

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF TENNESSEE (NASHVILLE DIVISION)**

IN RE:)	Chapter 11
)	
CS DIP, LLC (f/k/a Church Street Health Management, LLC),)	Case No. 12-01573
)	
SSHC DIP, LLC (f/k/a Small Smiles Holding Company, LLC),)	Case No. 12-01574
)	
FNY DIP, LLC (f/k/a FORBA NY, LLC),)	Case No. 12-01575
)	
Debtors ¹)	(Jointly Administered under Case No. 12-01573)
)	

**FIRST AMENDED PROPOSED DISCLOSURE STATEMENT FOR JOINT PLAN OF
REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE PROPOSED
BY DEBTORS AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

The Bankruptcy Court has not approved this proposed disclosure statement as containing adequate information pursuant to Section 1125(b) of the Bankruptcy Code for use in the solicitation of acceptances or rejections of the chapter 11 plan described herein and attached hereto. Accordingly, the filing and dissemination of this disclosure statement are not intended to be, and should not in any way be construed as, a solicitation of votes on the plan, nor should the information contained in this disclosure statement be relied on for any purpose until a determination by the Bankruptcy Court that the proposed disclosure statement contains adequate information.

The Plan Proponents reserve the right to amend or supplement this proposed disclosure statement at or before the hearing to consider this disclosure statement.

Dated: December 13, 2012
Nashville, Tennessee

¹ The Debtors jointly administered under Case No. 12-01573 are (with the last four digits of each Debtor's federal tax identification number and chapter 11 case number): CS DIP, LLC (f/k/a Church Street Health Management, LLC) (2335; Case No. 12-01573), SSHC DIP, LLC (f/k/a Small Smiles Holding Company, LLC) (4993; Case No. 12-01574), FNY DIP, LLC (f/k/a FORBA NY, LLC) (8013; Case No. 12-01575), FS DIP, Inc. (f/k/a FORBA Services Inc.) (6506; Case No. 12-01577), and EE DIP, Inc. (f/k/a EEHC, Inc.) (4973; Case No. 12-01576). Only CS DIP, LLC, SSHC DIP, LLC and FNY DIP, LLC propose this Plan, however, as it is anticipated that the cases involving FS DIP, Inc. and EE DIP, Inc. will be converted to Chapter 7 or otherwise dissolved and wound up in light of the lack of assets available for distribution in those cases.

I.

INTRODUCTION

Pursuant to Section 1125 of title 11 of the United States Code (the "Bankruptcy Code"), CS DIP, LLC (f/k/a Church Street Health Management, LLC) (Case No. 12-01573), SSHC DIP, LLC (f/k/a Small Smiles Holding Company, LLC) (Case No. 12-01574), FNY DIP, LLC (f/k/a FORBA NY, LLC) (Case No. 12-01575) (collectively, the "Debtors") and the Official Committee of Unsecured Creditors for the Debtors (the "Committee," and together with the Debtors, the "Plan Proponents") submit this disclosure statement (the "Disclosure Statement") to all holders of Claims against and Equity Interests in the Debtors in connection with the First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Proposed by Debtors and the Official Committee of Unsecured Creditors, dated [], 2012 (the "Plan" or the "Company's Plan"), attached hereto as **Exhibit A**. **Unless otherwise defined herein, capitalized terms used herein will have the meanings ascribed to such terms in the Plan. Please note that to the extent any inconsistencies exist between the Disclosure Statement and the Plan, the Plan governs.**

The purpose of this Disclosure Statement is to provide holders of Claims and Equity Interests with adequate information about (1) the Debtors' history and businesses, (2) the Chapter 11 Cases, (3) the Plan and alternatives to the Plan, (4) the rights of holders of Claims and Interests under the Plan, and (5) other information necessary to enable holders of Claims and Interests to make an informed judgment as to whether to vote to accept or reject the Plan.

The Plan Proponents have developed the Plan in order to provide equitable treatment to all of their creditors and stakeholders. Previously in the Chapter 11 Cases, the Debtors and FS DIP, Inc. (f/k/a FORBA Services Inc.) (Case No. 12-01577), and EE DIP, Inc. (f/k/a EEHC, Inc.) (Case No. 12-01576) (collectively, the "Company") sold substantially all their assets pursuant to Section 363 of the Bankruptcy Code to CSHM LLC (the "Purchaser") pursuant to the Sale Approval Order. The Debtors no longer conduct any operations and propose the Plan in order to liquidate and wind-up their affairs. As a result of the 363 Sale, the only remaining assets of any significance in the Debtor's estates are certain funds contributed by the Purchaser for the wind-down of the Company's Chapter 11 Cases, certain Insurance Rights (defined in the Plan) related to certain Patient-Related Claims (as defined in the Plan), and certain Causes of Action (as defined in the Plan and including certain avoidance actions pursuant to Chapter 5 of the Bankruptcy Code). The Plan creates a Liquidating Trust from the remaining assets for the benefit of the creditors based on the types of Claims asserted against the Debtors' estates. Note that FS DIP, Inc. and EE DIP, Inc. are not included in the Plan, as there were no remaining assets of value in those estates as a result of the 363 Sale and accordingly, those two cases have been or will be converted to Chapter 7 Cases under the Bankruptcy Code or otherwise dissolved and wound up.

The Plan Proponents recommend that all holders of Claims vote to accept the Company's Plan because the Company's Plan will provide unsecured creditors the greatest recovery possible under the circumstances.

Please note that not all holders of Claims or Interests are entitled to vote. If you are entitled to vote, a ballot will be enclosed with this Disclosure Statement. For more information as to which holders of Claims and Interests may vote, please refer to Section V.B., "B. Classification and Treatment of Classified Claims and Interests". For voting procedures and important deadlines, please refer to Section IX, "Voting Procedures and Requirements".

On [____], 2013, the United States Bankruptcy Court for the Middle District of Tennessee (the “Bankruptcy Court”) approved this Disclosure Statement as providing adequate information to allow a holder of a Claim or an Interest to make an informed judgment as to whether to accept or reject the Plan. **Please note that the Bankruptcy Court’s approval of this Disclosure Statement does not constitute a determination by the Bankruptcy Court as to the fairness or merits of the Plan or as to the accuracy or truth of the statements, information, and data contained in this Disclosure Statement.**

On [___], 2013, the Bankruptcy Court will hold a hearing to consider whether to approve and confirm the Plan (the “Confirmation Hearing”). The Confirmation Hearing may be adjourned from time to time without notice. For more information on the confirmation process, please refer to Section X, “*Confirmation of the Plan*”.

For your reference, the following documents are attached to the Disclosure Statement:

- (i) The Plan (**Exhibit A**);
- (ii) Order of the Bankruptcy Court, dated [____], 2013 (the “Disclosure Statement Order”), approving, among other things, this Disclosure Statement (attached without exhibits) (**Exhibit B**);
- (iii) Order of the Bankruptcy Court, dated [____], 2013, (the “Voting Procedures Order”) establishing certain procedures with respect to assertion of Claims against the Debtors, and the solicitation and tabulation of votes to accept or reject the Plan (attached without exhibits) (**Exhibit C**); and
- (iii) The Debtors’ Liquidation Analysis (**Exhibit D**).

This Disclosure Statement does not replace a careful and detailed review and analysis of the Plan by each holder of a Claim or Equity Interest. Please use this Disclosure Statement to aid and supplement that review. The description of the Plan contained herein is only a summary and is qualified in its entirety by reference to the full text of the Plan; if any inconsistencies exist between the Plan and this Disclosure Statement, the Plan governs. The Plan Proponents urge holders of Claims and Interests to review the Plan and any related attachments in order to obtain a full understanding of the Plan.

II.

EXECUTIVE SUMMARY

A. **Summary of Classification and Treatment of Claims and Interests Under the Plan**

The following summarizes the classification of Claims and Interests under the Plan and the respective distributions and recoveries to each such Class. The following summary is qualified in its entirety by reference to the full text of the Plan. For a more detailed description of the terms of the Plan, please refer to Section V, “*The Plan*”.

In general, the Plan provides allocation of the Debtors’ remaining assets for the benefit of unsecured creditors. There are generally two types of unsecured creditors – holders of Patient-Related Claims on the one hand, and all other Unsecured Claims on the other. The claims and recoveries are distinguished along these lines because holders of Patient-Related Claims have certain rights to potential

insurance proceeds in addition to the general assets of the Debtors, while holders of Allowed Unsecured Claims only have rights to the general assets of the Debtors. As a result, the Plan contemplates a Liquidating Trust being established with a corpus consisting of the general assets of the Debtors as well as the rights to the potential insurance proceeds upon establishment of a claims processing structure or claims distribution process. Distributions to Unsecured Creditors will include beneficial interests in the Trust based upon the types of Claims held and subject to certain conditions and thresholds.

The Plan provides for 19 classes of Claims and Interests. Classes 1, 5(a), 5(b) and 5(c) apply to all Debtors. Classes 2(a) through 2(e) are comprised of Claims against or Interests in CS DIP, LLC, Classes 3(a) through 3(e) are comprised of Claims against or Interests in SSHC DIP, LLC, and Classes 4(a) through 4(e) are comprised of Claims against and Interests in FNY DIP, LLC. A Claim or Interest is impaired if the Plan modifies or changes the rights of the Claims or Interests included in the Class. Holders of Claims and Interests in Classes that are impaired may vote to accept or reject the Plan. If a Class of Claims or Interests is not impaired pursuant to the Plan, holders of the Claims or Interests in that Class are automatically deemed to accept the Plan. If a Class of Claims or Interests are fully impaired pursuant to the Plan and are not to receive a distribution, holders of the Claims or Interests in that Class are automatically deemed to reject the Plan.

Class	Designation	Status	Entitled to Vote?	Distribution Under the Plan	% Recovery
Class 1	Other Priority Claims against all Debtors	Unimpaired	No (deemed to accept)	Paid in full in Cash or Assumed by the Liquidating Trust.	100%
Class 2(a)	Prepetition First Lien Claims against CS DIP, LLC	Impaired	Yes	Issued Second Tier General Interests in Liquidating Trust in the Amount of Allowed Claims, which are entitled to certain net proceeds from the Causes of Action after certain conditions and thresholds are met.	___%
Class 2(b)	Prepetition Second Lien Claims against CS DIP, LLC	Impaired	Yes	Issued Second Tier General Interests in Liquidating Trust in the Amount of Allowed Claims, which are entitled to certain net proceeds from the Causes of Action after certain conditions and thresholds are met.	___%
Class 2(c)	General Unsecured Claims against CS DIP, LLC	Impaired	Yes	Issued First Tier General Interests in the Liquidating Trust in the amount of Allowed Claims, which are entitled to certain net proceeds from the Causes of Action after certain conditions and thresholds are met.	___%

Class	Designation	Status	Entitled to Vote?	Distribution Under the Plan	% Recovery
Class 2(d)	Prepetition Subordinated Debt Claims against CS DIP, LLC	Impaired	Yes	Issued Second-Tier General Interests in the Liquidating Trust in the amount of Allowed Claims, which are entitled to certain net proceeds from the Causes of Action after certain conditions and thresholds are met.	___%
Class 2(e)	Equity Interests in CS DIP, LLC	Impaired	No (deemed to reject)	Forfeited in favor of the Liquidating Trust and will receive no distribution.	0%
Class 3(a)	Prepetition First Lien Claims against SSHC DIP, LLC	Impaired	Yes	Issued Second Tier General Interests in Liquidating Trust in the Amount of Allowed Claims, which are entitled to certain net proceeds from the Causes of Action after certain conditions and thresholds are met.	___%
Class 3(b)	Prepetition Second Lien Claims against SSHC DIP, LLC	Impaired	Yes	Issued Second Tier General Interests in Liquidating Trust in the Amount of Allowed Claims, which are entitled to certain net proceeds from the Causes of Action after certain conditions and thresholds are met.	___%
Class 3(c)	General Unsecured Claims against SSHC DIP, LLC	Impaired	Yes	Issued First Tier General Interests in the Liquidating Trust in the Amount of Allowed Claims, which are entitled to certain net proceeds from the Causes of Action after certain conditions and thresholds are met.	___%
Class 3(d)	Prepetition Subordinated Debt Claims against SSHC DIP, LLC	Impaired	Yes	Issued Second Tier General Interests in Liquidating Trust in the Amount of Allowed Claims, which are entitled to certain net proceeds from the Causes of Action after certain conditions and thresholds are met.	___%
Class 3(e)	Equity Interests in SSHC DIP, LLC	Impaired	No (deemed to reject)	Forfeited in favor of the Liquidating Trust and will receive no distribution.	0%

Class	Designation	Status	Entitled to Vote?	Distribution Under the Plan	% Recovery
Class 4(a)	Prepetition First Lien Claims against FNY DIP, LLC	Impaired	Yes	Issued Second Tier General Interests in Liquidating Trust in the Amount of Allowed Claims, which are entitled to certain net proceeds from the Causes of Action after certain conditions and thresholds are met.	___%
Class 4(b)	Prepetition Second Lien Claims against FNY DIP, LLC	Impaired	Yes	Issued Second Tier General Interests in Liquidating Trust in the Amount of Allowed Claims, which are entitled to certain net proceeds from the Causes of Action after certain conditions and thresholds are met.	___%
Class 4(c)	General Unsecured Claims against FNY DIP, LLC	Impaired	Yes	Issued First Tier General Interests in the Liquidating Trust in the Amount of Allowed Claims, which are entitled to certain net proceeds from the Causes of Action after certain conditions and thresholds are met.	___%
Class 4(d)	Prepetition Subordinated Debt Claims against FNY DIP, LLC	Impaired	Yes	Issued Second Tier General Interests in Liquidating Trust in the Amount of Allowed Claims, which are entitled to certain net proceeds from the Causes of Action after certain conditions and thresholds are met.	___%
Class 4(e)	Equity Interests in FNY DIP, LLC	Impaired	No (deemed to reject)	Forfeited in favor of the Liquidating Trust and will receive no distribution.	0%

Class	Designation	Status	Entitled to Vote?	Distribution Under the Plan	% Recovery
Class 5(a)	Patient-Related Claims against CS DIP, LLC; SSHC DIP, LLC; FNY DIP, LLC and all related claims against other entities	Impaired	Yes	Permitted to continue prosecution of Claims until establishment of claims process pursuant to Section 4.17(g) of the Plan and the Liquidating Trust Agreement. Entitled to certain net proceeds of Causes of Action after certain conditions and thresholds are met. Deemed to be issued Patient Interests in the Liquidating Trust at Effective Date. If the Liquidating Trust settles insurance claims the Class 5 (a) claimants will be entitled to the net proceeds of Insurance Rights in accordance with Claim Distribution Procedures adopted by the Liquidating Trust.	___%
Class 5(b)	Dentists' Contribution or Indemnity Claims	Impaired	Yes	No monetary distribution but, under certain circumstances, receive non-recourse treatment with respect to potential claims held by holders of Class 5(a) Claims against the Dentists as set forth in Section 4.18(c) of the Plan.	0%
Class 5(c)	Clinics' Contribution or Indemnity Claims	Impaired	Yes	No monetary distribution but, under certain circumstances, receive non-recourse treatment with respect to potential claims held by holders of Class 5(a) Claims against the Clinics as set forth in Section 4.19(c) of the Plan.	0%

B. Solicitation and Voting Procedures

If you are entitled to vote, you will receive a ballot with this Disclosure Statement. On the ballot, you may elect either to accept or reject the Plan. If you return a ballot that does not indicate either an acceptance or rejection of the Plan, your vote will be counted as a vote to accept the Plan. If you return a ballot that indicates both an acceptance and rejection of the Plan, your vote will not be counted and will be disregarded.

The discussion of solicitation and voting procedures below is a summary of the solicitation and voting process. Detailed voting instructions are provided with each ballot and are also set forth in greater detail in Section IX, “*Voting Procedures and Requirements*”. Before voting, please

review and consider all information outlined in the Plan, this Disclosure Statement, and any documents attached thereto.

1. The Record Date; Holders of Claims Entitled to Vote on the Plan

The Bankruptcy Court has approved [____], 201_ as the record date (the “Record Date”) to determine which holders of Claims or Interests may vote to accept or reject the Plan. All classes except Class 1 are impaired and entitled to vote to accept or reject the Plan. Classes 2(e), 3(e), 4(e), 5(b) and 5(c) are fully impaired and are not entitled to vote; instead they are deemed to reject the Plan. Each holder of a Claim in any Class other than Class 1, Class 2(e), Class 3(e), Class 4(e), Class 5(b) and Class 5(c) as of the Record Date established in the Disclosure Statement Order for purposes of this solicitation may vote to accept or reject the Plan. Note that Class 5(a) will have their claims allowed in the amount of \$1.00 for the purposes of voting and Plan acceptance/rejection purposes only, and that counsel representing multiple claimants in Class 5(a) may cast omnibus ballots on behalf of their clients for each Class.

2. Filing of the Plan Supplement

The Plan Proponents will file the Plan Supplement on or before [____], 2013, and will serve all known holders of Claims, including all claimants scheduled on the Debtors’ schedules, with a courtesy notice that will (i) inform parties that the Plan Supplement was filed, (ii) list the information contained in the Plan Supplement and (iii) explain where copies of the Plan Supplement may be obtained. Parties may obtain a copy of the Plan Supplement by: (i) calling the Debtors’ restructuring hotline at (877) 906-0209; or (ii) writing to CS DIP, LLC, c/o GCG, P.O. Box 9871, Dublin, OH 43017.

The Plan Supplement will include, without limitation, the following information:

- the Liquidating Trust Agreement; and
- any other documents or agreements required by the Disclosure Statement Order.

3. The Voting Deadline

[__] [__], 2013 at 4:00 p.m. (prevailing Central Time) has been approved by the Bankruptcy Court as the voting deadline (the “Voting Deadline”). The Voting Deadline is the date by which all ballots must be properly executed, completed and delivered to the Voting Agent in order to be counted as votes to accept or reject the Plan.

4. Voting Instructions

Please send your ballot to:

If by First Class Mail:

CS DIP, LLC
c/o GCG
P.O. Box 9871
Dublin, Ohio 43017-9306

If by Hand Delivery or Overnight Courier:

CS DIP, LLC
c/o GCG

5151 Blazer Parkway, Suite A
Dublin, Ohio 43017-9306

If by Email:
csminfo@gcginform.com

The Voting Agent must receive your ballot by (i) mail at the street address above or (ii) e-mail in PDF form, each before the Voting Deadline for your vote to be counted. The Voting Agent will not accept ballots sent by facsimile. If you are a holder of a Claim or an Interest entitled to vote but did not receive a ballot, please contact the Voting Agent to obtain a ballot. If your ballot is damaged or lost, you should also contact the Voting Agent.

C. Confirmation of the Plan

1. The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a plan of reorganization. As set forth in the Disclosure Statement Order, the Bankruptcy Court has scheduled the Confirmation Hearing for [____], 2013. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

2. Objections to Confirmation

Objections or responses to confirmation of the Plan, if any, must: (i) be in writing; (ii) conform to the Federal Rules of Bankruptcy Procedure and the Local Rules for the United States Bankruptcy Court for the Middle District of Tennessee; and (iii) set forth the name of the objecting party, the basis for the objection, and the specific grounds therefor.

All objections and responses to the confirmation of the Plan must be filed with the Bankruptcy Court no later than [____], **2013 at 4:00 p.m. (prevailing Central Time)** (the "Plan Objection Deadline"). In accordance with applicable Local Rules of the Bankruptcy Court, registered users of the Bankruptcy Court's case filing system must electronically file their objections and responses.

All objections and responses must be served, so as to be received no later than [____], **2013 at 4:00 p.m. (prevailing Central Time)** upon: (i) CS DIP, LLC and affiliated Debtors (Attn: Bradley B. Williams), 618 Church Street, Suite 520, Nashville, TN 37219, (ii) the attorneys for the Debtors, Waller Lansden Dortch & Davis, LLP (Attn: Katie G. Stenberg), 511 Union Street, Suite 2700, Nashville, TN 37219; (iii) the Office of the United States Trustee for the Middle District of Tennessee (Attn: Beth Derrick), 701 Broadway, Suite 318, Nashville, TN 37203; (iv) the attorneys for the Creditors' Committee, Baker Donelson Bearman Caldwell & Berkowitz, PC (Attn: John Rowland), 211 Commerce Street, Suite 800, Nashville, TN 37201; (v) special counsel to the Debtors, FOLEY HOAG LLP (Attn: Kenneth S. Leonetti), Seaport World Trade Center West, 155 Seaport Boulevard, Boston, MA 02210; (vi) special counsel to the Debtors, Walker Tipps & Malone PLC (Attn: Jason Callen), 150 Fourth Avenue North, 2300 One Nashville Place, Nashville, TN 37219.

Bankruptcy Rule 9014 governs all objections to confirmation of the Plan.

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

For more information on the confirmation of the Plan, please refer to Section V.K, “*Effects of Confirmation*”. Before voting, please review and consider all information outlined in the Plan, this Disclosure Statement, and any documents attached thereto.

D. Overview of the Chapter 11 Process

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business for the benefit of itself and all parties in interest. In addition to permitting the rehabilitation of a debtor, chapter 11 promotes equality of treatment of similarly situated claims and similarly situated equity interests 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 date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a “debtor in possession.”

The consummation of a plan of reorganization is the principal objective of a chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the bankruptcy court having jurisdiction over a particular chapter 11 case makes the plan binding upon a debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor of, or holder of an equity interest in, a debtor. Subject to certain limited exceptions, the confirmation order discharges a debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan.

In order to solicit acceptances of a proposed plan, however, Section 1126 of the Bankruptcy Code requires a debtor and any other plan proponent to conduct such solicitation pursuant to a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. The Plan Proponents are submitting this Disclosure Statement in accordance with the Disclosure Statement Order and the requirements of Section 1126 of the Bankruptcy Code.

III.

**OVERVIEW OF THE DEBTORS’
OPERATIONS AND THE CHAPTER 11 CASES**

A. Description of the Company’s Operations; Organizational Structure; Assets and Liabilities

The Debtor SSHC DIP, LLC (f/k/a Small Smiles Holding Company, LLC (“SSHC”) was formed in Delaware in September 2006. SSHC is the parent of a group of companies headquartered in Nashville, Tennessee that as of the Commencement Date was organized to provide dental practice management services to 67 dental centers (collectively, the “Dental Centers”) serving low income and underprivileged families in 22 states. SSHC owns a 100% Equity Interest in CS DIP, LLC (f/k/a Church Street Health Management, LLC) (“CSHM”), which in turn owns 100% Equity Interests in FNY DIP,

LLC (f/k/a FORBA NY, LLC) (“FNY”), FS DIP, Inc. (f/k/a FORBA Services, Inc.) (“FS”) and EE DIP, Inc. (f/k/a EEHC, Inc.) (“EEHC”). SSHC, CSHM, FNY, FS, and EEHC are collectively referred to as the “Company”.

More than 1.5 million patients received treatment at Dental Centers during the five years prior to the Commencement Date. In 2011, more than ninety percent of the revenues of the Dental Centers came from state Medicaid and State Children’s Health Insurance Programs. As of the Commencement Date, the Company, through EEHC, had approximately 72 full-time, 2 part-time, and 2 “as needed” employees (collectively, the “Employees”). As of the Commencement Date, there were no unions representing the Employees.

The Company does not own any real property. The corporate office space occupied by the Company in Nashville, Tennessee, Pueblo, Colorado and Chicago, Illinois was leased by the Company as of the Commencement Date. Additionally, all of the Dental Centers for which the Company provided management services leased the office space they occupied. In many cases, SSHC or CSHM guaranteed the Dental Centers’ performance under those leases or had assumed obligations under existing guarantees.

As of the Commencement Date, the Company had aggregate assets (at book value) and liabilities on a consolidated, unaudited basis of approximately \$84,900,000 and approximately \$303,400,000, respectively. For the fiscal year ended December 31, 2011, the Company had contractual revenues of approximately \$138,600,000 (\$28,200,000 collectible) and incurred a positive change in net assets of approximately \$101,000,000 (of which \$110,400,000 was uncollectible revenue).

B. Significant Indebtedness

1. General Debt Financing Structure

The Company’s financing facilities were arranged on a Shari’ah-compliant basis, employing structures that have been used in numerous transactions in the United States for at least the past 15 years. These structures have two basic purposes. First, they are designed to comply with Shari’ah rules regarding finance. Second, the structures are intended to be characterized as loans for tax and other United States law purposes, including bankruptcy laws. Although the financing facilities are structured to comply with Shari’ah, the facilities are not in any way governed by Shari’ah law. The governing law applicable to the financing facilities is the law of the State of New York.

All of the Company’s financing facilities employed the same fundamental structure. For the reasons outlined below, the facilities interposed a special purpose vehicle between the Company and the entities providing financing to the Company (the “Finance Providers”). There were two such special purpose vehicles (the “SPVs”) for the Company facilities - SSO Funding Corp. (“SSO”) and SSH Funding Corp. (“SSH”). Each of these SPVs was minimally capitalized, and was ultimately owned by an independent third-party corporate services provider, Global Securitization Services, LLC, that was unaffiliated with either the Company or the Finance Providers.

The SPVs functioned as conduits for the provision of financing by the Finance Providers to the Company. This conduit structure was used because, under Shari’ah, the Company was not permitted to enter into conventional financing agreements directly with the Finance Providers. Instead, the Company had to enter into documentation drafted to comply with Shari’ah precepts. Conversely, the Finance Providers did not want to enter directly into Shari’ah-compliant financing documents that departed from their conventional financing documentation. Therefore, the SPVs were placed between the Finance Providers and the Company to (1) enter into conventional finance facilities with the Finance

Providers, and (2) use the funds obtained from such conventional facilities to provide Shari'ah-compliant facilities to the Company. The chief characteristic of this arrangement is that for each conventional financing facility provided to an SPV, there was a corresponding, matching Shari'ah-compliant facility provided by such SPV to the Company.

For United States law purposes, each corresponding pair of conventional and Shari'ah facilities was intended to be a single facility between the relevant Finance Providers and the Company. The payment and other provisions in the conventional facilities and Shari'ah facilities were drafted to operate on a back-to-back basis, so that conventional obligations imposed upon an SPV will be matched by Shari'ah obligations imposed upon the Company. For example, each Shari'ah facility was structured to provide its SPV with amounts needed and at the times needed to enable such SPV to make all debt service and other required payments under its corresponding conventional financing facility. (In practice, the Company did in fact wire payments directly to the Financing Providers rather than to the SPVs.)

On this basis, and to simplify analysis, the Company's financing facilities are described below as if each corresponding pair of Shari'ah and conventional financing facilities were in fact one facility. In addition, only conventional finance terms, such as principal and interest, are used to describe the obligations associated with such facilities. Although the Shari'ah facilities employ different terminology to characterize obligations, the Shari'ah facility obligations should be considered for United States law purposes as conventional financing obligations.

2. Prepetition First Lien Facility

SSO, as borrower, CIT Healthcare LLC, as collateral agent and administrative agent and any successor of CIT Healthcare LLC, as collateral agent and administrative agent (in such dual capacity, "Prepetition A/C Agent"), and certain banks, financial institutions and other institutional lenders party thereto from time to time (collectively, the "Prepetition First Lien Facility Lenders") are parties to that certain Amended and Restated Credit Agreement dated as of February 1, 2010 (as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "Prepetition First Lien Credit Agreement" and together with all other loan and security documents executed in connection therewith, the "Prepetition First Lien Documents") whereby the Prepetition First Lien Facility Lenders provided a first lien secured credit facility comprised of up to \$131,475,000.00 in aggregate principal amount of term loans (the "Prepetition First Lien Facility").

SSO, CSHM (f/k/a FORBA Holdings, LLC), as lessee, along with SSHC, FNY and EEHC (as successor to FS), as guarantors pursuant to certain guaranties executed in connection therewith, and CIT Healthcare LLC, as collateral agent (in such capacity, the "Prepetition Collateral Agent" and together with the Prepetition A/C Agent, the "Prepetition Agent"), are parties to that certain Amended and Restated Registered Lease Financing and Purchase Option Agreement dated as of February 1, 2010 (as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "Lease Agreement") and related security documentation for the benefit of SSO (the "Lease Financing"). The Lease Agreement is the Shari'ah-compliant agreement that corresponds to the conventional Prepetition First Lien Credit Agreement.

As of the Commencement Date, the Debtors were indebted and liable to the Prepetition Agent and the Prepetition First Lien Lenders, without objection, defense, counterclaim or offset of any kind under the Prepetition First Lien Documents and the Lease Agreement in the principal amount of no less than \$128,225,000 plus interest accrued and accruing, costs and any fees and expenses due and owing thereunder (collectively, the "Prepetition First Lien Facility Obligations"). This Claim amount has been determined and allowed pursuant to the terms of the Sale Approval Order.

3. Prepetition Second Lien Facility

SSO, as borrower, the Prepetition A/C Agent, and certain banks, financial institutions and other institutional lenders party thereto from time to time (collectively, the “Prepetition Second Lien Facility Lenders”) are parties to that certain Second Lien Credit Agreement dated as of February 1, 2010 (as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “Prepetition Second Lien Credit Agreement” and, together with all other loan and security documents executed in connection therewith, the “Prepetition Second Lien Documents” and together with the Prepetition First Lien Documents, collectively, the “Prepetition Credit Documents”) whereby the Prepetition Second Lien Lenders provided a second lien secured credit facility comprised of up to \$25,000,000.00 in aggregate principal amount of term loans (the “Prepetition Second Lien Facility”).

SSO, CSHM, along with SSHC, FNY and EEHC (as successor to FS), as guarantors pursuant to certain guaranties, and Prepetition Collateral Agent are parties, with Arcapita Investment Funding Ltd. (“AIFL”) and AIA Limited (“AIA”) to that certain Amended and Restated Senior Murabaha Facility Agreement dated as of February 1, 2010 (as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “Commodities Agreement”) and related security documentation for the benefit of SSO (the “Senior Murabaha Facility” and together with the Prepetition First Lien Facility, the Prepetition Second Lien Facility, and the Lease Financing, collectively the “Prepetition Facilities,” and the lenders under the Prepetition Facilities, collectively the “Senior Lenders”). The Commodities Agreement is the Shari’ah-compliant agreement that corresponds to the conventional Prepetition Second Lien Credit Agreement.

As of the Commencement Date, the Debtors were indebted and liable to the Prepetition Agent and the Prepetition Second Lien Lenders, without objection, defense, counterclaim or offset of an kind under the Prepetition Second Lien Documents and the Commodities Agreement in the principal amount of no less than \$25,639,000 plus interest accrued and accruing, costs and any fees and expenses due and owing thereunder (collectively, the “Prepetition Second Lien Facility Obligations” and, together with the Prepetition First Lien Facility Obligations, the “Prepetition Secured Obligations”). This Claim amount has been determined and allowed pursuant to the terms of the Sale Approval Order.

4. Collateral; Intercreditor Agreement; Claim Amounts of the Secured Lenders

As more fully set forth in the Prepetition Credit Documents, prior to the Commencement Date, the Debtors granted security interests in and liens on, among other things, substantially all assets of the Debtors (collectively, the “Prepetition Collateral”), subject to certain limitations (the “Prepetition Liens”) to the Prepetition Agent as collateral agent under the Prepetition Credit Documents.

The Prepetition First Lien Facility Lenders, the Prepetition Second Lien Facility Lenders, and the Prepetition Agent are party to that certain Intercreditor Agreement, dated as of February 1, 2010 (as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “Prepetition Intercreditor Agreement”), that governs the respective rights, interests, obligations, priority, and positions of the various Prepetition First Lien Facility Lenders and Prepetition Second Lien Facility Lenders. Pursuant to the Prepetition Intercreditor Agreement, as of the Commencement Date, the Prepetition First Lien Facility Lenders’ right to payment is senior to the Prepetition Second Lien Facility Lenders’ right to payment under the Prepetition Credit Documents. The Plan and this Disclosure Statement are not intended to modify the terms and conditions of the Prepetition Intercreditor Agreement.

As set forth The Prepetition Secured Obligations are (i) legal, valid, binding and enforceable against each applicable Debtor and (ii) not subject to any contest, attack, objection, recoupment, defense, counterclaim, offset, subordination, recharacterization, avoidance or other claim,

cause of action or other challenge of any nature under the Bankruptcy Code, under applicable non-bankruptcy law or otherwise. Moreover, as of the Commencement Date, the Prepetition Liens on the Prepetition Collateral were legal, valid, enforceable, non-avoidable, and duly perfected and are not subject to avoidance, attack, offset, recharacterization or subordination under the Bankruptcy Code, under applicable non-bankruptcy law or otherwise and, as of the Commencement Date.

5. Subordinated Indebtedness

SS Holding Company, Inc., SSH, AIFL, and AIA are parties to that certain Subordinated Murabaha Facility Agreement dated as of February 1, 2010 whereby a deferred payment purchasing facility was made available to SSH in the maximum amount of \$30,000,000.00 (the "SSH Purchasing Facility"). As of the Commencement Date, the current outstanding balance of the SSH Purchasing Facility was \$37,389,000. Further, SSH, American Capital, Ltd. ("American Capital") and Carlyle Mezzanine Partners, L.P. ("Carlyle"; and along with American Capital, "Deferred Purchasers") are parties to that certain Amended and Restated Subordinate Debt Note Purchase Agreement dated as of February 1, 2010 whereby SSH issued promissory notes to Deferred Purchasers in the initial aggregate principal amount of \$31,000,000.00 (the "Subordinated Notes"). As of the Commencement Date, the current outstanding balance of the Subordinated Notes was \$38,616,000.

SSH, American Capital and Carlyle, as collateral agents for SSH (in such capacity the "Collateral Agents"), AIFL and AIA Limited are parties to that certain Amended and Restated Subordinated Murabaha Facility Agreement dated as of February 1, 2010 (as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "Subordinated Murabaha Facility Agreement") whereby a deferred payment purchasing facility was made available by SSH to CSHM in the maximum amount of \$61,000,000.00 (the "Purchasing Facility"). As of the Commencement Date, the current outstanding balance of the Purchasing Facility is \$76,005,000. The Purchasing Facility is a Shari'ah-compliant facility that corresponds to two separate conventional facilities – the SSH Purchasing Facility and the Subordinated Notes. These two conventional facilities were provided through SSH to the Company through a single agreement, the Subordinated Murabaha Facility Agreement.

C. Significant Events Leading to the Commencement of the Chapter 11 Cases

In September 2006, SSHC acquired substantially all of the assets of FORBA, LLC and its affiliates, which were principally owned by members of the DeRose family. In connection with that acquisition, the Company was capitalized by a group of private equity sponsors and lenders with a mix of equity, senior secured debt and subordinated debt. As of the Commencement Date, the Company was capitalized with \$181,700,000 in equity, \$153,864,000 million in senior secured debt and \$76,005,000 million in subordinated or mezzanine indebtedness. Since such purchase, the Company grew from providing management services to 47 Dental Centers in September 2006 to providing management services to 67 Dental Centers as of the Commencement Date.

1. DOJ Investigation and State Investigations; Settlement Agreements

In 2007, The Office of Inspector General of the U.S. Department of Health and Human Services ("OIG") began an investigation of the Company and the Dental Centers. At about the same time period, the United States Department of Justice (the "DOJ"), began an investigation of the Company and the Dental Centers. Thereafter, a number of state Attorneys General commenced parallel state investigations of the Company and the Dental Centers. The New York State Office of Medicaid Inspector General ("OMIG") also commenced an investigation.

In addition to these investigations by various governmental entities, in November 2007, Dental Centers in the Washington, D.C. area became the subject of a local television investigative news report which was extraordinarily negative and suggested that the Dental Centers were providing services which were not medically necessary. That program was subsequently rebroadcast on “Good Morning America.” In addition, media outlets in other areas of the country picked up the story. The Company, on behalf of the Dental Centers, vigorously disputed the allegations in the media and endeavored to educate the media about the profound treatment needs of its patient population. The cumulative effect of the investigations by the governmental entities along with the negative news stories placed an extraordinary burden on the Company. During the pendency of the investigations, the Company spent millions of dollars to defend itself and the Dental Centers.

In January 2010, the Company entered into Settlement Agreements with the DOJ and the 22 states in which it operated (the “States”) to bring an end to the investigations (the “Settlement Agreements”). Without admitting to any wrongdoing, the Company agreed to pay a total of \$24,000,000 to the DOJ and the States over a five-year period and entered into two Corporate Integrity Agreements – one with the OIG (the “OIG CIA”) and one with OMIG (the “NY CIA”). Pursuant to the OIG CIA and the NY CIA (together, the “CIAs”), the Company agreed to maintain the robust compliance program it had developed over the course of the investigations, and to engage an independent monitor to oversee the quality of care being provided to patients at the Dental Centers. Since the inception of the CIAs, and prior to the Commencement Date, that independent monitor, Strategic Health Solutions (“SHS”) conducted more than 24 site visits and 18 desk audits. Payments to SHS were approximately \$80,000 per month. In addition to the services of SHS, the Company engaged an Independent Review Organization (“IRO”) to conduct an annual claims review designed to ensure that the Dental Centers were accurately coding and billing the services provided. FTI Consulting Inc., also reviewed the quality of care provided as part of its assessment. Payments to the IRO totaled approximately \$430,250 as of the Commencement Date.

Under the terms of the CIAs, the Company is required to submit an Annual Report to the OIG and OMIG every March attesting to, among other things, its compliance efforts over the course of the previous year. In conjunction with the submission of its first Annual Report on March 15, 2011, the Company identified deficiencies in its compliance infrastructure. Thereafter, the Company replaced its Chief Compliance Officer and invested significant resources in its compliance program. Between March 2011 and January 2012, for instance, the number of employees and independent contractors, and the corresponding payroll, grew.

At the time that the Settlement Agreements were executed, the Company amended its senior and subordinated financing facilities. In addition, the Company’s existing equity owners made an additional cash infusion in an amount equal to \$30,000,000 to the Company, which was made available to the Company under the SSH Purchasing Facility and the Purchasing Facility.

2. Patient-Related Litigation and Insurance Dispute

Following the Company’s settlements with OIG and OMIG, since January 2010, approximately 11 lawsuits on behalf of over one hundred plaintiffs have been filed against the Company and certain of the Dental Centers, in primarily three states, Ohio, New York and Oklahoma (the “Patient Litigation”). In addition, a previously-filed malpractice case in New Mexico was expanded to add fraud claims against the Company similar to those asserted in the Patient Litigation. That case went to trial in August 2011 and resulted in a jury verdict in favor of the Company and the applicable Dental Centers.

At this time the primary actions in the Patient Litigation are focused in litigation initiated in the New York state courts (the “New York Litigation”) and the Oklahoma state courts (the “Oklahoma

Litigation”). Thirty-two plaintiffs have filed suit against the Debtors and others in New York state courts. The cases are coordinated before a single pre-trial judge in Syracuse, New York. The first three cases are set to begin trial in early February 2013 with a series of trials scheduled thereafter.

Forty-two plaintiffs filed suits against debtor, Small Smiles Holding Company, LLC (now SSHC DIP, LLC), FORBA Holdings, LLC (now CS DIP LLC) and others in the Oklahoma Litigation. The cases are consolidated before a single pre-trial judge in Oklahoma City, Oklahoma. The coordinating judge has issued an order allowing plaintiff's counsel to select five (5) plaintiffs to proceed to trial together on October 21, 2013.

In addition to the plaintiffs that have formally initiated lawsuits against the Debtors, the Dental Centers, or the Dentists, at least approximately 1100 additional patients or former patients have retained counsel to assist them with the assertion of similar claims, the identity of many of whom is not generally known by the Debtors. It is unknown how many additional patients or former patients may eventually assert claims similar to those alleged in the New York Litigation and the Oklahoma Litigation. The number of additional claims that may be asserted is likely dependent in part on the extent to which the plaintiffs in the New York Litigation and the Oklahoma Litigation are successful in establishing liability and damages in their cases.

The Company, its affiliates, the Dental Centers and most of the Dentists are beneficiaries of certain Dentists Liability Policies (the “National Union Policies”) obtained by the Company and issued by National Fire Insurance Company of Pittsburgh, PA (“National Union”), an affiliate of Chartis, Inc., for the policy years 2008 to 2010. In addition, other Dentists employed by the Dental Centers prior to the Petition Date were beneficiaries of dentist liability policies (together with the National Union Policies, collectively, the “Policies”), issued by Fireman’s Fund and Fortress Insurance Company, among other insurance carriers (collectively, with National Union, the “Insurance Carriers”). After initiation of the Patient Litigation, the Company tendered to the Insurance Carriers those suits for defense and indemnity under the Policies. National Union denied coverage under the National Union Policies, and, among other actions, commenced a lawsuit in 2010 against the Company in the United States District Court for the Middle District of Tennessee seeking rescission and reformation of the National Union Policies (the “Coverage Litigation”). The Company filed counterclaims against National Union, alleging bad faith refusal to honor the Policies and violation of the Tennessee Consumer Protection Act. The Company also brought a third party complaint against its insurance broker, Affinity Insurance Services, Inc., for negligence, negligent misrepresentation and violation of the Tennessee Consumer Protection Act.

National Union litigated aggressively the Coverage Litigation, including bringing multiple motions to compel discovery against the Company while, at the same time, resisting the Company’s efforts to obtain discovery. On or about May 12, 2011, the Company and National Union reached an agreement pursuant to which, in exchange for certain agreements from National Union, including the agreement by National Union to start funding the defense of the Patient Litigation under the National Union Policies, the Company dismissed with prejudice its counterclaims against National Union. Thereafter, in or about September 2011, the parties to the Coverage Litigation jointly moved to administratively close the Coverage Litigation, and the District Court entered an order administratively closing the case without prejudice, granting any party the right to petition to have the Coverage Litigation reopened on 30 days’ written notice to the other parties. As discussed below, National Union has been attempting to reopen the Coverage Litigation.

The cost of complying with the Settlement Agreements, the CIAs and the addition of necessary staff and external professionals to improve its compliance programs, along with the Patient Litigation was a significant drain on the Company’s resources and the staff of the Dental Centers. The negative publicity, the Company believes, has also had an impact on its revenues. The prospect of

additional litigation from plaintiffs also inhibited the Company's ability to consider growth opportunities. Finally, the cost of litigating the Coverage Litigation was an additional drain on the Company's resources.

3. Liquidity Crisis

During the summer of 2011, the Company realized it would have difficulty meeting its obligations to the Senior Lenders. On August 30, 2011, the Board authorized the retention of Alvarez & Marsal Healthcare Industry Group, LLC ("A&M"), a turnaround firm, to provide it advice and guidance.

On September 30, 2011, the Company was unable to meet its regularly scheduled debt service payment to its secured lenders. Martin McGahan, a managing director of A&M was appointed Chief Restructuring Officer in October 2011. Subsequently, the Board terminated the services of its CEO and COO of the Company.

The Company worked closely with the Senior Lenders on plans to address its liquidity and viability moving forward. The Company entertained refinancing and/or restructuring proposals from the majority of the Senior Lenders as well as other potential lenders. Ultimately, the Company determined to proceed with the 363 Sale, as set forth in more detail below. These Bankruptcy Cases were necessary in order to facilitate a sales transaction whereby the Company could maximize the value of substantially all of the assets of the Company for the benefit of its creditors. In addition, and as set forth below, all obligations the Company incurred with SHS, the DOJ, OIG and OMIG were assumed in connection with the 363 Sale. In addition, the filings were required so that the Company can address in an organized fashion the Patient Litigation and potential future plaintiffs' suits.

4. Decision to Pursue Sale of Assets and the Debtor's Marketing Efforts

In connection with A&M's retention, the Company started exploring recapitalization and restructuring alternatives during the last quarter of 2011. Negotiations ensued between the Company and the Senior Lenders concerning various out of court restructuring alternatives. A&M highlighted that, while the impact of certain of the Company's cost-saving initiatives was still unknown, there was a real possibility that a sale of the Assets, whether in connection with an out-of-court restructuring or through a sale process under Section 363 of the Bankruptcy Code or through a plan under Section 1129 of the Bankruptcy Code would be the most likely options. A&M and the Company continued to negotiate with the Senior Lenders with respect to various restructuring and sale options. In connection therewith, the Company, in consultation with A&M, analyzed extensive restructuring and sale alternatives, and determined that a 363 sale or plan was the most feasible option, due to the uncertainty and difficulties that would attend any out-of court restructuring of the Company.

Commencing shortly after its engagement by the Company in September 2011 and continuing through early February of this year, A&M contacted numerous potential buyers and lenders who might have interest in investing in or lending to the Company. Various routes were explored, including but not limited to, a consensual foreclosure process with the existing lending group, some sort of take-out lending whereby the existing lenders would reduce their indebtedness and allow a new lender to recapitalize the company, new capitalization from existing equity or some combination of those options. Approximately 21 capital sources were contacted by, or contacted, A&M. Ultimately, out-of-court alternatives were jettisoned in favor of proceedings under chapter 11 because of the certainty a bankruptcy filing and transactions in bankruptcy provide.

By December 2011, two potential financing providers with potential interest in purchasing the Assets emerged, both of whom were existing Senior Lenders. However, a group led by Garrison Investment Group (the "Stalking Horse") emerged with the support of a majority of the Senior

Lenders to provide financing on a priming basis ahead of the pre-Petition secured indebtedness and a willingness to purchase the Company's assets. The Company continued to negotiate the terms of the sale before and during the early stages of these Chapter 11 Cases.

D. The Chapter 11 Cases

The Company was made aware in November 2011 that the cash flow of the Company would likely render it unable to proceed much past mid-February 2012. Thus, no longer able to sustain viable long-term business operations in light of that financial situation, the Company's management determined that the Company's best option to maximize the value of the Assets for stakeholders while safeguarding the welfare of the patients served by the Dental Centers was to pursue DIP financing and an acquisition transaction with the Purchaser in an orderly fashion through these Chapter 11 cases.

1. Commencement of the Chapter 11 Cases and the "First-Day" Orders

On February 20 and 21, 2012, the Company filed voluntary petitions commencing the Chapter 11 Cases. Shortly thereafter, the Debtors obtained a series of orders from the Bankruptcy Court designed to minimize any disruption to the Debtors' business operations and to facilitate the Debtors' reorganization. The Bankruptcy Court entered a number of procedural orders to streamline and simplify the administration of the Chapter 11 Cases, including without limitation allowing joint administration of the Chapter 11 Cases, extending the time for the Debtors to file their schedules and statements, and establishing noticing procedures. Some more substantive orders were also granted to permit continued operation of the Debtors' business while the Chapter 11 Cases were pending, including without limitation payment of certain priority employee wages, payment of certain priority tax claims, and payment of certain priority obligations related to items incurred within 20-days prior to the Commencement Date. In order to assure that the Debtors had adequate financing to continue their operations throughout the term of the Chapter 11 Cases, the Bankruptcy Court further authorized the Debtors to: (i) use the Secured Lenders' cash collateral and obtain \$12 million in unsecured postpetition financing; (ii) continue their centralized cash management system as modified to reflect the authorization to use cash collateral; and (iii) maintain their existing bank accounts and forms. The Debtors also received approval to retain its attorneys, consultants, investment bankers, and a noticing agent.

2. Debtor in Possession Financing

To fund their continued operations during the term of the Chapter 11 Cases, the Debtors obtained authority to use the Prepetition Secured Lenders' cash collateral, which secures the Debtors' obligations under the Prepetition Facilities. The Debtors also obtained \$12 million in unsecured postpetition financing. The Bankruptcy Court authorized, on a final basis, the use of cash collateral and approved the debtor-in-possession financing on March 16, 2008 (the "DIP Financing Order"). The DIP Loan Claims were satisfied upon consummation of the 363 Sale. Accordingly, the DIP Lenders are not entitled to any sort of distribution from the Debtors' estates.

3. Pursuit of Asset Sale

Within a few days of the Commencement Date, the Company finalized an Asset Sale Agreement (the "Stalking Horse ASA") with the Stalking Horse and filed a motion to sell substantially all of the Company's assets, approve bid procedures and provide certain protections as outlined in the Stalking Horse ASA. The Debtors determined that the Stalking Horse ASA was superior to any other proposal received because (i) the Stalking Horse had completed substantially all of its material due diligence and accordingly did not require up-front payment of the Stalking Horse's fees and expenses; (ii) the Stalking Horse ASA had the support of most, if not all, of the Senior Lenders; and (iii) the Company

had a high degree of certainty that the Stalking Horse has the ability to close the 363 Sale. In addition, the Company approached the DOJ and obtained a consent to a waiver of the “change of control” provision in the Settlement Agreement related to a Sale of Assets in a bankruptcy. Further, the Company obtained consents of all twenty-two (22) states also party to certain of the CIAs. As set forth earlier, the Company assumed all obligations to the DOJ, States, OIG, OMIG, SHS and the monitor and the Purchaser assumed such obligations.

In order to subject the Stalking Horse ASA to competitive bidding in a manner that best assured the consummation of a transaction that maximized value for their estates, the Debtors’ subjected the Purchaser’s initial bid to an auction process described in the Sale Approval Order. Unfortunately, the Debtors did not receive any additional bids pursuant to the Sale Procedures (defined in the Sale Approval Order). Although a credit bid was the winning bid in the 363 sale process, the 363 Sale resulted in the assumption of a significant portion of the Debtors’ existing unsecured obligations, ensured the continued provision of services to the Dental Centers and its patients, and avoided the need for an orderly but relatively quick shut down of all operations.

4. Settlement Attempts

In addition the sale efforts, the other primary purpose of these Chapter 11 Cases was to enable the Debtors to achieve a global resolution of the Patient Litigation and resolve the dispute with National Union over insurance coverage for those claims. Given the individual character of each plaintiff’s claim, the Debtors believed that resolving the Patient Litigation as a conventional class action would be difficult. Nevertheless, the bankruptcy process gives the Debtors the ability to centralize claims, aggregate assets to satisfy those claims, implement a procedure for resolving claims, and provide for releases of both Debtor and non-debtor parties. As such, it was believed that the confluence of events, including the Debtors’ financial situation and the apparent motivation of the insurer and plaintiff litigants to attempt to resolve matters before expending significant additional litigation costs, created a unique opportunity for a potential settlement.

Following commencement of the cases, the Debtors and their special litigation counsel engaged with plaintiffs’ counsel in the Patient Litigation and counsel to National Union and Affinity in an effort to convene a formal mediation among the various constituencies. In early June 2012, the Debtors, counsel representing the current claimants in the Patient Litigation, National Union, Affinity and some of the Debtors’ other insurance carriers participated in a mediation spanning three days, with Peter H. Woodin, Esq. of JAMS serving as the mediator. Despite the parties’ efforts, they were unable to settle the various disputes. Nevertheless, one purpose of the proposed Plan is to create a framework to implement a global, class-wide settlement, if the plaintiffs and putative plaintiffs are able to reach a consensual resolution with the Insurance Carriers at some point.

5. Additional Operational Motions

The Company also took several steps to maintain value in its estates, including rejection of certain unprofitable and burdensome executory contracts and unexpired leases; terminating two MSAs in connection with the sale of a Dental Center in Manassas, Virginia, and a Dental Center in Pueblo, Colorado; settlement of an employee claim against the Debtors, resolution of several motions for relief from the automatic stay with respect to certain Patient-Related Claims; and resolution of the Creditors’ Committee’s motion to depose the Debtors’ representatives. Additional motions in the Chapter 11 Cases include National Union’s motion to withdraw the reference to the Bankruptcy Court in respect of the renewed Coverage Litigation, which motion was denied; National Union’s revived motion for stay relief to permit it to reopen the Coverage Litigation, which motion is currently pending; and an expedited motion to establish a bar date for Claims, which remains adjourned indefinitely since the Plan

contemplates establishment of a Bar Date and procedures for the resolution of Disputed Claims. The Plan also provides that thirty days after the Effective Date the automatic stay with respect to the Coverage Litigation will terminate, and all parties to the Coverage Litigation shall be permitted to proceed thereafter with such litigation, and with any claims at issue in such litigation, in a court of appropriate jurisdiction.

6. Assets Remaining in the Debtors Estate

After completion of the transactions contemplated by the Sale Approval Order, the principal assets that remain in the Debtors' estates are insurance coverages and certain potential causes of action.

A. Insurance Rights

The Debtors maintained insurance coverage to protect against the risks of its business, including professional liability insurance. For the policy years from September 26, 2008 to September 26, 2010, the Debtors obtained the National Union Policies that cover SSHC DIP, LLC itself and certain other entities, including most of the Dental Centers (collectively, the "2008-2010 Entity Policies"). SSHC DIP, LLC also has separate Insurance Policies for the policy years from December 1, 2008 to December 1, 2010 that cover individual insured Dentists (collectively, the "2008-2010 Dentist Policies"). Together, the National Union Policies cover amounts that SSHC DIP, LLC, the Dental Centers and/or the Dentists become legally obligated to pay as damages resulting from dental incidents such as those that give rise to the Patient-Related Claims and similar claims against Dentists and Clinics that have been and may in the future be asserted in the Patient Litigation.

SSHC DIP, LLC also maintained Policies that cover SSHC DIP, LLC and certain other entities and for certain Dentists for claims made in the years prior to and after the issuance of the 2008-2010 Policies. The certain Dentists also may have Policies that cover them for claims made after the 2008-2010 Dentist Policies, even if they no longer were employed by the Dental Centers or affiliates.

(i) 2008-2010 Dentist Policies

The 2008-2010 Dentist Policies limit coverage to \$1 million in total for each dental incident against an individual named insured Dentist, and to \$3 million for all dental incidents collectively against an individually named insured Dentist. During the period in which Patient-Related Claims were likely incurred, over 300 Dentists were employed at one or more Dental Centers. The Debtors and the Committee believe that the 2008-2010 Dentist Policies could provide hundreds of millions of dollars of coverage for claims asserted by patients against the covered Dentists. National Union, however, disputes the amount and scope of the insurance afforded by the 2008-2010 Dentists Policies and contends that the policies should be rescinded based on a material misrepresentation. As a result, the amount of any ultimate insurance recovery from the 2008-2010 Dentist Policies is uncertain.

(ii) 2008-2010 Entity Policies

The 2008-2010 Entity Policies provide coverage to the Debtors and to at least most of the Dental Centers that were operating in the period in which the majority of Patient-Related claims were likely incurred. As written, the 2008-2010 Entity Policies describe the aggregate limit for covered entities other than Dentists as "none." National Union has asserted that the 2008-2010 Entity Policies should be rescinded because the issuance of the policies was based on material misrepresentations. Alternatively, National Union has asserted that the 2008-2010 Entity Policies should be reformed to impose a single \$6

million aggregate limit on all claims by non-Dentist entities. The Debtors and the Committee disagree that the policies should be rescinded, and they contend that the 2008-2010 Entity Policies should be enforced as written so that coverage is without aggregate limits applicable to non-Dentist claims, meaning that there would be many hundreds of millions of dollars of coverage potentially available under the policies. The Debtors and the Committee alternatively contend that, if the 2008-2010 Entity Policies should be reformed at all, they should be reformed to impose at most a \$6 million aggregate limit for each of the approximately 70 Clinics, meaning that there could be at least \$420 million in coverage potentially available under these policies. National Union may assert additional defenses to coverage that National Union may contend limits or eliminates the coverage available to pay for Claims against the Debtors, the Dental Centers, or the Dentists. Because of these disagreements, the amount that patient claimants, the Debtors, or Liquidating Trust ultimately will recover under the 2008-2010 Entity Policies is uncertain and could range from \$0 to hundreds of millions of dollars.

The Post-Confirmation Debtors, through the Liquidating Trust, intend to continue the Coverage Litigation to establish the availability of coverage under the 2008-2010 Dentist Policies and the 2008-2010 Entity Policies. To this end, the Liquidating Trust will need to retain litigation coverage counsel that will prosecute the Coverage Litigation on a contingent fee basis. The Committee has begun negotiations with a law firm that is willing to represent the Liquidating Trust and the Post-Confirmation Debtors in the Coverage Litigation once that litigation resumes.

B. Causes of Action

The Debtors may have a number of causes of action including avoidance actions under Chapter 5 of the Bankruptcy Code such as 11 U.S.C. §§ 502(d), 544, 545, 547, 548, 549, 550 and 553. The Plan preserves the Liquidating Trust's ability to pursue any action, cause of action, suit, account, controversy, agreement, promise, right to legal remedies, right to equitable remedies, right to payment, and claim, whether known or unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, unsecured, and whether asserted or assertable directly or indirectly or derivatively, in law, equity, or otherwise, and including without limitation any and all avoidance actions under Chapter 5 of the Bankruptcy Code. Without limiting the foregoing, the Causes of Action include preference actions against several prepetition creditors, including King & Spalding, LLP. Causes of Action do not include the Coverage Litigation.

IV.

THE LIQUIDATING TRUST

As a result of the 363 Sale, substantially all of the assets of the Debtors were transferred to the Purchaser free and clear of all liens, claims and encumbrances. Only a few assets of value remain in the Debtors' estates: certain funds provided by the Purchaser for the wind-down of the Debtors' business operations and administration of the Debtors' estates, certain Insurance Rights against the Insurance Carriers for coverage of the Patient-Related Claims, and certain causes of action of the Debtors' estates (including avoidance actions pursuant to Chapter 5 of the Bankruptcy Code and the Coverage Litigation). The other remaining assets, such as unassumed executory contracts, are worthless.

As of the Effective Date, pursuant to the Plan, the Debtors will be reconstituted as the Post-Confirmation Debtors. The Causes of Action and whatever cash remains will be transferred to the Liquidating Trust. In addition, the Equity Interests in the Post-Confirmation Debtors will be transferred to the Liquidating Trust, through which the Liquidating Trustee will be able to preserve the Debtors'

Insurance Rights and continue the oversight and prosecution of the Coverage Litigation. The Liquidating Trust also shall be funded by any and all amounts received by the Debtors or the Post-Confirmation Debtors on account of the Insurance Rights or the Coverage Litigation, which the Debtors or Post-Confirmation Debtors, as applicable, shall transfer to the Liquidating Trust as provided in Section 8.3 of the Plan.

A copy of the Liquidating Trust Agreement will be included in the Plan Supplement, to be filed prior to the voting deadline on the Plan. In the event of any conflict between or among this Disclosure Statement, the Plan, and the Liquidating Trust Agreement, the Liquidating Trust Agreement shall control. Except as set forth below or in the Plan, the Liquidating Trust Agreement shall include usual and customary terms of a liquidating trust implemented in connection with a chapter 11 plan under the Bankruptcy Code, including terms designed to implement the provisions of this Plan, the indemnification of the Liquidating Trustee's and any governing committee's good faith actions, governance by-laws for any governance committee, the establishment of separate funds for commercial claims and the tort and related claims of patients, Dentists, and Clinics, rights and powers permitting the Liquidating Trust to prosecute or defend litigation related to the Insurance Rights (including the Coverage Litigation), the rights and powers appropriate to permit the Liquidating Trust to compromise, settle, release and obtain the benefits of the Insurance Rights on behalf of the Debtors, holders of Patient-Related Claims, Dentists, and Clinics, and the right and power to establish as may be appropriate a structure to efficiently process, resolve, and satisfy Patient-Related Claims. Subject to approval by the Bankruptcy Court as part of the Confirmation Order, prior to the Confirmation Hearing, the Plan Proponents will select and file an informational notice identifying the Liquidating Trustee.

A Trust Advisory Committee (the "Trust Advisory Committee") will be established to supervise the Liquidating Trustee and the administration of the Reorganized Debtor. The Trust Advisory Committee will have the authority to approve settlement of the insurance coverage claims, to approve the creation of a process for holders of Patient Related Claims to submit claims for allowance and to approve a process for distributing assets to claimants, among other powers, subject in all events to the limitations set forth in the Plan on the ability of the Liquidating Trust to implement actions and compromise claims. The Committee has nominated James Moriarty, Steve Horton, and Wes Merillat as the initial members of the Trust Advisory Committee. Brief biographical information relating to each of these individuals shall be included in the Plan Supplement.

Subject to the terms and conditions of the Liquidating Trust Agreement, and the Plan, the Liquidating Trustee will also be the designated representative of the Debtors' bankruptcy estates, responsible for liquidation of the trust assets, claims administration against the Debtors' estates, distributions to beneficiaries of the Liquidating Trust, the direction of the Coverage Litigation, and the coordination of the tax matters associated with the Debtors' estates and the Liquidating Trust. The Liquidating Trustee will file periodic reports with the Bankruptcy Court and shall also be the Disbursing Agent and Plan Agent pursuant to the terms of the Plan. The Liquidating Trustee may employ counsel on such terms as the Trustee shall consider prudent under all the existing circumstances. The Liquidating Trustee shall specifically be authorized to employ attorneys that are employed or affiliated with the same law firm as the Trustee is associated with. As it is anticipated that the Liquidating Trust will likely have limited liquid assets at its inception, it is quite likely that the Liquidating Trustee may deem it advisable to retain counsel pursuant to a contingency fee arrangement and the possibility of such arrangements as the Trustee deems appropriate are specifically authorized.

The Liquidating Trust shall be established for the sole purposes of (1) liquidating and distributing its assets, in accordance with applicable provisions of the Internal Revenue Code of 1986 and any applicable Treasury Regulations, with no objective to continue or engage in the conduct of a trade or business and (2) prosecuting, defending and settling the Coverage Litigation and any Insurance Rights,

including defending against any claim brought by any Insurance Carrier or its agent to rescind, annul, cancel or otherwise limit any Insurance Policies or Insurance Rights. The transfer of the Initial Trust Assets to the Liquidating Trust, and all subsequent transfers permitted under the Plan or the Liquidating Trust Agreement, shall be treated for all purposes of the Internal Revenue Code of 1986, as amended, as a deemed transfer by the Debtors to the Liquidating Trust Beneficiaries of any rights the Debtors or their Estates may have in and/or to prosecute the Initial Trust Assets, followed by a deemed transfer by the Liquidating Trust Beneficiaries to the Liquidating Trust. The Liquidating Trust Beneficiaries shall be treated as the grantors and deemed owners of the trust assets that they are deemed to transfer to the Liquidating Trust. Whether or not the Liquidating Trustee establishes reserves to pay future trust expenses, all Liquidating Trust income shall be treated as subject to tax on a current basis. The Liquidating Trustee shall allocate the Liquidating Trust income for each taxable year among the Liquidating Trust Beneficiaries in accordance with their respective interest in the Liquidating Trust, as determined from time to time by the Liquidating Trustee, and the Liquidating Trust Beneficiaries shall be responsible for any tax liability that results from said income. The Liquidating Trustee shall execute and file tax returns on behalf of the Liquidating Trust as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a). The Liquidating Trust may be further funded by contributions from beneficiaries of the Liquidating Trust of any assets such beneficiaries are willing to contribute and that the Liquidating Trustee deems advisable to accept. The Liquidating Trustee may also seek to obtain financing to fund the ongoing administrative obligations of the Liquidating Trust or to continue the litigation of the Coverage Litigation or any other insurance-related lawsuits. The Liquidating Trustee may also enter into any contingency arrangement with counsel that he or she deems appropriate. The Liquidating Trustee is specifically authorized to employ counsel on contingency fee or other special billing arrangements to be paid in whole or in part from any proceeds obtained as a result of such litigation.

Upon establishment of the Liquidating Trust, the Liquidating Trustee shall be entitled to obtain access to the Company's books and records to the extent necessary to enable the Liquidating Trust to fulfill its obligations under the Plan, including to obtain financial information for compliance with tax reporting obligations, obtain patient and other claims-related information for the purpose of a Claim Approval Structure and/or Claim Distribution Procedures, assist in the litigation of the Coverage Litigation, and assist in the retention of any and all Insurance Rights. Notwithstanding the foregoing, and unless compelled to do so, the Liquidating Trustee shall not share any information received or obtained pursuant to the terms of the Plan with any member of the Trust Advisory Committee or any other person who has been affiliated with the representation of any plaintiff or prospective plaintiff in any actual or prospective litigation related to any Patient-Related Claim or other claim that has been or could be asserted against the Purchaser, Clinics or Dentists (a "Precluded Party"). For the avoidance of doubt, as the Post-Confirmation Debtors' sole shareholder, the Liquidating Trustee shall be entitled to control the attorney-client and other privileges of the Debtors following the Effective Date, including as it relates to the Insurance Rights or the litigation of any Patient-Related Claims of any Debtor. Moreover, notwithstanding the foregoing, absent subsequent order of the Bankruptcy Court, which may be granted upon a showing of good cause, the Liquidating Trustee shall be prohibited from sharing with a Precluded Party any attorney-client or other privileged information of any Debtor where such privilege also belongs to a Clinic or Dentist and that where the information subject of such privilege relates to defense of any Patient-Related Claim. The Liquidating Trustee shall implement safeguards with respect to access to books and records and as to privileges as may be prudent to (A) avoid impairing the Insurance Rights and to avoid improper disclosure of information confidential to individual patients or former patients, including the improper disclosure of information protected by HIPAA, and (B) keep from the holders of alleged Patient-Related Claims and their counsel any information that might advantage them in any litigation concerning the Patient-Related Claims. The Debtors, the Post-Confirmation Debtors, and any counsel that is defending them with respect to any Class 5(a) Claims shall have full access to the Company's books and records to permit an effective defense of such Claims and complete

responses to discovery requests that arise in such litigation as if the books and records were still in the possession of the Debtors or Post-Confirmation Debtors.

In general, the Plan provides allocation of the Debtors' remaining assets for the benefit of unsecured creditors in the form of the Liquidating Trust. There are generally two types of unsecured creditors – holders of Patient-Related Claims on the one hand, and all other Unsecured Claims on the other. The claims and recoveries are distinguished along these lines because holders of Allowed Patient-Related Claims have certain rights to potential insurance proceeds in addition to the general assets of the Debtors, while holders of Allowed Unsecured Claims only have rights to the general assets of the Debtors. As a result, the Plan contemplates a Liquidating Trust being established with a corpus consisting of the general assets of the Debtors as well as the rights to the potential insurance proceeds. Distributions to Unsecured Creditors will include beneficial interests in the Trust based upon the types of Claims held.

Accordingly, the assets of the Liquidating Trust will be distributed in the following order, as set forth more fully and completely in the Liquidating Trust Agreement:

(i) Net Proceeds of Insurance Rights and Coverage Litigation. Amounts received on account of the Insurance Rights and Coverage Litigation after deducting any legal fees or other costs incurred in prosecuting the Insurance Rights and Coverage Litigation shall be distributed in accordance with the terms of the Liquidating Trust Agreement and any approved Claim Approval Structure and/or Claim Distribution Procedures to holders of Class 5(a) Claims and the holders of Patient Interests.

The Liquidating Trust Agreement's procedures, once established, will bind all holders of Patient-Related Claims and may be the sole means of recovery for holders these claims. While no procedures have been established and such procedures will not be established until after the Effective Date, the Liquidating Trust Agreement may implement an alternative dispute resolution procedure or an administrative process to value and pay individual patient-related claims. Such process or procedure will likely require the submission of detailed information by individual claimants to the Trust for evaluation and payment of any claim. Furthermore, the procedures or process set forth in the Liquidating Trust Agreement may limit or condition the claimants' ability to appeal determinations made by the Liquidating Trust. In any event, the Liquidating Trust Procedures will generally endeavor to treat similarly situated holders of Patient-Related Claims alike, although the procedure may make some allowances for claims that have already reached an advanced stage of litigation before alternative procedures are adopted. As most Patient-Related Claims are held by minors, it is likely that any Trust Distribution Procedures would include provisions to manage recoveries by such claimants so that recoveries are utilized for the maintenance, health care, education, and general benefit of these minors.

(ii) Waterfall of Net Cause of Action Proceeds:

a. The Net Cause of Action Proceeds not to exceed the Carve-Out Amount (defined in the Plan as the first six hundred thousand dollars (\$600,000) of net proceeds on account of the Causes of Action) will be used first to pay in full any Deferred Administrative Claims assumed by the Liquidating Trust. It is anticipated that such amounts will be approximately Fifty thousand dollars (\$50,000.00).

b. First-Tier General Interests shall share, on a *pro rata* basis, the lesser of (a) one hundred fifty thousand dollars (\$150,000.00) of Net Cause of Action Proceeds and (b) the remaining Carve-Out Amount, if any, after satisfaction of Deferred Administrative Claims.

c. If any of the Carve-Out Amount remains after payment of items a. and b.

above, the lesser of (a) two hundred fifty thousand dollars (\$250,000.00) of Net Cause of Action Proceeds and (b) the remaining Carve-Out Amount shall be retained by the Liquidating Trust for the costs of administering the Liquidating Trust for the benefit of Class 5(a) Claims, including any actions taken to preserve Insurance Rights and, to the extent after such use there remain funds, for distribution to holders of Class 5(a) Claims in accordance with any Claim Distribution Procedures that may be established.

d. If any of the Carve-Out Amount remains after payment of items a., b. and c. above, the lesser of (a) one hundred fifty thousand dollars (\$150,000.00) of Net Cause of Action Proceeds and (b) the remaining Carve-Out Amount shall be paid pro rata to First-Tier General Interests until such claims are paid in full or until a maximum total of \$300,000.00 has been distributed to First-Tier General Interests. Any remaining portion of the Carve-Out Amount after payment of items a. through d. shall be retained by the Liquidating Trust and used for the purposes described in item c. hereof.

e. To the extent the First-Tier General Interests and underlying General Unsecured Claims are satisfied in full once all distributions provided for in items a. through d. above have been made, then any remaining Net Cause of Action Proceeds shall be shared on a pro rata basis among the holders of Second-Tier General Interests. If the First-Tier General Interests and underlying General Unsecured Claims are NOT satisfied in full by the distributions in items a. through d. above, then any Net Causes of Action Proceeds in excess of six hundred thousand dollars (\$600,000.00) shall be allocated on a pro rata basis among holders of the Second-Tier General Interests and holders of any remaining deficiency on First-Tier General Interests and underlying General Unsecured Claims. of any pro rata payment among the holders of Second-Tier General Interests shall be subject to the terms of the Prepetition Intercreditor Agreement as follows: any distribution to these claims shall be paid first to the First Lien Claimholders (as defined in the Prepetition Intercreditor Agreement) until the same are paid in full in cash and then to the Second Lien Claimholders (as defined in the Prepetition Intercreditor Agreement) until paid in full in cash, and lastly to holders of Prepetition Subordinated Debt Claims.

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The following table is provided to illustrate the potential sources for recovery for the various interests in the Liquidating Trust:

<p><u>First-Tier General Interests</u></p> <p>(to be issued to Classes 2(c), 3(c) & 4(c))</p>	<p><u>Second-Tier General Interests</u></p> <p>(to be issued to Classes 2(a), 2(b), 2(d), 3(a), 3(b), 3(d), 4(a), 4(b), & 4(d) subject to the terms of Prepetition Intercreditor Agreement)</p>	<p><u>Patient Interests and underlying Class 5(a) Claims</u></p> <p>(to be issued to Class 5(a))</p>
<ol style="list-style-type: none"> 1. Lesser of \$150,000 of Net Cause of Action Proceeds and the remaining Carve-Out Among after payment of Deferred Administrative Expenses 2. To the extent needed to satisfy such interests, after item (1) above and distribution of next \$250,000 of Net Cause of Action Proceeds to Patient Interests, the lesser of \$150,000 of Net Cause of Action Proceeds or remaining Carve-Out Amount (up to maximum of \$300,000) 3. If needed, pro-rated share from remaining Net Cause of Action Proceeds over and above the Carve-Out Amount, but including Second-Tier General Interests in the pro-ration calculation 	<ol style="list-style-type: none"> 1. After either full satisfaction of the First-Tier General Interests or application of the Carve-Out Amount to the First-Tier General Interests, a pro-rated share from remaining Net Cause of Action Proceeds, but including only remaining deficiencies on the First-Tier General Interests in the pro-ration calculation 	<ol style="list-style-type: none"> 1. After payment of Deferred Administrative Expenses and distribution of lesser of \$150,000 of Net Cause of Action Proceeds or remaining Carve-Out Amount to First-Tier General Interests, the lesser of \$250,000 of Net Cause of Action Proceeds or remaining Carve-Out Amount 2. After item (2) above and distribution of the next \$150,000 (or remaining Carve-Out Amount, whichever is lesser), up to \$300,000, to First-Tier General Interests, any amounts under the Carve-Out Amount that have not been distributed. 3. Permitted to continue pursuit of Patient-Related Claims until establishment of Claims Processing Structure or Claims Distribution Procedures as described in Section 4.17(g) of the Plan, at which point holders are entitled to 100% of net proceeds of Insurance Rights and Coverage Litigation

V.

THE PLAN

This Section of the Disclosure Statement summarizes the Plan, which is attached hereto as **Exhibit A**. This summary is qualified in its entirety by reference to the full text of the Plan. To the extent any inconsistencies exist between the Disclosure Statement and Plan, the Plan governs.

A. Summary and Treatment of Unclassified Claims

The Plan does not classify all Claims and Interests. In particular, Claims incurred during the course of the Chapter 11 Cases (*i.e.*, Administrative Expense Claims including Claims of Professionals for Compensation and Reimbursement of Expenses) and Priority Tax Claims are unclassified. A summary of these Claims is set forth below.

1. **Administrative Expense Claims**

Administrative Expense Claims are the actual and necessary costs and expenses of the Chapter 11 Cases that are allowed under Sections 503(b) and 507(a)(1) of the Bankruptcy Code. Such expenses include, but are not limited to, amounts owed to vendors providing goods and services to the Debtors during the Chapter 11 Cases and tax obligations incurred after the Commencement Date. Other Administrative Expense Claims include the actual, reasonable, and necessary professional fees and expenses of the advisors to the Debtors and Creditors' Committee that were incurred during the pendency of the Chapter 11 Cases.

(a) Time for Filing Administrative Expense Claims. The holder of an Administrative Expense Claim, other than (i) a claim assumed by the Purchaser or (ii) an Administrative Expense Claim that has been Allowed on or before the Effective Date, must file with the Bankruptcy Court and serve on the Debtors or the Post-Confirmation Debtors, as applicable, and the Office of the United States Trustee (the "U.S. Trustee"), notice of such Administrative Expense Claim on or prior to the Bar Date set forth in Section 7.1 of the Plan. Such notice must include at a minimum (i) the name of the Debtor(s) that are purported to be liable for the Claim, (ii) the name of the holder of the Claim, (iii) the amount of the Claim, and (iv) the basis for the Claim. **Failure to file and serve such notice timely and properly will result in the Administrative Expense Claim being forever barred and discharged.**

(b) Allowance of Administrative Expense Claims. An Administrative Expense Claim with respect to which notice has been properly filed and served pursuant to Section 2.1(a) of the Plan will become an Allowed Administrative Expense Claim if no objection is filed on or prior to the deadline in Section 7.3 of the Plan. If an objection is timely filed, the Administrative Expense Claim will become an Allowed Administrative Expense Claim only to the extent allowed by Final Order or as such Claim is settled, compromised, or otherwise resolved by the Debtors or Post-Confirmation Debtors pursuant to Section 7.6 of the Plan.

(c) Payment of Administrative Expense Claims. Except to the extent that a holder of an Allowed Administrative Expense Claim agrees to a less favorable treatment, each Allowed Administrative Expense Claim shall be paid by the Post-Confirmation Debtors in full, in Cash, in an amount equal to such Allowed Administrative Expense Claim on or as soon as reasonably practicable

following the later to occur of (a) the Effective Date and (b) the date on which such Administrative Expense Claim shall become an Allowed Claim.

2. Professional Compensation and Reimbursement Claims

Professional Compensation and Reimbursement Claims are Administrative Expense Claims of professionals seeking compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date under Sections 328 and 330 of the Bankruptcy Code.

In the Confirmation Order, the Bankruptcy Court will fix a deadline to file, and set a hearing date to consider, all applications for allowance of Administrative Expense Claims for professional services rendered and expenses incurred through and including the Confirmation Date. Each holder of such a Claim will be paid in Cash in the amount of its Allowed Claim as soon as practicable following the later of (i) the Effective Date or (ii) the date which such Claim is Allowed. The Debtors are authorized to pay professionals compensation for services rendered and reimburse expenses incurred after the Confirmation Date and until the Effective Date in the ordinary course of business without the need for Bankruptcy Court approval. Payment of the Final Fee Applications shall be made first from any remaining proceeds of the 363 Sale held by the Debtors on the Effective Date or by application of any retainer held by any such professional and second by the Plan Agent or the Liquidating Trustee from the Net Cause of Action Proceeds as soon as they become available.

3. DIP Loan Claims

The DIP Loan Claims were satisfied upon consummation of the 363 Sale and no payment is due based upon the DIP Loan because the obligations thereunder were assumed by the Purchaser. Accordingly, there is no distribution to the DIP Lenders.

4. Priority Tax Claims

A Priority Tax Claim is any Claim of a governmental unit of the kind entitled to priority in payment as specified in Sections 502(i) and 507(a)(8) of the Bankruptcy Code.

Each holder of an Allowed Priority Tax Claim will receive, at the Debtors' or the Post-Confirmation Debtors' option, (i) Cash in the amount of its Allowed Priority Tax Claim, together with any interest owing on the Allowed Priority Tax Claim pursuant to Section 506(b) of the Bankruptcy Code, on or as soon as practicable following the later of (a) the Effective Date and (b) the date such Claim is Allowed; (ii) equal semi-annual Cash payments in the aggregate amount of its Allowed Priority Tax Claim, with interest at the applicable non-bankruptcy rate, commencing as soon as reasonably practicable after the later of the (a) the Effective Date or (b) the date such Claim is Allowed and continuing over an eighteen (18) month period (but in no event exceeding five (5) years after the Commencement Date); or (iii) such other treatment as will be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim. Notwithstanding the foregoing, penalties related to Allowed Priority Tax Claims will be treated as General Unsecured Claims in Class 2(c), 3(c) or 4(c), as applicable.

5. Intercompany Claims

Notwithstanding anything to the contrary herein, Claims by one Debtor against another Debtor or by FS DIP, Inc. or EEHC DIP, Inc., shall be disallowed in their entirety and given no effect.

B. Classification and Treatment of Classified Claims and Interests

The Plan provides for 19 classes of Claims and Interests. Classes 1, 5(a), 5(b) and 5(c) apply to all Debtors. Classes 2(a) through 2(e) are comprised of Claims against or Interests in CS DIP, LLC, Classes 3(a) through 3(e) are comprised of Claims against or Interests in SSHC DIP, LLC, and Classes 4(a) through 4(e) are comprised of Claims against and Interests in FNY DIP, LLC. A Claim or Interest is impaired if the Plan modifies or changes the rights of the Claims or Interests included in the Class. Holders of Claims and Interests in Classes that are impaired may vote to accept or reject the Plan. If a Class of Claims or Interests is not impaired pursuant to the Plan, holders of the Claims or Interests in that Class are automatically deemed to accept the Plan. If a Class of Claims or Interests are fully impaired pursuant to the Plan and are not to receive a distribution, holders of the Claims or Interests in that Class are automatically deemed to reject the Plan.

Unless indicated otherwise, all distributions will be in full satisfaction of each Allowed Claim or Interest and will be made as soon as reasonably practicable after the later of (i) the Effective Date or (ii) in the case of a Claim, the date such Claim is Allowed. Further, claimholders can generally agree to receive less favorable treatment than the treatment provided for by the Plan. Unless otherwise indicated, the Debtors have based the characteristics of the Claims or Interests on the Debtors' books and records.

Special Note to Parties with Liens other than the Prepetition Secured Lenders: Note that there are no secured claims other than those of the Prepetition Secured Lenders. Because substantially all of the Debtors' collective assets were sold to the Purchaser through the 363 Sale on a free and clear basis, there are no remaining assets of any value in the Debtors' collective estates other than certain wind-down budget funds provided by the Purchaser in connection with the 363 Sale, the Causes of Action (which were previously vested in the Creditors' Committee under the Sale Approval Order), and the Insurance Rights. Any remaining assets such as unassumed executory contracts and leases are worthless and are being rejected through the Plan. As a result, all allegedly secured claims other than those of the Secured Lenders are classified as General Unsecured Claims pursuant to Section 506(a) of the Bankruptcy Code.

1. Other Priority Claims against all Debtors

Class 1 Claims are Claims against any of the Debtors of a type identified in Section 507(a) of the Bankruptcy Code as being entitled to priority in payment (other than Administrative Expense Claims and Priority Tax Claims).

Each holder of an Allowed Other Priority Claim will receive Cash in the amount of its Allowed Other Priority Claims. Because Class 1 Claims are not impaired pursuant to the Plan, holders of Other Priority Claims are conclusively presumed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

2. Claims against CS DIP, LLC

a. Class 2(a) – Prepetition First Lien Claims against CS DIP, LLC

Class 2(a) Claims are all Claims against CS DIP, LLC arising under the Prepetition First Lien Facility. Each holder of a Class 2(a) Claim will receive a Second-Tier General Interest in the Liquidating Trust on or as soon as reasonably practicable after the later of the Effective Date or the date the Claim becomes Allowed. The terms of the DIP Financing Order determined the amount of these Claims, but each holder of a Class 2(a) Claim will be entitled to only one recovery on account of any Class 2(a), 3(a), and 4(a) Claims to the extent such Claims are assertable against a different Debtor but

based on the same underlying liability and obligations. Because Class 2(a) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

b. Class 2(b) – Prepetition Second Lien Claim against CS DIP, LLC

Class 2(b) Claims are all Claims against CS DIP, LLC arising under the Prepetition Second Lien Facility. Each holder of a Class 2(b) Claim will receive a Second-Tier General Interest in the Liquidating Trust on or as soon as reasonably practicable after the later of the Effective Date or the date the Claim becomes Allowed. The terms of the DIP Financing Order determined the amount of these Claims, but each holder of a Class 2(b) Claim will be entitled to only one recovery on account of any Class 2(b), 3(b), and 4(b) Claims to the extent such Claims are assertable against a different Debtor but based on the same underlying liability and obligations. Because Class 2(b) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

c. Class 2(c) – General Unsecured Claims against CS DIP, LLC

Class 2(c) Claims are all Claims against CS DIP, LLC other than Unclassified Claim, an Other Priority Claim, a Prepetition First Lien Claim, a Prepetition Second Lien Claim, a Prepetition Subordinated Debt Claim, or a Patient-Related Claim. Each holder of a Class 2(c) Claim will receive a First-Tier General Interest in the Liquidating Trust as soon as reasonably practicable after the later of the Effective Date of the date the Claim becomes Allowed. Because Class 2(c) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

d. Class 2(d) – Prepetition Subordinated Debt Claims against CS DIP, LLC

Class 2(d) Claims are all Claims against CS DIP, LLC arising under the Prepetition Subordinated Debt Facility. Each holder of a Class 2(d) Claim will receive a Second-Tier General Interest in the Liquidating Trust on or as soon as reasonably practicable after the later of the Effective Date or the date the Claim becomes Allowed. Each holder of a Class 2(d) Claim will be entitled to only one recovery on account of any Class 2(d), 3(d), and 4(d) Claims to the extent such Claims are assertable against a different Debtor but based on the same underlying liability and obligations. Because Class 2(d) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

e. Class 2(e) – Equity Interests in CS DIP, LLC

Class 2(e) Claims are all Claims against or interests in CS DIP, LLC based on or arising out of Equity Interests in CS DIP, LLC. Class 2(e) Claims will not receive a distribution. Any Equity Interest in CS DIP, LLC will be forfeited by the existing owners and deemed to be transferred to the Liquidating Trust which shall thereafter be the sole member of CS DIP, LLC. Because Class 2(e) Claims are fully impaired pursuant to the Plan, Class 2(e) is deemed to have voted to reject the Plan.

3. Claims against SSHC DIP, LLC

a. Class 3(a) – Prepetition First Lien Claims against SSHC DIP, LLC

Class 3(a) Claims are all Claims against SSHC DIP, LLC arising under the Prepetition First Lien Facility. Each holder of a Class 3(a) Claim will receive a Second-Tier General Interest in the Liquidating Trust on or as soon as reasonably practicable after the later of the Effective Date or the date the Claim becomes Allowed. The terms of the DIP Financing Order determined the amount of these Claims, but each holder of a Class 3(a) Claim will be entitled to only one recovery on account of any

Class 2(a), 3(a), and 4(a) Claims to the extent such Claims are assertable against a different Debtor but based on the same underlying liability and obligations. Because Class 3(a) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

b. Class 3(b) – Prepetition Second Lien Claim against SSHC DIP, LLC

Class 3(b) Claims are all Claims against SSHC DIP, LLC arising under the Prepetition Second Lien Facility. Each holder of a Class 3(b) Claim will receive a Second-Tier General Interest in the Liquidating Trust on or as soon as reasonably practicable after the later of the Effective Date or the date the Claim becomes Allowed. The terms of the DIP Financing Order determined the amount of these Claims, but each holder of a Class 3(b) Claim will be entitled to only one recovery on account of any Class 2(b), 3(b), and 4(b) Claims to the extent such Claims are assertable against a different Debtor but based on the same underlying liability and obligations. Because Class 3(b) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

c. Class 3(c) – General Unsecured Claims against SSHC DIP, LLC

Class 3(c) Claims are all Claims against SSHC DIP, LLC other than Unclassified Claim, an Other Priority Claim, a Prepetition First Lien Claim, a Prepetition Second Lien Claim, a Prepetition Subordinated Debt Claim, or a Patient-Related Claim. Each holder of a Class 3(c) Claim will receive a First-Tier General Interest in the Liquidating Trust as soon as reasonably practicable after the later of the Effective Date of the date the Claim becomes Allowed. Because Class 3(c) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

d. Class 3(d) – Prepetition Subordinated Debt Claims against SSHC DIP, LLC

Class 3(d) Claims are all Claims against SSHC DIP, LLC arising under the Prepetition Subordinated Debt Facility. Each holder of a Class 3(d) Claim will receive a Second-Tier General Interest in the Liquidating Trust on or as soon as reasonably practicable after the later of the Effective Date or the date the Claim becomes Allowed. Each holder of a Class 3(d) Claim will be entitled to only one recovery on account of any Class 2(d), 3(d), and 4(d) Claims to the extent such Claims are assertable against a different Debtor but based on the same underlying liability and obligations. Because Class 3(d) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

e. Class 3(e) – Equity Interests in SSHC DIP, LLC

Class 3(e) Claims are all Claims against or interests in SSHC DIP, LLC based on or arising out of Equity Interests in SSHC DIP, LLC. Class 3(e) Claims will not receive a distribution. Any Equity Interest in SSHC DIP, LLC will be forfeited by the existing owners and deemed to be transferred to the Liquidating Trust which shall thereafter be the sole member of SSHC DIP, LLC. Because Class 3(e) Claims are fully impaired pursuant to the Plan, Class 3(e) is deemed to have voted to reject the Plan.

4. Claims against FNY DIP, LLC

a. Class 4(a) – Prepetition First Lien Claims against FNY DIP, LLC

Class 4(a) Claims are all Claims against FNY DIP, LLC arising under the Prepetition First Lien Facility. Each holder of a Class 4(a) Claim will receive a Second-Tier General Interest in the Liquidating Trust on or as soon as reasonably practicable after the later of the Effective Date or the date the Claim becomes Allowed. The terms of the DIP Financing Order determined the amount of these

Claims, but each holder of a Class 4(a) Claim will be entitled to only one recovery on account of any Class 2(a), 3(a), and 4(a) Claims to the extent such Claims are assertable against a different Debtor but based on the same underlying liability and obligations. Because Class 4(a) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

b. Class 4(b) – Prepetition Second Lien Claim against FNY DIP, LLC

Class 4(b) Claims are all Claims against FNY DIP, LLC arising under the Prepetition Second Lien Facility. Each holder of a Class 4(b) Claim will receive a Second-Tier General Interest in the Liquidating Trust on or as soon as reasonably practicable after the later of the Effective Date or the date the Claim becomes Allowed. The terms of the DIP Financing Order determined the amount of these Claims, but each holder of a Class 4(b) Claim will be entitled to only one recovery on account of any Class 2(b), 3(b), and 4(b) Claims to the extent such Claims are assertable against a different Debtor but based on the same underlying liability and obligations. Because Class 4(b) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

c. Class 4(c) – General Unsecured Claims against FNY DIP, LLC

Class 4(c) Claims are all Claims against FNY DIP, LLC other than Unclassified Claim, an Other Priority Claim, a Prepetition First Lien Claim, a Prepetition Second Lien Claim, a Prepetition Subordinated Debt Claim, or a Patient-Related Claim. Each holder of a Class 4(c) Claim will receive a First-Tier General Interest in the Liquidating Trust as soon as reasonably practicable after the later of the Effective Date of the date the Claim becomes Allowed. Because Class 4(c) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

d. Class 4(d) – Prepetition Subordinated Debt Claims against FNY DIP, LLC

Class 4(d) Claims are all Claims against FNY DIP, LLC arising under the Prepetition Subordinated Debt Facility. Each holder of a Class 4(d) Claim will receive a Second-Tier General Interest in the Liquidating Trust on or as soon as reasonably practicable after the later of the Effective Date or the date the Claim becomes Allowed. Each holder of a Class 4(d) Claim will be entitled to only one recovery on account of any Class 2(d), 3(d), and 4(d) Claims to the extent such Claims are assertable against a different Debtor but based on the same underlying liability and obligations. Because Class 4(d) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

e. Class 4(e) – Equity Interests in FNY DIP, LLC

Class 4(e) Claims are all Claims against or interests in FNY DIP, LLC based on or arising out of Equity Interests in FNY DIP, LLC. Class 4(e) Claims will not receive a distribution. Any Equity Interest in FNY DIP, LLC will be forfeited by the existing owners and deemed to be transferred to the Liquidating Trust which shall thereafter be the sole member of FNY DIP, LLC. Because Class 4(e) Claims are fully impaired pursuant to the Plan, Class 4(e) is deemed to have voted to reject the Plan.

5. Other Claims Against All Debtors

a. Class 5(a) – Patient Related Claims against CS DIP, LLC; SSHC DIP, LLC; FNY DIP, LLC, and all related claims against other Entities

Class 5(a) includes (i) Patient-Related Claims, (ii) claims against any Dentists or Clinics that provided services or that may be responsible for any claims or causes of action that arise from the

same circumstances or treatment that give rise to any Patient-Related Claim, and (iii) any Claims asserted by the holder of a Claim or cause of action referenced in clauses (i) or (ii) above. Each holder of a Class 5(a) Claim will be deemed to have been issued a Patient Interest in the Liquidating Trust on or as soon as reasonably practicable after the Effective Date. Because Class 5(a) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

Notwithstanding the foregoing, unless and until the Liquidating Trust adopts and implements a Claim Approval Structure and/or Claim Distribution Procedures pursuant to Section 4.17(g) of the Plan and the Liquidating Trust Agreement, all holders of Class 5(a) Claims will be entitled to initiate and prosecute their Claims without restriction in the tort system. To the extent the automatic stay in these cases or any other limitation imposed by these cases would limit any such action, such automatic stay or limitation will be lifted thirty (30) days after the Effective Date of the Plan. Nothing in the Plan shall obligate the Liquidating Trust or Liquidating Trustee to defend any such Claims. The Liquidating Trust and Liquidating Trustee will, however, cooperate with and assist the Insurance Carriers in defending such Claims, whether brought against the Debtors, Post-Confirmation Debtors, Dentists or Clinics, to the extent required under the terms of the applicable Insurance Policies.

The Liquidating Trust shall be entitled to exercise and enforce all of the rights and obligations of the Debtors, Post-Confirmation Debtors or other insureds, including the Insurance Rights, under or related to the Insurance Policies, including directing the Debtors' or Post-Confirmation Debtors' litigation of the Coverage Litigation. The Liquidating Trust will perform or cause the Debtor to perform, such obligations, if any, required by the Insurance Policies (for example, by providing any required notice of Claims to the Insurance Carrier) to preserve the Insurance Rights to the fullest extent possible. The Liquidating Trust will have the rights as described in this Plan and in the Trust Agreement related to the pursuit, settlement, and resolution of such insurance coverage rights. To facilitate its enforcement of the Insurance Rights and in connection with any resolution thereof, the Liquidating Trust shall have the right, subject to approval by the Trust Advisory Committee and the approval of the Bankruptcy Court after notice and hearing, to compromise, settle, and release any and all claims or potential claims by any (i) Class 5(a) claimant, (ii) Dentist, (iii) Clinic, or other Entity against an Insurance Carrier related to Class 5(a) claims, including any claim that any of the foregoing might have for indemnification or defense from any Insurance Carrier, subject in all events to the restrictions contained in Section 4.17(e) of the Plan.

Each Class 5(a) claimant will be deemed to have been issued a Patient Interest in the Liquidating Trust on the Effective Date, subject to the terms of the Liquidating Trust Agreement and subject to any Claim Approval Structure and/or Claim Distribution Procedures that may be subsequently approved. Holders of Patient-Related Claims will receive no monetary distribution from the Debtors' estates or based upon their Patient Interests (other than as set forth in Section 4.17(f) of the Plan or as may be deemed a distribution for tax purposes under Section 5.3(e) of the Plan) unless and until the Liquidating Trust establishes a Claim Approval Structure or Claim Distribution Procedures in accordance with Section 4.17(g) of the Plan and the Liquidating Trust Agreement. The Debtors purchased or facilitated the Dentist's purchase of the Insurance Policies that were intended to protect the Debtors, the Clinics and the Dentists from patient claims arising from dental services provided by or under the management of the Debtors, the Clinics, or the Dentists. The Plan provides the Liquidating Trust the Insurance Rights, including the rights and powers to prosecute and defend litigation that is intended to maintain and establish the rights to coverage under the Insurance Policies that the Debtor believes should respond to patient claims that have been or may be asserted against the Debtors, the Clinics, or the Dentists. Preservation of this insurance coverage provides Class 5(a) Claimants their greatest likelihood of meaningful recovery.

Pursuant to the Liquidating Trust Agreement, the Liquidating Trustee may, subsequent to the Effective Date, implement a structure for the submission, review and allowance of Class 5(a) Claims,

and/or for the procedures for distribution from the Liquidating Trust to holders of Allowed Class 5(a) Claims. Any Claim Approval Structure and/or Claim Distribution Procedures shall be binding upon and will govern distributions to all Class 5(a) Claim holders whose Claims are unsatisfied at the time of establishment of the structure or procedures, and will provide the exclusive remedy to all holders of unsatisfied Class 5(a) Claims. Any such Claim Approval Structure and/or Claim Distribution Procedures shall require approval by the Trustee Advisory Committee, the Bankruptcy Court, after notice and hearing, and be subject to such other approvals as provided for in the Liquidating Trust Agreement. Any monetary distribution to the Holders of Patient Interests will be determined and paid in accordance with the approved Claim Approval Structure and/or Claim Distribution Procedures and the Liquidating Trust Agreement.

b. Class 5(b) – Dentist’s Contribution or Indemnity Claims

Class 5(b) Claims are all Claims that a Dentist has or may assert against one or more of the Debtors relating to or arising from a claim asserted by a patient against such Dentist that is based in whole or in part upon circumstances that may also give rise to a Patient-Related Claim, which Claim is based upon contractual or common law rights of contribution or indemnity. Class 5(b) Claims will not receive a distribution. Because Class 5(b) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

The Debtors purchased or facilitated the Dentists’ purchase of the Insurance Policies, which includes certain insurance coverage that was intended to protect the Dentists from patient claims arising from dental services provided by the Dentists while in the employ of one or more of the Debtors or the Clinics. Pursuant to the Plan, the Debtors have facilitated the establishment of the Liquidating Trust. The Plan provides the Liquidating Trust the rights and powers to prosecute, defend, and settle litigation that is intended to maintain, establish and enforce the Insurance Rights, including the rights to coverage under the insurance policies that the Debtors or Post-Confirmation Debtors believe should respond to patient claims that have been or may be asserted against the Dentists. Notwithstanding the foregoing, nothing contained in the Plan shall be deemed to limit, waive or impair any right that a Holder of a Dentist’s Contribution or Indemnity Claims has to assert such claim as a defense to any legal action brought against such Holder by the Debtors, the Post-Confirmation Debtors or the Liquidating Trustee.

To facilitate the Liquidating Trust’s management of the Insurance Policies that may respond to Patient-Related Claims and against the Dentists based on similar circumstances, the Dentists do on the Effective Date irrecoverably grant the Liquidating Trust the right and power (subject to approval by the Trust Advisory Committee and the approval of the Bankruptcy Court after notice and a hearing) to compromise, settle, release and receive the proceeds of any and all claims that the Dentists may have against any or all Insurance Carriers, subject in all events to the restrictions contained in Section 4.18(c) of the Plan.

c. Class 5(c) – Clinic’s Contribution or Indemnity Claims

Class 5(c) – Clinic’s Contribution or Indemnity Claims Class 5(c) Claims are all Claims that a Clinic has or may assert against one or more of the Debtors relating to or arising from a claim asserted by a patient against such Clinic that is based in whole or in part upon circumstances that may also give rise to a Patient-Related Claim, which Claim is based upon contractual or common law rights of contribution or indemnity. Class 5(c) Claims will not receive a distribution. Because Class 5(c) Claims are impaired pursuant to the Plan, holders of such Claims are entitled to vote to accept or reject the Plan.

The Debtors purchased the Insurance Policies, which include certain insurance coverage that was intended to protect the Clinics from patient claims arising from dental services provided by the

Clinics subject to management by one or more of the Debtors. Pursuant to the Plan, the Debtors have facilitated the establishment of the Liquidating Trust. The Plan will give the Liquidating Trust the rights and powers to prosecute, defend, and settle litigation that is intended to maintain, establish and enforce rights to coverage under the insurance policies that the Debtors or Post-Confirmation Debtors believe should respond to patient claims that have been or may be asserted against the Clinics. Notwithstanding the foregoing, nothing contained in the Plan shall be deemed to limit, waive or impair any right that a Holder of a Clinic's Contribution or Indemnity Claims has to assert such claim as a defense to any legal action brought against such Holder by the Debtors, the Post-Confirmation Debtors or the Liquidating Trustee.

To facilitate the Liquidating Trust's management of the Insurance Policies that may respond to Patient-Related Claims and claims against the Clinics based on similar circumstances, the Clinics do on the Effective Date irrecoverably grant the Liquidating Trust (subject to approval by the Trust Advisory Committee and the approval of the Bankruptcy Court after notice and a hearing) to compromise, settle, release and receive the proceeds of any and all claims that the Clinics may have against any or all Insurance Carriers, subject in all events to the restrictions contained in Section 4.19(c) of the Plan.

C. Distributions Pursuant to the Plan

1. Distributions

A Disbursing Agent will make all distributions under the Plan. With respect to Claims, the Disbursement Record Date will be set by further motion and order by the Plan Agent, at which time the claims registry will be closed. The Disbursing Agent will make distributions to all parties listed in the claims registry as of the Disbursement Record Date based upon the last known address of each party as reflected in the Debtors' schedules, books and records, or in any proofs of claim filed. Any Cash distribution will be made by check or wire transfer or as otherwise provided by any applicable agreements.

In the event a distribution is returned or is otherwise undeliverable, the Disbursing Agent will use reasonable efforts to locate the holder. If the distribution remains undeliverable one year after the Effective Date, the distribution will revert to the Liquidating Trust.

The Debtors may, but will not be required to, set off against any Claim (for purposes of determining the Allowed amount of such Claim on which distribution will be made) any Claims of any nature whatsoever that the Debtors may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder will constitute a waiver or release by the Debtors of any such Claim the Debtors may have against the holder of such Claim.

2. Withholding and Reporting Requirements

In connection with the Plan and all instruments issued in connection therewith and distributed thereon, any party issuing any instrument or making any distribution under the Plan, including any Disbursing Agent, shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements. Notwithstanding any other provision of the Plan, each holder of an Allowed Claim that is to receive a distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution. Any party issuing any instrument or making any distribution under the Plan has the right,

but not the obligation, to not make a distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

D. Implementation of the Plan and Related Documents

1. Liquidating Trust

On the Effective Date, the Plan Agent and the Liquidating Trustee will enter into the Liquidating Trust Agreement and any reasonably required related documents to establish the Liquidating Trust for the benefit of holders of Claims in Classes 2(a), 2(b), 2(c), 2(d), 3(a), 3(b), 3(c), 3(d), 4(a), 4(b), 4(c), 4(d), and 5(a).

2. Cancellation of Documents, Agreements, and Debt Instruments

Except (i) as otherwise expressly provided in the Plan, (ii) with respect to executory contracts or unexpired leases that have been assumed by the Debtors, (iii) for purposes of evidencing a right to distributions under the Plan, or (iv) with respect to any Claim that is reinstated and rendered unimpaired under the Plan, on the Effective Date, any document, agreement, or debt instrument evidencing any Claim or Equity Interest shall be deemed automatically cancelled without further act or action under any applicable agreement, law, regulation, order or rule and the obligations of the Debtors thereunder shall be discharged.

On the Effective Date, the Equity Interests in the Debtors will be transferred to the Liquidating Trust, and the Liquidating Trustee will be the sole member of the Post-Confirmation Debtors, with all corporate formalities deemed to have been satisfied.

3. Corporate Action, Effectuating Documents, and Further Transactions

On and after the Confirmation Date, the Plan Agent shall be the designated representative of the Debtors' estates and is entitled to take any actions necessary to carry out the provisions of this Plan. Upon the Effective Date, the Liquidating Trustee shall become the Plan Agent. Prior to the Effective Date, the individual serving as President of the Debtors shall serve as the Plan Agent.

4. Exemption From Transfer Taxes

Pursuant to Section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax. All sale transactions consummated by the Debtors and approved by the Bankruptcy Court on and after the Commencement Date through and including the Effective Date, including, without limitation, the transfers effectuated under the Plan, the sale by the Debtors of owned property pursuant to Section 363(b) of the Bankruptcy Code, and the assumption, assignment, and sale by the Debtors of unexpired leases of non-residential real property pursuant to Section 365(a) of the Bankruptcy Code, shall be deemed to have been made under, in furtherance of, or in connection with the Plan and, thus, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax..

E. Provisions for the Treatment of Disputed Claims

1. Bar Date for Administrative Expense Claims, General Unsecured Claims, and Priority Claims other than Patient-Related Claims

With the sole exception of holders of Patient-Related Claims (the allowance and distributions on account thereof being governed by the Liquidating Trust Agreement), all entities (including without limitation Governmental Units as defined in Section 101(27) of the Bankruptcy Code) with Administrative Expense Claims, General Unsecured Claims (other than Patient-Related Claims) or Priority Claims against the Debtors shall file their proofs of claim in the form approved by the Confirmation Order prior to the Bar Date. Notice of entry of the Confirmation Order shall contain notice of the Bar Date. If the holder of such a Claim fails to file a Proof of Claim in respect of their Claim before the Bar Date in accordance with the procedures set forth in the Confirmation Order, that Claim holder shall be forever barred, estopped and enjoined from asserting such Claim against the Debtors and their estates (or filing a Proof of Claim with respect thereto), and the Debtors and their property shall be forever discharged from any and all indebtedness or liability with respect to such Claim. Furthermore, such holder shall not be permitted to participate in any distribution in these cases on account of such Claim, or be entitled to receive further notices regarding such Claim in these cases. The Debtors shall also publish a notice of the Bar Date once in *The Tennessean* and once in a national newspaper as soon as is reasonable practicable after entry of the Confirmation Order, but in no event later than twenty-five (25) days prior to the Bar Date.

Final Fee Applications for payment of administrative expenses for professionals through the Confirmation Date pursuant to Sections 330 and 331 of the Bankruptcy Code as well as that certain *Expedited Order Pursuant to Bankruptcy Code § 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* (Docket No. 170) shall be filed no later than thirty (30) days after entry of the Confirmation Order.

Note that ultimate allowance of Patient-Related Claims in terms of distributions from the Liquidating Trust will be governed by the process and procedures set forth in the Liquidating Trust Agreement. The bar date and procedures in Section 7.1 of the Plan and described herein applies to all other Claims against the Debtors, with the sole exception being Patient-Related Claims.

2. Objections to Claims and Prosecution of Disputed Claims

Objections to all Claims against the Debtors may be interposed and prosecuted only by the Debtors and the Post-Confirmation Debtors. The Post-Confirmation Debtors shall be entitled to object to any Claim through and after the Effective Date. Any objections to Claims other than Patient-Related Claims shall be served and filed with the Bankruptcy Court on or before the later of (i) one hundred eighty (180) days after the Effective Date, as such time may be extended by order of the Bankruptcy Court and (ii) such later date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clause (i) above.

Any Claim other than Patient-Related Claims that is subject to an objection or is otherwise disputed, contingent, or unliquidated will not receive a distribution as provided under the Plan unless and until such Claim, or any portion thereof, is Allowed.

3. Resolution of Administrative Expense Claims and Other Claims

On and after the Effective Date, the Plan Agent will have the authority to compromise, settle, otherwise resolve, or withdraw any objections to any Claims, including any Administrative

Expense Claims or Disputed Claims, other than Professional Compensation and Reimbursement Claims, without further order of the Bankruptcy Court.

4. Claim Estimation

The Plan Proponents and/or the Plan Agent may request the Bankruptcy Court to estimate any Claim that is disputed, unliquidated, or contingent, regardless of whether the Claim is subject to an objection. If the Bankruptcy Court estimates a Claim, the Bankruptcy Court may elect to estimate either the amount in which the Claim is Allowed or the amount of the Claim, in which case, the Plan Proponents and/or the Plan Agent may pursue supplementary proceedings to disallow such Claim.

All the aforementioned objection, estimation and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

5. Payment and Distribution on Disputed Claims

When a Disputed Claim is Allowed, the holder of such Claim will receive the distribution provided by the Plan to the extent such Claim is Allowed.

F. Prosecution of Claims Held by the Debtors

From and after the Effective Date, the Post-Confirmation Debtors, through the Liquidating Trustee, may, as representatives of the Debtors' estates, litigate any claims or causes of action that constituted assets of the Debtors, including, without limitation, any avoidance or recovery actions under Sections 541, 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code and any other causes of action, rights to payments of claims that may be pending on the Effective Date or other actions instituted by the Debtors. Prior to the Effective Date, the Creditors' Committee shall be vested with authority to pursue the aforementioned avoidance actions in accordance with the Sale Approval Order. As holder of the Equity Interests in the Debtors after the Effective Date of the Plan, the Liquidating Trustee will also be vested with the rights to pursue the Insurance Rights and the Coverage Litigation.

G. Executory Contracts and Unexpired Leases

1. Assumption of Executory Contracts and Unexpired Leases

Pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between the Debtors and any person or entity shall be deemed rejected by the Debtors as of the Effective Date, except for any executory contract or unexpired lease (i) that has been assumed, assumed and assigned, or rejected pursuant to the Plan or an order of the Bankruptcy Court entered on or before the Effective Date, (ii) as to which a motion for approval of the assumption, assumption and assignment, or rejection has been filed and served prior to the Confirmation Date, which motion is thereafter approved by the Bankruptcy Court.

In the event that the rejection of an executory contract or unexpired lease by the Debtors pursuant to the Plan results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not heretofore evidenced by a timely filed proof of claim, shall be forever barred and shall not be enforceable against the Debtors or the Post-Confirmation Debtors, or their properties or interests in property as agents, successors, or assigns, unless a proof of claim is filed with the Claims Agent in accordance with the procedures established by the Confirmation Order.

For more information regarding how to file a proof of claim, please refer to the Confirmation Order. If you are unsure whether you are party to an executory contract, you may refer to the Debtors' Schedules filed in the Chapter 11 Cases. Prior treatment of such scheduled executory contracts or unexpired leases may be contained in the Sale Approval Order and related filings or the omnibus orders rejecting certain executory contracts and unexpired leases (Docket Nos. 164 and 447).

H. Insurance Policies and Rights

The Debtors and the Committee do not believe that the Insurance Policies issued to the Debtors prior to the petition date and any agreements, documents or instruments relating to Insurance Policies or Insurance Rights (including the Coverage Agreement) (collectively, the "Insurance Items") constitute executory contracts. To the extent that such Insurance Items are executory contracts, then the Plan will constitute a motion to assume such Insurance Items and, subject to the occurrence of the Effective Date, the entry of the Confirmation Order will constitute approval of such assumption pursuant to Section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of the Debtors, their estates and all parties in interest in the chapter 11 cases. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments are required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to each such Insurance Item. To the extent the Insurance Items are determined not to be executory contracts, they will remain in full force and effect in accordance with their terms and will be treated as unimpaired (as defined in Section 1124 of the Bankruptcy Code), including without limitation for purposes of payment of Claims for retrospective premiums as the Liquidating Trust may see fit to preserve the value of the Insurance Rights.

The Debtors and the Post-Confirmation Debtors (under the direction of the Liquidating Trustee) will perform the insureds' obligations under the Insurance Items, whether they are treated as executory or non-executory. The Plan will not, and is not intended to, modify any of the rights or obligations of any Insurance Carriers or the Debtors, Post-Confirmation Debtors or other insureds under any of the Insurance Items, nor shall the Plan, Confirmation Order or related documents create any defense to the obligations the Insurance Carriers may have under the Insurance Items that did not exist prior to the Effective Date.

After the Effective Date, the Liquidating Trustee shall have the right to require that the Debtors or Post-Confirmation Debtors promptly transfer to the Liquidating Trust any payment received by the Debtors or Post-Confirmation Debtors in connection with any Insurance Rights or under any Insurance Policies. On and after the Effective Date, the Liquidating Trustee shall be permitted to intervene in the Coverage Litigation, to engage counsel to represent it and/or the Debtors or Post-Confirmation Debtors in the Coverage Litigation and, to the extent he/she deems appropriate, to substitute the Liquidating Trustee as the party-in-interest in such litigation. Notwithstanding anything to contrary, nothing in the Plan or any order confirming the Plan shall be deemed to impair or otherwise affect any rights that the Debtors or Post-Confirmation Debtors have or might have under any Insurance Items, nor shall it be deemed to impair or otherwise affect any Insurance Rights, nor shall the Plan affect or be deemed to affect an assignment of any Insurance Policies in derogation of any anti-assignment language in such policies. Section 8.3 of the Plan is designed to carry out such intent.

I. Reservation of "Cram Down" Rights

Because Class 2(e) (Equity Interests in CS DIP, LLC), Class 3(e) (Equity Interests in SSHC DIP, LLC), and Class 4(e) (Equity Interests in FNY DIP, LLC), will not receive a distribution under the Plan and are deemed to have voted to reject the Plan, and in the event any other Class of Claims rejects the Plan, the Debtors intend to request that the Bankruptcy Court confirm the Plan in accordance

with Section 1129(b) of the Bankruptcy Code. As described in Section VII.A., “2. **Non-Consensual Confirmation**”, the Debtors may confirm the Plan without the consent of all parties in interest.

J. Conditions Precedent to the Effective Date of the Plan

The Effective Date will not occur and the Plan will not become effective unless and until the following conditions precedent are satisfied or waived: (a) the Confirmation Order, in form and substance acceptable to the Debtors, shall have been entered and shall not be subject to any stay or injunction; (b) all actions, documents, and agreements necessary to implement the Plan shall have been effected or executed; and (c) the Debtors shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions, or documents that are determined by the Debtors to be necessary to implement the Plan or that are required by law, regulation, or order. Any such waiver must be in writing but may be effected at any time, without notice or leave or order of the Bankruptcy Court and without any formal action.

If the conditions precedent are not satisfied on or prior to the 120th (one hundred twentieth) day after the Confirmation Order becomes a Final Order and upon the Debtors’ motion, then (i) the Confirmation Order will be vacated, (ii) no distributions under the Plan will be made, (iii) the Debtors and all holders of Claims and Equity Interests will be restored to their *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred, and (iv) all of the Debtors’ obligations will remain unchanged.

K. Effects of Confirmation

Upon the Effective Date, pursuant to Section 1141(b) and (c) of the Bankruptcy Code, all property of the Debtors shall vest in each of the Post-Confirmation Debtors free and clear of all Claims, Liens, encumbrances, charges, and other interests, except as provided in the Plan, and as set forth herein, the Initial Trust Assets shall be transferred to the Liquidating Trust. From and after the Effective Date, the Plan Agent may dispose of the assets of the Liquidating Trust free of any restrictions of the Bankruptcy Code, but in accordance with the provisions of the Plan and the Liquidating Trust Agreement.

1. Injunctions and Stays

Unless otherwise provided in the Plan, all injunctions or stays arising under or entered during the Chapter 11 Cases under Section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, will remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

Unless and until the Liquidating Trust adopts and implements a claim processing structure pursuant to Section 4.17(g) of the Plan and the Liquidating Trust Agreement, all holders of Class 5(a) Claims will be entitled to initiate and prosecute their Claims without restriction in the tort system and, to the extent the automatic stay in these cases or any other limitation imposed by these cases would limit any such action, such automatic stay or limitation will be lifted on the Effective Date of the Plan. Moreover, the automatic stay with respect to the Coverage Litigation will terminate as of the date thirty (30) days after the Effective Date, and all parties to the Coverage Litigation shall be permitted to proceed thereafter with such litigation, and with any claims at issue in such litigation, in a court of appropriate jurisdiction.

Upon the entry of the Confirmation Order, all holders of Claims or Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors,

principals and affiliates will be enjoined from taking any actions to interfere with the implementation or consummation of the Plan.

2. Exculpation

The Plan contains the following exculpation provision in favor of the Debtors, the Creditors' Committee, the Prepetition Secured Lenders, and the Prepetition Subordinated Lenders, and certain related parties of the foregoing:

Effective as of the Confirmation Date but subject to the occurrence of the Effective Date, and in consideration of the services provided to the Debtors by the present director, officer and employee of the Debtors who acted in such capacities after the Commencement Date, each holder of a Claim that votes to accept the Plan (or is deemed to accept the Plan), and to the fullest extent permissible under applicable law, as such law may be extended or integrated after the Effective Date, each holder of a Claim that does not vote to accept the Plan, shall release unconditionally and forever such present director, officer and employee of the Debtors, in all his respective capacities, and from any and all claims or causes of action that exist as of the Effective Date and arise from or relate to, in any manner, in whole or in part, the operation of the business of the Debtors, the subject matter of, or the transaction or event giving rise to, the Claim or interest of such holder, the business or contractual arrangements between any Debtor and such holder, any restructuring of such claim or equity prior to the Chapter 11 Cases, or any act, omission, occurrence, or event in any manner related to such subject matter, transaction or obligation, or arising out of the Chapter 11 Cases, including, but not limited to, the pursuit of confirmation of the Plan, the consummation thereof, the administration thereof, or the property to be distributed thereunder; provided, that the foregoing shall not operate as a waiver of or release from any causes of action arising out of the willful misconduct, gross negligence, fraud, criminal conduct, intentional unauthorized misuse of confidential information that causes damages, or ultra vires acts of any such person or entity.

3. Release of the Current Director and Officer of the Debtors

The Plan contains the following release of the Debtors' current director and officer on account of the services provided in these cases, which are deemed to be given by parties that vote in favor of the Plan, and to the extent permitted by law, by parties that do not vote in favor of the Plan:

Effective as of the Confirmation Date but subject to the occurrence of the Effective Date, and in consideration of the services provided to the Debtors by the present director, officer and employee of the Debtors who acted in such capacities after the Commencement Date, each holder of a Claim that votes to accept the Plan (or is deemed to accept the Plan), and to the fullest extent permissible under applicable law, as such law may be extended or integrated after the Effective Date, each holder of a Claim that does not vote to accept the Plan, shall release unconditionally and forever such present director, officer and employee of the Debtors, in all his respective capacities, and from any and all claims or causes of action that exist as of the Effective Date and arise from or relate to, in any manner, in whole or in part, the operation of the business of the Debtors, the subject matter of, or the transaction or event giving rise to, the Claim or interest of such holder, the business or contractual arrangements between any Debtor and such holder, any restructuring of such claim or equity prior to the Chapter 11 Cases, or any act, omission, occurrence, or event in any manner related to such subject matter, transaction or obligation, or arising out of the

Chapter 11 Cases, including, but not limited to, the pursuit of confirmation of the Plan, the consummation thereof, the administration thereof, or the property to be distributed thereunder; provided, that the foregoing shall not operate as a waiver of or release from any causes of action arising out of the willful misconduct, gross negligence, fraud, criminal conduct, intentional unauthorized misuse of confidential information that causes damages, or ultra vires acts of any such person or entity.

4. Limits on Exculpation and Releases

Nothing in the Plan shall be construed to release or exculpate any person or entity from fraud, malpractice, criminal conduct, intentional unauthorized misuse of confidential information that causes damages, or *ultra vires* acts.

L. Retention of Causes of Action/Reservation of Rights

The Liquidating Trust will be vested with the right to pursue any of the Debtors' Causes of Action, with any Net Causes of Action Proceeds being available for distribution to beneficiaries of the Liquidating Trust. The Liquidating Trust will also be vested with the right to pursue the Insurance Rights and the Coverage Litigation.

(a) Except as set forth in Section 9.6 of the Plan, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or causes of action that the Debtors or the Post-Confirmation Debtors may have or which the Post-Confirmation Debtors may choose to assert on behalf of their respective estates under any provision of the Bankruptcy Code or any applicable nonbankruptcy law, including (i) any and all Claims against any person or entity, to the extent such person or entity asserts a crossclaim, a counterclaim, and/or a Claim for setoff that seeks affirmative relief against the Debtors, the Post-Confirmation Debtors, their officers, directors, or representatives, including the Liquidating Trust or the Liquidating Trustee, and (ii) the turnover of any property of the Debtors' estates.

(b) Except as set forth in Section 9.6 of the Plan, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any claim, cause of action, right of setoff, or other legal or equitable defense that the Debtors had immediately prior to the Commencement Date, against or with respect to any Claim left unimpaired by the Plan. Subject to the foregoing, the Post-Confirmation Debtors shall have, retain, reserve, and be entitled to assert all such claims, causes of action, rights of setoff, and other legal or equitable defenses that the Debtors had immediately prior to the Commencement Date as fully as if the Chapter 11 Cases had not been commenced, and all of the Post-Confirmation Debtors' legal and equitable rights respecting any Claim that are left unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

(c) Except as otherwise provided in the Plan, on and after the Effective Date, the Post-Confirmation Debtors, through the Liquidating Trustee, will have the exclusive right to enforce any and all Causes of Action against any person or entity, and may pursue, abandon, settle, or release any of all Causes of Action as it deems appropriate without the need for approval or any other or further relief from the Bankruptcy Court, so long as such conduct is in accordance with the terms of the Liquidating Trust.

M. Dissolution of the Creditors' Committee

On the Effective Date, the Creditors' Committee will be dissolved and the members thereof will be released from and discharged of all further authority, duties, responsibilities, and

obligations related to and arising from and in connection with the Chapter 11 Cases, and the retention or employment of the Creditors' Committee's attorneys, accountants, and other agents, if any, will terminate other than for purposes of filing and prosecuting applications for final allowances of compensation for professional services rendered and reimbursement of expenses incurred in connection therewith.

N. Jurisdiction and Choice of Law

1. Governing Law

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent that an exhibit hereto or a schedule or document in the Plan Supplement provides otherwise, the rights, duties, and obligations arising under the Plan will be governed by, and construed and enforced in accordance with, the laws of the State of Tennessee, without giving effect to the principles of conflict of laws thereof.

2. Retention of Jurisdiction

The Bankruptcy Court will retain and have exclusive jurisdiction over, in addition to other matters specified in the Plan, any matter arising under the Bankruptcy Code, or arising out of, arising under or related to the Chapter 11 Cases or the Plan.

O. Miscellaneous Provisions

1. Payment of Statutory Fees

On the Effective Date, and thereafter as may be required, the Debtors will pay all fees payable pursuant to Section 1930 of chapter 123 of title 28 of the United States Code.

2. Post-Confirmation Date Professional Fees and Expenses

From and after the Confirmation Date, the Post-Confirmation Debtors will, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses of professional persons thereafter incurred by Post-Confirmation Debtors.

3. Plan Supplement

A draft of the form of each of the Plan Documents to be entered into as of the Effective Date, which will include, among other things, the Liquidating Trust Agreement, and any other relevant documents that are required under the Disclosure Statement Order to allow a holder of Claims to make an informed decision will be contained in the Plan Supplement, which will be filed with the Clerk of the Bankruptcy Court no later than ten (10) days prior to the last date on which holders of impaired Claims may vote to accept or reject the Plan. Upon its filing with the Bankruptcy Court, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal court hours.

Documents to be included in the Plan Supplement will be filed with the court as they become available, but no later than five (5) days prior to the last date by which votes to accept or reject the Plan must be received and will be made available upon request to Debtors' counsel, Rob Sweeter, at (615) 850-8178.

4. Substantial Consummation

On the Effective Date, the Plan will be deemed to be substantially consummated under Sections 1101 and 1127(b) of the Bankruptcy Code.

5. Severability

Prior to the entry of the Confirmation Order, if the Bankruptcy Court determines any term or provision of the Plan to be invalid, void, or unenforceable, the Bankruptcy Court may alter or interpret such term or provision so as to render the term or provision valid and enforceable to the maximum extent practicable and consistent with the original purpose of such term or provision.

Notwithstanding any such determination, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such determination, alteration, or interpretation.

The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable in accordance with its terms.

6. Binding Effect

The Plan will be binding upon and inure to the benefit of the Debtors, the holders of Claims and Interests, and their respective successors and assigns, including, without limitation, the Post-Confirmation Debtors.

7. Notices

In order to be effective, all notices, requests, and demands to or upon the Debtors and, after the Effective Date, the Plan Agent must be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, will be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to Debtors:

CS DIP, LLC and affiliated Debtors
Attn: President
618 Church Street, Suite 520
Nashville, TN 37219

With a copy to the attorneys for the Debtors:

Waller Lansden Dortch & Davis, LLP
Attn: Katie G. Stenberg
511 Union Street, Suite 2700
Nashville, TN 37219

If to Committee and/or Plan Agent and/or Liquidating Trustee and/or Disbursing Agent:

With a copy to attorneys:

Baker Donelson Bearman Caldwell & Berkowitz, PC

Attn: John H. Rowland
211 Commerce Street, Suite 800
Nashville, TN 37201

Attn: E. Franklin Childress, Esq.
165 Madison Avenue, Suite 2000
Memphis, TN 38103

8. Time

In computing any period of time prescribed or allowed by the Plan, unless otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 will apply.

9. Section Headings

The section headings contained in the Plan and this Disclosure Statement are for reference purposes only and will not affect in any way the meaning or interpretation of the Plan.

P. Modification, Revocation, or Withdrawal of the Plan

The Plan Proponents reserve the right to alter, amend, or modify the Plan at any time prior to the Confirmation Date, provided that the Plan, as altered, amended, or modified, satisfies the conditions of Sections 1122 and 1123 of the Bankruptcy Code, and the Plan Proponents comply with Section 1125 of the Bankruptcy Code.

After the Confirmation Date, the Plan Proponents and/or the Plan Agent may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of the Plan so long as such action does not materially and adversely affect the treatment of holders of Claims or Interests under the Plan.

A holder of a Claim or Interest that has accepted the Plan will be deemed to have accepted the Plan, as altered, amended, or modified, if the proposed alteration, amendment, or modification does not materially and adversely change the treatment of the Claim or Interest of such holder.

The Plan Proponents may revoke or withdraw the Plan any time prior to the Effective Date. If the Debtors revoke or withdraw the Plan or the Plan does not otherwise become effective, the Plan will be deemed null and void. In such event, nothing contained herein will be deemed to constitute a waiver or release of any Claims by the Debtors or to prejudice in any manner the Debtors' rights in any further proceedings involving the Debtors.

VI.

FINANCIAL INFORMATION, PROJECTIONS AND VALUATION ANALYSIS

In accordance with Section 1129 of the Bankruptcy Code, the Plan Proponents include the attached Liquidation Analysis as Exhibit C to compare the results of the Plan to a hypothetical liquidation under Chapter 7 of the Bankruptcy Code.

The Debtors have identified certain parties on their Schedules as having received payments during the periods included in Section 547 of the Bankruptcy Code. The success or viability of those Causes of Action, as well as other claims included in the definition of Causes of Action, is uncertain. In addition, the Insurance Rights are subject to the Coverage Litigation as well as determination of validity and amounts of any Patient-Related Claims, the outcome of which is also uncertain. As a result, it is unclear whether any recovery will be obtained for the benefit of beneficiaries of the Liquidating Trust.

VII.

CERTAIN FACTORS TO BE CONSIDERED

A. Certain Risk Factors Relating to Confirmation of the Plan

1. Risk of Non-Confirmation of the Plan

Although the Plan Proponents believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications to the Plan will not be required for confirmation or that such modifications would not necessitate resolicitation of votes.

2. Non-Consensual Confirmation

Because Classes 2(e), 3(e) 4(e), 5(b) and 5(c) are deemed to reject the Plan, and in the event that any other impaired Class of Claims does not accept the Plan, the Debtors intend to seek confirmation of the Plan in accordance with Section 1129(b) of the Bankruptcy Code, whereby the Bankruptcy Court may confirm the Plan if at least one impaired Class of Claims has accepted the Plan (with such acceptance being determined without including the vote of any “insider” in such Class), and, as to each impaired Class that has not accepted the Plan, the Bankruptcy Court determines that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to the dissenting impaired Classes. The Plan Proponents believe that the Plan satisfies these requirements. For more information on this topic, please refer to Section IX.B, “*B. General Requirements for Confirmation*”.

3. Risk of Non-Occurrence of the Effective Date

Although the Plan Proponents believe that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to such timing. If each of the conditions precedent to the occurrence of the Effective Date has not been satisfied or duly waived on or before the 120th day after entry of the Confirmation Order, the Bankruptcy Court may, upon the Debtors’ or the Creditors’ Committee’s motion, vacate the Confirmation Order, in which event the Plan would be deemed null and void.

4. Liquidating Trust Agreement

If any of the closing conditions in the Liquidating Trust Agreement is not satisfied or waived, the Debtors will not be able to meet a condition precedent for confirmation of the Plan. The Plan Proponents can provide no assurance that the closing conditions in the Liquidating Trust Agreement will be satisfied or, if not satisfied, waived by the parties thereto.

5. Value of Insurance Rights

As discussed above, there are material disputes regarding the nature and amount of insurance coverage available to meet patient claims asserted against the Debtors, Clinics, and Dentists, including litigation related to the Insurance Rights. Estimating the insurance recovery is inherently uncertain and depends on a number of factors, including the potential for disputes over coverage issues with the insurance carriers, the principles of law that would likely apply in resolving such disputes, the timing, amount and resolution of currently pending and future patient claims, the financial solvency of the underlying insurance providers, and the timing and amount of any settlements with the underlying insurance providers. Some of these factors are beyond the control of the Debtors and the Committee and others are not estimable at this time. How these factors are ultimately determined will materially affect the Debtors' insurance recoveries and the ability of the Liquidating Trust to pay claims.

6. Uncertainty in the Outcome of the Coverage Litigation

As described in Sections III.C.2 and III.D.6.A. above, one of the Debtors' Insurance Carriers, National Union, has contested coverage under the National Union Policies, asserting that those Insurance Policies should be rescinded or their coverage subject to limits of liability. Based on this coverage position, National Union filed the Coverage Litigation, in which National Union seeks a declaration that it has no obligation to pay any amount under the National Union Policies or that its payment obligation is limited. The Coverage Litigation likely will resume when the bankruptcy automatic stay is lifted. The outcome of the Coverage Litigation is uncertain. If National Union prevails in the Coverage Litigation, it could reduce materially, or even eliminate entirely, any insurance recovery.

7. Number and Amount of Patient Claims Asserted

The amount of recovery that any individual may obtain on a Patient-Related Claim will likely be dependent upon numerous factors including the amount of that claim that is established, the amounts recovered from Insurance Carriers related to the Insurance Rights, and the number and amount of other patient claims that are established. As discussed above, the value of the Insurance Rights is uncertain. The number and amount of other patient claims that will be asserted is also uncertain. To date, only a small percentage of the patients treated by the Debtors, the Dentists, and the Clinics have asserted claims. If large numbers of additional patients assert claims, the amount of any insurance recovery available to each patient claimant will likely be diluted.

B. Additional Factors to be Considered

1. The Plan Proponents Have No Duty to Update

Absent a Bankruptcy Court order to the contrary, the Plan Proponents have no duty to update this Disclosure Statement or the attachments hereto. Unless otherwise specified, all statements contained herein and in the attachments hereto are made as of the date indicated below by the signature of the Plan Proponents (the "Proposal Date"). Delivery or receipt of this Disclosure Statement after the Proposal Date does not imply that no changes have occurred in the information contained herein and in the attachments hereto since the Proposal Date.

2. No Representations Outside This Disclosure Statement Are Authorized

The Bankruptcy Court has not authorized any representations concerning or related to the Debtors, these Chapter 11 Cases, or the Plan, other than representations made in this Disclosure Statement, the attachments hereto, and the other solicitation materials from the Plan Proponents that are included with this Disclosure Statement. In arriving at your decision to vote to accept or reject the Plan, you should not rely upon any representations that are not contained herein or included with this Disclosure Statement.

3. Projections and Other Forward Looking Statements Are Not Assured, and Actual Results Will Vary

Certain of the information contained in this Disclosure Statement is, by nature, forward-looking, and contains estimates and assumptions, which might ultimately prove to be incorrect, and projections, which may differ materially from actual future events. Because uncertainties exist with respect to any projection, assumption, or estimate, you should not consider any projection, assumption, or estimate to be an assurance or guarantee of actual results. See Section VII above for discussion regarding the uncertainty of recovery associated with the Causes of Action and the Insurance Rights, including without limitation the Coverage Litigation and determination of Patient-Related Claims.

4. This Disclosure Statement Is Not Legal or Tax Advice

This Disclosure Statement is not legal, business, or tax advice. You should not construe the contents of this Disclosure Statement as such. Please consult your own legal counsel or accountant, as appropriate, as to any legal, tax and other matters concerning your Claim or Interest.

Please do not rely upon this Disclosure Statement for any purpose other than to determine how to vote on the Plan or whether to object to confirmation of the Plan.

5. No Admission Made

Nothing contained herein will constitute an admission of, or be deemed evidence of, the tax or other legal effects of the Plan on the Debtors or on holders of Claims or Interests.

6. Illiquid Market and Restrictions on Transfer of Interests in Liquidating Trust

The First-Tier General Interests, Second-Tier General Interests, and Patient Interests are not securities and will not be listed on any national exchange. Accordingly, no assurance can be given that a holder of such interests will be able to sell them in the future or as to the price at which any sale may occur. Further, it is anticipated that the Liquidating Trust Agreement prohibits sale of the beneficial interests therein.

VIII.

**CERTAIN FEDERAL INCOME
TAX CONSEQUENCES OF THE PLAN**

The federal income tax consequences of the Plan to holders of Allowed Claims and Interests are complex and are subject to certain uncertainties. In general, and subject in all respects to numerous factors which may be unique to each holder of an Allowed Claim and about which the Plan Proponents

have no knowledge or information, each holder of an Allowed Claim will recognize gain or loss in an amount equal to the difference between (i) the distribution and (ii) the holder's adjusted tax basis in its Allowed Claim. Where gain or loss is recognized by a holder, the character of such gain or loss as long term or short term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the claim constitutes a capital asset in the hands of the holder and how long it has been held, whether the claim was acquired at a market discount, and whether and to what extent the holder had previously claimed a bad debt deduction. A holder who purchased its claim from a prior holder at a market discount may be subject to the market discount rules of the Internal Revenue Code ("IRC") and related regulations. Under those rules, assuming that the holder has made no election to amortize the market discount into income on a current basis with respect to any market discount instrument, any gain recognized on the exchange of its claim (subject to a *de minimis* rule) generally would be characterized as ordinary income to the extent of the accrued market discount on the claim as of the date of the exchange. **THE PLAN PROPONENTS ARE GIVING NO TAX ADVICE IN THIS DISCLOSURE STATEMENT OR OTHERWISE, AND URGE YOU TO CONSULT WITH YOUR TAX ADVISOR AND TO RELY SOLELY ON THE ADVICE OF YOUR TAX ADVISOR IF YOU HAVE ANY TAX CONCERNS.**

The potential material federal tax consequence of the Plan on any Class of creditors as well as on any particular creditor within a Class is dependent upon numerous circumstances known only to the holders of such Claims and Interests and not to the Plan Proponents. Some of the circumstances which make it impossible to determine the material federal tax consequences to a Class of creditors or a particular creditor include, but are not limited to: (1) the creditor entity type (individual, corporation, s-corporation, partnership, limited liability company, limited liability partnership, limited partnership, trust or any other entity allowed by various federal and state laws); (2) the creditor may be a parent or a subsidiary of another entity, which may or may not have filed for bankruptcy protection; (3) the creditor may be for profit or not-for-profit; (4) the creditor may have unused and unexpired net operating losses, alternative minimum tax net operating losses, contributions carryovers, alternative minimum contribution carryovers, short or long-term capital loss carryovers or general business credits as defined in the IRC; (5) the method of accounting used by a creditor may be cash or accrual and whether the claim is a capital or ordinary asset of the creditor; (6) a creditor's basis in its Claim against the Debtors, if any, is not known; (7) whether the creditor is deemed to have participated in an exchange for federal income tax purposes, and, if so, whether such exchange transaction constitutes a tax-free recapitalization or a taxable transaction; (8) whether the creditor's present debt Claim constitutes a "security" for federal income tax purposes; and, (9) the relative size of creditor's Claim to the size of the creditor's entity.

BECAUSE THE TAX CONSEQUENCES OF THE PLAN VARY BASED UPON INDIVIDUAL CIRCUMSTANCES, EACH HOLDER OF A CLAIM IS URGED TO CONSULT WITH ITS OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN TO IT UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND FOREIGN TAX LAWS.

IX.

VOTING PROCEDURES AND REQUIREMENTS

A. Voting Deadline

IT IS IMPORTANT THAT THE HOLDERS OF THE FOLLOWING CLASSES TIMELY EXERCISE THEIR RIGHT TO VOTE TO ACCEPT OR REJECT THE PLAN:

- Class 2(a) Prepetition First Lien Claims against CS DIP, LLC**
- Class 2(b) Prepetition Second Lien Claims against CS DIP, LLC**
- Class 2(c) General Unsecured Claims against CS DIP, LLC**
- Class 2(d) Prepetition Subordinated Debt Claims against CS DIP, LLC**

- Class 3(a) Prepetition First Lien Claims against SSHC DIP, LLC**
- Class 3(b) Prepetition Second Lien Claims against SSHC DIP, LLC**
- Class 3(c) General Unsecured Claims against SSHC DIP, LLC**
- Class 3(d) Prepetition Subordinated Debt Claims against SSHC DIP, LLC**

- Class 4(a) Prepetition First Lien Claims against FNY DIP, LLC**
- Class 4(b) Prepetition Second Lien Claims against FNY DIP, LLC**
- Class 4(c) General Unsecured Claims against FNY DIP, LLC**
- Class 4(d) Prepetition Subordinated Debt Claims against FNY DIP, LLC**

- Class 5(a) Patient-Related Claims against CS DIP, LLC; SSHC DIP, LLC; FNY DIP, LLC and all related claims against other entities**

- Class 5(b) Dentist's Contribution or Indemnity Claims**

- Class 5(c) Clinic's Contribution or Indemnity Claims**

All known holders of such Claims as of the Record Date are entitled to vote on the Plan and have been sent a ballot together with this Disclosure Statement. Such holders should read the ballot carefully and follow the instructions contained therein. To vote, please use only the ballot that accompanies this Disclosure Statement.

The Debtors have engaged GCG, Inc. ("GCG") as their Voting Agent to assist in the transmission of voting materials and in the tabulation of votes with respect to the Plan.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE RECEIVED BY THE VOTING AGENT AT THE STREET ADDRESS OR E-MAIL ADDRESS SET FORTH BELOW BEFORE THE VOTING DEADLINE OF 4:00 P.M., PREVAILING CENTRAL TIME, ON [___], 2013.

IF A BALLOT IS DAMAGED OR LOST, YOU MAY CONTACT THE VOTING AGENT AT THE NUMBER SET FORTH BELOW.

ANY PROPERLY EXECUTED, TIMELY RECEIVED BALLOT THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR A REJECTION OF THE PLAN WILL BE COUNTED AS A VOTE TO ACCEPT THE PLAN.

ANY PROPERLY EXECUTED, TIMELY RECEIVED BALLOT THAT INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN WILL NOT BE COUNTED AS A VOTE TO EITHER ACCEPT OR REJECT THE PLAN.

FAXED COPIES OF BALLOTS WILL NOT BE ACCEPTED.

**IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES,
YOU MAY CONTACT THE VOTING AGENT AT:**

**CS DIP, LLC, c/o GCG, P.O. Box 9871, Dublin, Ohio 43017-5771,
cshminfo@gcginc.com**

- OR -

(877) 906-0209

Additional copies of this Disclosure Statement are available upon written request made to the Voting Agent, at the address set forth immediately above.

B. Vote Required for Acceptance by a Class

Under the Bankruptcy Code, a class of claims accepts a chapter 11 plan when it is accepted by the holders of at least two-thirds (2/3) in dollar amount and more than one half (1/2) in number of the allowed claims of that class that vote to accept or reject the plan. Classes 2(a), 2(b), 2(c), 2(d), 3(a), 3(b), 3(c), 3(d), 4(a), 4(b), 4(c), 4(d), and 5(a) will accept the Plan if at least two-thirds in dollar amount and a majority in number of the holders of that class that cast their ballots vote in favor of acceptance.

A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such vote was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

C. Voting Procedures

1. Voting Procedures

Voting procedures will be as described in the Disclosure Statement Order.

2. Withdrawal of Ballot

Any holder of a Claim or Interest that has delivered a valid ballot may withdraw its vote by delivering a written notice of withdrawal to the Voting Agent before the Voting Deadline. To be valid, the notice of withdrawal must (i) be signed by the party that signed the Ballot to be revoked and (ii) be received by the Voting Agent before the Voting Deadline. The Debtors may contest the validity of any withdrawal.

Any holder that has delivered a valid ballot may change its vote by delivering to the Voting Agent a properly completed subsequent ballot that is received by the Voting Agent before the Voting Deadline. In a case where more than one timely, properly completed ballot is received, only the ballot that bears the latest date will be counted.

X.

CONFIRMATION OF THE PLAN

A. The Confirmation Hearing

The Confirmation Hearing will commence at [] .m. prevailing Central Time on [], 2013.

The Plan Objection Deadline is 4:00 p.m. prevailing Central Time on [], 2013.

All objections and responses to the confirmation of the Plan must be filed with the Bankruptcy Court and served on the Plan Proponents and certain other parties in accordance with the Disclosure Statement Order on or before the Plan Objection Deadline.

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

B. General Requirements for Confirmation

At the Confirmation Hearing, the Bankruptcy Court will determine whether the following confirmation requirements specified in Section 1129 of the Bankruptcy Code have been satisfied:

- (i) The Plan complies with the applicable provisions of the Bankruptcy Code.
- (ii) The Plan Proponents have complied with the applicable provisions of the Bankruptcy Code.
- (iii) The Plan has been proposed in good faith and not by any means proscribed by law.
- (iv) Any payment made or promised by the Debtors or by an entity issuing securities or acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy 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 Bankruptcy Court as reasonable.
- (v) The Debtors have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director or officer of the Debtors, an affiliate of the Debtors participating in the Plan with the Debtors, or a successor to the Debtors under the Plan; the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and holders of equity securities and with public policy; and the Debtors have disclosed the identity of any insider that will be employed or retained by the Debtors and the nature of any compensation for such insider.
- (vi) With respect to each Class of Claims or Interests, each holder of an impaired Claim or impaired Interest either has accepted the Plan or will receive or retain under the Plan on account of such holder's Claim or Interest, property of a value,

as of the Effective Date, that is not less than the amount such holder would receive or retain if the Debtors were liquidated on the Effective Date under chapter 7 of the Bankruptcy Code. See discussion of “Best Interests Test” below.

- (vii) Except to the extent the Plan meets the requirements of Section 1129(b) of the Bankruptcy Code, as described in Section VII.A., “**2. Non-Consensual Confirmation**”, each Class of Claims or Interests has either accepted the Plan or is not impaired under the Plan.
- (viii) Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Administrative Expenses and Priority Claims other than Priority Tax Claims will be paid in full on the Effective Date and that each holder of a Priority Tax Claim will receive on account of such Claim (a) Cash equal to its Allowed Priority Tax Claim, together with any interest owing on such Allowed Priority Tax Claim pursuant to Section 506(b) of the Bankruptcy Code, on or as soon as practicable following the later of (i) the Effective Date or (ii) the date the such Claim is Allowed; (b) equal semi-annual Cash payments in the aggregate amount of its Allowed Priority Tax Claim with interest at the applicable non-bankruptcy rate, commencing as soon as reasonably practicable after the later of the (i) the Effective Date or (ii) the date such Claim is Allowed and continuing over an eighteen (18) month period (but in no event exceeding five (5) years after the Commencement Date); or (c) such other treatment as will be determined by the Bankruptcy Court to provide to the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.
- (ix) At least one Class of impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in such Class.
- (x) Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan. See discussion of “Feasibility” below.

C. **Best Interests Test**

As described above, the Bankruptcy Code requires that each holder of an impaired Claim or Equity Interest either (i) accepts the Plan or (ii) receives or retains under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date.

The first step in meeting this test is to determine the dollar amount that would be generated from the liquidation of the Debtors’ assets and properties in the context of a chapter 7 liquidation case. The gross amount of cash available would be the sum of the proceeds from the disposition of the Debtors’ assets and the cash held by the Debtors at the time of the commencement of the chapter 7 case. The next step is to reduce that total by the amount of any Claims secured by such assets, the costs and expenses of the liquidation, and any additional Administrative Expenses and priority Claims that may result from the termination of the Debtors’ business and the use of chapter 7 for the purposes of liquidation. Any remaining net cash would be allocated to creditors and shareholders in strict

priority in accordance with Section 726 of the Bankruptcy Code (see discussion below). Finally, taking into account the time necessary to accomplish the liquidation, the present value of such allocations may be compared to the value of the property that is proposed to be distributed under the Plan on the Effective Date.

The Debtors' costs of liquidation under chapter 7 would include the fees payable to a chapter 7 trustee in bankruptcy, as well as those that might be payable to attorneys and other professionals that such a trustee may engage, plus any unpaid expenses incurred by the Debtors during the Chapter 11 Cases and allowed in the chapter 7 cases, such as compensation for attorneys, financial advisors, appraisers, accountants and other professionals, and costs and expenses of the Creditors' Committee or any other statutorily appointed committee.

The foregoing types of Claims, costs, expenses, fees and such other Claims that may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay pre-chapter 11 priority and unsecured Claims. Under the absolute priority rule, no junior creditor would receive any distribution until all senior creditors were paid in full, with interest, and no equity holder would receive any distribution until all creditors were paid in full, with interest.

After consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in a chapter 11 case, including (i) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a chapter 7 trustee in bankruptcy and any professional advisors to such trustee, (ii) the erosion in value of assets in a chapter 7 case in the context of the expeditious liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail, and (iii) increases in Claims that would be satisfied on a priority basis, the Debtors have determined that there would be little or no distribution under chapter 7 of the Bankruptcy Code to any Class of unsecured Claims or Equity Interests and, consequently, confirmation of the Plan will provide each creditor and each holder of equity securities with a recovery that is not less than it would receive pursuant to a liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

D. No Unfair Discrimination/Fair and Equitable Test

As provided under the Bankruptcy Code, the Bankruptcy Court may confirm a chapter 11 plan over the rejection or deemed rejection of such plan by a class of claims or interests if the chapter 11 plan "does not discriminate unfairly" and is "fair and equitable" with respect to such Class:

1. No Unfair Discrimination

This test applies to classes of claims or interests that are of equal priority and are receiving different treatment under the chapter 11 plan. The test does not require that the treatment be the same or equivalent, but rather, that such treatment be "fair."

2. Fair and Equitable Test

This test applies to classes of different priority (*e.g.*, unsecured versus secured) and includes the general requirement that no class of claims or interests receive more than 100% of the allowed amount of the claims or interests in such class. As to the dissenting class, the test sets different standards, depending on the type of claims or interests in such class:

a. Secured Claims

The Bankruptcy Code requires that a chapter 11 plan must provide each holder of an impaired secured claim either (i) liens on the collateral or the proceeds of collateral equal in value to the amount of such allowed secured claim with deferred cash payments equal in value to the amount of such allowed secured claim, as of the effective date, or (ii) the “indubitable equivalent” of such allowed secured claim.

b. Unsecured Claims

The Bankruptcy Code requires that a chapter 11 plan must provide that either (i) each holder of an impaired unsecured claim will receive under the chapter 11 plan a distribution equal in value to the amount of the allowed unsecured claim or (ii) no distribution will be made under the Plan to any holder that is junior to the claims in the dissenting class.

c. Interests

The Bankruptcy Code requires that a chapter 11 plan must provide that either (i) each holder of an interest will receive under the chapter 11 plan a distribution equal in value to the greater of (x) the fixed liquidation preference or redemption price, if any, of the stock that is the basis for such Interest or (y) the value of such stock, or (ii) no distribution will be made to any holder of an interest that is junior to the dissenting class.

The Plan Proponents believe that (i) the Plan satisfies the “no unfair discrimination” requirement because there is a singular treatment for all holders of Claims and Interests in each Class and (ii) the Plan satisfies the “fair and equitable” requirement notwithstanding the rejection of the Plan by any Class of Claims, because either (x) each Class of Claims or Interests will receive under the Plan a distribution equal in value to the amount of such Claims or (y) no distribution will be made to under the Plan to any holder of a claim that is junior to the dissenting class.

E. Classification of Claims and Interests

The Plan Proponents believe that the Plan meets the classification requirements of the Bankruptcy Code which requires that a chapter 11 plan place each claim or equity interest into a class with other claims or equity interests that are “substantially similar.” The Plan establishes Classes of Claims and Interests as required by the Bankruptcy Code; these Classes are summarized above. Consistent with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified. The lack of secured claims other than those of the Prepetition Secured Lenders is well-founded pursuant to Section 506(a) of the Bankruptcy Code, which recharacterizes secured claimants as unsecured to the extent the underlying collateral is insufficient to secure the obligations owed to the lienholder.

F. Feasibility

The Bankruptcy Code requires a debtor to demonstrate that confirmation of a plan of reorganization is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor unless so provided by the plan of reorganization. For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their financial obligations as contemplated thereunder. It is anticipated that the Initial Trust Assets will provide sufficient resources for the Liquidating Trustee to pursue liquidation of the Causes of Action and the Insurance Rights, and to the extent that such Initial Trust Assets prove insufficient, the Liquidating

Trustee may accept contributions from beneficiaries of the Liquidating Trust and may enter into any contingency arrangements with counsel that it deems appropriate in order to cost-effectively liquidate the trust assets for the benefit of the beneficiaries.

XI.

CONCLUSION

The Plan Proponents believe the Plan is in the best interests of all holders of Claims and Interests and urges the holders of impaired Claims in Classes 2(a), 2(b), 2(c), 2(d), 3(a), 3(b), 3(c), 3(d), 4(a), 4(b), 4(c), 4(d), and 5(a) to vote to accept the Plan and to evidence acceptance by returning their ballots such that the Voting Agent will received the ballots no later than [____], 2013.

Respectfully submitted this 13th day of December, 2012

Nashville, Tennessee

CS DIP, LLC

By: /s/ Bradley B. Williams
Bradley B. Williams, President

SSHC, LLC

By: /s/ Bradley B. Williams
Bradley B. Williams, President

FNY DIP, LLC

By: /s/ Bradley B. Williams
Bradley B. Williams, President

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: /s/ James Moriarty
James Moriarty, Chairman

COUNSEL:

/s/ Katie G. Stenberg

John C. Tishler, Esq.

Katie G. Stenberg, Esq.

Robert P. Sweeter, Esq.

WALLER LANSDEN DORTCH & DAVIS, LLP

511 Union Street, Suite 2700

DS - 56

10332749

Nashville, TN 37219
Telephone: (615) 244-6380
Facsimile: (615) 244-6804
Email: john.tishler@wallerlaw.com
katie.stenberg@wallerlaw.com
robert.sweeter@wallerlaw.com

Kenneth S. Leonetti, Esq.*
FOLEY HOAG LLP
Seaport World Trade Center West
155 Seaport Boulevard
Boston, MA 02210-2600
Telephone: 617.832.1000
Facsimile: 617.832.7000
Email: kleonetti@foleyhoag.com
*Admitted Pro Hac Vice in Bankruptcy Court

Robert J. Welhoelter, Esq.
4525 Harding Pike, Suite 105
Nashville, TN 37205
TEL 615-620-4343
FAX 615-620-4581
rjwelho@gmail.com

*Attorneys for the Debtors and
Debtors in Possession*

and

/s/ John H. Rowland
John H. Rowland, Esq.
Courtney H. Gilmer, Esq.
BAKER, DONELSON, BEARMAN,
CALDWELL & BERKOWITZ, P.C.
211 Commerce Street, Suite 800
Nashville, TN 37201
Telephone: (615) 726-5544
Facsimile: (615) 744-5544
Email for ECF purposes: businessbkash@bakerdonelson.com

E. Franklin Childress, Esq.
BAKER, DONELSON, BEARMAN,
CALDWELL & BERKOWITZ, P.C.
165 Madison Avenue, Suite 2000
Memphis, TN 38103
Telephone: (901) 577-2147
Facsimile: (901) 577-2303
Email: fchildress@bakerdonelson.com

*Attorneys for the Official
Committee of Unsecured Creditors*

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EXHIBIT A

Plan

EXHIBIT B

Disclosure Statement Order

[to be provided]

EXHIBIT C

Voting Procedures Order

[to be provided]

EXHIBIT D

Liquidation Analysis

[to be provided]