such Claims.

**D. Implementation of the Plan**

1. Implementation of the Plan. The Plan will be implemented through distribution of the Net Sale Proceeds remaining after the Initial Indenture Trustee Distribution, Final Initial Trustee Distribution, and Initial Unsecured Creditor Distribution, other available Cash as of the Effective Date (but excluding any Restricted Funds), the General Unsecured Creditor Claim Fund and the Beneficial Carve-Out, as well as continuation of the Debtor’s charitable purpose and mission through the Reorganized Debtor. On or before the Effective Date, the Debtor shall fully fund the Claims Reserves, the Administrative Reserve Account, and the Indenture Trustee Fee and Expense Reserve. The Reorganized Debtor, in consultation with the Committee so long as the Committee remains in existence, shall, among other responsibilities, administer and resolve all Claims filed against the Debtor’s Estate and make all Distributions under the Plan. No bond shall be required of the Reorganized Debtor in connection with this Plan.

2. Plan Funding. The funds utilized to make Cash payments under the Plan have been and/or will be generated from, among other things, the Assets, the Net Sale Proceeds, the Debtor’s operations prior to Closing, and those sources identified in Sections 3.5 and 3.6 of the Plan.

3. Beneficial Carve-Out. In accordance with Section 7.1 of the Global Settlement Agreement, the \$625,000 paid by Beneficial to the Debtor to and for the benefit of holders of

Class 5 Allowed General Unsecured Claims, shall be used to pay Allowed General Unsecured Claims. **For the avoidance of any doubt, only holders of an Allowed Class 5 General Unsecured Claim will be entitled to a Pro Rata Distribution from the Beneficial Carve-Out.**

4. Sale Proceeds Carve-Out. In accordance with Section 7.2 of the Global Settlement Agreement, the Indenture Trustee shall carve-out from the Net Sale Proceeds realized from the Debtor's Sale of Assets an amount equal to \$125,000. **For the avoidance of any doubt, only holders of an Allowed Class 5 General Unsecured Claim will be entitled to a Pro Rata Distribution from the Sale Proceeds Carve-Out.**

5. Percentage Sharing Carve-Out. In accordance with Section 7.2 of the Global Settlement Agreement, the Indenture Trustee shall carve-out from the Net Sale Proceeds realized from the Debtor's Sale of Assets, the Percentage Sharing Carve-Out in an amount equal to: (i) 5% of any such Net Sale Proceeds (on a gross basis) between \$19,000,000.00 and \$21,000,000.00; (ii) 6% of any such Net Sale Proceeds (on a gross basis) between \$21,000,000.01 and \$22,000,000.00; and (iii) 7% of any such Net Sale Proceeds (on a gross basis) in excess of \$22,000,000.00 up to the amount needed to satisfy the Allowed Bond Indebtedness Claim. **For the avoidance of doubt, the Percentage Sharing Carve-Out shall be split among the holder of the Allowed Beneficial Unsecured Claim and the holders of Allowed General Unsecured Claims as follows: (i) 35% of the Percentage Sharing Carve-Out shall be distributed to the holder of the Allowed Beneficial Unsecured Claim; and (ii) 65% of the Percentage Sharing Carve-Out shall be distributed to the holders of Allowed General Unsecured Claims.**

6. No Sharing in Creditor Carve-Outs. Except as set forth in this Plan, none of the holders of the Allowed Bond Indebtedness Claim and the Allowed Beneficial Unsecured Claim shall be entitled to any Distribution from the: (i) Beneficial Carve-Out; (ii) Sale Proceeds Carve-Out; or (iii) 65% of the Percentage Sharing Carve-Out (the portion allocated solely for holders of Allowed Class 5 Claims). Moreover, the (i) Beneficial Carve-Out; (ii) Sale Proceeds Carve-Out; and (iii) Percentage Sharing Carve-Out shall not constitute the cash collateral of the Indenture Trustee or Beneficial.

7. General Unsecured Claim Fund. The holders of Allowed General Unsecured Claims and the holder of the Beneficial Unsecured Claim are entitled to a Pro Rata Distribution from the General Unsecured Claim Fund, which will consist of proceeds held by the Debtor from the Net Sale Proceeds as well as other available Cash and/or Assets as of the Effective Date (but excluding certain Restricted Funds as provided in Section 5.11 of the Plan), after distributions are made to holders of Administrative Expense Claims, Priority Tax Claims, Professional Fee Claims, Class 3 Claims and any other Claims having priority over General Unsecured Claims under the Bankruptcy Code, but does not include the Sale Proceeds Carve-Out, the Percentage Sharing Carve-Out, or the Beneficial Carve-Out, which carve-outs are to be distributed in accordance with the Plan, Global Settlement Agreement and Final Cash Collateral Order by the Debtor or the Reorganized Debtor.

8. Administrative Reserve Account. On the Effective Date of the Plan, and only to the extent payable, the Debtor shall pay all amounts due and payable under Article II of the Plan. To the extent such amounts are not due or payable (i.e. such Claims are not yet Allowed) the



Debtor shall establish a reserve account in an amount sufficient to pay, in full, the amounts due and payable under Article II of the Plan (the “*Administrative Reserve Account*”), and to the extent not previously funded, shall fund the Indenture Trustee Fee and Expense Reserve in the amount of \$50,000.00. The Administrative Reserve Account shall be held by the Debtor or the Reorganized Debtor to and for the exclusive payment of the Allowed Claims identified in Article II of the Plan. Any residual or excess proceeds remaining in the Administrative Reserve Account upon payment in full of the amounts due and payable under Article II of the Plan, shall vest in, and be transferred to, the Reorganized Debtor.

9. Vesting of Assets in the Reorganized Debtor. Except as otherwise provided in the Plan, on the Effective Date all Assets of the Debtor shall vest in the Reorganized Debtor free and clear of all Claims, Liens, encumbrances, charges, and other rights of Creditors arising on or before the Effective Date.

10. Continuing Existence. From and after the Effective Date, the Reorganized Debtor shall continue in existence for the purposes of (i) administering the Reorganized Debtor’s Assets in furtherance of its charitable mission and in accordance with the requirements of all applicable non-bankruptcy law, (ii) filing appropriate tax returns and reports and (iii) performing all such other acts and conditions required by and consistent with consummation of the terms of the Plan.

11. Management of Reorganized Debtor. From and after the Effective Date, the Debtor’s current Board of Trustees shall continue to manage the operation of the Reorganized Debtor in accordance with applicable law, which may include solicitation of grants and donations. The Debtor’s Board of Trustees is comprised of Edward Reader, Frank Bockius, Frank Weckenman, and Laura Visco.

12. Restricted Funds. The Debtor solicits and receives pledges and payments of charitable grants and donations from grantors and donors who require that such grants and donations (“*Restricted Funds*”) be used only for specified charitable purposes. A list identifying all Restricted Funds in which the Debtor has an interest is attached as Exhibit D to this Disclosure Statement. As set forth herein, it is anticipated that the Reorganized Debtor will continue to hold and receive these Restricted Funds, and may continue to solicit Restricted Funds. As a charitable organization, the Reorganized Debtor is required to honor such restrictions and hold such Restricted Funds in trust for the purposes intended by the grantors and donors. Accordingly, (i) the Reorganized Debtor will deposit Restricted Funds in a segregated account maintained by the Reorganized Debtor solely for the purpose of holding Restricted Funds; (ii) such Restricted Funds shall continue to be deemed trust funds to be used only for the purposes intended by the donor or grantor and not available to pay obligations of the Debtor, or Reorganized Debtor or otherwise to pay Creditors or other pre-petition or post-petition obligations of the Debtor or Reorganized Debtor, unless such purpose was expressly intended or otherwise permitted by the donor or grantor; and (iii) any portion of such Restricted Funds that are not or cannot be used for their intended purposes shall be returned to the applicable donors or grantors. Notwithstanding anything herein to the contrary, to the extent it is determined by the Debtor or the Reorganized Debtor, in consultation with the Committee and Beneficial, and subject to review by a court of competent jurisdiction, if necessary, that such Restricted Funds may be used to satisfy the Debtor’s unpaid pre-Effective Date obligations under the Plan, then the Debtor and Reorganized Debtor agree that such available Restricted Funds can and shall be

used for the payment of such pre-Effective Date obligations; provided, however, that 40% of each receipt of any such available Restricted Funds shall be used to pay pre-Effective Date obligations and 60% of each receipt of such available Restricted Funds may be used by the Reorganized Debtor for operations. The Reorganized Debtor shall provide an annual report to counsel for the Committee and Beneficial disclosing the amounts and sources of any receipt of Restricted Funds until General Unsecured Claims and the Beneficial Unsecured Claim are Paid in Full.

13. Post-Effective Date Role of the Committee. The functions of the Committee shall terminate and the Committee shall be deemed dissolved on the date upon which Class 5 Claims are Paid in Full. The attorneys for the Committee shall be entitled to assert any and all Claims for reasonable compensation for services rendered or reimbursement for expenses incurred prior to the termination of the Committee. Such fees and expenses shall be paid from the Professional Fee Reserve upon submission of invoices to the Reorganized Debtor, with appropriate documentation.

#### **E. Voting**

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 solicitation and tabulation of votes to accept or reject the Plan, or any other controlling order or orders of the Court.

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 Debtor, in consultation with the Committee, reserves 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 Article X of the Plan.

#### **F. Executory Contracts and Unexpired Leases**

1. Assumption or Rejection of Executory Contracts. Entry of the Confirmation Order by the Court shall constitute approval of the rejections, retentions, assumptions and/or assignments contemplated by this Plan pursuant to sections 365, 1113 and 1123 of the Bankruptcy Code. All Executory Contracts are hereby specifically deemed rejected, except for any Executory Contract that has been previously assumed, assumed and assigned, or rejected by the Debtor on or before the Confirmation Date with the approval of the Court. Notwithstanding anything to the contrary contained in the preceding sentence, to the extent any of the Debtor's presently effective insurance policies constitute executory contracts, such policies shall not be rejected but shall continue to be maintained by the Debtor and the Reorganized Debtor, subject to cancellation or termination in accordance with their terms.



2. Bar Date for Filing Proofs of Claim Relating to Executory Contracts Rejected Pursuant to the Plan. Claims against the Debtor arising out of the rejection of Executory Contracts (“*Rejection Damage Claims*”) must be filed with the Court in accordance with the Bar Date Order. The Debtor or the Reorganized Debtor shall maintain a reserve with Cash for Rejection Damage Claims which have not been liquidated, resolved or Allowed by agreement of the Debtor or Court order as of the Effective Date (the “*Rejection Damage Claim Reserve*”). For purposes of determining the Cash necessary to fund the Rejection Damage Claim Reserve, the Debtor or Reorganized Debtor, in consultation with the Committee, shall be entitled to estimate, in good faith and with due regard to litigation risks associated with those Rejection Damage Claims, the Allowed amount of any such Rejection Damage Claims. For the avoidance of doubt, the estimated amount will not cap the final Allowed amount of any such estimated Rejection Damage Claim absent entry of an order of the Court, upon notice to the Claim holder, setting and allowing the Rejection Damage Claim in the estimated amount.

3. 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 Debtor applicable generally to its 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 Closing of the Sale.

**G. Conditions Precedent**

1. Conditions to Confirmation. The following conditions are conditions precedent to Confirmation of the Plan:

(a) the Court shall have approved the Disclosure Statement with respect to this Plan;

(b) the Court shall have ordered, found, and decreed that the Plan complies with all applicable provisions of the Bankruptcy Code, including that the Plan was proposed in good faith; and

(c) the Court shall have ordered that nothing in the Plan 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 Estate, other than the Avoidance Actions.

2. Conditions to Effective Date. The Plan shall not become effective unless and until the following conditions shall have been satisfied:

(a) the Confirmation Date shall have occurred, and the Confirmation Order shall have become a Final Order.

3. Notice of Effective Date. The Reorganized Debtor shall file a notice with the Court after the Effective Date that the Effective Date has occurred.

## **H. Discharge, Injunction and Releases**

1. **Discharge of the Debtor.** The Plan is a plan of reorganization by the Debtor and the rights afforded in the Plan, the treatment of all Claims therein, and the Distributions thereunder shall be in exchange for and in complete satisfaction, discharge and release of all Claims of any nature whatsoever, against the Debtor or any of its Assets. Except as otherwise provided in the Plan or the Confirmation Order: (i) on the Effective Date, the Debtor shall be deemed discharged and released to the fullest extent permitted by section 1141 of the Bankruptcy Code from all Claims, including, but not limited to, demands, liabilities and Claims that arose before the Confirmation Date and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not: (a) a proof of Claim based on such Claim has been filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (b) a Claim is Allowed pursuant to section 502 of the Bankruptcy Code, or (c) the holder of such Claim has accepted the Plan; and (ii) all Persons shall be precluded from asserting against the Debtor, the Reorganized Debtor, or its Assets any other or further Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Confirmation Date. Except as otherwise provided in the Plan or the Confirmation Order, the Confirmation Order shall act as a discharge of any and all Claims against and all debts and liabilities of the Debtor, as provided in sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment against the Debtor at any time obtained to the extent that it relates to a Claim so discharged.

2. **Injunction.** Except as otherwise expressly provided for in the Plan, including, without limitation, the treatment of Claims against the Debtor, all Persons are enjoined from threatening, commencing, or continuing any lawsuit or other legal or equitable action against the Debtor, the Reorganized Debtor or Reorganized Debtor Assets, to recover any Claim; **provided, however,** nothing in this injunction shall preclude the holder of a Claim against the Debtor from pursuing any applicable insurance after the Effective Date, from seeking discovery in actions against third parties or from pursuing third-party insurance that does not cover Claims against the Debtor; **provided further, however,** nothing in this injunction shall limit the rights of a holder of a Claim against the Debtor to enforce the terms of the Plan.

3. **Releases by Holders of Claims.** 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 the Debtor shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever released and discharged each of the Debtor, the Reorganized Debtor, the Committee and its members 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 Chapter 5 of the Bankruptcy Code and 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 heretofore accrue against the Debtor, the Reorganized Debtor, the Committee and its members occurring from the beginning of time to and including the Effective Date related in any way, directly or indirectly, arising out of, and/or connected with any or all of the Debtor, the Estate and the Case; provided, however, that the Plan shall not affect liability due to willful misconduct or gross negligence as determined by a Final Order. Nothing in the Plan shall be deemed to release or impair Allowed Claims against the Debtor, which Allowed Claims against the Debtor shall be treated as set forth in Articles II through IV of the Plan, as applicable, or to release or impair any right to enforce the terms of the Plan.

4. Releases Set Forth in the Global Settlement Agreement and Final Cash Collateral Order. Notwithstanding anything to the contrary in the Plan, the entry of the Confirmation Order and the occurrence of the Effective Date shall not in any way alter or limit the releases set forth in the Global Settlement Agreement or the Final Cash Collateral Order, each of which is reaffirmed in its entirety.

5. Exculpation. The Exculpated Parties (defined in the Plan so as to mean collectively, the Estate, the Debtor, its officers, directors or employees, the Committee and its members, and the Related Parties of each of the foregoing) shall neither have nor incur any liability to any Person or entity for any claims or causes of action arising on or after the Petition Date and prior to or on the Effective Date for any act taken or omitted to be taken in connection with, or related to formulating, negotiating, preparing, disseminating, implementing, administering, confirming or effecting the consummation of this Plan, the Disclosure Statement, or any sale, contract, instrument, release or other agreement or document created or entered into in connection with this Plan or any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtor, the approval of the Disclosure Statement, or Confirmation or consummation of this Plan; provided, however, that the foregoing provisions shall have no effect on the liability of any entity that results from any such act or omission that is determined by a Final Order of the Court or other court of competition jurisdiction to have constituted gross negligence or willful misconduct; provided, further, that each Exculpated Party shall be entitled to rely on the advice of counsel concerning its duties pursuant to, or in connection with, the above referenced documents, actions or inactions; provided, further, however, that the foregoing provisions shall not apply to any acts, omissions, claims, causes of action or other obligations expressly set forth in and preserved by this Plan.

6. Cause of Action Injunction. On and after the Effective Date, all Persons other than the Reorganized Debtor 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 Reorganized Debtor retains authority to pursue in accordance with the Plan.

7. Release of Avoidance Actions. Upon the Effective Date, any and all Avoidance Actions shall be released by the Debtor.

## **V. ACCEPTANCE AND CONFIRMATION OF THE PLAN**

The following is a brief summary of the provisions of the Bankruptcy Code dealing with acceptance and confirmation of a plan. Holders of Claims are encouraged to review the relevant provisions of the Bankruptcy Code and/or to consult their own attorneys.

### **A. Acceptance of the Plan**

This Disclosure Statement is provided in connection with the solicitation of acceptances of the Plan. The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half in number, of the allowed claims of that class that have actually voted to accept or reject a plan.

If one or more impaired Classes rejects the Plan, the Debtor may, in its discretion, nevertheless seek confirmation of the Plan if the Debtor believes that it will be able to meet the requirements of section 1129(b) of the Bankruptcy Code for Confirmation of the Plan (which are set forth below), despite lack of acceptance by all impaired Classes.

### **B. Confirmation**

#### **1. Confirmation Hearing**

Section 1128(a) of the Bankruptcy Code requires the bankruptcy court, after notice, to hold a hearing on confirmation of a plan. Notice of the Confirmation Hearing with respect to the Plan has been provided to all known holders of Claims or their representatives, along with this Disclosure Statement. The Confirmation Hearing may be adjourned from time to time by the Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of a plan. Any objection to Confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules and the Local Rules of the Court, must set forth the name of the objecting party, the nature and amount of Claims held or asserted by the objecting party against the Debtor's Estate or property, and the basis for the objection and the specific grounds in support thereof. Such objection must be filed with the Court, with a copy forwarded to (a) counsel to the Debtor, Cozen O'Connor, 1201 North Market St., Suite 1001, Wilmington, Delaware 19801, Attn: John T. Carroll III, Esq.; (b) counsel to the Committee, Pepper Hamilton LLP, Eighteenth and Arch Streets, Philadelphia, PA 19103, Attn: Francis J. Lawall, Esq.; and (c) the Office of the United States Trustee, 833 Chestnut Street, Suite 500, Philadelphia, PA 19107, Attn: Dave P. Adams, so as to be received no later than the date and time designated in the notice of the Confirmation Hearing.

#### **2. Statutory Requirements for Confirmation of the Plan**

At the Confirmation Hearing, the Debtor will request that the Court determine that the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. If so, the Court shall enter an order confirming the Plan. The applicable requirements of section 1129 of the Bankruptcy Code are as follows:

(a) The Plan must comply with the applicable provisions of the Bankruptcy Code;

(b) The Debtor must have complied with the applicable provisions of the Bankruptcy Code;

(c) The Plan has been proposed in good faith and not by any means forbidden by law;

(d) Any payment made or promised to be made by the Debtor under the Plan for services or for costs and expenses in, or in connection with, the Case, or in connection with the Plan and incident to the Case, has been disclosed to the Court, and any such payment made before Confirmation of the Plan is reasonable, or if such payment is to be fixed after Confirmation of the Plan, such payment is subject to the approval of the Court as reasonable;

(e) The Debtor has disclosed the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer, or administrator of the Debtor under the Plan. Moreover, the appointment to, or continuance in, such office of such individual, is consistent with the interests of holders of Claims and with public policy;

(f) Best Interests of Creditors Test. With respect to each Class of impaired Claims, either each holder of a Claim of such Class has accepted the Plan, or will receive or retain under the Plan on account of such Claim property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtor were liquidated on such date under Chapter 7 of the Bankruptcy Code. For the reasons discussed in the Liquidation Analysis provided below, the Plan satisfies the Best Interest of Creditors Test because it provides greater recovery to any holder of an Allowed Claim than such holder would otherwise receive if these cases were converted to a Chapter 7 liquidation at this time;

(g) Each class of Claims has either accepted the Plan or is not impaired under the Plan, or at least one impaired class of Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class;

(h) Feasibility. Section 1129(a)(11) of the Bankruptcy Code provides that a Chapter 11 plan may be confirmed only if the Court finds that such plan is feasible. A feasible plan is one which will not lead to a need for further reorganization or liquidation of the debtor. The Court will find that the Plan is feasible if it determines that the Debtor will be able to satisfy the conditions precedent to the Effective Date and otherwise have sufficient funds to meet its post-Confirmation Date obligations to pay for the costs of administering and fully consummating the Plan and closing the Case. The Plan essentially provides for the distribution of proceeds of the Sale Assets. After reviewing the Claims filed against the Estate and registered by the Debtor, estimating a conservative reduction to such Claims based on the assumptions set forth above, and taking into account the proceeds of the Sale Assets, the Debtor submits that the Plan satisfies the feasibility requirement contained in the Bankruptcy Code.

3. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan, even if such plan has not been accepted by all impaired classes entitled to vote on such plan, provided that such plan has been accepted by at least one impaired class. If any impaired classes reject or are deemed to have rejected the Plan, the Debtor reserves the right to seek the application of the statutory requirements set forth in section 1129(b) of the Bankruptcy Code for Confirmation of the Plan despite the lack of acceptance by all impaired classes.

Section 1129(b) of the Bankruptcy Code provides that notwithstanding the failure of an impaired class to accept a plan of reorganization, the plan shall be confirmed, on request of the proponent of the plan, in a procedure commonly known as “cram-down,” so long as the plan does not “discriminate unfairly” and is “fair and equitable” with respect to each class of claims or interests that is impaired under and has not accepted the plan.

The condition that a plan be “fair and equitable” with respect to a non-accepting class of secured claims includes the requirements that (a) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan, and (b) each holder of a secured claim in the class receive deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant’s interest in the debtor’s property subject to the liens.

The condition that a plan be “fair and equitable” with respect to a non-accepting class of unsecured claims includes the requirement that either (a) such class receive or retain under the plan property of a value as of the effective date of the plan equal to the allowed amount of such claim, or (b) if the class does not receive such amount, no class junior to the non-accepting class will receive a distribution under the plan.

**VI. CERTAIN TAX CONSEQUENCES OF THE PLAN**

**THERE MAY BE TAX CONSEQUENCES OF THE PLAN TO CREDITORS. A CREDITOR THAT RECEIVES CASH SATISFACTION OF ITS ALLOWED CLAIM WILL GENERALLY RECEIVE GAIN OR LOSS WITH RESPECT TO THE PRINCIPAL AMOUNT OF THE ALLOWED CLAIM. NO RULINGS HAVE BEEN REQUESTED FROM THE INTERNAL REVENUE SERVICE AND NO LEGAL OPINIONS HAVE BEEN REQUESTED FROM COUNSEL WITH RESPECT TO ANY OF THE TAX ASPECTS OF THIS PLAN.**

**FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE PLAN TO HOLDERS OF CLAIMS MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM IS APPROPRIATE. HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES PECULIAR TO THEM UNDER THE PLAN.**



## **VII. RISK FACTORS**

**HOLDERS OF ALL CLASSES OF CLAIMS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HERewith AND/OR INCORPORATED BY REFERENCE HEREIN), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN.**

### **A. Certain Bankruptcy Related Considerations**

#### **1. Risk of Non-Confirmation of the Plan**

Although the Debtor believes that the Plan will satisfy all requirements necessary for Confirmation by the Court, there can be no assurance that the Court will reach the same conclusion. There can also be no assurance that modifications of the Plan will not be required for Confirmation, that any negotiations regarding such modifications would not adversely affect the holders of the Allowed Claims or that any such modifications would not necessitate the re-solicitation of votes.

#### **2. Risk that Conditions to Effectiveness Will Not Be Satisfied**

Article IX of the Plan contains certain conditions precedent to the effectiveness of the Plan. There can be no assurances that the conditions contained in Article IX of the Plan will be satisfied.

#### **3. Claims Objection/Reconciliation Process**

The potential recovery to holders of all Impaired Claims to an extent depends on the outcome of the claims reconciliation and objection process, including with respect to claims for executory contract rejection damages. Thus, there is no guarantee that the actual recovery to holders of Impaired Claims will equal the Debtor's estimates.

## **VIII. ALTERNATIVES TO THE PLAN AND CONSEQUENCES OF REJECTION**

Among the possible consequences if the Plan is rejected or if the Court refuses to confirm the Plan are the following: (1) an alternative plan could be proposed or confirmed; or (2) the Chapter 11 Case could potentially be converted to a liquidation case under Chapter 7 of the Bankruptcy Code with the Debtor's consent.

### **A. Alternative Plans**

As previously mentioned, with respect to an alternative plan, the Debtor believes that the Plan enables the holders of Claims to realize the maximum recovery, and that any competing plan would likely reduce recovery because of increased administrative expense. The Debtor believes that the Plan is the best plan that can be proposed and serves the best interests of the Debtor and other parties-in-interest.

**B. Chapter 7 Liquidation**

As discussed above, with respect to each Class of Impaired Claims, either each holder of a Claim of such Class has accepted the Plan, or will receive or retain under the Plan on account of such Claim, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtor were liquidated on such date under Chapter 7 of the Bankruptcy Code. The fundamental reasons for this are that the Plan (1) avoids an added layer of administrative expenses associated with the appointment of a Chapter 7 Trustee (2) avoids duplication of efforts by multiple professionals, and (3) provides the fastest, most efficient and inexpensive way to fully administer the Case. The Debtor has already accomplished one of the main objectives of a Chapter 7 Trustee, which is to collect and reduce to money the property of the Estate. While the Debtor has already sold, and reduced to cash, substantially all of the Debtor's assets, a Chapter 7 trustee would nonetheless be entitled to seek various fees, including, without limitation a sliding scale commission based upon funds distributed by such Trustee, even though the Trustee did not play a role in recovering those funds. This could be a potentially significant added cost with little to no corresponding value. In addition, the Debtor's professionals have spent months with the Debtor analyzing and understanding all aspects of its business, including the claims asserted against the Debtor. If a Chapter 7 Trustee were appointed, that trustee would be entitled to, and likely would, retain counsel and other advisors. These newly retained professionals would likely spend significant amounts of time reviewing issues and claims, and attending to matters which may have previously been addressed by the Debtor and its professionals. Moreover, the Estate would continue to accrue additional administrative expenses while any newly retained professional works to overcome the steep learning curve associated with entering a case at such a late stage. In addition to the added expenses, for the foregoing reasons, among others, the Debtor anticipate that conversion to Chapter 7 will result in significant delays in making distributions to creditors and completing the administration of the Case. Thus, the Plan provides an opportunity for all holders of Allowed Claims to recover more than they otherwise would if the case were converted to a Chapter 7 liquidation at this time.

**IX. RECOMMENDATION AND CONCLUSION**

The Debtor believes that the Plan will provide for a more favorable distribution to holders of Allowed Claims than would otherwise result if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code. In addition, if the Plan is not confirmed, then there likely would be extensive delays and increased administrative expenses resulting in potentially smaller distributions to the holders of Allowed Claims. The Debtor has already made significant progress, by paying off in full the Bond Indebtedness Claim of \$24,035,255.03 and making the Initial Unsecured Creditor Distribution of 50% of Allowed Other Priority Claims and Allowed



General Unsecured Claims. Accordingly, the Debtor recommends confirmation of the Plan and urges all holders of Impaired Claims to vote to accept the Plan, and to evidence such acceptance by returning their Ballots so that they will be received by no later than the Voting Deadline.

Dated: February 24, 2015

COZEN O'CONNOR

*/s/ John T. Carroll, III*

By:

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