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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

-----X		
In re:	:	
	:	Case No. 09-40795
	:	Jointly Administered
FORUM HEALTH, et al.,¹	:	
	:	Chapter 11
	:	
Debtors.	:	Judge Kay Woods
-----X		

**DISCLOSURE STATEMENT, PURSUANT TO SECTION 1125 OF THE
BANKRUPTCY CODE, FOR PLAN OF LIQUIDATION PROPOSED BY THE
OFFICIAL COMMITTEE OF UNSECURED CREDITORS UNDER CHAPTER 11
OF THE BANKRUPTCY CODE FOR FORUM HEALTH, ET AL.**

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

¹ The Debtors are Forum Health (31-1560189), Forum Health Diagnostics Co. (34-1773672), Forum Health Enterprises Co. (34-1368151), Forum Health Outreach Laboratories, Inc. (34-1437294), Forum Health Ventures Co. (34-1489491), Forum Health Pharmacy Services Co. (34-1754092), Forum Health Rehabilitative Services Co. (31-1581767), Forum Health Services Co. (34-1461044), Western Reserve Care System (34-1454933), Western Reserve Health Foundation (34-1461047), Dacas Nursing Support Systems, Inc. (34-1482591), Dacas Nursing Systems, Inc. (34-1456983), Beeghly Oaks (31-1196072), PrideCare, Inc. (34-1490425), Trumbull Memorial Hospital (34-1461049), Trumbull Memorial Hospital Foundation (34-1195190), Comprehensive Psychiatry Specialists, Inc. (34-1697739), and Visiting Nurse Association and Hospice of Northeast Ohio (34-0714388).



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Dated: February 2, 2011
New York, New York

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I. INTRODUCTION AND SUMMARY

A. Overview

The Official Committee of Unsecured Creditors (the “Committee”) appointed in the Chapter 11 Cases of Forum Health, Forum Health Diagnostics Co. (“FH Diagnostics”), Forum Health Enterprises Co. (“FH Enterprises”), Forum Health Outreach Laboratories, Inc. (“FH Labs”), Forum Health Ventures Co. (“FH Ventures”), Forum Health Pharmacy Services Co. (“FH Pharmacy”), Forum Health Rehabilitative Services, Co. (“Hillside”), Forum Health Services, Co. (“FH Services”), Western Reserve Care System (“WRCS”), Western Reserve Health Foundation (“Western Foundation”), Dacas Nursing Support Systems, Inc. (“Dacas”), Dacas Nursing Systems, Inc. (“FH Private Duty”), Beeghly Oaks, PrideCare, Inc. (“PrideCare”), Trumbull Memorial Hospital (“Trumbull”), Trumbull Memorial Hospital Foundation (“Trumbull Foundation”), Comprehensive Psychiatry Specialists, Inc. (“CPS”), and Visiting Nurse Association and Hospice of Northeast Ohio (“FH Home Care”) (each a “Debtor,” and collectively “Forum” or the “Debtors”) transmits this Disclosure Statement (as may be further amended, the “Disclosure Statement”) pursuant to Section 1125(b) of Title 11, United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”) and Rule 3017 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), in connection with its Plan of Liquidation under Chapter 11 of the Bankruptcy Code, dated February 2, 2011 (as may be further amended, the “Plan”), in order to provide adequate information to enable holders of Claims in Classes that are Impaired under (and entitled to vote on) the Plan to make an informed judgment in exercising their right to vote for acceptance or rejection of the Plan. A copy of the Plan is annexed hereto as Exhibit A. All capitalized terms used but not defined in this Disclosure Statement shall have the respective meanings ascribed to them in the Plan, unless otherwise noted.

The Plan provides a means by which the proceeds of the liquidation of the Debtors’ assets will be distributed under Chapter 11 of the Bankruptcy Code, and sets forth the treatment of all Claims against the Debtors and Interests. As described in more detail below, the Debtors have consummated the sale of substantially all of their physical assets pursuant to orders of the Court. The Plan implements the distribution of the proceeds of such asset sales to holders of Allowed Claims, and provides for liquidation of any remaining assets and a process for recovery on any causes of action belonging to the Debtors’ and their estates.

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

Attached as Exhibits to this Disclosure Statement are copies of (i) the Plan of Liquidation Proposed by the Official Committee of Unsecured Creditors under Chapter 11 of the Bankruptcy Code for Forum Health, *et al.* (Exhibit A); (ii) an Order of the Court dated _____, 2011 (the “Disclosure Statement Approval Order”) which, among other things, approves the Disclosure Statement and establishes certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan (Exhibit B); (iii) a non-exhaustive list setting forth persons or entities that received payments during the 90 days prior to the Petition Date (Exhibit C); and (iv) an estimated recovery analysis (Exhibit D).

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

B. Summary of Classification and Treatment Under the Plan

In general, and as more fully described herein, the Plan (i) divides Claims against any of the Debtors and Interests into 4 unclassified categories and 6 Classes, (ii) sets forth the treatment afforded to each category and Class, and (iii) provides the means by which distributions to holders of Allowed Claims will be made. The following table sets forth a summary of the treatment of each Class of Claims and Interests under the Plan (a more detailed description of the Plan is set forth in Article IV of this Disclosure Statement entitled “Overview of The Plan”).²

Class	Type of Claim or Interest	Treatment of Allowed Claims and Interests
—	Administrative Claims	Each holder of an Allowed Administrative Claim, in full and complete satisfaction of such Claim, shall receive Cash from the Remaining Cash (or any other available Cash) in an amount equal to such Allowed Administrative Claim on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes Allowed, unless such holder shall agree to a different and less favorable treatment of such Claim; provided, however, if insurance proceeds (including, but not limited to, proceeds from Forum Health Insurance Ltd. and any coverage excess thereto) are available to pay an Allowed Administrative Claim, such Allowed Administrative Claim shall be paid first from such insurance proceeds. After the Effective Date, the Plan Administrator may, in the ordinary course of business, satisfy any liabilities and expenses incurred by the Plan Administrator after the Effective Date in the ordinary course of business and without further order of the Bankruptcy Court.

Estimated Recovery: 100%

² This summary contains only a brief and simplified description of the classification and treatment of Claims against any of the Debtors and Interests under the Plan. It does not describe every provision of the Plan. Accordingly, reference should be made to the entire Disclosure Statement (including exhibits) and the Plan for a complete description of the classification and treatment of Claims against any of the Debtors and Interests. An estimated recovery analysis is annexed hereto as Exhibit D.

Class	Type of Claim or Interest	Treatment of Allowed Claims and Interests
—	Priority Tax Claims	<p>Unless the holder thereof shall agree to a different and less favorable treatment, each holder of an Allowed Priority Tax Claim, in full and complete satisfaction of such Claim, shall receive payment in Cash from the Remaining Cash (or any other available Cash) in an amount equal to such Claim on or as soon as reasonably practicable after the later of (a) the Effective Date and (b) the date on which such Claim becomes Allowed. Any Claim or demand for penalty relating to any Priority Tax Claim (other than a penalty of the type specified in Section 507(a)(8)(G) of the Bankruptcy Code) shall be Disallowed, and the holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Estates or any of their respective property or Assets.</p> <p><i>Estimated Recovery: 100%</i></p>
—	Professional Fee Claims	<p>Each holder of an Allowed Professional Fee Claim shall be paid in Cash from the Remaining Cash (or any other available Cash) in an amount equal to such Allowed Professional Fee Claim on or as soon as reasonably practicable after the first Business Day following the date upon which such Claim becomes Allowed by Final Order, unless such holder shall agree to a different, less favorable treatment of such Claim.</p> <p><i>Estimated Recovery: 100%</i></p>
—	U.S. Trustee Fees	<p>U.S. Trustee Fees incurred by the Estates prior to the Effective Date shall be paid from the Remaining Cash (or any other available Cash) on the Effective Date in accordance with the applicable schedule for payment of such fees. Until the Cases are closed by entry of a final decree of the Court, the Plan Administrator shall pay all additional U.S. Trustee Fees incurred in accordance with the applicable schedule for the payment of such fees.</p> <p><i>Estimated Recovery: 100%</i></p>

Class	Type of Claim or Interest	Treatment of Allowed Claims and Interests
1	Secured Claims	<p>Each holder of an Allowed Secured Claim shall receive, in full and complete satisfaction of such Claim, one of the following alternative treatments, at the election of the Plan Administrator: (a) payment in full in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the date such Claim becomes due and payable by its terms; (b) the legal, equitable and contractual rights to which such Claim entitles the holder, unaltered by the Plan; (c) the treatment described in Section 1124(2) of the Bankruptcy Code; or (d) all collateral securing such Claim, without representation or warranty by or recourse against the Debtors. To the extent that the value of the collateral securing an Allowed Secured Claim is less than the amount of such Allowed Secured Claim, the undersecured portion of such Claim shall be treated for all purposes under the Plan as an Unsecured Claim and shall be classified as such. Class 1 is an Unimpaired Class and is deemed to have accepted the Plan.</p> <p><i>Estimated Recovery: 100%</i></p>
1A	Secured Bond Claims	<p>By virtue of and in accordance with the Stipulation Regarding Distribution of Proceeds of Sale (defined below), and the Stipulation and Agreed Order Regarding Payment of Series 2002A Bond (defined below), and the payments thereunder, on the Effective Date, all holders of Allowed Secured Bond Claims shall be deemed to have been paid in full prior to the Effective Date. Class 1A is an Unimpaired Class and is deemed to have accepted the Plan.</p> <p><i>Estimated Recovery: 100%</i></p>
2	Other Priority Claims	<p>Each holder of an Allowed Other Priority Claim, in full and complete satisfaction of such Claim, shall be paid in full in Cash in an amount equal to its Allowed Other Priority Claim on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes Allowed, unless such holder shall agree to a different and less favorable treatment of such Claim (including, without limitation, any different and less favorable treatment that may be provided for in the documentation governing such Claim or in a prior agreement with such holder). Class 2 is an Unimpaired Class and is deemed to have accepted the Plan.</p> <p><i>Estimated Recovery: 100%</i></p>

Class	Type of Claim or Interest	Treatment of Allowed Claims and Interests
3	Unsecured Claims	As soon as reasonably practicable after the Effective Date, each holder of an Allowed Unsecured Claim, in full and complete satisfaction of such Claim, shall receive a Pro Rata distribution or distributions of Cash from the Net Proceeds. Class 3 is an Impaired Class and is entitled to vote on the Plan. <i>Estimated Recovery: 15% to 17%³</i>
4	Prepetition Medical Malpractice Claims	<p>(a) Each holder of a Prepetition Medical Malpractice Claim for which a proof of claim was timely filed with the Bankruptcy Court (or deemed timely filed with the Bankruptcy Court by a Final Order of the Bankruptcy Court) may elect on his or her Ballot, under Section 4.5(a) of the Plan, to litigate or continue to litigate such holder's Prepetition Medical Malpractice Claim in state court or any other appropriate forum, provided that, if such election is made, any recovery on account of such Prepetition Medical Malpractice Claim shall be limited to available insurance (including, but not limited to, coverage provided by Forum Health Insurance Ltd. and any coverage excess thereto). Each holder of a Prepetition Medical Malpractice Claim who makes the foregoing election shall be deemed to limit any recovery against any Covered Person for claims that would entitle a Covered Person to an Indemnification Claim to the Debtors' applicable insurance or other available insurance maintained by such Covered Person. To the extent the holder of a Prepetition Medical Malpractice Claim elects the foregoing treatment under Section 4.5(a) of the Plan, relief from the automatic stay imposed under section 362(a) of the Bankruptcy Code will be granted (to the extent not previously granted) to permit such holder to litigate such holder's Prepetition Medical Malpractice Claim in state court or any other appropriate forum and to recover solely from insurance. The election under Section 4.5(a) of the Plan may be made on the Ballot sent to holders of Class 4 Claims.</p> <p>(b) Alternatively, any holder of a Prepetition Medical Malpractice Claim for which a proof of claim was timely filed with the Bankruptcy Court (or deemed timely filed with the Bankruptcy Court by a Final Order of the Bankruptcy Court) may elect on his or her Ballot, under Section 4.5(b) of the Plan, to have such holder's Prepetition Medical Malpractice Claim estimated by the District Court pursuant to section 502(c) of the Bankruptcy Code together with any vicarious or other liability any of the Debtors may have related to such Claim. To the extent the Debtors' applicable insurance is not sufficient to pay the estimated amount of any Allowed Prepetition Medical Malpractice Claim, as estimated by the</p>

³ Assumes all of the Debtors are substantively consolidated. If all of the Debtors are not substantively consolidated, it could impact the recoveries for holders of Allowed Unsecured Claims.

Class	Type of Claim or Interest	Treatment of Allowed Claims and Interests
5	Interests	<p>District Court, the holder of such estimated Allowed Prepetition Medical Malpractice Claim shall have an Allowed Unsecured Claim in Class 3 for any deficiency. The election under Section 4.5(b) of the Plan may be made on the Ballot sent to holders of Class 4 Claims.</p> <p>(c) If a holder of a Prepetition Medical Malpractice Claim for which a proof of claim was timely filed with the Bankruptcy Court (or deemed timely filed with the Bankruptcy Court by a Final Order of the Bankruptcy Court) fails to affirmatively elect the treatment set forth in Section 4.5(a) or 4.5(b) of the Plan, such holder will be deemed to have elected the treatment set forth in Section 4.5(a) of the Plan.</p> <p>(d) If the holder of a Class 4 Prepetition Medical Malpractice Claim elects (or is deemed to have elected) the treatment in Section 4.5(a) of the Plan, such election will be binding on such holder regardless of whether Class 4 accepts the Plan, provided that the Plan is confirmed and the Effective Date occurs. In addition, to the extent that an order has been entered limiting the recovery of a holder of a Prepetition Medical Malpractice Claim to insurance, such order shall remain in full force and effect.</p> <p>(e) Class 4 is an Impaired Class and is entitled to vote on the Plan.</p> <p><i>Estimated Recovery:</i> The estimated recovery for holders of Allowed Prepetition Medical Malpractice Claims depends on available insurance.</p> <p>On the Effective Date, all Interests shall be cancelled, annulled and extinguished, and holders of Interests shall not be entitled to receive or retain any property or interest in property under the Plan on account of such Interests. Class 5 is an Impaired Class and is deemed to have rejected the Plan.</p> <p><i>Estimated Recovery:</i> 0.00%</p>

[THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY ORDER OF THE BANKRUPTCY COURT AS CONTAINING INFORMATION OF A KIND, AND IN SUFFICIENT DETAIL, TO ENABLE HOLDERS OF CLAIMS TO MAKE AN INFORMED JUDGMENT IN VOTING TO ACCEPT OR REJECT THE PLAN. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION OR RECOMMENDATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR THE MERITS OF THE PLAN.]

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN. WHILE THE COMMITTEE BELIEVES THAT THESE SUMMARIES ARE FAIR AND ACCURATE AND PROVIDE ADEQUATE INFORMATION WITH RESPECT TO THE PLAN, SUCH SUMMARIES ARE

QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF THE PLAN. IN THE EVENT OF ANY CONFLICT, INCONSISTENCY, OR DISCREPANCY BETWEEN THE TERMS AND PROVISIONS IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS IN THE PLAN, THE PLAN SHALL GOVERN FOR ALL PURPOSES. ALL HOLDERS OF CLAIMS AGAINST ANY OF THE DEBTORS AND INTERESTS SHOULD READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS TO THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.

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

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

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

C. Voting and Confirmation Procedures

As set forth above, accompanying this Disclosure Statement are copies of, among other things, the following documents:

- (i) the Plan, which is annexed hereto as Exhibit A;
- (ii) the Disclosure Statement Approval Order, which is annexed hereto as Exhibit B, approving (a) this Disclosure Statement as containing adequate information pursuant to Section 1125 of the Bankruptcy Code, (b) procedures for the solicitation and tabulation of votes to accept or reject the Plan, (c) the notice of and fixing (1) the time for submitting acceptances or rejections to the Plan, (2) the hearing to consider confirmation of the Plan, (3) the time for filing objections to confirmation of the Plan and (4) other deadlines and notice procedures;

(iii) a non-exhaustive list setting forth a schedule of persons or entities that received payments during the 90 days prior to the Petition Date, which is annexed hereto as Exhibit C. Payments made during the 90 days prior to the Petition Date may be subject to preference actions to recover avoidable pre-petition transfers (or achieve potential Claim reductions under Section 502(d) of the Bankruptcy Code); and

(iv) an estimated recovery analysis as Exhibit D.

The forms of Ballots, and the related materials delivered together herewith, are being furnished for the purpose of soliciting votes on the Plan from Classes 3 and 4, which are the only Impaired Classes of Claims that are entitled to vote on the Plan.

(1) Who May Vote

Pursuant to the provisions of the Bankruptcy Code, impaired classes of claims or interests are entitled to vote to accept or reject a plan of reorganization. A class which is not "impaired" is deemed to have accepted a plan and is not entitled to vote. A class is "impaired" under the Bankruptcy Code unless the legal, equitable, and contractual rights of the holders of claims or interests in such class are not modified or altered. As set forth above, Classes 1, 1A, and 2 are unimpaired and deemed to accept the Plan; Classes 3 and 4 are impaired and entitled to vote on the Plan; and Class 5 is deemed to reject the Plan.

(2) Voting Procedures

All votes to accept or reject the Plan must be cast by using the applicable form of Ballot. No votes other than ones using such Ballots will be counted except to the extent the Bankruptcy Court orders otherwise. The Bankruptcy Court has fixed _____m., Eastern Standard Time, on _____, 2011 (the "Voting Record Date") as the time and date for the determination of holders of record of Claims who are entitled to (a) receive a copy of this Disclosure Statement and all of the related materials and (b) vote to accept or reject the Plan. After carefully reviewing the Plan and this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan on the appropriate Ballot and return such Ballot in the enclosed envelope to:

Forum Health, *et al.*
Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245
Telephone: (866) 967-0264
Website: <http://www.kccllc.net/forum>

BALLOTS MUST BE RECEIVED ON OR BEFORE 5:00 P.M. (PACIFIC STANDARD TIME) ON _____, 2011 (THE "VOTING DEADLINE"). THE FOLLOWING BALLOTS SHALL NOT BE COUNTED OR CONSIDERED FOR ANY PURPOSE IN DETERMINING WHETHER THE PLAN HAS BEEN ACCEPTED OR REJECTED: (A) ANY BALLOT THAT IS PROPERLY COMPLETED, EXECUTED AND TIMELY RETURNED TO THE VOTING AGENT, BUT DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN OR THAT INDICATES BOTH AN

ACCEPTANCE AND REJECTION OF THE PLAN, (B) ANY BALLOT ACTUALLY RECEIVED BY THE VOTING AGENT AFTER THE VOTING DEADLINE, UNLESS THE COMMITTEE SHALL HAVE GRANTED IN WRITING AN EXTENSION OF THE VOTING DEADLINE WITH RESPECT TO SUCH BALLOT, (C) ANY BALLOT THAT IS ILLEGIBLE OR CONTAINS INSUFFICIENT INFORMATION TO PERMIT THE IDENTIFICATION OF THE CLAIMANT, (D) ANY BALLOT CAST BY A PERSON OR ENTITY THAT DOES NOT HOLD A CLAIM IN A CLASS THAT IS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN, (E) ANY BALLOT CAST FOR A CLAIM SCHEDULED AS UNLIQUIDATED, CONTINGENT OR DISPUTED FOR WHICH NO PROOF OF CLAIM WAS TIMELY FILED (OR DEEMED TIMELY FILED), (F) UNLESS EXPRESSLY AUTHORIZED BY THE APPROVAL ORDER, ANY UNSIGNED OR NON-ORIGINALLY SIGNED BALLOT, (G) ANY BALLOT SENT DIRECTLY TO ANY OF THE DEBTORS, THEIR AGENTS (OTHER THAN THE VOTING AGENT), THE DEBTORS' FINANCIAL OR LEGAL ADVISORS, THE COMMITTEE, THE COMMITTEE'S FINANCIAL OR LEGAL ADVISORS, OR ANY PARTY OTHER THAN THE VOTING AGENT, (H) ANY BALLOT CAST FOR A CLAIM THAT HAS BEEN DISALLOWED (FOR VOTING PURPOSES OR OTHERWISE), AND (I) ANY BALLOT TRANSMITTED TO THE VOTING AGENT BY FACSIMILE OR OTHER ELECTRONIC MEANS.

If you have any questions regarding the procedures for voting on the Plan, please contact the voting agent, Kurtzman Carson Consultants, LLC, at the above address, or the following telephone number: (866) 967-0264.

II. THE DEBTORS' BUSINESS AND DEBT STRUCTURE AND EVENTS LEADING TO COMMENCEMENT OF CHAPTER 11 CASES⁴

A. General Background

Until mid-1997, Trumbull and WRCS operated separate healthcare delivery systems based in Warren, Ohio and Youngstown, Ohio, respectively. On July 29, 1997, Trumbull and WRCS merged to form Forum. Non-Debtor Forum Health Holding Company ("Forum Holding") provided community representation consistent with the prior governance of the formerly separate entities. Forum's stated mission was to enhance the health status of the served communities through an emphasis on health care quality and technology.

As of the Petition Date, the Debtors provided health care related services in the Ohio counties of Ashtabuela, Columbiana, Geauga, Mahoning, Portage, and Trumbull and in the Pennsylvania counties of Mercer and Lawrence. Over 700 physicians were affiliated with Forum. According to the Debtors' pleadings, Forum recorded more than 539,000 outpatient visits, 29,534 home care visits, and 26,834 inpatient discharges in 2008, which was the last full fiscal year prior to the Petition Date.

⁴ The information provided in this section is drawn from pleadings filed in these Chapter 11 Cases. The Committee makes no representations or warranties regarding the accuracy of this information.

As described more fully in section III.H, on October 1, 2010 (the Closing Date), the Sale of substantially all of the Debtors' assets closed. Subsections (1), (2) and (3) below generally describe the Debtors and certain related non-Debtor entities.

(1) Forum's Hospitals

As of the Petition Date and until the Closing Date, Forum operated the following three hospitals in northeast Ohio: Trumbull, Northside Medical Center ("Northside"), and Hillside. Debtor Trumbull was founded in 1907. As of the Petition Date and until the Closing Date, Trumbull was a general acute care hospital in Warren, Ohio. Trumbull provided inpatient, outpatient, emergency, diagnostic, and therapeutic services, including oncology, cardiology, general surgery, mental health, and rehabilitative services. Trumbull also owned Elm Road Medical Park ("ERMP"), which was the site of Trumbull's PET scanning service, Center for Radiology, Center for Rehabilitation, and Center for Surgery. Trumbull's PET scanner is the only such scanner available to patients in Trumbull county. Trumbull is an Ohio 501(c)(3) corporation. As of July 2009, Trumbull had 246 licensed beds and 286 operating beds. As of the Petition Date, 249 physicians had privileges at Trumbull.

As of the Petition Date and until the Closing Date, Northside was a general acute care hospital located in Youngstown, Ohio. Northside was owned by Debtor WRCS. WRCS is an Ohio nonprofit 501(c)(3) corporation. Northside offered inpatient, outpatient, emergency, diagnostic, maternity, and therapeutic services, including cardiology, oncology, general, and orthopedic surgery. Northside was an active teaching hospital associated with the Northeastern Ohio University College of Medicine. As of July 2009, Northside had 398 licensed beds and 226 operating beds. As of the Petition Date, Northside had 452 physicians with privileges.

As of the Petition Date and until the Closing Date, Debtor Hillside was an accredited rehabilitation hospital located in Howland Township, Ohio. Until its acquisition by Forum Health on April 1, 1998, Hillside was owned and operated as a county hospital facility by Trumbull County. As of July 2009, Hillside had 69 licensed beds and 65 operating beds. As of the Petition Date, Hillside had 62 doctors with consulting privileges, 4 doctors with full privileges, and 1 doctor with associate privileges.

(2) Forum's Other Businesses

Forum also had a number of related Debtor businesses, including Forum Health Insurance Ltd. ("FHIL") (a non-Debtor captive insurance company) and Forum Health Foundation ("FHF") (a non-Debtor foundation). FHIL is registered as a separate captive insurance company under Bermuda law. FHF is an Ohio nonprofit 501(c)(3) corporation. FHF is no longer operational, and as of February 28, 2009, the Debtors reported that FHF held no unrestricted or restricted Cash or investments.

a. General Administration

Forum Holding. Forum Holding is the ultimate parent corporation of each of the Debtors and has an 18-member board of trustees (the "Forum Holding Board") that appoints the Forum Health Board of Trustees (the "Forum Health Board"). Forum Holding is an Ohio nonprofit 501(c)(3) corporation. It is not a Debtor.

Forum Health. Forum Health is the operating parent of Forum. According to certain pleadings filed by the Debtors, as of the Petition Date, Forum Health had approximately 240 full-time administrative employees located in various facilities throughout Forum. These employees provided overall system management, as well as finance, human resources, management, marketing, planning, information technology, materials management, corporate compliance, legal, risk management, and managed care services for Forum. Costs for these services were allocated among the Forum entities based on utilization and need as determined by Forum Health. Forum Health is an Ohio nonprofit 501(c)(3) corporation. It is a Debtor.

FH Enterprises. FH Enterprises employed certain physicians who provided clinical, medical, teaching, administrative, and educational services to Forum to meet the Ohio Corporate Practice of Medicine regulations. These physicians primarily provided such services to Trumbull, WRCS, and Hillside. FH Enterprises is an Ohio nonprofit 501(c)(3) corporation. It is a Debtor.

FH Ventures. FH Ventures provided certain staffing, billing, and transcription services for FH Enterprises. FH Ventures also provided certain billing and transcription services for certain physicians who were not employed by FH Enterprises. FH Ventures is an Ohio corporation. It is a Debtor.

b. Trumbull's Related Entities

FH Labs. FH Labs, also known as Preferred Regional Labs, operated six outpatient lab drawing sites in Mahoning and Trumbull Counties, including one facility at Trumbull's Center for Surgery. These outpatient lab drawing sites offered patients a wide-range of clinical laboratory services, including cytology and surgical pathology, along with routine tests, STAT testing, and lab courier services. FH Labs is an Ohio corporation. It is a Debtor.

Trumbull Foundation. Trumbull Foundation is charged with the development and fundraising activities for Trumbull. In addition, Trumbull Foundation holds and manages donated funds until such funds are used in accordance with donors' restrictions, if any. As of March 31, 2010, the Debtors reported that Trumbull Foundation held unrestricted Cash and investments of approximately \$9,300,000.00. Trumbull Foundation is an Ohio nonprofit 501(c)(3) corporation. It is a Debtor. Trumbull Foundation's assets were not part of the Sale.

c. Northside's Related Entities

FH Diagnostics. FH Diagnostics operated two outpatient diagnostic radiology and imaging services centers (including x-ray and MRI) at Northside. FH Diagnostics is an Ohio nonprofit 501(c)(3) corporation, but it is not exempt from federal income taxes. It is a Debtor.

Western Foundation. Western Foundation is charged with the development and fundraising activities for WRCS. In addition, Western Foundation holds and manages donated funds until such funds are used in accordance with donors' restrictions, if any. As of March 31, 2010, the Debtors reported that Western Foundation held unrestricted Cash and investments of approximately \$4,300,000.00. Western Foundation is an Ohio nonprofit 501(c)(3) corporation. It is a Debtor. Western Foundation's assets were not part of the Sale.

d. Other Non-Hospital and Outpatient Services

FH Services. FH Services operated the principal non-hospital and outpatient services for Forum. In particular, FH Services operated FHIL, an occupational medicine program, a diagnostic imaging company. FH Services also provided physical therapy services and medical office management services. In addition, FH Services owned and operated Austintown Medical Park located in northwestern Mahoning County. Austintown Medical Park housed an immediate care facility, an imaging center, outpatient rehabilitation services, and certain local primary care and subspecialty physicians. FH Services is an Ohio nonprofit 501(c)(3) corporation. It is a Debtor.

FH Labs. As described more fully above, FH Labs, based in Austintown Medical Park, operated six outpatient lab drawing sites, including one facility at Trumbull's Center for Surgery. FH Labs is an Ohio corporation. It is a Debtor.

(3) Previously Discontinued Operations

The operations of the following entities were discontinued prior to the consummation of the Sale:

FHF. FHF is no longer operational. As of February 28, 2009, FHF held no unrestricted or restricted cash and/or investments. FHF is an Ohio nonprofit 501(c)(3) corporation. It is not a Debtor.

Beeghly Oaks. Substantially all of the assets of Beeghly Oaks were sold effective November 16, 2007. Prior to the sale transaction, Beeghly Oaks operated a long-term care facility which provided skilled nursing, respite care, and assisted-living services. Beeghly Oaks is an Ohio nonprofit 501(c)(3) corporation. It is a Debtor.

FH Private Duty. Substantially all of the assets of FH Private Duty were sold effective July 1, 2008. Prior to the sale transaction, FH Private Duty provided homemaking and personal care services (through nurses and aides) to home-bound individuals in Forum's primary service area, including skilled nursing, personal care, home companion, homemaking services, respite care, personal emergency response systems, ventilator dependency care, and tracheotomy care. FH Private Duty is an Ohio nonprofit 501(c)(3) corporation. It is a Debtor.

FH Home Care. Substantially all of the assets of FH Home Care were sold effective July 1, 2008. Prior to the sale transaction, FH Home Care provided home care services including skilled nursing, physical, speech, and occupational therapies, pediatric care, intravenous therapy, medication monitoring, personal care, medical social services, nutritional counseling and hospice care for people in the final phase of a terminal illness and their families. FH Home Care is an Ohio nonprofit 501(c)(3) corporation. It is a Debtor.

FH Pharmacy. The business of FH Pharmacy was closed effective April 1, 2007. Prior to the closure, FH Pharmacy provided pharmacy services to residents at Beeghly Oaks' facility and to home health patients through FH Home Health. FH Pharmacy is an Ohio nonprofit 501(c)(3) corporation. It is a Debtor.

CPS. Substantially all of the assets of CPS were sold effective February 29, 2008. Prior to the sale transaction, CPS provided services to patients located at Northside and provided outpatient psychiatric evaluations, therapy to individuals and families, school consultations, and medication management services in Trumbull and Mahoning Counties. CPS is an Ohio corporation. It is a Debtor.

PrideCare. PrideCare ceased operations in 2006. Prior to ceasing operations, PrideCare acted as a third party administrator and a licensed insurance agency and provided participating provider organization (PPO) health insurance, utilization management services and health care benefit administration to the Debtors and their employees. PrideCare also acted as the claims administrator for all of the Debtors' self-insured health care plans. PrideCare is an Ohio corporation. It is a Debtor.

Dacas. Dacas is no longer operational. Dacas is an Ohio nonprofit 501(c)(3) corporation. It is a Debtor.

B. Organizational Structure

Forum Holding is the sole member of Forum Health. Forum Health is the parent and sole member of WRCS, Trumbull, HFS, and non-Debtor Forum Health Foundation ("FHF"). WRCS is the sole member of Western Foundation. Trumbull is the sole member of Trumbull Foundation. FH Services is the sole member of Hillside, FH Private Duty, Beeghly Oaks, FH Pharmacy, FH Home Care, FH Enterprises, FH Ventures, and non-Debtor FHIL. FH Ventures is the sole member of Dacas, FH Labs, FH Diagnostics, PrideCare, and CPS.

The Debtors' cases have been jointly administered pursuant to an order of the Bankruptcy Court. As discussed more fully below, the Committee proposes to substantively consolidate the Debtors' respective estates.

C. Pre-Petition Indebtedness

Prior to the Petition Date, the County of Mahoning, Ohio ("Mahoning County") issued the following bond series (collectively, the "Bonds"):

- a. \$91,610,000 original aggregate principal amount of County of Mahoning, Ohio, Fixed Rate Hospital Revenue Bonds, Series 1997A (Forum Health Obligated Group) (the "Series 1997A Bonds") pursuant to the Bond Indenture, dated as of December 1, 1997 (the "Original 1997A Bond Indenture"), between Mahoning County and U.S. Bank National Association ("U.S. Bank"), as successor-in-interest to National City Bank ("NCB"), as bond trustee;
- b. \$40,000,000 original aggregate principal amount of County of Mahoning, Ohio, Fixed Rate Hospital Revenue Bonds, Series 2002A (Forum Health Obligated Group) (the "Series 2002A Bonds") pursuant to the Original 1997A Bond Indenture, as supplemented by the First Supplemental Series 1997A Bond Indenture, dated as of November 1, 2002 (collectively, as

further amended and supplemented from time to time in accordance with its terms, the "Series 1997A and 2002A Bond Indenture";

- c. \$42,600,000 original aggregate principal amount of County of Mahoning, Ohio, Variable Rate Hospital Revenue Bonds, Series 1997B (Forum Health Obligated Group) (the "Series 1997B Bonds") and together with the Series 1997A Bonds, the "Series 1997 Bonds") pursuant to the Bond Indenture, dated as of December 1, 1997 (the "Original 1997B Bond Indenture"), between Mahoning County and U.S. Bank, as successor-in-interest to NCB, as bond trustee; and
- d. \$20,000,000 original aggregate principal amount of County of Mahoning, Ohio Variable Rate Hospital Revenue Bonds, Series 2002B (Forum Health Obligated Group) (the "Series 2002B Bonds") and together with the Series 2002A Bonds, the "Series 2002 Bonds") pursuant to the Original 1997B Bond Indenture, as amended and supplemented by the First Supplemental Series 1997B Bond Indenture, dated October 1, 2002 and the Second Supplemental Series 1997B Bond Indenture, dated as of March 1, 2003 (as further supplemented and amended from time to time in accordance with its terms, collectively, the "Series 1997B and 2002B Bond Indenture," and together with the Series 1997A and 2002A Bond Indenture, the "Bond Indentures").

The Bonds were issued for the purpose of defeasing certain outstanding bonds issued on behalf of certain of the Debtors and of financing the costs of additional hospital facilities for certain of the Debtors. As of the Petition Date, approximately \$139.2 million in gross aggregate principal amount of the Bonds remained outstanding under the Bond Indentures.

Pursuant to the terms of the Bonds, certain funds were segregated to secure the Debtors' payment and performance obligations under the Bonds. In addition, certain Debtors entered into certain prepetition financing arrangements in order to secure the payment of their obligations in connection with the Bonds.

(8) Other Liabilities

The Debtors had a number of intercompany loans that are not set forth in detail herein, but were tracked by the Debtors' management in the Debtors' books and records.

The Debtors also have pension liabilities. Based upon outside actuarial reports, as of March 1, 2010, the Debtors anticipated that their discounted pension liabilities were approximately \$322,000,000.00. As of that date, the Debtors had pension assets of approximately \$205,000,000.00, thus indicating that the existing defined benefit pension funds were underfunded by approximately \$117,000,000.00. The Pension Benefit Guaranty Corporation ("PBGC") has filed a contingent Claim [Claim No. 629] estimating such underfunding in the amount of \$207,300,000.00. According to the Debtors' 2008 audited financial statements, pension plan funding was a substantial cost for the Debtors prior to the Petition Date, with \$6,000,000.00 funded in 2006 and \$12,100,000.00 funded in 2007. Also

according to the Debtors' 2008 audited financial statements, employer contributions were discontinued during 2009. Upon information and belief, the Debtors failed to make quarterly payments of \$1,437,000 due on April 15, 2009, July 15, 2009, October 15, 2009, January 15, 2010, and April 15, 2010.

The Debtors have other liabilities, such as liabilities for trade debts. The recovery analysis annexed hereto as Exhibit D provides information on estimated Allowed Claims.

D. Events Leading to the Chapter 11 Filings

Several factors severely impacted the Debtors' operations and financial performance and ultimately prompted the liquidity pressures that precipitated the need to file the Chapter 11 Cases. In 2002, the Debtors borrowed \$60 million to invest in their business through a formal "Master Facility Plan," but that plan did not produce the expected results. Among other things, the Debtors planned the construction of a heart hospital, the renovation of a surgical unit, and a new children's patient floor at Northside. None of these projects were completed.

In addition, the Debtors were faced with the following challenges: (i) Forum's primary service area experiencing a severe economic decline during a period in which the broad economy flourished, and its population declined; (ii) Forum had difficulty recruiting new physicians to the Hospitals' service area; (iii) Increases in indigent and self-pay admissions unfavorably changed the payor mix; (iv) Forums' facilities required extensive capital investment; (v) during fiscal year 2008, Forum suffered investment losses totaling approximately \$6,000,000.00; (vi) Forum's labor costs were high compared to the national average; and (vii) both private pay insurance and Medicare and Medicaid underwent unfavorable, particularly with respect to percentages received per patient for increasing Medicaid and Medicare patient populations. Though the foregoing factors were not anomalies affecting the Debtors in isolation, certain circumstances were unique to the Debtors and are discussed more fully below.

(1) Operating Losses at the Debtors' Hospitals

Forum's management was unable to realize many of the anticipated benefits from the merger that created it in 2007. Trumbull and Northside were largely incapable of efficiently integrating delivery of health care services due to geography and their respective service offerings. Rather than synergies, the merger created inefficiencies and duplicative expenses, and it resulted in continuing losses for the health care system.

In addition, the Debtors' labor costs remained higher than the national average and those of its peers. Labor costs for non-profit hospitals typically average 45% of net patient revenues. The Debtors' nearest competitor, Humility of Mary Health Partners, reported total labor costs of 47% of net patient revenues in 2008. In contrast, in fiscal year 2008, Trumbull's, Northside's, and Hillside's labor costs were 47.7%, 54.6%, and 64% of net patient revenues, respectively. In fiscal year 2009, these hospitals' labor costs increased to 50.8%, 56.1%, and 67.3% of net patient revenues, respectively.

In January 2006, these and other factors culminated in the Debtors' failure to comply with their Bond covenants, and resulted in a default on the Debtors' obligations to U.S Bank National Association, in its capacity as Master Trustee and Bond Trustees, MBIA Insurance

Corporation (“MBIA”), JPMorgan Chase Bank, National Association (“JPMorgan”), and Fifth Third Bank (the “Consent Parties”).⁵ After several months of initial negotiations, the Debtors and the Consent Parties entered into the first of ultimately seven forbearance agreements. It was hoped and anticipated that Debtors’ management would make decisions and take steps designed to reverse the system’s decline, to align the Debtors’ operations with the opportunities available in their marketplace, and to align their expenses with their available revenues during the terms of these agreements.

(2) The Debtors’ Turnaround Plans

During the forbearance periods under the various forbearance agreements with the Consent Parties, Forum pursued a variety of strategies, both with and without the assistance of outside professionals. The results of fiscal year 2007 demonstrated some minor progress in 2006, as Forum implemented operating improvements. The most significant challenges facing the system proved insurmountable, however, specifically the declining demographics, burdensome labor agreements, significant pension obligations, and enhanced competition in the market.

In 2007 and 2008, the Debtors attempted to improve operating results by closing or selling the Tod Children’s Hospital, Beeghly Oaks, Beeghly Medical Park, CPS, FH Home Care, and FH Private Duty. A sale of Trumbull was proposed in 2007, but it was unsuccessful. Despite these turnaround initiatives, in 2008 the Debtors suffered operating losses of \$22 million, including investment losses of approximately \$6 million. These difficulties were compounded by the collapse of the credit markets, which eliminated the possibility of raising additional capital for debt refinancing outside of bankruptcy.

(3) Decision to Commence the Chapter 11 Cases

Despite the above-described forbearance agreements and the efforts of the Debtors to reduce costs and improve operations, the Debtors continued to experience increasing operating losses. In the four years leading up to the Petition Date, the Debtors suffered losses of almost \$100 million. As of the Petition Date, the Debtors’ liquidity had declined to the point that Chapter 11 relief was the only option due to the Debtors’ pre-existing problems combined with the economic crisis and recession.

III. SIGNIFICANT EVENTS DURING THE DEBTORS’ CHAPTER 11 CASES

A. Overview of Chapter 11 and Commencement of Chapter 11 Cases

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, its creditors and interest holders. Another goal of Chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated interest holders with respect to the distribution of a debtor’s assets.

⁵ On June 2, 2010, National Public Finance Guarantee Corporation replaced JPMorgan as a Consent Party.

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 Debtors filed their Chapter 11 Cases with the Bankruptcy Court on March 16, 2009. The Debtors' cases were assigned to the Honorable Kay Woods, United States Bankruptcy Judge for the Northern District of Ohio. The Debtors continue as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

The consummation of a plan of reorganization or liquidation is the principal objective of a Chapter 11 case. A plan of reorganization or liquidation sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization or liquidation by the Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person or entity acquiring property under the plan, and any creditor of or equity security (or other interest) holder in the debtor, whether or not such creditor or equity security (or other interest) holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan.

Before soliciting acceptances of a proposed plan, Section 1125 of the Bankruptcy Code requires the plan proponent to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment in voting to accept or reject the plan. The Committee is submitting this Disclosure Statement to holders of Impaired Claims against and Interests in the Debtors to satisfy the requirements of Section 1125 of the Bankruptcy Code. The following is a brief description of some of the major events that have occurred in the Chapter 11 Cases.

B. First Day Orders

Shortly after the Petition Date, the Bankruptcy Court entered various orders designed to minimize the disruption of the Debtors' business affairs and facilitate the orderly administration of the Debtors' cases. These include:

- a. an order granting procedural consolidation of the Debtors' Chapter 11 cases and authorizing joint administration thereof [Docket No. 49];
- b. an order authorizing the Debtors to file a consolidated list of their 50 largest creditors rather than individual creditor matrices for each Debtor [Docket No. 57];
- c. an order granting an extension of time for the Debtors to file their (i) schedules of assets and liabilities, (ii) statements of financial affairs, (iii) schedules of current income and expenditures, (iv) statements of executory contracts and unexpired leases, and (v) lists of equity security holders [Docket No. 58];
- d. an order (i) authorizing the Debtors to maintain their cash management system and existing bank accounts, (ii) authorizing the Debtors to continue to use their existing business forms, (iii) authorizing the continuation of certain intercompany transactions and preserving existing intercompany setoff rights, (iv) granting administrative status for post-petition intercompany transactions, and (v) waiving investment and deposit requirements [Docket No. 59];

- e. an order authorizing the Debtors to pay certain prepetition employee obligations and related claims and to continue to provide employee benefits in the ordinary course of business [Docket No. 60];
- f. an order authorizing the Debtors to continue their workers' compensation, unemployment, employee healthcare, and professional liability programs, and all other insurance policies, bonds, and agreements related thereto [Docket No. 52];
- g. an order authorizing the Debtors to pay certain license and regulatory agency fees [Docket No. 53];
- h. an order authorizing payment of certain patient refund obligations [Docket No. 54];
- i. an order (i) authorizing the Debtors to pay trust fund taxes and sales and use taxes and (ii) authorizing and directing financial institutions to honor and process checks and transfers related to the same [Docket No. 55]; and
- j. an interim order enjoining utility providers from terminating service to the Debtors and establishing procedures for determining requests for additional adequate assurance, which was ultimately granted on a final basis [Docket Nos. 61, 186].

C. Retention of the Debtors' Chief Restructuring Officer

The Debtors retained Huron Consulting Services LLC ("Huron") to provide temporary restructuring personnel and designated Huron's Managing Director Dalton T. Edgecomb as the Debtors' Chief Restructuring Officer. Huron had previously served as the Debtors' pre-petition financial and operational advisors. The Bankruptcy Court approved this retention and designation on April 17, 2009, effective *nunc pro tunc* to the Petition Date [Docket No. 174].

D. Retention of Debtors' Professionals

During the Cases, the Debtors obtained orders of the Bankruptcy Court authorizing them to retain a number of professionals to assist them with conducting the Cases and various goals related thereto. These professionals include, among others:

- a. the law firm Nadler Nadler & Burdman Co., L.P.A. as co-counsel [Docket No. 213];
- b. the law firm McDonald Hopkins LLC as counsel [Docket No. 173];
- c. Huron Consulting Service LLC as financial advisors [Docket No. 174];
- d. Kurtzman Carson Consultants LLC as claims, noticing, and balloting agent [Docket No. 187];

- e. Houlihan Lokey Howard & Zukin Capital, Inc. as investment banker [Docket No. 443]; and
- f. Ernst & Young LLP as independent auditors and tax consultants [Docket No. 478].

In addition, pursuant to the Debtors' motion seeking authorization to retain, employ and compensate certain professionals utilized in the ordinary course of the Debtors' business [Docket No. 201] and the order granting such motion [Docket No. 270], the Debtors have employed numerous firms.

E. Appointment of Creditors' Committee and Professionals

On March 23, 2009, the U.S. Trustee filed an Appointment of Committee of Unsecured Creditors dated March 23, 2009 [Docket No. 82]. On March 25, 2009, the U.S. Trustee filed an Amended Appointment of Committee of Unsecured Creditors dated March 25, 2009 [Docket No. 86] listing the following members of the Committee:

- Owens & Minor Distribution, Inc.,
- Siemens Medical Solutions USA, Inc.,
- Service Employees International Union, District 1199,
- GE Healthcare,⁶ and
- Neo-Pet LLC.

The Committee has employed Alston & Bird LLP as its bankruptcy counsel [Docket No. 212], Richard G. Zellers & Associates as local counsel and conflicts counsel [Docket No. 229], and Grant Thornton LLP as financial advisor [Docket No. 257]. Michael Imber, the proposed Plan Administrator, is a principal of Grant Thornton LLP, the financial advisor for the Committee.

Service Employees International Union, District 1199, Neo-Pet LLC, and Siemens Medical Solutions USA, Inc. have resigned from the Committee.

F. Use of Cash Collateral

On the Petition Date, the Debtors filed a motion requesting authority to use cash collateral. On March 17, 2009, the Bankruptcy Court entered an order granting this motion on an interim basis, and on April 16, 2009, the Bankruptcy Court entered the Agreed Final Order Authorizing Debtors' Use of Cash Collateral, Pursuant to 11 U.S.C. §§ 101, 361 and 363, and Granting Replacement Liens, Adequate Protection and Administrative Expense Priority to the Master Trustee, Bond Trustees and Prepetition Secured Creditors [Docket No. 165] (the "Cash Collateral Order"). The Bankruptcy Court has entered thirteen stipulation and orders amending

⁶ The Amended Appointment of Committee of Unsecured Creditors dated March 25, 2009 [Docket No. 86] simply substituted GE Healthcare for Standard Textile Co., Inc. Standard Textile Co., Inc. withdrew from the Committee.

the Cash Collateral Order [Docket Nos. 526, 584, 601, 627, 671, 728, 762, 766, 774, 795, 823, 861, and 1076].

On July 13, 2010, the Committee, U.S. Bank, MBIA, National Public Finance Guarantee Corporation and Fifth Third Bank filed a Notice of Presentment of Stipulation and Order Regarding Prepetition Liens, Collateral, and Obligations of Master Trustee, Bond Trustees and Prepetition Secured Creditors [Docket No. 969]. The Debtors filed a response and objection to the foregoing notice of presentment [Docket No. 1039]. As a result of, and following the closing of, the Sale (defined below), the foregoing notice of presentment was withdrawn [Docket No. 1173].

G. The Patient Care Ombudsman

Upon the Debtors' motion for an order requesting a determination that the appointment of a Patient Care Ombudsman ("PCO") was not necessary, on June 25, 2009, the Bankruptcy Court entered an order directing the U.S. Trustee to designate an individual to serve as PCO but holding the appointment in abeyance unless a Termination Event under the Cash Collateral Order occurs. If the PCO had been appointed, the PCO would have monitored the Debtors' quality of patient care and would represent the interests of the Debtors' patients. [Docket No. 304]

H. Sales of the Debtors' Assets

(1) Sale of the OSC-WRCS Interests

On June 10, 2009, the Debtors moved for an order pursuant to Section 363 of the Bankruptcy Code authorizing WRCS to sell its entire ownership interest in OSC-WRCS, LLC ("OSC-WRCS") free and clear of liens, claims, interests, and encumbrances to OSC-WRCS for \$300,000. Prior to the Petition Date, WRCS and Orthopedic Surgery Center of Youngstown, LLC were the sole members of OSC-WRCS. On June 19, 2009, the Bankruptcy Court entered an order approving the sale [Docket No. 294].

(2) Sale of the Gypsy Lane Property

On December 2, 2009, the Debtors moved for an order pursuant to Section 363 of the Bankruptcy Code authorizing WRCS to sell certain real property located at 431 Gypsy Lane, Youngstown, Ohio 44504 (the "Gypsy Lane Property") free and clear of all liens, claims, interests, and encumbrances to Mr. James N. Logan, Jr. for \$55,000. Prior to the Petition Date, the Debtors utilized the Gypsy Lane Property for the Youth Services Behavioral Medicine (outpatient) Program, until that program was discontinued on December 31, 2007. The Gypsy Lane Property had been vacant since the discontinuation of that program. On January 12, 2010, the Bankruptcy Court entered an order approving the sale, and an amended order approving the sale was entered on January 13, 2010 [Docket Nos. 621, 626].

(3) Sale of the CAPD Program

On December 22, 2009, the Debtors moved for an order pursuant to Section 363 of the Bankruptcy Code authorizing the sale of the assets of a continuous ambulatory peritoneal

dialysis program (the “CAPD Program”) owned by WRCS free and clear of all liens, claims, interests, and encumbrances [Docket No. 606]. The proposed sale also included assuming and assigning any remaining interest in WRCS’s lease with C.H. Rogers, dated January 12, 1999 (the “CAPD Lease”). Youngstown-Warren Home Dialysis, LLC (“YWHD”), a subsidiary of American Renal Associates, LLC (“ARA”) specifically formed to acquire these assets, proposed to acquire the CAPD Program assets and any remaining rights in the CAPD Lease in exchange for \$200,000 in cash at closing. On January 12, 2010, the Bankruptcy Court entered an order approving the sale [Docket No. 625].

(4) Sale of Substantially All of the Debtors’ Remaining Assets

On June 10, 2010, the Debtors filed a motion requesting authority to sell substantially all of their assets free and clear of all liens, claims, interests, and encumbrances pursuant to Section 363 of the Bankruptcy Code by auction [Docket No. 839]. At the time of filing that motion, AHS Newco 9, LLC (“AHS”) had proposed to purchase the Debtors’ assets in exchange for \$69,800,000 and the assumption of certain of the Debtors’ liabilities, including “Cure Costs” for executory contracts and unexpired leases to be assumed by AHS, the obligations under amended collective bargaining agreements with the Debtors’ unions, certain “Paid Time Off” obligations, certain COBRA-related obligations, and certain obligations to banks related to physician support agreements to which the Debtors were parties. AHS is a subsidiary of Ardent Medical Services, Inc., a non-public health-care company, which also would have been responsible for performance under the proposed asset purchase agreement.

On June 25, 2010, the Bankruptcy Court entered an order establishing certain sale procedures governing the sale (the “Sale Procedures Order”) and establishing August 3, 2010 as the bid deadline [Docket No. 913]. As of this bid deadline, the Debtors received one competing bid from Youngstown Ohio Hospital Company, LLC (“Youngstown”), an affiliate of CHS/Community Health Systems, Inc. (“CHS”). Youngstown’s bid was a Qualified Bid under the terms of Sale Procedures Order.

On August 5, 2010, the auction was conducted at the offices of McDonald Hopkins LLC. The auction began with the initial bid of Youngstown of \$100,000,000. Following the receipt of multiple bids and counterbids, the Debtors ultimately determined that the final Youngstown bid was the highest and best bid for substantially all of the Debtors’ assets and declared such bid to be the Prevailing Bid under the Sale Procedures Order. The final bid submitted by AHS was declared the Backup Bid, and the auction was declared closed.

On August 11, 2010, the Bankruptcy Court entered an order (the “Sale Order”) approving the sale of substantially all of the Debtors’ assets (the “Sale”) pursuant to that certain Asset Purchase Agreement, dated as of August 6, 2010, forming the basis of Youngstown’s Prevailing Bid at the auction [Docket No. 1072]. Pursuant to the Asset Purchase Agreement, in exchange for \$120,000,000 (plus or minus an adjustment based on the Debtors’ working capital on the closing date) and the assumption of certain liabilities of the Debtors, Youngstown would acquire substantially all of the Debtors’ assets, less certain “Excluded Assets.” The aforementioned “Excluded Assets” included, among other things, all equity interests in Forum Health Insurance Ltd. and all equity interests in and all assets of Trumbull Memorial Hospital Foundation and Western Reserve Health Foundation.

In accordance with the Sale Order, on October 1, 2010, the Debtors filed a list of executory contracts to be assumed and assigned in connection with the Sale [Docket No. 1152]. This list was amended on October 13, 2010 [Docket No. 1175], November 5, 2010 [Docket No. 1213], and November 11, 2010 [Docket No. 1228].

On October 4, 2010, the Bankruptcy Court entered a stipulation and order (the “Stipulation Regarding Distribution of Proceeds of Sale”) providing that, immediately following the closing of the Sale, the Debtors will wire \$90,549,602.67 to the Master Trustee for the benefit of the Holders of the Bonds, which payment shall constitute payment in full and in full satisfaction of any obligations owing to the Holders of the Bonds, subject to a reservation of rights with respect to disputed amounts regarding the Series 2002A Bonds [Docket No. 1157].

On October 1, 2010, the Closing Date of the Sale occurred.

On November 2, 2010, U.S. Bank, in its capacity as Master Trustee and Bond Trustee, filed its motion to determine the rights of the Series 2002A bondholders [Docket No. 1201]. The Committee filed an objection to the foregoing motion [Docket No. 1236] and the Debtors filed a response to the foregoing motion [Docket No. 1242]. The foregoing motion was resolved by the Stipulation and Agreed Order Regarding Payment of Series 2002A Bonds, dated November 30, 2010 [Docket No. 1275] (the “Stipulation and Agreed Order Regarding Payment of Series 2002A Bonds”).

I. Exclusivity

Pursuant to Section 1121 of the Bankruptcy Code, a debtor is given a 120-day exclusive period following the commencement of a Chapter 11 case to file a plan (the “Exclusivity Period”) and (b) if the debtor files a plan during the Exclusivity Period, only the debtor may solicit acceptances of such plan, and no other party may file a competing plan, during the 180-day period following the commencement of a Chapter 11 case (the “Exclusive Solicitation Period”). On request of a party in interest, a bankruptcy court, for cause shown, may extend, shorten or terminate the Exclusivity Period or the Exclusive Solicitation Period.

By order dated September 16, 2010 [Docket No. 476], the Bankruptcy Court (i) denied the Debtors’ second motion for an order pursuant to 11 U.S.C. § 1121(d) extending the time periods during which the Debtors have the exclusive right to file a plan and solicit acceptances thereto, (ii) terminated the period for which the Debtors had the exclusive right to file a Chapter 11 plan and solicit acceptances thereto, and (iii) authorized any party in interest to file a Chapter 11 plan pursuant to Section 1121(c) of the Bankruptcy Code.

On May 14, 2010, the Consent Parties filed a joint plan of reorganization (Docket No. 784) and a related disclosure statement [Docket No. 785]. On October 6, 2010, the foregoing documents were withdrawn [Docket No. 1160].

J. Bar Dates and Claims Information

On May 1, 2009, the Debtors filed their schedules of assets and liabilities and statements of financial affairs with the Bankruptcy Court [Docket Nos. 214, 215] (the “Schedules”), which set forth, among other things, amounts the Debtors believe they owe to various parties. On June

23, 2009, the Bankruptcy Court entered an order setting August 3, 2009 as the bar date for non-governmental Creditors to file proofs of claim and setting June 23, 2009 as the bar date for governmental Creditors to file proofs of claim [Docket No. 301]. On November 15, 2010, the Bankruptcy Court entered an order setting December 22, 2010 as the bar date for filing requests for payment of administrative claims incurred or arising on or before October 1, 2010 [Docket No. 1234]. The recovery analysis attached hereto as Exhibit D includes information on estimated Allowed Claims.

Prior to October 1, 2010, the Debtors were insured through certain malpractice and general liability insurance policies and programs. The operating Debtors maintained insurance for general and professional liability claims through a wholly-owned subsidiary of Debtor Forum Health Services Co., Forum Health Insurance Ltd., a non-Debtor captive insurance company domiciled in Bermuda. Forum Health Insurance Ltd. also provided professional liability coverage for employed physicians and residents of the Debtors. The availability of insurance coverage for general and professional liability claims can be determined by contacting Debtors' outside legal counsel as follows: Thomas J. Wilson, Comstock Springer & Wilson Co., L.P.A., City Centre One Building, Suite 926, 100 Federal Plaza East, Youngstown, Ohio 44503-1811, Tel: (330) 746-5643.

K. The Debtors' Pension Plan

The Debtors and their predecessors have maintained the Forum Health Pension Plan (the "Pension Plan") since January 1, 1968. The Pension Plan is a qualified defined benefit pension plan covered under the Employee Retirement Income Security Act of 1974, as amended and as codified in Title 29 of the United States Code ("ERISA"). The Pension Plan is subject to the funding requirements of ERISA and of the Internal Revenue Code, as amended and as codified in Title 26 of the United States Code (the "Tax Code"). The Pension Plan is qualified under section 401(a) of the Tax Code.

The Pension Plan has approximately 7,132 participants (the "Participants"), consisting of present and former employees of the Debtors. The majority of the Participants have retired and begun receiving benefits under the Pension Plan or have terminated their employment with the Debtors with the right to receive retirement benefits under the Pension Plan. The Pension Plan was previously amended to freeze the additional accrual of benefits for all remaining employees of the Debtors other than for eligible employees who had reached the age of 55 and who had served with the Debtors for at least ten years as of December 31, 2001 (the "Grandfathered Participants"). As of July 2009, the Debtors reported that there were approximately 124 Grandfathered Participants still accruing benefits under the Pension Plan.

The Pension Benefit Guarantee Corporation ("PBGC") is wholly owned by the United States and administers the defined benefit pension plan termination insurance programs under ERISA. Federal law dictates certain conditions under which the Debtors are jointly and severally liable to PBGC on behalf of the Pension Plan for certain amounts that the Debtors are required to contribute to the Pension Plan, as well as for certain liability in the event of a plan termination.

Forum ceased making contributions to the Pension Plan on or about July 31, 2008. On March 15, 2009, the Debtors filed a notice of failure to make required contributions with PBGC. On September 15, 2009, Forum filed for a distress termination of the Pension Plan with PBGC. The Plan assumes that the Pension Plan has been or will be terminated pursuant to an agreement with the PBGC.

On or about July 31, 2009, PBGC filed Claims against the Debtors asserting (i) a contingent estimated Claim in the amount of \$207,300,000 for unfunded benefit liabilities [Claim No. 629], (ii) an unliquidated estimated Claim for premiums [Claim No. 607], and (iii) an unliquidated Claim for contributions that may be owed to the Pension Plan [Claim No. 606]. The Claims were asserted as a combination of priority and unsecured Claims.

L. Stipulations Regarding Retiree Benefits

On or about October 13, 2010, the Debtors and certain retirees of the American Federation of State, County and Municipal Employees Union, Local 2026 and 2804 filed a motion for approval of a stipulation between them modifying certain retiree benefits [Docket No. 1176]. On or about October 14, 2010, the Debtors and certain retirees of the Ohio Nurses Association filed a motion for approval of a stipulation between them modifying certain retiree benefits [Docket No. 1179]. These proposed stipulations essentially provide for the termination of any and all benefits owing to the retirees in exchange for certain payments to be made to each of them. These stipulations were approved by the Bankruptcy Court and entered on November 23, 2010 [Docket Nos. 1256 and 1257].

M. Stipulations Regarding Rejection of Collective Bargaining Agreements

As of the Petition Date, the Debtors were party to the following seven collective bargaining agreements (the "Collective Bargaining Agreements") covering approximately 2,800 employees:

1. the "Agreement between Western Reserve Care System a subsidiary of Forum Health and the Ohio Nurses Association," dated July 20, 2008 to July 19, 2011, as amended, modified, and supplemented;
2. the "Agreement between AFSCME, Ohio Council 8 United Nurses of America Local 2026 and Trumbull Memorial Hospital a wholly Owned Subsidiary of Forum Health," dated October 1, 2004 to September 30, 2007, as amended, modified, and supplemented;
3. the "Agreement between Forum Health Trumbull Memorial Hospital and Ohio Council 8, and Local 2804 of the American Federation of State, County and Municipal Employees, AFL-CIO," dated May 1, 2008 to March 31, 2010, as amended, modified, and supplemented;
4. the "Agreement Between Forum/Hillside Hospital and Local Union No. 2288 and Ohio Council 8 American Federation of State, County and Municipal Employees, AFL-CIO," dated April 1, 2008 to March 31, 2009, as amended, modified, and supplemented;

5. the "Agreement Between Forum Health and District 1199, Service Employees International Union," dated October 1, 2008 to March 31, 2012, as amended, modified, and supplemented;
6. the "Labor Agreement between Service Employees International Union, District 1199, AFL-CIO/CLC and Forum Health Outreach Laboratories (FHOL)," dated November 1, 2008 to October 31, 2011, as amended, modified, and supplemented; and
7. the "Agreement between Forum Health Hillside Rehabilitation Hospital and the Ohio Nurses Association," dated July 20, 2008 to July 19, 2011, as amended, modified, and supplemented.

Since before the Petition Date, the Debtors were engaged in negotiations with the union counterparties to the Collective Bargaining Agreements regarding modifications to the Collective Bargaining Agreements in order to cut operating losses at the hospitals. The Debtors, led by their former Chief Executive Officer, reached agreements with bargaining units at Trumbull and Hillside. However, when it appeared that the Debtors would not be able to reach agreements with the bargaining unit of Service Employees International Union, District 1199 ("SEIU") operating at Northside ("SEIU Northside") or with the bargaining unit of the Ohio Nurses Association ("ONA")⁷ operating at Northside ("ONA Northside"), the Debtors filed their Omnibus Motion for an Order Pursuant to 11 U.S.C. § 1113 (I) Authorizing Rejection of Certain Collective Bargaining Agreements and (II) Granting Interim Relief Related Thereto (the "1113 Motion"). The Debtors entered into stipulated orders (the "1113 Orders") resolving the 1113 Motion with respect to SEIU Northside and ONA Northside.

Both the 1113 Orders provided, among other things, that the Debtors could terminate the Forum Health Pension Plan without violating the terms of the relevant Collective Bargaining Agreements.

N. Executory Contracts and Unexpired Leases

As of the Petition Date, the Debtors were party to numerous executory contracts (e.g. employment contracts, service agreements, and equipment leases) and leases of non-residential real property. The Debtors determined which contracts and leases should be assumed and which should be rejected, especially in the initial months of the case, in order to preserve the value of the estates and avoid accrual of unnecessary administrative expenses. As of November 1, 2010, the Debtors had filed three motions to assume certain leases and executory contracts [Docket Nos. 314, 315, and 393], which were granted by three orders of the Bankruptcy Court [Docket Nos. 433, 432, and 540].

As of January 18, 2011, the Debtors had also filed five motions to reject executory contracts or leases [Docket Nos. 319 (as amended by Docket No. 356), 427, 498, 557, and 637] which were granted by five orders of the Bankruptcy Court [Docket Nos. 410, 472, 562, 589, and

⁷ With respect to WRCS, ONA also includes the Youngstown General Duty Nurses Association, an affiliate of the Ohio Nurses Association.

664, respectively]. The Debtors also withdrew one motion to reject an executory contract or lease [Docket Nos. 635, 639].

In addition, as of January 18, 2011, the Debtors had filed eleven omnibus motions to assume and assign executory contracts or leases in connection with the Sale [Docket Nos. 863, 865, 867, 869, 871, 873, 875, 877, 879, 1153, and 1218]. The Bankruptcy Court has entered various orders granting the first nine of these motions to assume and assign [Docket Nos. 1091, 1092, 1151, 1166, 1093, 1128, 1143, 1094, 1150, 1095, 1144, 1101, 1145, 1090, 1096, 1146, 1097, 1148, 1088, 1099, 1147, 1100, 1129, and 1149]. The Bankruptcy Court has also entered an order granting the eleventh omnibus objection [Docket No. 1326]. On December 6, 2010, the Bankruptcy Court entered an order approving in part and adjourning in part the Debtors' tenth omnibus motion to assume executory contracts or leases [Docket No. 1278]. As described more fully above, in accordance with the Sale Order, on October 1, 2010, the Debtors filed a list of executory contracts to be assumed and assigned in connection with the Sale [Docket No. 1152]. This list was amended on October 13, 2010 [Docket No. 1175], November 5, 2010 [Docket No. 1213], and November 11, 2010 [Docket No. 1228].

O. Motions for Examination Under Bankruptcy Rule 2004

During these cases, MBIA and U.S. Bank filed two motions under Bankruptcy Rule 2004. The first such motion was filed on June 7, 2010, and sought certain document discovery from the Debtors related to the proposal by AHS to purchase substantially all of the Debtors' assets (as described more fully above, the "AHS Proposal") and the related negotiations between AHS and the Debtors [Docket No. 834]. This motion was orally withdrawn at a hearing held on July 6, 2010. The second motion was filed on July 20, 2010, and sought certain discovery from AHS related to the AHS Proposal [Docket No. 1000]. On July 22, 2010, the Bankruptcy Court entered an order granting this motion in part and denying it in part [Docket No. 1018].

P. Motions to Lift the Automatic Stay

As of January 18, 2011, thirty-five motions (and one joinder) seeking relief from or modification of the automatic stay had been filed in these Chapter 11 Cases. Many of these motions related to medical malpractice lawsuits involving one or more Debtor currently pending in state court. Other motions involved continuing or filing actions in probate courts to construe the terms of declaration trusts or to determine the appropriate party to receive distributions of certain trust proceeds of charitable funds.

All but five of these motions have been resolved by order of the Bankruptcy Court, including the joinder, as of January 18, 2011. One motion was withdrawn [Docket No. 177, as amended by Docket No. 188]. One motion was not properly noticed and does not appear to have been re-filed [Docket No. 376]. As of January 18, 2011, three of the motions were scheduled to be heard on February 15, 2011.

Certain of the lift stay motions related to medical malpractice Claims were resolved by stipulated orders entered by the Bankruptcy Court permitting the movants to (1) prosecute and liquidate their Claims, if any, against the Debtors and (2) collect any such liquidated Claims from the proceeds of applicable policy or policies of insurance.

Additional motions to lift the automatic stay may have been filed since January 18, 2011.

IV. OVERVIEW OF THE PLAN

A. General

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

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

B. Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan shall classify the claims and interests of a debtor’s creditors and interest holders. In compliance with Section 1122 of the Bankruptcy Code, the Plan divides the holders of Claims against any of the Debtors and Interests into 4 unclassified categories and 6 Classes, and sets forth the treatment offered to each Class.⁸ These Classes take into account the differing nature and priority of Claims against the Debtors. Section 101(5) of the Bankruptcy Code defines “Claim” as a “right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured” or a “right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.” 11 U.S.C. § 101(5). A “Claim” against the Debtors also includes a Claim against property of the Debtors, as provided in Section 102(2) of the Bankruptcy Code. 11 U.S.C. § 102(2). “Interests” means all legal,

⁸ A plan proponent is required under Section 1122 of the Bankruptcy Code to classify the claims and interests of a debtor’s creditors and interest holders into classes containing claims and interests that are substantially similar to the other claims or interests in such class. While the Committee believes that their classification of all Claims and Interests is in compliance with the provisions of Section 1122 of the Bankruptcy Code, it is possible that a holder of a Claim or Interest may challenge the Committee’s classification scheme and the Court may find that a different classification is required for the Plan to be confirmed. In such event, it is the present intent of the Committee, to the extent permitted by the Court, to modify the Plan to provide for whatever reasonable classification might be required by the Court for Confirmation, and to use the acceptances received by the Committee from any holder of a Claim or Interest pursuant to this solicitation for the purpose of obtaining the approval of the Class or Classes of which such holder of a Claim or Interest is ultimately deemed to be a member.

equitable, contractual, and other ownership rights or interests in any of the Debtors, including, without limitation, common and preferred stock, membership interests, options to purchase such stock or interests, or any unpaid dividends or distributions thereon or any agreements or contracts to purchase or acquire the same.

For the holder of a Claim to participate in a plan of reorganization or liquidation and receive the treatment offered to the class in which it is classified, its Claim must be "Allowed." Under the Plan, "Allowed" means with reference to any Claim, (i) a Claim against any of the Debtors that is allowed under the Plan and, therefore, is not subject to disallowance, defense, reduction, avoidance, setoff, recoupment, or subordination of any kind or (ii) a Claim against any of the Debtors to the extent: (a) such Claim is Scheduled by any of the Debtors pursuant to the Bankruptcy Code and Bankruptcy Rules in a liquidated amount and not listed as contingent, unliquidated, zero, undetermined, or disputed, or (b) a proof of such Claim (including a request for payment of an Administrative Claim or a Professional Fee Claim) was timely filed, or deemed timely filed by a Final Order of the Bankruptcy Court, with the Bankruptcy Court pursuant to the Bankruptcy Code, the Bankruptcy Rules, and/or any applicable Final Order; and, in either case, (x) is not objected to within the applicable period fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or any applicable Final Order of the Bankruptcy Court, or (y) has otherwise been allowed by a Final Order of the Bankruptcy Court. An "Allowed Claim" shall be net of any valid setoff or recoupment amount based on a valid setoff or recoupment right. Except as otherwise expressly provided in the Plan, the term "Allowed Claim" shall not, for the purposes of computation of distributions under the Plan, include (i) any non-compensatory penalties, fines, punitive damages, exemplary damages, multiple damages, treble damages, or any other Claims or obligations that do not compensate for actual losses incurred or (ii) any other amounts not allowable under the Bankruptcy Code or applicable law. To the extent that the Plan Administrator determines that a particular Claim against a Debtor is valid, the Plan Administrator may treat such Claim as an Allowed Claim notwithstanding the fact that the applicable period for the Plan Administrator to object to such Claim has not expired.

C. Treatment of Claims and Interests Under the Plan

The Plan segregates the various Claims against the Debtors and Interests into the following groups: Administrative Claims, Priority Tax Claims, Professional Fee Claims, U.S. Trustee Fees, Class 1 Secured Claims, Class 1A Secured Bond Claims, Class 2 Other Priority Claims, Class 3 Unsecured Claims, Class 4 Prepetition Medical Malpractice Claims, and Class 5 Interests.

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

UNCLASSIFIED CATEGORIES OF CLAIMS

a. Administrative Claims

Administrative Claims Bar Date. Except as provided below for (1) Professional Persons requesting compensation or reimbursement for Professional Fee Claims, and (2) U.S. Trustee Fees, requests for payment of Administrative Claims, for which a Bar Date was not previously established, must be filed no later than thirty (30) days after the occurrence of the Effective Date, or such later date as may be established by Order of the Bankruptcy Court. **Holders of Administrative Claims who are required to file a request for payment of such Claims and who do not file such requests by the applicable Bar Date, shall be forever barred from asserting such Claims against any of the Debtors or any of their property, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset or recover such Administrative Claim.**

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

Treatment. Each holder of an Allowed Administrative Claim, in full and complete satisfaction of such Claim, shall receive Cash from the Remaining Cash (or any other available Cash) in an amount equal to such Allowed Administrative Claim on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes Allowed, unless such holder shall agree to a different and less favorable treatment of such Claim; provided, however, if insurance proceeds (including, but not limited to, proceeds from FHIL and any coverage excess thereto) are available to pay an Allowed Administrative Claim, such Allowed Administrative Claim shall be paid first from such insurance proceeds. After the Effective Date, the Plan Administrator may, in the ordinary course of business, satisfy any liabilities and expenses incurred by the Plan Administrator after the Effective Date in the ordinary course of business and without further order of the Bankruptcy Court.

b. Priority Tax Claims

Treatment. Unless the holder thereof shall agree to a different and less favorable treatment, each holder of an Allowed Priority Tax Claim, in full and complete satisfaction of such Allowed Claim, shall receive payment in Cash from the Remaining Cash (or any other available Cash) in an amount equal to such Claim on or as soon as reasonably practicable after the later of (a) the Effective Date and (b) the date on which such Claim becomes Allowed. Any Claim or demand for penalty relating to any Priority Tax Claim (other than a penalty of the type specified in Section 507(a)(8)(G) of the Bankruptcy Code) shall be Disallowed, and the holder of an Allowed Priority Tax Claim shall not assess or attempt to

collect such penalty from the Estates or any of their respective property or Assets.

c. Professional Fee Claims

Professional Fee Claims Bar Date. All final applications for payment of Professional Fee Claims for the period through and including the Effective Date shall be filed with the Bankruptcy Court on or before the Professional Fee Claims Bar Date, or such later date as may be agreed to by the Plan Administrator. Any Professional Fee Claim that is not asserted in accordance with this Section 2.4(a) shall be deemed Disallowed under the Plan and the holder thereof shall be enjoined from commencing or continuing any Cause of Action, employment of process or act to collect, offset, recoup or recover such Claim against the Estates or any of their respective Assets or property.

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

Post Effective Date Services. The fees and expenses of professionals retained by the Plan Administrator and the Post Effective Date Committee on and after the Effective Date shall be paid by the Plan Administrator upon receipt of invoices therefor without the need for further Bankruptcy Court authorization or entry of a Final Order. If the Plan Administrator and the professional cannot agree on the amount of post-Effective Date fees and expenses to be paid to such professional, such amount shall be determined by the Bankruptcy Court.

d. U.S. Trustee Fees

U.S. Trustee Fees incurred by the Estates prior to the Effective Date shall be paid from the Remaining Cash (or any other available Cash) on the Effective Date in accordance with the applicable schedule for payment of such fees. Until the Cases are closed by entry of a final decree of the Bankruptcy Court, the Plan Administrator shall pay all additional U.S. Trustee Fees incurred in accordance with the applicable schedule for the payment of such fees.

UNIMPAIRED CLASSES OF CLAIMS

A Chapter 11 plan may specify that the legal, equitable, and contractual rights of the holders of claims or interests in certain classes are to remain unchanged by the plan. Such classes are referred to as “unimpaired” and, because of such favorable treatment, are deemed to vote to accept the plan. Accordingly, it is not necessary to solicit votes from holders of claims or interests in such “unimpaired” classes. Under the Plan, Class 1 Secured Claims, Class 1A Secured Bond Claims, and Class 2 Other Priority Claims are unimpaired and, therefore, are deemed to have accepted the Plan.

- e. Class 1 – Secured Claims.
Composition. Class 1 consists of Secured Claims. For convenience of identification, the Plan describes Secured Claims in Class 1 as a single Class. Class 1 consists of separate subclasses, each based on the underlying property securing such Secured Claim, and each subclass is treated under the Plan as a distinct Class for treatment and distribution purposes and for all other purposes under the Bankruptcy Code.
- Treatment. Each holder of an Allowed Secured Claim shall receive, in full and complete satisfaction of such Claim, one of the following alternative treatments, at the election of the Plan Administrator: (a) payment in full in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the date such Claim becomes due and payable by its terms; (b) the legal, equitable and contractual rights to which such Claim entitles the holder, unaltered by the Plan; (c) the treatment described in Section 1124(2) of the Bankruptcy Code; or (d) all collateral securing such Claim, without representation or warranty by or recourse against the Debtors. To the extent that the value of the collateral securing an Allowed Secured Claim is less than the amount of such Allowed Secured Claim, the undersecured portion of such Claim shall be treated for all purposes under the Plan as an Unsecured Claim and shall be classified as such.
- f. Class 1A – Secured Bond Claims
Composition. Class 1A consists of Secured Bond Claims.
- Treatment. By virtue of and in accordance with the Stipulation Regarding Distribution of Proceeds of Sale, and the Stipulation and Agreed Order Regarding Payment of Series 2002A Bonds, and the payments thereunder, on the Effective Date, all holders of Allowed Secured Bond Claims shall be deemed to have been paid in full prior to the Effective Date.
- g. Class 2 – Other Priority Claims.
Composition. Class 2 consists of Other Priority Claims.
- Treatment. Each holder of an Allowed Other Priority Claim, in full and complete satisfaction of such Claim, shall be paid in full in Cash in an amount equal to its Allowed Other Priority Claim on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes Allowed, unless such holder shall agree to a different and less favorable treatment of such Claim (including, without limitation, any different and less favorable treatment that may be provided for in the documentation governing such Claim or in a prior agreement with such holder).

IMPAIRED CLASSES

Pursuant to Section 1124 of the Bankruptcy Code, a class of claims or interests is impaired unless the legal, equitable, and contractual rights of the holders of claims or interests in such class are not modified or altered by a plan. Holders of allowed claims and equity interests

in impaired classes that receive or retain property under a plan of reorganization are entitled to vote on such plan. Under the Plan, Classes 3 and 4 are impaired and, therefore, are entitled to vote on the Plan. Holders of Class 5 Interests are not entitled to vote on the Plan because they are not receiving or retaining any property thereunder, and therefore are deemed to reject the Plan.

h. Class 3 – Unsecured Claims.

Composition. Class 3 consists of Unsecured Claims.

Treatment. As soon as reasonably practicable after the Effective Date, each holder of an Allowed Unsecured Claim, in full and complete satisfaction of such Claim, shall receive a Pro Rata distribution or distributions of Cash from the Net Proceeds.

i. Class 4 – Medical Malpractice Claims.

Composition. Class 4 consists of Prepetition Medical Malpractice Claims.

Treatment.

(a) Each holder of a Prepetition Medical Malpractice Claim for which a proof of claim was timely filed with the Bankruptcy Court (or deemed timely filed with the Bankruptcy Court by a Final Order of the Bankruptcy Court) may elect on his or her Ballot, under Section 4.5(a) of the Plan, to litigate or continue to litigate such holder's Prepetition Medical Malpractice Claim in state court or any other appropriate forum, provided that, if such election is made, any recovery on account of such Prepetition Medical Malpractice Claim shall be limited to available insurance (including, but not limited to, coverage provided by Forum Health Insurance Ltd. and any coverage excess thereto). Each holder of a Prepetition Medical Malpractice Claim who makes the foregoing election shall be deemed to limit any recovery against any Covered Person for claims that would entitle a Covered Person to an Indemnification Claim to the Debtors' applicable insurance or other available insurance maintained by such Covered Person. To the extent the holder of a Prepetition Medical Malpractice Claim elects the foregoing treatment under Section 4.5(a) of the Plan, relief from the automatic stay imposed under section 362(a) of the Bankruptcy Code will be granted (to the extent not previously granted) to permit such holder to litigate such holder's Prepetition Medical Malpractice Claim in state court or any other appropriate forum and to recover solely from insurance. The election under Section 4.5(a) of the Plan may be made on the Ballot sent to holders of Class 4 Claims.

(b) Alternatively, any holder of a Prepetition Medical Malpractice Claim for which a proof of claim was timely filed with the Bankruptcy Court (or deemed timely filed with the Bankruptcy Court by a Final Order of the Bankruptcy Court) may elect on his or her Ballot, under Section 4.5(b) of the Plan, to have such holder's Prepetition Medical Malpractice Claim estimated by the District Court pursuant to section 502(c) of the Bankruptcy Code together with any vicarious or other liability any of the Debtors may have related to such Claim. To the extent the Debtors' applicable insurance is not sufficient to pay the estimated amount of any Allowed Prepetition Medical Malpractice Claim, as estimated by the

Bankruptcy Court, the holder of such estimated Allowed Prepetition Medical Malpractice Claim shall have an Allowed Unsecured Claim in Class 3 for any deficiency. The election under Section 4.5(b) of the Plan may be made on the Ballot sent to holders of Class 4 Claims.

(c) **If a holder of a Prepetition Medical Malpractice Claim for which a proof of claim was timely filed with the Bankruptcy Court (or deemed timely filed with the Bankruptcy Court by a Final Order of the Bankruptcy Court) fails to affirmatively elect the treatment set forth in Section 4.5(a) or 4.5(b) of the Plan, such holder will be deemed to have elected the treatment set forth in Section 4.5(a) of the Plan.**

(d) If the holder of a Class 4 Prepetition Medical Malpractice Claim elects (or is deemed to have elected) the treatment in Section 4.5(a) of the Plan, such election will be binding on such holder regardless of whether Class 4 accepts the Plan, provided that the Plan is confirmed and the Effective Date occurs. In addition, to the extent that an order has been entered limiting the recovery of a holder of a Prepetition Medical Malpractice Claim to insurance, such order shall remain in full force and effect.

j. Class 5 – Interests.
Composition. Class 5 consists of all Interests.

Treatment. On the Effective Date, all Interests shall be cancelled, annulled and extinguished, and holders of Interests shall not be entitled to receive or retain any property or interest in property under the Plan on account of such Interests.

D. Implementation of the Plan and the Plan Administrator

(1) Implementation of the Plan. The Plan will be implemented by the Plan Administrator in a manner consistent with the terms and conditions set forth in the Plan and the Confirmation Order. The Confirmation Order shall provide for the appointment of the Plan Administrator. The compensation for the Plan Administrator shall be \$550 per hour. The Plan Administrator shall be deemed the representative of the Estates in accordance with section 1123 of the Bankruptcy Code and shall have all powers, authority and responsibilities specified in the Plan, including, without limitation, the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code.

(2) Plan Funding. The Plan will be funded from the Assets.

(3) Vesting of Assets in the Debtors. On the Effective Date, pursuant to the provisions of Sections 1141(b) and (c) of the Bankruptcy Code, all Assets shall vest in the Debtors free and clear of all Claims against the Debtors (or any of the Debtors), liens, encumbrances, charges, Interests, and any other rights or interests of Creditors or holders of Interests, except as otherwise expressly provided in the Plan or the Confirmation Order, and subject to the terms and conditions of the Plan and the Confirmation Order. On the Effective Date, any and all funds in the Indemnity Account and the Segregated Proceeds Account shall be released to the Debtors to be distributed in accordance with

the provisions of the Plan. Any funds that are to be returned to the Debtors pursuant to the Stipulation Regarding Distribution of Proceeds of Sale and/or the Stipulation and Agreed Order Regarding Payment of Series 2002A Bonds that have not been returned to the Debtors as of the Effective Date shall be promptly returned to the Debtors to be distributed in accordance with the provisions of the Plan.

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

(5) Management of Debtors. On the Effective Date, the operation of the Debtors shall become the general responsibility of the Plan Administrator in accordance with the Plan.

(6) Plan Administrator's Bond. The Plan Administrator shall obtain and maintain a bond in an amount equal to one hundred and ten percent (110%) of the Cash held by the Debtors for distributions under the Plan and to fund the administration of the Plan.

(7) No Agency Relationship. The Plan Administrator shall not be deemed to be the agent for any of the holders of Claims against any of the Debtors in connection with the funds held or distributed pursuant to the Plan. The Plan Administrator shall not be liable for any mistake of fact or law or error of judgment or any act or omission of any kind unless it constitutes gross negligence or willful misconduct or breach of fiduciary duty on the part of the Plan Administrator. The Plan Administrator shall be indemnified and held harmless, including for costs of defending such claims and attorneys' fees in seeking indemnification, by the Estates against any and all claims arising out of his duties under the Plan, except to the extent his actions constitute gross negligence or will misconduct or breach of fiduciary duty. The Plan Administrator may conclusively rely, and shall be fully protected personally in acting upon any statement, instrument, opinion, report, notice, request, consent, order, or other instrument or document which he believes to be genuine and to have been signed or presented by the proper party or parties. The Plan Administrator may rely upon information previously generated by the Debtors and such additional information provided to him by former employees of the Debtors.

(8) Resignation, Death or Removal of Plan Administrator. The Plan Administrator may resign at any time upon not less than 30 days' written notice to the Post Effective Date Committee. The Plan Administrator may be removed at any time by the Post Effective Date Committee for cause upon application to the Bankruptcy Court on 10 days' written notice to the United States Trustee and the Plan Administrator and his or her counsel. In the event of the resignation, removal, death or incapacity of the Plan

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

(9) Rights of Action. In accordance with Section 1123(b)(3)(B) of the Bankruptcy Code, the Plan Administrator may pursue all reserved rights of action, including, without limitation, Causes of Action of the Debtors, and each Debtor. Any distributions provided for in the Plan and the allowance of any Claim for the purpose of voting on the Plan is and shall be without prejudice to the rights of the Plan Administrator to pursue and prosecute any reserved rights of action, including, but not limited to, all Causes of Action of the Debtors, and each Debtor. Except as otherwise set forth in the Plan, all Causes of Action of the Debtors, and each Debtor, shall survive confirmation of the Plan to be pursued by the Plan Administrator, and the commencement and prosecution of Causes of Action of the Debtors, and each Debtor, by the Plan Administrator shall not be barred or limited by any estoppel, whether judicial, equitable, or otherwise. In reviewing the Plan and the Disclosure Statement, and in determining whether to vote for or against the Plan, Creditors (including Creditors who received payments or transfers from any of the Debtors within ninety (90) days prior to the Petition Date and insiders of the any of the Debtors who received payments from any of the Debtors within one (1) year before the Petition Date) and other parties should consider that Causes of Action of one or more of the Debtors may exist against them and that, except as otherwise set forth in the Plan, the Plan preserves all Causes of Action of the Debtors, and each Debtor, and the Plan authorizes the Plan Administrator to prosecute all Causes of Action of the Debtors, and each Debtor.

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

(11) Setoffs. The Plan Administrator may, pursuant to and to the extent permitted by applicable law, setoff against any Claim asserted against the Assets, and the

payments or other distributions to be made pursuant to the Plan in respect of such Claim, any Claims of any nature whatsoever that that Debtors or the Estates may have against the holder of such Claim, provided that the Plan Administrator shall give the holders of such Claim notice of the proposed setoff and the holder of such Claim does not object to the proposed setoff within thirty (30) days; provided further that if an objection is timely raised to a proposed setoff, the Plan Administrator may seek relief from the Bankruptcy Court to effectuate the setoff; and provided further that neither the failure to effect a setoff, nor the allowance of any Claim against the Debtors under the Plan, shall constitute a waiver or release of any such Claim the Debtors or the Estates may have against such holder.

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

- (i) investing Cash in accordance with Section 345 of the Bankruptcy Code, withdrawing and making distributions of Cash to holders of Allowed Claims in accordance with the Plan and paying taxes and other obligations owed by the Debtors or incurred by the Plan Administrator in connection with the wind-down of the Estates in accordance with the Plan;
- (ii) receiving, managing, investing, supervising, protecting, and liquidating the Assets, including paying taxes or other obligations incurred in connection with the Assets;
- (iii) engaging attorneys, consultants, agents, employees, and professional persons, to assist the Plan Administrator with respect to the Plan Administrator's responsibilities;
- (iv) paying the fees and expenses for the attorneys, consultants, agents, employees and professional persons engaged by the Plan Administrator and the Post Effective Date Committee and paying all other expenses for winding down the affairs of the Debtors;
- (v) executing and delivering all documents, and taking all actions, necessary to consummate the Plan and wind-down the Debtors' businesses;
- (vi) disposing of, and delivering title to others of, or otherwise realizing the value of all the remaining Assets;
- (vii) coordinating the collection of outstanding accounts receivable, if any;

- (viii) coordinating the storage and maintenance of the Debtors' books and records, if necessary;
- (ix) overseeing compliance with the Debtors' accounting, finance, and reporting obligations;
- (x) preparing any necessary monthly operating reports and financial statements and United States Trustee quarterly reports;
- (xi) overseeing the filing of final tax returns, audits, and other corporate dissolution documents, if required;
- (xii) performing any additional corporate actions as necessary to carry out the wind-down and liquidation of the Debtors;
- (xiii) objecting to, compromising and/or settling Claims;
- (xiv) seeking to have the Bankruptcy Court (or, if applicable, the District Court) estimate unliquidated and/or contingent Claims against any of the Debtors or other Claims against any of the Debtors that are subject to estimation;
- (xv) acting on behalf of the Debtors (or any of the Debtors) in all adversary proceedings and contested matters (including, without limitation, any Causes of Action of the Debtors, or any of the Debtors), then pending or that can be commenced in the Bankruptcy Court and in all actions and proceedings pending or commenced elsewhere, and settling, retaining, enforcing, disputing, or adjusting any claim and otherwise pursuing actions involving Assets, including Causes of Actions of the Debtors, or any of the Debtors, that could arise or be asserted at any time, unless otherwise waived or relinquished in the Plan;
- (xvi) implementing and/or enforcing all provisions of the Plan; and
- (xvii) such other powers as may be vested in or assumed by the Plan Administrator pursuant to the Plan or order of the Bankruptcy Court or as may be necessary and proper to carry out the provisions of the Plan.

(13) Abandoned Assets. Upon the election of the Plan Administrator, the Plan Administrator may abandon any Assets without the need for approval of the Bankruptcy Court, and upon such abandonment, such abandoned Assets shall cease to be assets of the Estates.

E. The Post-Effective Date Committee

(1) Composition. On the Effective Date, the appointment of the Committee shall be deemed terminated and the Post Effective Date Committee shall be deemed appointed. The Post Effective Date Committee shall be comprised of the members of the Committee serving on the Committee immediately prior to the Effective Date, unless any

particular member thereof opts not to be a member thereof. If a member of the Post Effective Date Committee resigns or is removed, a replacement may be appointed by the remaining member(s) of the Post Effective Date Committee. The duties and powers of the Post Effective Date Committee shall terminate upon the closing of the Cases. The Post Effective Date Committee's role shall be to perform the functions set forth in Sections 5.8 and 5.10 of the Plan.

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

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

F. Funding of the Disputed Claims Reserve and Distributions

(1) Funding of the Disputed Claims Reserve.

a. The portion of the Assets in the form of Cash attributable to and reserved for Disputed Administrative Claims, Disputed Professional Fee Claims, Disputed Priority Tax Claims, Disputed Secured Claims, Disputed Other Priority Claims, Disputed Unsecured Claims, and Disputed Prepetition Medical Malpractice Claims shall be held and maintained by the Plan Administrator in the "*Disputed Claims Reserve*." Any Cash, including, without limitation, the Disputed Claims Reserve, shall be held in an interest-bearing account. As Disputed Claims are resolved, excess Cash in the Disputed Claims Reserve shall be made available for distribution to the holders of Allowed Claims in accordance with the Plan, provided that there is sufficient Cash to administer the Plan and pay Plan expenses. The Plan Administrator may set aside from the Assets an amount of Cash that the Plan Administrator determines is necessary to pay ongoing expenses of administering the Plan.

b. The Plan Administrator may, at any time, request that the Bankruptcy Court (or the District Court, if applicable) estimate any Claim against any of the Debtors not Allowed by the terms of the Plan and otherwise subject to estimation under Section 502(c) of the Bankruptcy Code, regardless of whether any party in interest previously objected to such Claim; and the Bankruptcy Court (or the District Court, if applicable) will retain jurisdiction to estimate any Claim against any of the Debtors pursuant to

Section 502(c) of the Bankruptcy Code at any time prior to the time that such Claim becomes an Allowed Claim. In the event that the Bankruptcy Court (or the District Court, if applicable) estimates any contingent or unliquidated Claim, that estimated amount will constitute either the allowed amount of such Claim or a maximum amount of such Claim, as determined by the Bankruptcy Court (or the District Court, if applicable). If the estimated amount constitutes a maximum amount of such Claim, the Plan Administrator may elect to pursue any supplemental proceedings to object to any ultimate allowance of such Claim. The objection, estimation and resolution procedures with respect to Claims against any of the Debtors are cumulative and not necessarily exclusive of one another. Claims against any of the Debtors may be estimated by the Bankruptcy Court (or the District Court, if applicable) and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court (or the District Court, if applicable).

c. Notwithstanding that the allowed amount of any particular Disputed Claim is reconsidered under the applicable provisions of the Bankruptcy Code and Bankruptcy Rules or is Allowed in an amount for which after application of the payment priorities established by the Plan there is insufficient value to provide a recovery equal to that received by other holders of Allowed Claims in the respective Class, no holder of a Claim against any of the Debtors shall have recourse against any of the Debtors, any of the Estates, the Plan Administrator, the Committee, the Post Effective Date Committee, or any of their respective professionals, attorneys, advisors, consultants, officers, directors or members or their successors or assigns, or any of their respective property. However, except as specifically stated otherwise in the Plan, nothing in the Plan shall modify any right of a holder of a Claim against any of the Debtors under section 502(j) of the Bankruptcy Code. THE ESTIMATION OF CLAIMS AGAINST ANY OF THE DEBTORS AND ESTABLISHMENT OF RESERVES UNDER THE PLAN MAY LIMIT THE DISTRIBUTION TO BE MADE ON INDIVIDUAL DISPUTED CLAIMS, REGARDLESS OF THE AMOUNT FINALLY ALLOWED ON ACCOUNT OF SUCH DISPUTED CLAIMS.

(2) Plan Distributions. The Plan Administrator shall make distributions to holders of Allowed Claims in accordance with the Plan. The Plan Administrator may withhold from amounts distributable to any Person any and all amounts determined in the Plan Administrator's reasonable sole discretion to be required by any law, regulation, rule, ruling, directive, or other governmental requirement. Holders of Allowed Claims shall, as a condition to receiving distributions, provide such information and take such steps as the Plan Administrator may reasonably require to ensure compliance with withholding and reporting requirements and to enable the Plan Administrator to obtain certifications and information as may be necessary or appropriate to satisfy the provisions of any tax law.

(3) Cash Distributions. The Plan Administrator shall not be required to make an interim or final Cash distribution in an amount less than \$5.00 to the holder of an Allowed Claim. Any funds so withheld and not distributed on an interim basis shall be held in reserve and distributed in subsequent distributions. Should a final distribution to

any holder of an Allowed Claim not equal or exceed \$5.00, the Plan Administrator may elect to distribute such final distribution to other holders of Allowed Claims.

(4) Method of Cash Distribution. All distributions of Cash pursuant to the Plan shall be made by the Plan Administrator or a duly-appointed disbursing agent to the holders of Allowed Claims entitled to receive Cash under the Plan. Cash payments made pursuant to the Plan shall be in United States dollars by checks drawn on a domestic bank selected by the Plan Administrator or by wire transfer from a domestic bank, at the option of the Plan Administrator; provided, however, that Cash payments made to foreign creditors, if any, holding Allowed Claims may be (but are not required to be) paid, at the option of the Plan Administrator in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

(5) Accrual of Post-Petition Interest. Unless otherwise provided for in the Plan or the Bankruptcy Code, no holder of a pre-petition Allowed Claim shall be entitled to the accrual or payment of post-petition interest on account of such Claim.

(6) Allocation of Payments. Amounts paid to holders of Allowed Claims in satisfaction thereof shall be allocated first to the principal amounts of such Claims, with any excess allocated to interest that has accrued on such Claims but remains unpaid.

(7) No Distribution in Excess of Allowed Amount of Claim. Notwithstanding anything to the contrary in the Plan, no holder of an Allowed Claim shall receive in respect of such Claim any distribution in excess of the Allowed amount of such Claim.

(8) Delivery of Plan Distributions. All distributions under the Plan on account of any Allowed Claims shall be made at the Distribution Address of the holder or at such other address as such holder shall have specified for payment purposes in a written notice to the Plan Administrator at least fifteen (15) days prior to such distribution date. In the event that any distribution to any holder is returned as undeliverable, no distribution to such holder shall be made unless and until the Plan Administrator is notified of the then-current address of such holder, at which time such distribution shall be made to such holder without interest; provided, however, that such undeliverable or unclaimed distributions shall be deemed Unclaimed Property at the expiration of one hundred twenty (120) days from the date such distribution was originally made. The Plan Administrator shall reallocate the undeliverable and unclaimed distributions for the benefit of all other holders of Allowed Claims in accordance with the Plan. Checks issued by the Plan Administrator in respect of Allowed Claims shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for reissuance of any check shall be in writing and be made to the Plan Administrator by the holder of an Allowed Claim to whom such check originally was issued and such request must be accompanied by delivery of the original check. Any written claim in respect of such voided check must be received by the Plan Administrator on or before one hundred and twenty (120) days after the expiration of the sixty (60) day period following the date of issuance of such check. Thereafter, the amount represented by such voided check shall irrevocably revert back to the Debtors and be treated as Net Proceeds. Any Claim in respect of such voided check shall be discharged and forever barred from assertion

against the Debtors and their property or the Plan Administrator. The Plan Administrator shall have no obligation to attempt to locate any holder of an Allowed Claim.

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

(10) Full and Final Satisfaction. All payments and all distributions under the Plan shall be in full and final satisfaction, settlement and release of all Claims against each of the Debtors, except as otherwise provided in the Plan.

(11) Indefeasibility of Distributions. All distributions provided for under the Plan shall be indefeasible.

(12) Distribution of Unclaimed Property. Any distribution of property (Cash or otherwise) provided for under the Plan which is unclaimed after one hundred twenty (120) days following such distribution (collectively, the “*Unclaimed Property*”) shall irrevocably revert to the Estates for re-distribution in accordance with the Plan.

(13) Saturday, Sunday, or Legal Holiday. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next Business Day.

G. Wind-up and Closing of the Cases

(1) Windup. Following the Effective Date, the Debtors shall not engage in any business or take any actions, except those necessary to effectuate the Plan and wind up the Debtors’ affairs. On and after the Effective Date, the Plan Administrator may, in the name of the Debtors, take such actions without the supervision or approval of the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than the restrictions imposed by the Plan or the Confirmation Order. After (a) the Plan has been fully administered, (b) all Disputed Claims have been resolved, (c) all Causes of Action of the Debtors have been resolved, and (d) all Assets have been reduced to Cash or abandoned, the Plan Administrator shall effect a final distribution of all Cash remaining (after reserving sufficient Cash to pay all unpaid expenses of administering the Plan and all expenses reasonably expected to be incurred in connection with the final distribution) to holders of Allowed Claims in accordance with the Plan.

(2) Cancellation of Existing Securities, Instruments and Agreements. On the Effective Date, except as otherwise provided in the Plan, all securities, instruments, and agreements governing any Impaired Claim against any of the Debtors or Interest shall be

deemed cancelled and terminated, and the obligations of any of the Debtors relating to, arising under, in respect of, or in connection with such securities, instruments, or agreements shall be deemed released and/or satisfied as to the Debtors.

(3) Resignation of Directors and Officers. On the Effective Date, the Debtors' directors, officers and trustees shall be deemed to have resigned as directors, officers and trustees of the Debtors.

(4) Closing of the Cases. When all Disputed Claims against the Debtors have become Allowed Claims or have been Disallowed, and all Assets have been liquidated and converted into Cash (other than those Assets abandoned), and such Cash has been distributed in accordance with the Plan, or at such earlier time as the Plan Administrator deems appropriate, the Plan Administrator shall seek authority from the Bankruptcy Court to close the Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.

H. Voting

(1) Voting of Claims. Each holder of an Allowed Claim in an Impaired Class which receives or retains property under the Plan shall be entitled to vote separately to accept or reject the Plan and indicate such vote on a duly executed and delivered Ballot as provided in such order as is entered by the Bankruptcy Court establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, or any other controlling order or orders of the Bankruptcy Court.

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

I. Substantive Consolidation of the Debtors

Substantive consolidation is an equitable remedy that a bankruptcy court may be asked to apply in Chapter 11 cases involving affiliated debtors. Substantive consolidation involves the pooling and merging of the assets and liabilities of the affected debtors. All of the debtors in the substantively consolidated group are treated as if they were a single corporate and economic entity. Consequently, a creditor of one of the substantively consolidated debtors is treated as a creditor of the substantively consolidated group of debtors and issues of individual corporate ownership of property and individual corporate liability on obligations are ignored. Substantive

consolidation of two or more debtors' estates generally results in the deemed consolidation of the assets and liabilities of the debtors, the deemed elimination of intercompany claims, multiple and duplicative creditor claims, joint and several liability claims and guaranties, and the payment of allowed claims from a common fund.

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

In the event that the Bankruptcy Court does not approve substantive consolidation for all of the Debtors, the Plan Proponent may elect to treat the Plan as a separate liquidating plan for each Debtor for which substantive consolidation is not approved by the Bankruptcy Court and treat the Plan as a substantively consolidated liquidating plan for the Debtors for which substantive consolidation is approved by the Bankruptcy Court. In the event that the Plan Proponent makes the foregoing election in this Section 7.2 of the Plan, the Plan Proponent will not be required to re-solicit votes with respect to the Plan. To the extent Cash or other assets remain in the Estate of a Debtor for which the Plan is treated as a separate liquidating plan after Allowed Claims against such Debtor are paid in full, such Cash or other assets will be used for distributions to holders of Allowed Claims against the consolidated Debtors, or, if there are no consolidated Debtors, the Plan Administrator will determine a reasonable allocation of such Cash or other assets to each of the other Debtors. If all of the Debtors are not substantively consolidated, it could impact the recoveries for holders of Allowed Unsecured Claims.

J. Executory Contracts and Unexpired Leases

(1) Assumption or Rejection of Executory Contracts. Effective on and as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Executory Contracts are specifically deemed rejected under the Plan, except for any Executory Contract (a) that has been specifically assumed or assumed and assigned by any of the Debtors on or before the Confirmation Date with the approval of the Bankruptcy Court, (b) in respect of which a motion for assumption or assumption and assignment has been

filed with the Bankruptcy Court on or before the Confirmation Date, or (c) that is specifically designated as a contract to be assumed on a schedule to the Plan, which schedule, if any, shall be filed with the Bankruptcy Court on or prior to the Confirmation Hearing.

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

(3) Bar Date for Filing Proofs of Claim Relating to Executory Contracts Rejected Pursuant to the Plan. Claims against any of the Debtors arising out of the rejection of Executory Contracts pursuant to the Plan must be filed with the Bankruptcy Court no later than thirty (30) days after service of notice of occurrence of the Effective Date. Any such Claims not filed within such time shall be forever barred from assertion against any and all of the Debtors and any and all of their respective properties and Assets.

(4) The Forum Health Pension Plan. The Plan assumes that the Forum Health Pension Plan has been or will be terminated pursuant an agreement with the Pension Benefit Guaranty Corporation.

(5) Collective Bargaining Agreements. The Plan Assumes that consensual terminations of the Collective Bargaining Agreements have been approved by the Bankruptcy Court. In the absence of such consent or Bankruptcy Court approval with respect to any Collective Bargaining Agreement, the Plan Administrator shall seek termination or rejection of such Collective Bargaining Agreement in accordance with Section 1113 of the Bankruptcy Code.

(6) Retiree Benefits. The Debtors' retiree programs have been modified and terminated pursuant to and in accordance with orders of the Bankruptcy Court entered in the Cases [Docket Nos. 1256 and 1257].

K. Provisions for Resolving and Treating Claims

(1) Objections to Claims. The Plan Administrator shall have the right to object to any and all Claims against the Debtors, and any of the Debtors, on any basis. Subject to extension by the Bankruptcy Court with or without notice, the Plan Administrator may file objections to any and all Claims against the Debtors, and any of the Debtors, up to the later of (a) one hundred eighty (180) days after the Effective Date and (b) sixty (60) days after the date of filing of the applicable Claim with the Bankruptcy Court; provided, however, that an objection to a Claim based on Section 502(d) of the Bankruptcy Code may be made at any time in any adversary proceeding against the holder of any relevant Claim. The filing of a motion by the Plan

Administrator to extend the deadline to file objections to Claims against the Debtors, and any of the Debtors, shall automatically extend such deadline until a Final Order is entered on such motion. In the event that such motion to extend the deadline to file objections to Claims against the Debtors, and any of the Debtors, is denied by the Bankruptcy Court, such deadline shall be the later of the current deadline (as previously extended, if applicable) or 30 days after the Bankruptcy Court's entry of an order denying the motion to extend such deadline. From and after the Effective Date, the Plan Administrator shall succeed to all of the rights, defenses, offsets, and counterclaims of the Debtors, and each Debtor, and the Committee in respect of all Claims against the Debtors, and each Debtor, and in that capacity shall have the exclusive power to object to, defend, compromise, settle, and otherwise deal with all Claims against the Debtors, and each Debtor, subject to the terms of the Plan. Notwithstanding anything in the Plan to the contrary, the deadline to object to final applications for payment of Professional Fee Claims shall be established in the Confirmation Order. Notwithstanding anything in the Plan to the contrary, objections to final applications for payment of Professional Fee Claims may be made in accordance with the applicable Bankruptcy Rules by parties-in-interest (including the Plan Administrator).

(2) Settlement of Disputed Claims. Pursuant to Bankruptcy Rule 9019(b), the Plan Administrator may settle any Disputed Claims without notice, a Bankruptcy Court hearing, or Bankruptcy Court approval.

(3) Resolution of Disputed Prepetition Medical Malpractice Claims. All Prepetition Medical Malpractice Claims for which proofs of claim have been timely filed with the Bankruptcy Court (or deemed timely filed with the Bankruptcy Court by a Final Order of the Bankruptcy Court) that have not been Disallowed, expunged or waived shall be deemed Allowed Prepetition Medical Malpractice Claims for voting purposes only and shall be entitled to one vote in the amount of \$1.00 on account of such Prepetition Medical Malpractice Claim. For all other purposes under the Plan, all Prepetition Medical Malpractice Claims not previously Allowed shall be considered to be Disputed Claims as of the Effective Date such that no objection to a Prepetition Medical Malpractice Claim is required to be filed by the Plan Administrator. The Plan Administrator shall have the right to the exclusion of all others to make, file, and prosecute objections to Prepetition Medical Malpractice Claims in a forum of appropriate jurisdiction. All Prepetition Medical Malpractice Claims for which proofs of claims have been timely filed with the Bankruptcy Court (or deemed timely filed with the Bankruptcy Court by a Final Order of the Bankruptcy Court) that are not to be afforded the treatment under Section 4.5(a) of the Plan shall be estimated by the District Court pursuant to section 502(c) of the Bankruptcy Code, except to the extent that the Plan Administrator and a holder of a Prepetition Medical Malpractice Claim compromise, settle or otherwise resolve the respective Prepetition Medical Malpractice Claim or the respective Prepetition Medical Malpractice Claim has already been liquidated in another appropriate forum by a Final Order; provided, however, that the Bankruptcy Court shall have jurisdiction to hear and rule on objections by the Plan Administrator to Prepetition Medical Malpractice Claims (and post-petition medical malpractice, personal injury and wrongful death Claims against any of the Debtors) based on (i) timeliness of a proof of claim, (ii) failure to prosecute, (iii) whether a proof of claim set forth sufficient facts

necessary to be *prima facie* valid, (iv) such Claims having been liquidated in another appropriate forum and/or satisfied, (v) recovery on such Claims having been limited to available insurance, or (vi) other non-merit based objections.

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

L. Conditions to Confirmation and Effectiveness of the Plan

(1) Requirement for a Final Order. Any requirement in the Plan for a Final Order may be waived by the Plan Proponent.

(2) Conditions to Confirmation. The following conditions are conditions precedent to Confirmation of the Plan unless waived by the Plan Proponent pursuant to Section 10.3 of the Plan: (i) the order approving the Disclosure Statement shall be a Final Order and (ii) the Confirmation Order shall be in a form and substance acceptable to the Plan Proponent.

(3) Conditions to Effective Date. The Plan shall not become effective unless and until the following conditions shall have been satisfied or waived pursuant to (and to the extent permitted by) Section 10.3 of the Plan:

- a. the Confirmation Date shall have occurred;
- b. the Confirmation Order shall have become a Final Order;
- c. the Plan Administrator shall have been appointed;
- d. all actions, documents and agreements necessary to implement the provisions of the Plan shall be reasonably satisfactory to the Plan Proponent, and such actions, documents, and agreements shall have been effected or executed and delivered; and
- e. all other actions required by the Plan to occur on or before the Effective Date shall have occurred.

M. Modification, Revocation or Withdrawal of the Plan

(1) Modification of Plan: Generally. The Plan Proponent may alter, amend or modify the Plan pursuant to Section 1127 of the Bankruptcy Code at any time prior to the Confirmation Date. After such time, the Plan Proponent may, so long as the treatment under the Plan of Claims against any of the Debtors or Interests is not adversely affected, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation

Order, and any other matters as may be necessary to carry out the purposes and effects of the Plan; *provided, however*, notice of such proceedings shall be served in accordance with Bankruptcy Rule 2002 or as the Bankruptcy Court shall otherwise order.

(2) Revocation or Withdrawal of Plan. The Plan Proponent reserves the right to revoke or withdraw the Plan at any time prior to the Effective Date. If the Plan Proponent revokes or withdraws the Plan prior to the Effective Date, then the Plan shall be deemed null and void, and nothing contained in the Plan shall be deemed to constitute a waiver or release of any Claims by or against the Debtors, or any Debtor, or any other Person or to prejudice in any manner the rights of the Committee, the Debtors, any Debtor, or any Person in any further proceedings involving the Debtors, or any Debtor.

N. Retention of Jurisdiction

Notwithstanding confirmation of the Plan or occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction for all purposes permitted under applicable law, including, without limitation, the following purposes:

- (1) to recover all Assets, wherever located;
- (2) to hear and determine any actions commenced on or after the Effective Date by the Plan Administrator, including, but not limited to, Causes of Action of the Debtors, or any Debtor;
- (3) to hear and determine any pending applications for the assumption or rejection of Executory Contracts, and the resulting allowance of Claims against the Debtors, or any Debtor;
- (4) to hear and determine any adversary proceedings, applications, motions, contested matters and other litigated matters pending on the Effective Date or commenced or filed after the Effective Date;
- (5) to ensure that distributions to holders of Allowed Claims are accomplished as provided in the Plan;
- (6) to hear and determine objections to, or requests for estimation of, Claims against any of the Debtors, including any objections to the classification of any Claims against any of the Debtors, and to allow, disallow and/or estimate Claims against any of the Debtors, in whole or in part;
- (7) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;
- (8) to issue any appropriate orders in aid of execution of the Plan or to enforce the Confirmation Order or the provisions of the Plan;
- (9) to issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the

consummation, implementation, or enforcement of the Plan, the Confirmation Order or any order of the Bankruptcy Court;

(10) to hear and determine any applications to modify the Plan, to cure any defect or omission or to reconcile any inconsistency in the Plan or in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(11) to hear and determine all applications for compensation and reimbursement of expenses of professionals under Sections 328, 330, 331, 363 and/or 503(b) of the Bankruptcy Code;

(12) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

(13) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(14) to hear and determine any matters for which jurisdiction was retained by the Bankruptcy Court pursuant to prior orders;

(15) to enter a final decree closing the Cases; and

(16) to hear and determine any other matters presented or arising under the Plan.

O. Injunction and Releases

(1) **Injunction.** Except as expressly provided otherwise in the Plan, including, without limitation, the treatment of Claims against any of the Debtors, as of the Effective Date, all Persons that have held, currently hold, or may hold a Claim against any of the Debtors, or who have held, currently hold, or may hold an Interest, are permanently enjoined from taking any of the following actions against any of the Debtors, the Plan Administrator, the Committee or members thereof, the Post Effective Date Committee or members thereof, present and former directors, officers, trustees, agents, attorneys, advisors, members, or employees of any of the Debtors, the Committee or members thereof, the Post Effective Date Committee or members thereof, the Plan Administrator, any of their respective successors or assigns, or any of their respective assets or properties, on account of any Claim against any of the Debtors or any Interests: (a) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind with respect to a Claim against any of the Debtors or any Interests; (b) enforcing, levying, attaching, collecting, or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree, or order with respect to a Claim against any of the Debtors or any Interests; (c) creating, perfecting, or enforcing in any manner, directly or indirectly, any lien or encumbrance of any kind with respect to a Claim against any of the Debtors or any Interests; (d) asserting any setoff, right of subrogation, or recoupment of any kind, directly or indirectly, against any Debt, liability, or obligation due to any of

the Debtors or their property or Assets with respect to a Claim against any of the Debtors or any Interests; and (e) proceeding in any manner in any place whatsoever that does not conform to or comply with or is inconsistent with the provisions of the Plan. For the avoidance of doubt, nothing in Section 13.1 of the Plan shall limit obligations arising under the Plan.

(2) **Exculpation.** None of the Committee, the individual members of the Committee (acting in their capacities as members of the Committee), the Plan Administrator, the Post Effective Date Committee, and the individual members of the Post Effective Date Committee (acting in their capacities as members of the Post Effective Date Committee), or any of their respective current, former or future directors, officers, trustees, employees, attorneys, agents, advisors, or representatives, nor any professional employed by any of them, shall have or incur any liability for any act or omission occurring after the Petition Date in connection with, related to, or arising out of, the Cases, the formulation, preparation, dissemination, implementation, confirmation, or approval of the Plan, the administration of the Plan or the property to be distributed under the Plan, or any contract, instrument, release, or other agreement or document provided for or contemplated in connection with the consummation of the transactions set forth in the Plan; **provided, however,** that Section 13.2 of the Plan shall not affect the liability of any Person that would result from any such act or omission to the extent that such act or omission is determined by a Final Order to have constituted willful misconduct or gross negligence; and in all respects, such Persons shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and shall be fully protected from liability in acting or refraining to act in accordance with such advice.

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

(4) **Cause of Action Injunction.** On and after the Effective Date, all Persons other than the Plan Administrator will be permanently enjoined from commencing or

continuing in any manner any action or proceeding (whether directly, indirectly, derivatively or otherwise) on account of, or respecting any, claim, debt, right or Cause of Action that the Plan Administrator retains authority to pursue in accordance with the Plan.

(5) Preservation and Application of Insurance. The provisions of the Plan shall not diminish or impair in any manner the enforceability and/or coverage of any insurance policies (and any agreements, documents, or instruments relating thereto), including, but not limited to, coverage provided by Forum Health Insurance Ltd. and any coverage excess thereto, that may cover Claims against any of the Debtors, any directors, trustees or officers of any of the Debtors, or any other Person, other than as expressly as set forth in the Plan. For the avoidance of doubt, all of the Debtors' insurance policies, or third party policies naming the Debtors as additional insured parties, and the proceeds thereof, including, without limitation, coverage provided by Forum Health Insurance Ltd. and any coverage excess thereto, shall be available to holders of Claims against any of the Debtors to the extent such insurance policies cover such Claims. In addition, such insurance policies and proceeds thereof shall be available to holders Claims against any of the Debtors for the purpose of satisfying Claims against any of the Debtors that are estimated pursuant to section 502(c) of the Bankruptcy Code or in accordance with the Plan, to the extent such insurance policies cover such Claims.

(6) Preservation of Avoidance Actions. Notwithstanding anything in the Plan to the contrary, all Avoidance Actions of the Debtors, and each Debtor, are preserved and may be pursued by the Plan Administrator, including, but not limited to, any Avoidance Actions commenced by any of the Debtors or the Committee prior to the Effective Date, any Avoidance Actions that are the subject of tolling agreements, and any Avoidance Actions that have been or may be commenced against any of the persons or entities that received payments during the 90 days prior to the Petition Date listed on Exhibit C to the Disclosure Statement.

(7) Term of Injunctions or Stays. Unless otherwise provided in the Plan, all injunctions or stays provided for in the Cases pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Cases are closed.

P. Miscellaneous Provisions of the Plan

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

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

(3) Governing Law. Except to the extent the Bankruptcy Code, the Bankruptcy Rules, or other federal laws are applicable, the laws of the State of Ohio shall

govern the construction and implementation of the Plan and all rights and obligations arising under the Plan.

(4) Withholding and Reporting Requirements. In connection with the Plan and all instruments issued in connection therewith and distributions thereon, the Plan Administrator shall comply with all withholding, reporting, certification and information requirements imposed by any federal, state, local or foreign taxing authority and all distributions under the Plan shall, to the extent applicable, be subject to any such withholding, reporting, certification and information requirements. Persons entitled to receive distributions under the Plan shall, as a condition to receiving such distributions, provide such information and take such steps as the Plan Administrator may reasonably require to ensure compliance with such withholding and reporting requirements, and to enable the Plan Administrator to obtain the certifications and information as may be necessary or appropriate to satisfy the provisions of any tax law.

(5) Section 1146 Exemption. Pursuant to Section 1146(a) of the Bankruptcy Code, the assignment or surrender of any lease or sublease, or the delivery, making, filing, or recording of any deed or other instrument of transfer, or the issuance, transfer, or exchange of any security under the Plan, including any deeds, bills of sale or assignments executed in connection with any disposition of assets contemplated by the Plan, shall not be subject to any stamp, real estate transfer, mortgage, recording or other similar tax. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument under the Plan is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax, or similar tax.

(6) Disposal of Books and Records. The Debtors' right (through the Plan Administrator) to seek authorization from the Bankruptcy Court for the destruction of books and records, including patient medical billing records, prior to the expiration of any statutory period requiring that such records be maintained are preserved.

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

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

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

(10) Effectuating Documents; Further Transactions. The Plan Proponent or Plan Administrator, as applicable, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and condition of the Plan.

(11) Waiver of Bankruptcy Rule 7062. Bankruptcy Rule 7062 makes Rule 62 of the Federal Rules of Civil Procedure applicable to adversary proceedings. Rule 62 provides the terms of and conditions of stays of proceedings to enforce a judgment. The Plan Proponent may request that the Confirmation Order include (i) a finding that Bankruptcy Rule 7062 shall not apply to the Confirmation Order; and (ii) authorization for the Plan Proponent to consummate the Plan immediately after entry of the Confirmation Order.

(12) No Admission. Notwithstanding anything in the Plan or the Disclosure Statement to the contrary, nothing contained in the Plan or the Disclosure Statement shall be deemed an admission by any Person with respect to any matter set forth in the Plan or the Disclosure Statement.

(13) Successors and Assigns. The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the heir, administrator, successor or assign of such Person.

(14) Restricted Funds. Notwithstanding anything to the contrary in the Plan, to the extent, as determined by the Plan Administrator, that any funds held by any of the Debtors constitute charitable contributions that are subject to donor-restrictions such that, under applicable law, such funds cannot be used to fund distributions under the Plan to holders of Allowed Claims or be used to fund the costs of administering the Plan, such funds will be disposed of by the Plan Administrator in accordance with applicable law.

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

V. ACCEPTANCE AND CONFIRMATION OF THE PLAN

The following is a brief summary of the provisions of the Bankruptcy Code respecting acceptance and confirmation of a plan of reorganization or liquidation. Holders of Claims against any of the Debtors and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and/or to consult their own attorneys.

A. Acceptance of the Plan

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

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

B. Confirmation

(1) Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the bankruptcy court, after notice, to hold a hearing on confirmation of a plan. 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.

Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of a plan. Any objection to Confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules and the Local Bankruptcy Rules of the Bankruptcy Court, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Debtors' Estates or property, and the basis for the objection and the specific grounds in support thereof. Such objection must be filed with the Bankruptcy Court, with a copy forwarded directly to the Chambers of the Honorable Kay Woods, United States Bankruptcy Court, together with proof of service thereof, and served upon (a) counsel to the Committee, Alston & Bird LLP, 90 Park Avenue, Suite 1200, New York, New York 10016, Attn: Marty Bunin, Esq. and Craig Freeman, Esq.; (b) counsel to the Debtors, McDonald Hopkins LLC, 600 Superior Ave., East, Suite 2100, Cleveland, Ohio 44114, Attn: Shawn M. Riley, Esq. and Matthew A. Salerno, Esq.; and (c) the Office of the United States Trustee, 201 Superior Ave., #441, Cleveland, Ohio 44114, Attn: Ronna Jackson, Esq., so as to be received no later than the date and time designated in the notice of the Confirmation Hearing.

(2) Statutory Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Committee will request that the Bankruptcy Court determine that the Plan satisfies the requirements of Section 1129 of the Bankruptcy Code. If so, the Bankruptcy Court can enter an order confirming the Plan. The applicable requirements of Section 1129 of the Bankruptcy Code include the following:

1. The Plan must comply with the applicable provisions of the Bankruptcy Code;

2. The Committee must have complied with the applicable provisions of the Bankruptcy Code;

3. The Plan has been proposed in good faith and not by any means forbidden by law;

4. Any payment made or to be made by the proponent of the Plan (the Committee), by the Debtors, or by a person issuing securities or acquiring property under the Plan, for services or for costs and expenses in or in connection with the Cases, or in connection with the Plan and incident to the Cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable;

5. The Committee has disclosed the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer, or voting trustee of each of the Debtors under the Plan. Moreover, the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy, and the Committee has disclosed the identity of any insider that the reorganized Debtors will employ or retain, and the nature of any compensation for such insider;

6. Best Interests of Creditors Test. With respect to each Class of Impaired Claims or Interests, either each holder of a Claim or Interest of such Class has accepted the Plan, or will receive or retain under the Plan on account of such Claim or Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on such date under Chapter 7 of the Bankruptcy Code. In a Chapter 7 liquidation, creditors and interest holders of a debtor are paid from available assets generally in the following order, with no lower class receiving any payments until all amounts due to senior classes have either been paid in full or payment in full is provided for: (i) first to secured creditors (to the extent of the value of their collateral), (ii) next to priority creditors, (iii) next to unsecured creditors, (iv) next to debt expressly subordinated by its terms or by order of the Bankruptcy Court, and (v) last to holders of Interests. The starting point in determining whether the Plan meets the "best interests" test is a determination of the amount of proceeds that would be generated from the liquidation of the Debtors' remaining assets in the context of a Chapter 7 liquidation. Such value must then be reduced by the costs of such liquidation, including a Chapter 7 trustee's fees, and the fees and expenses of professionals retained by a Chapter 7 trustee. The potential Chapter 7 liquidation distribution in respect of each class must be further reduced by the costs imposed as a result of the delay that would be caused by conversion of the Chapter 11 Cases to cases under Chapter 7. For the reasons set forth above, and since the Plan is a liquidating plan, the Committee submits that holders of Class 3 and 4 Claims and Class 5 Interests will receive under the Plan a recovery at least equal in value to the recovery such holders would receive pursuant to a liquidation of the Debtors under Chapter 7 of the Bankruptcy Code.

7. Each Class of Claims or Interests has either accepted the Plan or is not Impaired under the Plan;

8. At least one Impaired Class of Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class;

9. Feasibility. Section 1129(a)(11) of the Bankruptcy Code provides that a Chapter 11 plan may be confirmed only if the Bankruptcy Court finds that such plan is feasible. A feasible plan is one which will not lead to a need for further reorganization or liquidation of the debtor. Since the Plan provides for the liquidation of the Debtors, the Bankruptcy Court will find that the Plan is feasible if it determines that the Plan Administrator will be able to satisfy the conditions precedent to the Effective Date and otherwise have sufficient funds to meet its post-Confirmation Date obligations to pay for the costs of administering and fully consummating the Plan and closing the Cases. The Committee believes that the Plan satisfies the financial feasibility requirement imposed by the Bankruptcy Code;

10. Retiree Benefits. Section 1129(a)(13) of the Bankruptcy Code requires that a plan provide for the continuation after its effective date of payment of all retiree benefits, as that term is defined in Section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114 of the Bankruptcy Code, at any time prior to confirmation of the plan, for the duration of the period the debtor has obligated itself to provide such benefits. As a result of orders that have been entered by the Bankruptcy Court [Docket Nos. 1256 and 1257], the Debtors' retiree benefits programs have been terminated. As a result, the Committee submits that Section 1129(a)(13) of the Bankruptcy Code is either no longer applicable or satisfied; and

11. Section 1129(a)(16) requires that all transfers of property of the plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust. The Committee believes that the Plan satisfies this requirement.

(3) Confirmation Without Acceptance by All Impaired Classes

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

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

The condition that a plan be "fair and equitable" with respect to a non-accepting class of secured claims includes the requirements that (a) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the

plan, and each holder of a secured claim in the class receive deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens, or (b) that holders of such secured claims realize the indubitable equivalent of their claims.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of unsecured claims requires that either (a) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim, or (b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of interests requires that either (a) the plan provides that each holder of an interest in such class receive or retain under the plan, on account of such interest, property of a value, as of the effective date of the plan, equal to the greatest of (i) the allowed amount of any fixed liquidation preference to which such holder is entitled, (ii) any fixed redemption price to which such holder is entitled, or (iii) the value of such interest, or (b) the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.

VI. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain of the material United States federal income tax consequences expected to result from the implementation of the Plan. The following summary does not address the U.S. federal income tax consequences to holders whose claims are entitled to payment in full in Cash under the Plan (e.g., holders of Allowed Administrative Claims, Allowed Professional Fee Claims, Allowed Secured Claims, Allowed Other Priority Claims, Allowed Priority Tax Claims, and Allowed Secured Bond Claims). This discussion is based on current provisions of the Tax Code, applicable Treasury Regulations, judicial authority and current administrative rulings and pronouncements of the Internal Revenue Service ("IRS"). There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS has been or will be sought. Legislative, judicial or administrative changes or interpretations may be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may or may not be retroactive and could affect the tax consequences to, among others, the Debtors (or any Debtor) and the holders of Claims against any of the Debtors. The following summary is for general information only. The U.S. federal income tax consequences of the Plan are complex and subject to significant uncertainties. This summary does not address foreign, state, or local tax consequences of the Plan, nor does it purport to address all of the U.S. federal income tax consequences of the Plan. This summary also does not purport to address the U.S. federal income tax consequences of the Plan to taxpayers subject to special treatment under the U.S. federal income tax laws, such as broker-dealers, tax exempt entities, financial institutions, insurance companies, S corporations, small business investment companies, mutual funds, regulated investment companies, foreign corporations, and non-resident alien individuals.

EACH HOLDER OF A CLAIM AGAINST ANY OF THE DEBTORS IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISOR REGARDING THE POTENTIAL U.S. FEDERAL, STATE, LOCAL, FOREIGN, OR OTHER TAX CONSEQUENCES OF THE PLAN.

IRS Circular 230 Notice: To ensure compliance with requirements imposed by the IRS in Circular 230, you are hereby informed that (i) any tax advice contained in this Disclosure Statement is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Tax Code, (ii) the advice is written to support the promotion or marketing of the transactions or matters addressed in the Disclosure Statement, and (iii) each holder of a Claim against any of the Debtors should seek advice based on its particular circumstances from an independent tax advisor.

A. U.S. Federal Income Tax Consequences to the Debtor.

Certain of the Debtors are exempt from U.S. federal income tax pursuant to Section 501 of the Tax Code. Accordingly, the Plan Proponent does not believe that the implementation of the Plan, including the extinguishment of these not-for-profit Debtors' outstanding indebtedness pursuant to the Plan, will result in any material U.S. federal income tax liability to such not-for-profit Debtor.

With respect to the Debtors that are for-profit entities, the Tax Code provides that a debtor in a bankruptcy case must reduce certain of its tax attributes by the amount of any cancellation of debt ("COD") incurred that arises by reason of the discharge of the debtor's indebtedness. COD is the amount by which the adjusted issue price of indebtedness discharged exceeds the sum of the amount of cash, the issue price of any debt instrument and the fair market value of any other property given in exchange therefore, subject to certain statutory or judicial exceptions that can apply to limit the amount of COD (such as where the payment of the cancelled debt would have given rise to a tax deduction). Any reduction in tax attributes under these rules would occur after the determination of the Debtor's income tax liability for the tax year in which the COD occurs.

The Plan Proponent does not believe that any material amount of COD should be incurred by a for-profit Debtor prior to the disposition by such Debtor of all or substantially all of its assets. As indicated above, the reduction of tax attributes resulting from such COD arising after such disposition occurs only after the determination of the Debtor's income tax liability for the tax year in which the COD is realized. Because the Debtors will liquidate, the Plan Proponent does not believe that any such attribute reduction should have a material impact on the for-profit Debtors. Nevertheless, there can be no assurance that all or a substantial amount of the COD could be incurred earlier due to, among other things, a lack of direct authoritative guidance as to when COD occurs in the context of a liquidating Chapter 11 plan.

B. U.S. Federal Income Tax Consequences to Holders of Allowed Class 3 Claims.

(1) Gain or Loss Recognized. Except with respect to a Claim against any of the Debtors (or portion thereof) for accrued but unpaid interest, for U.S. federal income tax purposes, each holder of an Allowed Class 3 Unsecured Claim generally should

recognize gain or loss as a result of receiving a distribution pursuant to the Plan equal to the difference between (i) the sum of the amount of Cash received by such holder and (ii) the adjusted tax basis of such holder's Allowed Claim. The amount and timing of such gain or loss may be affected by the resolution of Disputed Claims. The character of any gain or loss as long-term or short-term capital gain or loss or ordinary income or loss, will depend on a number of factors, including: (i) the nature and origin of the Claim (e.g., Claims arising in the ordinary course of a trade or business or made for investment purposes); (ii) the tax status of the holder of the Claim; (iii) whether the Claim is a capital asset in the hands of the holder; (iv) whether the Claim has been held by the holder for more than one year; (v) the extent to which the holder previously claimed a loss or a bad debt deduction with respect to the Claim; and (vi) the extent to which the holder acquired the Claim at a discount from its face amount. For a discussion of the allocation of the consideration received by holders of Allowed Class 3 Claims between principal and accrued but unpaid interest and the tax consequences associated with a Claim for accrued but unpaid interest, if any, see Subsection B.2. ("Receipt of Interest") below.

(2) Receipt of Interest. The Plan provides that the aggregate consideration to be distributed to holders will, to the extent relevant, first be allocated to the stated principal amount of the Claim and any remaining consideration will then be allocated to accrued but unpaid interest. While some case law suggests that such an agreed-upon allocation should be respected, more recent Treasury regulations appear to support a contention that all consideration distributed to a holder should be treated as interest income to the extent of accrued interest. Under these Treasury regulations, the IRS may successfully challenge the position that the allocation of consideration to principal should be respected.

In general, to the extent that any amount of consideration received by a holder is received in satisfaction of accrued interest, or accrued original issue discount ("OID") during its holding period, such amount will be taxable to the holder as interest income (if not previously included in the holder's gross income). Conversely, a holder may be allowed a bad debt deduction to the extent any accrued interest or OID was previously included in its gross income but subsequently not paid in full. However, the IRS may take the position that any such loss must be characterized based on the character of the underlying obligation, such that the loss would be a capital loss if the underlying obligation were a capital obligation.

Each holder is urged to consult its tax advisor regarding the allocation of consideration and the deductibility of unpaid interest or accrued OID for tax purposes.

(3) Claims Attributable to Personal Injury or Sickness. To the extent the amounts received by a holder of an Allowed Class 3 Unsecured Claim are attributable to, and compensation for, such holder's personal injuries or sickness, within the meaning of Section 104 of the Tax Code, any such amounts received by the holder generally should be nontaxable.

C. U.S. Federal Income Tax Consequences to Holders of Class 4 Claims.

Each timely filed or deemed timely filed Class 4 Prepetition Medical Malpractice Claim will, at the holder's election be either (i) estimated by the District Court and satisfied from available insurance, with any deficiency becoming a Class 3 Unsecured Claim (see Subsection B above for the tax consequences of such deficiency Claim) or (ii) litigated in state court or any other appropriate forum, with any recovery on account of such Claim limited to available insurance (including, but not limited to, coverage provided by FHIL and any coverage excess thereto). The U.S. federal income tax treatment of a receipt of payments by a holder of such Prepetition Medical Malpractice Claim generally will depend upon the nature of the Prepetition Medical Malpractice Claim. To the extent the amounts received by a holder of a Prepetition Medical Malpractice Claim are attributable to, and compensation for, such holder's personal injuries or sickness, within the meaning of Section 104 of the Tax Code, any such amounts received by the holder generally should be nontaxable. To the extent that a Prepetition Medical Malpractice Claim receives payment over time, it is possible that a portion of the latter payments may be treated as imputed interest. *Holders of Class 4 Prepetition Medical Malpractice Claims are urged to consult their tax advisors regarding the tax implications of the Plan to them.*

D. Withholding and Reporting

The Plan Administrator will withhold all amounts required by law to be withheld from payments to holders of Allowed Claims. For example, under U.S. federal income tax law, interest, dividends and other reportable payments may, under certain circumstances, be subject to backup withholding at the then applicable rate (currently 28%). Backup withholding generally applies only if the holder (i) fails to furnish its social security number or other taxpayer identification number ("TIN"); (ii) furnishes an incorrect TIN; (iii) fails properly to report interest or dividends; or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in overpayment of tax.

The foregoing summary has been provided for informational purposes only. All holders of Claims against any of the Debtors are urged to consult their tax advisors concerning the U.S. federal, state, local, foreign, and other tax consequences applicable under the Plan.

VII. RISK FACTORS

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

A. Risk of Non-Confirmation of the Plan

Although the Committee believes 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. There can also be no assurance that modifications of the Plan will not be required for Confirmation, that any negotiations regarding such modifications would not adversely affect the holders of the Allowed Claims or that any such modifications would not necessitate the re-solicitation of votes.

B. Nonconsensual Confirmation

In the event any impaired class of claims or interests does not accept a plan of reorganization or liquidation, a bankruptcy court may nevertheless confirm such plan of reorganization or liquidation at the proponent's request if at least one impaired class has accepted the plan of reorganization or liquidation (with such acceptance being determined without including the acceptance of any "insider" in such class) and, as to each impaired class which has not accepted the plan of reorganization or liquidation, the bankruptcy court determines that the plan of reorganization or liquidation "does not discriminate unfairly" and is "fair and equitable" with respect to non-accepting impaired classes. In the event that any Impaired Class of Claims fails to accept the Plan in accordance with Section 1129(a)(8) of the Bankruptcy Code, the Committee reserves the right to request nonconsensual Confirmation of the Plan in accordance with Section 1129(b) of the Bankruptcy Code.

C. Risk that Conditions to Effectiveness Will Not Be Satisfied

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

D. Claims Objection/Reconciliation Process

The Committee's estimate of the potential recovery to holders of Class 3 Claims depends on, among other things, the outcome of the claims reconciliation and objection process. Therefore, the Committee's estimates could change and such change could be material. Thus, there is no guarantee that the actual recovery to holders of Class 3 Claims will approximate the Committee's estimates.

VIII. RESERVATION OF CLAIMS

Under the Plan, the Plan Administrator shall have the right to pursue Avoidance Actions and other claims of the Debtors, or any Debtor, against third parties. Exhibit C contains a non-exhaustive list of recipients of payments made within the 90 days prior to the Petition Date against whom the Plan Administrator may choose to commence or to continue an Avoidance Action to avoid such transfers.

IX. ALTERNATIVES TO THE PLAN AND CONSEQUENCES OF REJECTION

Among the possible consequences if the Plan is rejected or if the Bankruptcy Court refuses to confirm the Plan are the following: (1) an alternative plan could be proposed or confirmed; or (2) the Chapter 11 Cases could be converted to liquidation cases under Chapter 7 of the Bankruptcy Code.

The Committee believes that the Plan enables the holders of Claims against any of the Debtors to realize the maximum recovery under the circumstances. The Committee believes the Plan is the best plan that can be proposed and serves the best interests of the Debtors, their estates, their creditors, and other parties-in-interest.

X. RECOMMENDATION AND CONCLUSION

The Committee believes that the Plan enables the holders of Claims against any of the Debtors to realize the maximum recovery under the circumstances. Accordingly, the Committee recommends confirmation of the Plan and urges all holders of impaired Claims to vote to accept the Plan, and to evidence such acceptance by returning their Ballots so that they will be received by no later than the Voting Deadline.

Date: February 2, 2011

**THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS APPOINTED IN
THE CHAPTER 11 CASES OF
FORUM HEALTH CARE, *et al.***

By: /s/ Peggy Jennings
Peggy Jennings
Owens & Minor Distribution, Inc.
Chair of the Committee

ALSTON & BIRD LLP

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Exhibit A

The Plan

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**UNITED STATES BANKRUPTCY COURT
 NORTHERN DISTRICT OF OHIO
 EASTERN DIVISION**

-----	X	
In re:	:	
	:	Case No. 09-40795
	:	Jointly Administered
FORUM HEALTH, et al.,¹	:	
	:	Chapter 11
	:	
Debtors.	:	Judge Kay Woods
-----	X	

**PLAN OF LIQUIDATION PROPOSED BY THE OFFICIAL COMMITTEE OF
 UNSECURED CREDITORS UNDER CHAPTER 11 OF THE
BANKRUPTCY CODE FOR FORUM HEALTH, ET AL.**

Dated: February 2, 2011

¹ The Debtors are Forum Health (31-1560189), Forum Health Diagnostics Co. (34-1773672), Forum Health Enterprises Co. (34-1368151), Forum Health Outreach Laboratories, Inc. (34-1437294), Forum Health Ventures Co. (34-1489491), Forum Health Pharmacy Services Co. (34-1754092), Forum Health Rehabilitative Services Co. (31-1581767), Forum Health Services Co. (34-1461044), Western Reserve Care System (34-1454933), Western Reserve Health Foundation (34-1461047), Dacas Nursing Support Systems, Inc. (34-1482591), Dacas Nursing Systems, Inc. (34-1456983), Beeghly Oaks (31-1196072), PrideCare, Inc. (34-1490425), Trumbull Memorial Hospital (34-1461049), Trumbull Memorial Hospital Foundation (34-1195190), Comprehensive Psychiatry Specialists, Inc. (34-1697739), and Visiting Nurse Association and Hospice of Northeast Ohio (34-0714388).

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**UNITED STATES BANKRUPTCY COURT
 NORTHERN DISTRICT OF OHIO
 EASTERN DIVISION**

-----	X	
In re:	:	
	:	Case No. 09-40795
	:	Jointly Administered
FORUM HEALTH, et al.,¹	:	
	:	Chapter 11
	:	
Debtors.	:	Judge Kay Woods
-----	X	

**PLAN OF LIQUIDATION PROPOSED BY THE OFFICIAL COMMITTEE OF
 UNSECURED CREDUTORS UNDER CHAPTER 11 OF THE
BANKRUPTCY CODE FOR FORUM HEALTH, ET AL.**

The Official Committee of Unsecured Creditors appointed in the above-captioned cases proposes the following plan of liquidation under Section 1121(c) of Title 11 of the United States Code.

ARTICLE I.

DEFINITIONS AND CONSTRUCTION OF TERMS

Section 1.1 Definitions; Interpretation; Application of Definitions and Rules of Construction. For purposes of the Plan, the following terms shall have the meanings specified in this Article I. A term used herein that is not defined herein, but that is used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code, and the rules of construction contained in Section 102 of the Bankruptcy Code shall apply to the construction

¹ The Debtors are Forum Health (31-1560189), Forum Health Diagnostics Co. (34-1773672), Forum Health Enterprises Co. (34-1368151), Forum Health Outreach Laboratories, Inc. (34-1437294), Forum Health Ventures Co. (34-1489491), Forum Health Pharmacy Services Co. (34-1754092), Forum Health Rehabilitative Services Co. (31-1581767), Forum Health Services Co. (34-1461044), Western Reserve Care System (34-1454933), Western Reserve Health Foundation (34-1461047), Dacas Nursing Support Systems, Inc. (34-1482591), Dacas Nursing Systems, Inc. (34-1456983), Beeghly Oaks (31-1196072), PrideCare, Inc. (34-1490425), Trumbull Memorial Hospital (34-1461049), Trumbull Memorial Hospital Foundation (34-1195190), Comprehensive Psychiatry Specialists, Inc. (34-1697739), and Visiting Nurse Association and Hospice of Northeast Ohio (34-0714388).

hereof. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and neuter. Unless otherwise specified, all Section, Article, or Exhibit references in the Plan are to the respective Section in, Article of, or Exhibit to, the Plan. Headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan as a whole and not to any particular Section, Subsection, or clause contained in the Plan. Any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions. Any reference in the Plan to an existing document or an exhibit filed or to be filed (in connection with the Disclosure Statement or the Plan) means such document or exhibit, as it may have been or may be amended, modified, or supplemented. Any reference to a Person as a holder of a Claim or Interest includes that Person’s successors, assigns, and affiliates. Wherever the Plan provides that a payment or distribution shall occur “on” any date, it shall mean “on or as soon as reasonably practicable after” such date.

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

“*Allowed*” means with reference to any Claim, (i) a Claim against any of the Debtors that is allowed under the Plan and, therefore, is not subject to disallowance, defense, reduction, avoidance, setoff, recoupment, or subordination of any kind or (ii) a Claim against any of the Debtors to the extent: (a) such Claim is Scheduled by any of the Debtors pursuant to the Bankruptcy Code and Bankruptcy Rules in a liquidated amount and not listed as contingent, unliquidated, zero, undetermined, or disputed, or (b) a proof of such Claim (including a request for payment of an Administrative Claim or a Professional Fee Claim) was timely filed, or deemed timely filed by a Final Order of the Bankruptcy Court, with the Bankruptcy Court pursuant to the Bankruptcy Code, the Bankruptcy Rules, and/or any applicable Final Order; and, in either case, (x) is not objected to within the applicable period fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or any applicable Final Order of the Bankruptcy Court, or (y) has otherwise been allowed by a Final Order of the Bankruptcy Court. An “*Allowed Claim*” shall be net of any valid setoff or recoupment amount based on a valid setoff or recoupment right. Except as otherwise expressly provided herein, the term “*Allowed Claim*” shall not, for the purposes of computation of distributions under the Plan, include (i) any non-compensatory penalties, fines, punitive damages, exemplary damages, multiple damages, treble damages, or any other Claims or obligations that do not compensate for actual losses incurred or (ii) any other amounts not allowable under the Bankruptcy Code or applicable law. To the extent that the Plan Administrator determines that a particular Claim against a Debtor is valid, the Plan Administrator may treat such Claim as an Allowed Claim notwithstanding the fact that the applicable period for the Plan Administrator to object to such Claim has not expired.

“*Assets*” means (a) collectively, all assets and properties of the Debtors, and each Debtor, of every kind, nature, character, and description, whether real, personal, or mixed, whether tangible or intangible (including contract rights), wherever situated and by whomever possessed, including the goodwill related thereto, including, without limitation, property of the Estates, and each Estate, Cash, accounts receivable, interests, tax refunds, any and all Claims, Causes of Action, or rights of the Debtors, and each Debtor, under federal, state, or foreign law, letters of credit issued for or on behalf of any Debtor and the monies deposited to secure the performance of any contract or lease by any Debtor; and (b) the proceeds, products, rents, and/or profits of any of the foregoing.

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

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

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

“*Bankruptcy Court*” means the United States Bankruptcy Court for the Northern District of Ohio.

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

“*Bar Date*” means the date(s) fixed by order of the Bankruptcy Court by which Persons asserting a Claim against any of the Debtors must file a proof of claim, or, as applicable, a request for payment of an Administrative Claim or a Professional Fee Claim, on account of such Claim or be forever barred from asserting such Claim against any of the Debtors or any of their property and from sharing in distributions hereunder.

“*Bonds*” means, collectively, the Series 1997A Bonds, the Series 1997B Bonds, the Series 2002A Bonds, and the Series 2002B Bonds.

“*Bond Indentures*” means the Series 1997A Bond Indenture, the Series 1997B Bond Indenture, the Series 2002A Bond Indenture, and the Series 2002B Bond Indenture.

“*Bond Trustees*” means U.S. Bank National Association, as successor-in-interest to National City Bank, as bond trustee for the Series 1997A Bonds, the Series 1997B Bonds, the Series 2002A Bonds, and the Series 2002B Bonds.

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

“*Cases*” means the Debtors’ jointly administered cases under Chapter 11 pending before the Bankruptcy Court.

“*Cash*” means cash or cash equivalents, including, but not limited to, wire transfers, checks and other readily marketable direct obligations of the United States of America.

“*Cash Collateral Order*” means the Agreed Final Order Authorizing Debtors’ Use of Cash Collateral, Pursuant to 11 U.S.C. §§ 101, 361 and 363, and Granting Replacement Liens, Adequate Protection and Administrative Expense Priority to the Master Trustee, Bond Trustees and Prepetition Secured Creditors, dated April 16, 2009 [Docket No. 165], as amended from time to time.

“*Causes of Action*” means any and all Claims, rights, defenses, offsets, recoupments, actions in law or equity or otherwise, choses in action, suits, damages, rights to legal or equitable remedies, judgments, third-party Claims, counterclaims, and cross-claims against any Person, whether arising under the Bankruptcy Code or federal, state, common, or other law, regardless of whether such Cause of Action is the subject of pending litigation or proceedings on the Confirmation Date, the Effective Date, or thereafter, including, without limitation, as to Causes of Action of any of the Debtors: (a) all Avoidance Actions; (b) all other Claims in avoidance, recovery, and/or subordination; and (c) all other actions described in the Disclosure Statement, the Schedules, or the Plan.

“*Chapter 11*” means Chapter 11 of the Bankruptcy Code.

“*Claim*” means any claim within the meaning of Section 101(5) of the Bankruptcy Code, whether or not asserted, including, without limitation, (a) any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

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

“*Closing Date*” means October 1, 2010.

“*Collective Bargaining Agreements*” means that certain Agreement between Western Reserve Care System and the Ohio Nurses Association, dated July 20, 2008 to July 19, 2011; that certain Agreement between AFSCME, Ohio Council 8 United Nurses of America Local 2026 and Trumbull Memorial Hospital, dated October 1, 2004 to September 30, 2007; that certain Agreement between Forum Health Trumbull Memorial Hospital and Ohio Council 8, and Local 2804 of the American Federation of State, County and Municipal Employees, AFL-CIO, dated May 1, 2008 to March 31, 2010; that certain Agreement between Forum/Hillside Hospital and Local Union No. 2288 and Ohio Council 8 American Federation of State, County and

Municipal Employees, AFL-CIO, dated April 1, 2008 to March 31, 2009; that certain Agreement between Forum Health and District 1199, Service Employees International Union, dated October 1, 2008 through March 31, 2012; that certain Labor Agreement between Service Employees International Union, District 1199, AFL-CIO/CLC and Forum Health Outreach Laboratories (FHOL),” dated November 1, 2008 to October 31, 2011; and that certain Agreement between Forum Health Hillside Rehabilitation Hospital and the Ohio Nurses Association,” dated July 20, 2008 to July 19, 2011; each together with all amendments thereto and extensions thereof and all instruments related thereto.

“*Committee*” means the official committee of unsecured creditors appointed in the Cases by the U.S. Trustee, as constituted from time to time.

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

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

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

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

“*Covered Person*” means any physician, resident, fellow, nurse, or other employee of any of the Debtors to the extent that such physician or employee has a right of indemnification, or another Claim, against or from any of the Debtors with respect to claims of alleged medical malpractice.

“*Creditor*” means any holder of a Claim against any of the Debtors or holder of any Claim against property of any of the Debtors.

“*Debt*” means liability on a Claim.

“*Debtors*” means Forum Health, Forum Health Diagnostics Co., Forum Health Enterprises Co., Forum Health Outreach Laboratories, Inc., Forum Health Ventures Co., Forum Health Pharmacy Services Co., Forum Health Rehabilitative Services, Co., Forum Health Services, Co., Western Reserve Care System, Western Reserve Health Foundation, Dacas Nursing Support Systems, Inc., Dacas Nursing Systems, Inc., Beeghly Oaks, PrideCare, Inc., Trumbull Memorial Hospital, Trumbull Memorial Hospital Foundation, Comprehensive Psychiatry Specialists, Inc., and Visiting Nurse Association and Hospice of Northeast Ohio, and “*Debtor*” means any one of them.

“*Disallowed*” means with reference to any Claim, a Claim against any of the Debtors or any portion thereof that: (i) has been disallowed or expunged by a Final Order; (ii) has been withdrawn, in whole or in part, by the holder thereof or by agreement with the Debtors or the Plan Administrator, as applicable; (iii) is Scheduled at zero or as contingent, disputed, or

unliquidated and as to which no proof of claim has been filed by the applicable Bar Date or deemed timely filed with the Bankruptcy Court pursuant to a Final Order of the Bankruptcy Court; or (iv) is not listed in the Schedules and as to which no proof of claim (or, as applicable, a request for payment of an Administrative Claim or a Professional Fee Claim) has been timely filed by the applicable Bar Date or deemed timely filed with the Bankruptcy Court pursuant to a Final Order of the Bankruptcy Court.

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

“*Disputed*” means with reference to any Claim, a Claim against any of the Debtors that is not an Allowed Claim or a Disallowed Claim.

“*Disputed Claims Reserve*” means the account maintained by the Plan Administrator for Disputed Claims described in Section 5.16(a) of the Plan.

“*Distribution Address*” means the address set forth in the relevant proof of claim, as such address may have been updated pursuant to Bankruptcy Rule 2002(g). If no proof of claim is filed in respect of a particular Claim, such defined term means the address set forth in the Schedules, as such address may be updated pursuant to Bankruptcy Rule 2002(g).

“*District Court*” means the United States District Court for the Northern District of Ohio.

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

“*Estates*” means the estates of the Debtors created by Section 541 of the Bankruptcy Code, and “*Estate*” means the estate created by Section 541 of the Bankruptcy Code of one Debtor or another, as the context dictates.

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

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

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

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

“*Indemnity Account*” shall have the meaning set forth in the Cash Collateral Order.

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

“*Issuer*” means Mahoning County, Ohio.

“*Master Trustee*” means U.S. Bank National Association, as successor-in-interest to National City Bank, as master trustee under the Master Trust Indenture.

“*Master Trust Indenture*” means the Master Trust Indenture, dated as of December 1, 1997, as supplemented and amended, among the Obligated Group Debtors and U.S. Bank National Association, as successor-in-interest to National City Bank, as Master Trustee.

“*Net Proceeds*” means the Remaining Cash together with the aggregate Cash generated from the liquidation of Assets after the Effective Date and any other Cash held by or on behalf of the Debtors, and any of the Debtors, after the Effective Date, minus Cash necessary to fund Allowed Administrative Claims, Allowed Professional Fee Claims, Allowed Secured Claims, Allowed Priority Tax Claims, Allowed Other Priority Claims, US Trustee Fees, the costs and expenses of the Plan Administrator to administer the Plan (including professional fees), the fees and expenses (including professional fees) of the Post Effective Date Committee, and the Disputed Claims Reserve.

“*Obligated Group Debtors*” means Forum Health, Forum Health Rehabilitative Services Co., Forum Health Services Co., Western Reserve Care System, Western Reserve Health Foundation, Dacas Nursing Systems, Inc., Beeghly Oaks, Trumbull Memorial Hospital, and Trumbull Memorial Hospital Foundation.

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

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

“*Petition Date*” means March 16, 2009, the date on which the Debtors filed their voluntary petitions under Chapter 11 of the Bankruptcy Code.

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

“*Plan Administrator*” means Michael Imber, or such other Person designated by the Committee (or, as applicable, in accordance with Section 5.8 of the Plan, the Post Effective Date Committee) to administer the Plan.

“*Plan Proponent*” means the Committee in its capacity as proponent of the Plan; *provided, however*, that after the Effective Date, such term shall mean the Plan Administrator.

“*Post Effective Date Committee*” means the committee deemed appointed under the Plan consisting of the members of the Committee that shall function after the Effective Date as described in Section 5.10 of the Plan.

“*Prepetition Financing Agreements*” means the Bond Indentures, the Base Lease, the Lease, the Master Trust Indenture, the Mortgages, the Policies, the Insurance Agreement, the Standby Agreement, the Reimbursement Agreement and the WCLC Reimbursement Agreement, as defined herein, in the case of the Bond Indentures and the Master Trust Indenture, and otherwise each as defined under the Cash Collateral Order, together with all amendments thereto and extensions thereof and all security agreements and instruments related thereto.

“*Prepetition Medical Malpractice Claim*” means a Claim against any of the Debtors on account of or related to any of the Debtors’ purported liability resulting from the provision of medical services prior to the Petition Date, including personal injury or wrongful death Claims.

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

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

“*Professional Fee Claims Bar Date*” means 4:00 p.m. (prevailing Eastern time) on the date that is forty-five (45) days after the Effective Date.

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

“*Pro Rata*” means, with respect to any monetary distribution on account of any Allowed Claim in any Class, the ratio of (a) the amount of such Allowed Claim to (b) the sum of (i) all Allowed Claims in such Class and (ii) the aggregate maximum allowable amount of all Disputed

Claims in such Class for which any reserve must be established under the Plan.

“*Remaining Cash*” means, collectively, all Cash held by or for the benefit of the Debtors, and each Debtor, on the Effective Date.

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

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

“*Secured Bond Claims*” means, collectively, the Series 1997A Bond Claims, the Series 1997B Bond Claims, the Series 2002A Bond Claims, and the Series 2002B Bond Claims.

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

“*Segregated Proceeds Account*” shall have the meaning set forth in the Cash Collateral Order.

“*Series 1997A Bonds*” means the \$91,610,000 original aggregate principal amount of County of Mahoning, Ohio, Fixed Rate Hospital Revenue Bonds, Series 1997A (Forum Health Obligated Group).

“*Series 1997A Bond Claims*” means any Claim against any of the Debtors under or evidenced by the Series 1997A Bond Indenture, including any Claims pursuant to any of the Prepetition Financing Agreements.

“*Series 1997A Bond Indenture*” means the Bond Indenture, dated as of December 1, 1997, as supplemented and amended, between Issuer and U.S. Bank National Association, as successor-in-interest to National City Bank, as bond trustee.

“*Series 1997B Bonds*” means the \$42,600,000 original aggregate principal amount of County of Mahoning, Ohio, Variable Rate Hospital Revenue Bonds, Series 1997B (Forum Health Obligated Group).

“*Series 1997B Bond Claims*” means any Claim against any of the Debtors under or evidenced by the Series 1997B Bond Indenture, including any Claim pursuant to any of the Prepetition Financing Agreements.

“*Series 1997B Bond Indenture*” means the Bond Indenture, dated as of December 1, 1997, as supplemented and amended, between Issuer and U.S. Bank National Association, as successor-in-interest to National City Bank, as bond trustee.

“*Series 2002A Bonds*” means the \$40,000,000 original aggregate principal amount of

County of Mahoning, Ohio, Fixed Rate Hospital Revenue Bonds, Series 2002A (Forum Health Obligated Group).

“*Series 2002A Bond Claims*” means any Claim against any of the Debtors under or evidenced by the Series 2002A Bond Indenture, including any Claim pursuant to any of the Prepetition Financing Agreements.

“*Series 2002A Bond Fund*” means the \$30,392,000 deposited, maintained and segregated pursuant to paragraph 2 of the Stipulation Regarding Distribution of Proceeds of Sale, dated October 4, 2010 [Docket No. 1157] for the purpose of paying in full, subject to resolution of certain disputed issues, the Series 2002A Bonds.

“*Series 2002A Bond Indenture*” means the Series 1997A Bond Indenture, as supplemented and amended, including by the First Supplemental Series 1997A Bond Indenture, dated as of November 1, 2002, between the Issuer and U.S. Bank National Association, as successor-in-interest to National City Bank, as bond trustee.

“*Series 2002B Bonds*” means the \$20,000,000 original aggregate principal amount of County of Mahoning, Ohio, Variable Rate Hospital Revenue Bonds, Series 2002B (Forum Health Obligated Group).

“*Series 2002B Bond Claims*” means any Claim against any of the Debtors under or evidenced by the Series 2002B Bond Indenture, including any Claims pursuant to any of the Prepetition Financing Agreements.

“*Series 2002B Bond Indenture*” means the Series 1997B Bond Indenture, as supplemented and amended, including by the First Supplemental Series 1997B Indenture, dated as of October 1, 2002 and the Second Supplemental Series 1997B Bond Indenture, dated as of March 1, 2003, between the Issuer and U.S. Bank National Association, as successor-in-interest to National City Bank, as bond trustee.

“*Stipulation and Agreed Order Regarding Payment of Series 2002A Bonds*” means the Stipulation and Agreed Order Regarding Payment of Series 2002A Bonds, dated November 30, 2010 [Docket No. 1275].

“*Stipulation Regarding Distribution of Proceeds of Sale*” means the Stipulation Regarding Distribution of Proceeds of Sale, dated October 4, 2010 [Docket No. 1157].

“*Unclaimed Property*” shall have the meaning ascribed to that term in Section 5.30 of the Plan.

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

“*Unsecured Claim*” means a Claim against any of the Debtors that is not an Administrative Claim, Priority Tax Claim, Professional Fee Claim, Secured Claim, Secured Bond Claim, Other Priority Claim, or Prepetition Medical Malpractice Claim. For the avoidance of doubt, the term “Unsecured Claim” shall not include the costs and expenses of administering the Plan on and after the Effective Date (including, without limitation, the fees and expenses of

professionals retained by the Plan Administrator and the Post Effective Date Committee) and shall not include U.S. Trustee Fees.

“*U.S. Trustee*” means the United States Trustee for Region 9.

“*U.S. Trustee Fees*” means all fees and charges assessed against the Estates under Section 1930 of Title 28 of the United States Code.

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

ARTICLE II.

TREATMENT OF UNCLASSIFIED CLAIMS

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

Section 2.2 Administrative Claims.

(a) *Administrative Claims Bar Date*. Except as provided below for (1) Professional Persons requesting compensation or reimbursement for Professional Fee Claims and (2) U.S. Trustee Fees, requests for payment of Administrative Claims, for which a Bar Date was not previously established, must be filed no later than thirty (30) days after the occurrence of the Effective Date, or such later date as may be established by order of the Bankruptcy Court. **Holders of Administrative Claims who are required to file a request for payment of such Claims and who do not file such requests by the applicable Bar Date, shall be forever barred from asserting such Claims against any of the Debtors or any of their property, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset or recover such Administrative Claim.**

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

(c) *Treatment*. Each holder of an Allowed Administrative Claim, in full and complete satisfaction of such Claim, shall receive Cash from the Remaining Cash (or any other available Cash) in an amount equal to such Allowed Administrative Claim on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes Allowed, unless such holder shall agree to a different and less favorable treatment of such Claim; provided, however, if insurance proceeds (including, but not limited to, proceeds from Forum Health Insurance Ltd. and any coverage excess thereto) are available to

pay an Allowed Administrative Claim, such Allowed Administrative Claim shall be paid first from such insurance proceeds. After the Effective Date, the Plan Administrator may, in the ordinary course of business, satisfy any liabilities and expenses incurred by the Plan Administrator after the Effective Date in the ordinary course of business and without further order of the Bankruptcy Court.

Section 2.3 Priority Tax Claims.

(a) *Treatment.* Unless the holder thereof shall agree to a different and less favorable treatment, each holder of an Allowed Priority Tax Claim, in full and complete satisfaction of such Claim, shall receive payment in Cash from the Remaining Cash (or any other available Cash) in an amount equal to such Allowed Priority Tax Claim on or as soon as reasonably practicable after the later of (a) the Effective Date and (b) the date on which such Claim becomes Allowed. Any Claim or demand for penalty relating to any Priority Tax Claim (other than a penalty of the type specified in Section 507(a)(8)(G) of the Bankruptcy Code) shall be Disallowed, and the holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Estates or any of their respective property or Assets.

Section 2.4 Professional Fee Claims.

(a) *Professional Fee Claims Bar Date.* All final applications for payment of Professional Fee Claims for the period through and including the Effective Date shall be filed with the Bankruptcy Court on or before the Professional Fee Claims Bar Date, or such later date as may be agreed to by the Plan Administrator. Any Professional Fee Claim that is not asserted in accordance with this Section 2.4(a) shall be deemed Disallowed under the Plan and the holder thereof shall be enjoined from commencing or continuing any Cause of Action, employment of process or act to collect, offset, recoup, or recover such Claim against the Estates or any of their respective Assets or property.

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

(c) *Post Effective Date Services.* The fees and expenses of professionals retained by the Plan Administrator and the Post Effective Date Committee on and after the Effective Date shall be paid by the Plan Administrator upon receipt of invoices therefor without the need for further Bankruptcy Court authorization or entry of a Final Order. If the Plan Administrator and the professional cannot agree on the amount of post-Effective Date fees and expenses to be paid to such professional, such amount shall be determined by the Bankruptcy Court.

Section 2.5 U.S. Trustee Fees. U.S. Trustee Fees incurred by the Estates prior to the Effective Date shall be paid from the Remaining Cash (or any other available Cash) on the Effective Date in accordance with the applicable schedule for payment of such fees. Until the Cases are closed by entry of a final decree of the Bankruptcy Court, the Plan Administrator shall pay all additional U.S. Trustee Fees incurred in accordance with the applicable schedule for the

payment of such fees.

ARTICLE III.

CLASSIFICATION OF CLAIMS AND INTERESTS

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

Section 3.2 Class 1: Secured Claims. Class 1 consists of Secured Claims. For convenience of identification, the Plan describes Secured Claims in Class 1 as a single Class. Class 1 consists of separate subclasses, each based on the underlying property securing such Secured Claim, and each subclass is treated hereunder as a distinct Class for treatment and distribution purposes and for all other purposes under the Bankruptcy Code. Class 1 is Unimpaired by the Plan and is deemed to have accepted the Plan.

Section 3.3 Class 1A: Secured Bond Claims. Class 1A consists of Secured Bond Claims. Class 1A is Unimpaired by the Plan and is deemed to have accepted the Plan.

Section 3.4 Class 2: Other Priority Claims. Class 2 consists of Other Priority Claims. Class 2 is Unimpaired by the Plan and is deemed to have accepted the Plan.

Section 3.5 Class 3: Unsecured Claims. Class 3 consists of Unsecured Claims. Class 3 is Impaired by the Plan and is entitled to vote to accept or reject the Plan.

Section 3.6 Class 4: Prepetition Medical Malpractice Claims. Class 4 consists of Prepetition Medical Malpractice Claims. Class 4 is Impaired by the Plan and is entitled to vote to accept or reject the Plan.

Section 3.7 Class 5: Interests. Class 5 consists of all Interests. Class 5 is Impaired by the Plan. Holders of Interests shall not receive or retain any property under the Plan and, therefore, Class 5 is deemed to have rejected the Plan.

ARTICLE IV.

TREATMENT OF CLAIMS AND INTERESTS

Section 4.1 Class 1 (Secured Claims). Each holder of an Allowed Secured Claim shall receive, in full and complete satisfaction of such Claim, one of the following alternative treatments, at the election of the Plan Administrator: (a) payment in full in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the date such Claim becomes due and payable by its terms; (b) the legal, equitable and contractual rights to which such Claim entitles the holder, unaltered by the Plan; (c) the treatment described in Section 1124(2) of the Bankruptcy Code; or (d) all collateral securing such Claim, without representation or warranty by or recourse against the Debtors. To the extent that the value of the collateral securing an Allowed Secured Claim is less than the amount of such Allowed Secured Claim, the undersecured portion of such Claim shall be treated for all purposes under the Plan as an Unsecured Claim and shall be classified as such. Class 1 is an Unimpaired Class and is deemed to have accepted the Plan.

Section 4.2 Class 1A (Secured Bond Claims). By virtue of and in accordance with the Stipulation Regarding Distribution of Proceeds of Sale, and the Stipulation and Agreed Order Regarding Payment of Series 2002A Bonds, and the payments thereunder, on the Effective Date, all holders of Allowed Secured Bond Claims shall be deemed to have been paid in full prior to the Effective Date. Class 1A is an Unimpaired Class and is deemed to have accepted the Plan.

Section 4.3 Class 2 (Other Priority Claims). Each holder of an Allowed Other Priority Claim, in full and complete satisfaction of such Claim, shall be paid in full in Cash in an amount equal to its Allowed Other Priority Claim on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes Allowed, unless such holder shall agree to a different and less favorable treatment of such Claim (including, without limitation, any different and less favorable treatment that may be provided for in the documentation governing such Claim or in a prior agreement with such holder). Class 2 is an Unimpaired Class and is deemed to have accepted the Plan.

Section 4.4 Class 3 (Unsecured Claims). As soon as reasonably practicable after the Effective Date, each holder of an Allowed Unsecured Claim, in full and complete satisfaction of such Claim, shall receive a Pro Rata distribution or distributions of Cash from the Net Proceeds. Class 3 is an Impaired Class and is entitled to vote on the Plan.

Section 4.5 Class 4 (Prepetition Medical Malpractice Claims).

(a) Each holder of a Prepetition Medical Malpractice Claim for which a proof of claim was timely filed with the Bankruptcy Court (or deemed timely filed with the Bankruptcy Court by a Final Order of the Bankruptcy Court) may elect on his or her Ballot to litigate or continue to litigate such holder's Prepetition Medical Malpractice Claim in state court or any other appropriate forum, provided that, if such election is made, any recovery on account of such Prepetition Medical Malpractice Claim shall be limited to available insurance (including, but not limited to, coverage provided by Forum Health Insurance Ltd. and any coverage excess thereto). Each holder of a Prepetition Medical Malpractice Claim who makes the foregoing election shall be deemed to limit any recovery against any Covered Person for claims that would entitle a

Covered Person to an Indemnification Claim to the Debtors' applicable insurance or other available insurance maintained by such Covered Person. To the extent the holder of a Prepetition Medical Malpractice Claim elects the treatment in this Section 4.5(a), relief from the automatic stay imposed under Section 362(a) of the Bankruptcy Code will be granted (to the extent not previously granted) to permit such holder to litigate such holder's Prepetition Medical Malpractice Claim in state court or any other appropriate forum and to recover solely from insurance. The election in this Section 4.5(a) may be made on the Ballot sent to holders of Class 4 Claims.

(b) Alternatively, any holder of a Prepetition Medical Malpractice Claim for which a proof of claim was timely filed with the Bankruptcy Court (or deemed timely filed with the Bankruptcy Court by a Final Order of the Bankruptcy Court) may elect on his or her Ballot to have such holder's Prepetition Medical Malpractice Claim estimated by the District Court pursuant to Section 502(c) of the Bankruptcy Code together with any vicarious or other liability any of the Debtors may have related to such Claim. To the extent the Debtors' applicable insurance is not sufficient to pay the estimated amount of any Allowed Prepetition Medical Malpractice Claim, as estimated by the District Court, the holder of such estimated Allowed Prepetition Medical Malpractice Claim shall have an Allowed Unsecured Claim in Class 3 for any deficiency. The election in this Section 4.5(b) may be made on the Ballot sent to holders of Class 4 Claims.

(c) If a holder of a Prepetition Medical Malpractice Claim for which a proof of claim was timely filed with the Bankruptcy Court (or deemed timely filed with the Bankruptcy Court by a Final Order of the Bankruptcy Court) fails to affirmatively elect the treatment set forth in Section 4.5(a) or 4.5(b) of the Plan, such holder will be deemed to have elected the treatment set forth in Section 4.5(a) of the Plan.

(d) If the holder of a Class 4 Prepetition Medical Malpractice Claim elects (or is deemed to have elected) the treatment in Section 4.5(a) of the Plan, such election will be binding on such holder regardless of whether Class 4 accepts the Plan, provided that the Plan is confirmed and the Effective Date occurs. In addition, to the extent that an order has been entered limiting the recovery of a holder of a Prepetition Medical Malpractice Claim to insurance, such order shall remain in full force and effect.

(e) Class 4 is an Impaired Class and is entitled to vote on the Plan.

Section 4.6 Class 5 (Interests). On the Effective Date, all Interests shall be cancelled, annulled, and extinguished, and holders of Interests shall not be entitled to receive or retain any property or interest in property under the Plan on account of such Interests. Class 5 is an Impaired Class and is deemed to have rejected the Plan.

ARTICLE V.

IMPLEMENTATION OF THE PLAN AND THE PLAN ADMINISTRATOR

Section 5.1 Implementation of the Plan. The Plan will be implemented by the Plan

Administrator in a manner consistent with the terms and conditions set forth in the Plan and the Confirmation Order.

Section 5.2 Plan Funding. The Plan will be funded from the Assets.

Section 5.3 Vesting of Assets in the Debtors. On the Effective Date, pursuant to the provisions of Sections 1141(b) and (c) of the Bankruptcy Code, all Assets shall vest in the Debtors free and clear of all Claims against the Debtors (or any of the Debtors), liens, encumbrances, charges, Interests, and any other rights or interests of Creditors or holders of Interests, except as otherwise expressly provided in the Plan or the Confirmation Order, and subject to the terms and conditions of the Plan and the Confirmation Order. On the Effective Date, any and all funds in the Indemnity Account and the Segregated Proceeds Account shall be released to the Debtors to be distributed in accordance with the provisions of the Plan. Any funds that are to be returned to the Debtors pursuant to the Stipulation Regarding Distribution of Proceeds of Sale and/or the Stipulation and Agreed Order Regarding Payment of Series 2002A Bonds that have not been returned to the Debtors as of the Effective Date shall be promptly returned to the Debtors to be distributed in accordance with the provisions of the Plan.

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

Section 5.5 Management of Debtors. On the Effective Date, the operation of the Debtors shall become the general responsibility of the Plan Administrator in accordance with the Plan.

Section 5.6 Powers and Obligations of the Plan Administrator.

(a) The Confirmation Order shall provide for the appointment of the Plan Administrator. The compensation for the Plan Administrator shall be \$550 per hour. The Plan Administrator shall be deemed the representative of the Estates in accordance with Section 1123 of the Bankruptcy Code and shall have all powers, authority, and responsibilities specified in the Plan, including, without limitation, the powers of a trustee under Sections 704 and 1106 of the Bankruptcy Code.

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

Administrator shall include:

- (i) investing Cash in accordance with Section 345 of the Bankruptcy Code, withdrawing and making distributions of Cash to holders of Allowed Claims in accordance with the Plan, and paying taxes and other obligations owed by the Debtors or incurred by the Plan Administrator in connection with the wind-down of the Estates in accordance with the Plan;
- (ii) receiving, managing, investing, supervising, protecting, and liquidating Assets, including paying taxes or other obligations incurred in connection with the Assets;
- (iii) engaging attorneys, consultants, agents, employees, and professional persons, to assist the Plan Administrator with respect to the Plan Administrator's responsibilities;
- (iv) paying the fees and expenses for the attorneys, consultants, agents, employees and professional persons engaged by the Plan Administrator and the Post Effective Date Committee and paying all other expenses for winding down the affairs of the Debtors;
- (v) executing and delivering all documents, and taking all actions, necessary to consummate the Plan and wind-down the Debtors' businesses;
- (vi) disposing of, and delivering title to others of, or otherwise realizing the value of all the remaining Assets;
- (vii) coordinating the collection of outstanding accounts receivable, if any;
- (viii) coordinating the storage and maintenance of the Debtors' books and records, if necessary;
- (ix) overseeing compliance with the Debtors' accounting, finance, and reporting obligations;
- (x) preparing any necessary monthly operating reports and financial statements and United States Trustee quarterly reports;
- (xi) overseeing the filing of final tax returns, audits, and other corporate dissolution documents, if required;
- (xii) performing any additional corporate actions as necessary to carry out the wind-down and liquidation of the Debtors;
- (xiii) objecting to, compromising, and/or settling Disputed Claims;
- (xiv) seeking to have the Bankruptcy Court (or, if applicable, the District Court) estimate unliquidated and/or contingent Claims against any of the Debtors or other Claims against any of the Debtors that are subject to estimation;

(xv) acting on behalf of the Debtors (or any of the Debtors) in all adversary proceedings and contested matters (including, without limitation, any Causes of Action of the Debtors, or any of the Debtors), then pending or that can be commenced in the Bankruptcy Court and in all actions and proceedings pending or commenced elsewhere, and settling, retaining, enforcing, disputing, or adjusting any claim and otherwise pursuing actions involving Assets, including Causes of Actions of the Debtors, or any of the Debtors, that could arise or be asserted at any time, unless otherwise waived or relinquished in the Plan;

(xvi) implementing and/or enforcing all provisions of the Plan; and

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

Section 5.7 Plan Administrator's Bond. The Plan Administrator shall obtain and maintain a bond in an amount equal to one hundred and ten percent (110%) of the Cash held by the Debtors for distributions under the Plan and to fund the administration of the Plan.

Section 5.8 Resignation, Death, or Removal of Plan Administrator. The Plan Administrator may resign at any time upon not less than 30 days' written notice to the Post Effective Date Committee. The Plan Administrator may be removed at any time by the Post Effective Date Committee for cause upon application to the Bankruptcy Court on 10 days' written notice to the United States Trustee and the Plan Administrator and his or her counsel. In the event of the resignation, removal, death, or incapacity of the Plan Administrator, the Post Effective Date Committee shall designate another Person to become the Plan Administrator, and thereupon, the successor Plan Administrator, without further act, shall become fully vested with all of the rights, powers, duties, and obligations of his predecessor. No successor Plan Administrator hereunder shall in any event have any liability or responsibility for the acts or omissions of his or her predecessors.

Section 5.9 No Agency Relationship. The Plan Administrator shall not be deemed to be the agent for any of the holders of Claims against any of the Debtors in connection with the funds held or distributed pursuant to the Plan. The Plan Administrator shall not be liable for any mistake of fact or law or error of judgment or any act or omission of any kind unless it constitutes gross negligence or willful misconduct or breach of fiduciary duty on the part of the Plan Administrator. The Plan Administrator shall be indemnified and held harmless, including for costs of defending such claims and attorneys' fees in seeking indemnification, by the Estates against any and all claims arising out of his duties under the Plan, except to the extent his actions constitute gross negligence or willful misconduct or breach of fiduciary duty. The Plan Administrator may conclusively rely on, and shall be fully protected personally in acting upon, any statement, instrument, opinion, report, notice, request, consent, order, or other instrument or document which he believes to be genuine and to have been signed or presented by the proper party or parties. The Plan Administrator may rely upon information previously generated by the Debtors and such additional information provided to him by former employees of the Debtors.

Section 5.10 Post Effective Date Committee.

(a) On the Effective Date, the appointment of the Committee shall be deemed terminated and the Post Effective Date Committee shall be deemed appointed. The Post Effective Date Committee shall be comprised of the members of the Committee serving on the Committee immediately prior to the Effective Date, unless any particular member thereof opts not to be a member thereof. If a member of the Post Effective Date Committee resigns or is removed, a replacement may be appointed by the remaining member(s) of the Post Effective Date Committee. The duties and powers of the Post Effective Date Committee shall terminate upon the closing of the Cases. The Post Effective Date Committee's role shall be to perform the functions set forth in Sections 5.8 and 5.10 of the Plan.

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

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

Section 5.11 Rights of Action. In accordance with Section 1123(b)(3)(B) of the Bankruptcy Code, the Plan Administrator may pursue all reserved rights of action, including, without limitation, Causes of Action of the Debtors, and each Debtor. Any distributions provided for in the Plan and the allowance of any Claim for the purpose of voting on the Plan is and shall be without prejudice to the rights of the Plan Administrator to pursue and prosecute any reserved rights of action, including, but not limited to, all Causes of Action of the Debtors, and each Debtor. Except as otherwise set forth in the Plan, all Causes of Action of the Debtors, and each Debtor, shall survive confirmation of the Plan to be pursued by the Plan Administrator, and the commencement and prosecution of Causes of Action of the Debtors, and each Debtor, by the Plan Administrator shall not be barred or limited by any estoppel, whether judicial, equitable, or otherwise. In reviewing the Plan and the Disclosure Statement, and in determining whether to vote for or against the Plan, Creditors (including Creditors who received payments or transfers from any of the Debtors within ninety (90) days prior to the Petition Date and insiders of the any of the Debtors who received payments from any of the Debtors within one (1) year before the Petition Date) and other parties should consider that Causes of Action of one or more of the Debtors may exist against them and that, except as otherwise set forth in the Plan, the Plan preserves all Causes of Action of the Debtors, and each Debtor, and the Plan authorizes the Plan Administrator to prosecute all Causes of Action of the Debtors, and each Debtor.

Section 5.12 Corporate Action. On the Effective Date, the appointment of the Plan Administrator, and any and all other matters provided for under the Plan involving corporate

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

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

Section 5.14 Full and Final Satisfaction. All payments and all distributions under the Plan shall be in full and final satisfaction, settlement, and release of all Claims against each of the Debtors, except as otherwise provided in the Plan.

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

Section 5.16 Funding of the Disputed Claims Reserve.

(a) The portion of the Assets in the form of Cash attributable to and reserved for Disputed Administrative Claims, Disputed Professional Fee Claims, Disputed Priority Tax Claims, Disputed Secured Claims, Disputed Other Priority Claims, Disputed Unsecured Claims, and Disputed Prepetition Medical Malpractice Claims shall be held and maintained by the Plan Administrator in the "*Disputed Claims Reserve.*" Any Cash, including, without limitation, the Disputed Claims Reserve, shall be held in an interest-bearing account. As Disputed Claims are resolved, excess Cash in the Disputed Claims Reserve shall be made available for distribution to the holders of Allowed Claims in accordance with the Plan, provided that there is sufficient Cash

to administer the Plan and pay Plan expenses. The Plan Administrator may set aside from the Assets an amount of Cash that the Plan Administrator determines is necessary to pay ongoing expenses of administering the Plan.

(b) The Plan Administrator may, at any time, request that the Bankruptcy Court (or the District Court, if applicable) estimate any Claim against any of the Debtors not expressly Allowed by the terms of the Plan and otherwise subject to estimation under Section 502(c) of the Bankruptcy Code, regardless of whether any party in interest previously objected to such Claim; and the Bankruptcy Court (or the District Court, if applicable) will retain jurisdiction to estimate any Claim against any of the Debtors pursuant to Section 502(c) of the Bankruptcy Code at any time prior to the time that such Claim becomes an Allowed Claim. In the event that the Bankruptcy Court (or the District Court, if applicable) estimates any contingent or unliquidated Claim, that estimated amount will constitute either the allowed amount of such Claim or a maximum amount of such Claim, as determined by the Bankruptcy Court (or the District Court, if applicable). If the estimated amount constitutes a maximum amount of such Claim, the Plan Administrator may elect to pursue any supplemental proceedings to object to any ultimate allowance of such Claim. The objection, estimation and resolution procedures with respect to Claims against any of the Debtors are cumulative and not necessarily exclusive of one another. Claims against any of the Debtors may be estimated by the Bankruptcy Court (or the District Court, if applicable) and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court (or the District Court, if applicable).

(c) Notwithstanding that the allowed amount of any particular Disputed Claim is reconsidered under the applicable provisions of the Bankruptcy Code and Bankruptcy Rules or is Allowed in an amount for which after application of the payment priorities established by the Plan there is insufficient value to provide a recovery equal to that received by other holders of Allowed Claims in the respective Class, no holder of a Claim against any of the Debtors shall have recourse against any of the Debtors, any of the Estates, the Plan Administrator, the Committee, the Post Effective Date Committee, or any of their respective professionals, attorneys, advisors, consultants, officers, directors or members, or their successors or assigns, or any of their respective property. However, except as specifically stated otherwise in the Plan, nothing in the Plan shall modify any right of a holder of a Claim against any of the Debtors under Section 502(j) of the Bankruptcy Code. THE ESTIMATION OF CLAIMS AGAINST ANY OF THE DEBTORS AND ESTABLISHMENT OF RESERVES UNDER THE PLAN MAY LIMIT THE DISTRIBUTION TO BE MADE ON INDIVIDUAL DISPUTED CLAIMS, REGARDLESS OF THE AMOUNT FINALLY ALLOWED ON ACCOUNT OF SUCH DISPUTED CLAIMS.

Section 5.17 Plan Distributions. The Plan Administrator shall make distributions to holders of Allowed Claims in accordance with the Plan. The Plan Administrator may withhold from amounts distributable to any Person any and all amounts determined in the Plan Administrator's reasonable sole discretion to be required by any law, regulation, rule, ruling, directive, or other governmental requirement. Holders of Allowed Claims shall, as a condition to receiving distributions, provide such information and take such steps as the Plan Administrator may reasonably require to ensure compliance with withholding and reporting requirements and to enable the Plan Administrator to obtain certifications and information as may be necessary or appropriate to satisfy the provisions of any tax law.

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

Section 5.19 Method of Cash Distribution. All distributions of Cash pursuant to the Plan shall be made by the Plan Administrator or a duly-appointed disbursing agent to the holders of Allowed Claims entitled to receive Cash under the Plan. Cash payments made pursuant to the Plan shall be in United States dollars by checks drawn on a domestic bank selected by the Plan Administrator or by wire transfer from a domestic bank, at the option of the Plan Administrator; provided, however, that Cash payments made to foreign creditors, if any, holding Allowed Claims may be (but are not required to be) paid, at the option of the Plan Administrator in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

Section 5.20 Accrual of Post-Petition Interest. Unless otherwise provided for in the Plan or the Bankruptcy Code, no holder of a pre-petition Allowed Claim shall be entitled to the accrual or payment of post-petition interest on account of such Claim.

Section 5.21 Allocation of Payments. Amounts paid to holders of Allowed Claims in satisfaction thereof shall be allocated first to the principal amounts of such Claims, with any excess allocated to interest that has accrued on such Claims but remains unpaid.

Section 5.22 No Distribution in Excess of Allowed Amount of Claim. Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall receive in respect of such Claim any distribution in excess of the allowed amount of such Claim.

Section 5.23 Delivery of Plan Distributions. All distributions under the Plan on account of any Allowed Claims shall be made at the Distribution Address of the holder or at such other address as such holder shall have specified for payment purposes in a written notice to the Plan Administrator at least fifteen (15) days prior to such distribution date. In the event that any distribution to any holder is returned as undeliverable, no distribution to such holder shall be made unless and until the Plan Administrator is notified of the then-current address of such holder, at which time such distribution shall be made to such holder without interest; provided, however, that such undeliverable or unclaimed distributions shall be deemed Unclaimed Property at the expiration of one hundred twenty (120) days from the date such distribution was originally made. The Plan Administrator shall reallocate the undeliverable and unclaimed distributions for the benefit of all other holders of Allowed Claims in accordance with the Plan. Checks issued by the Plan Administrator in respect of Allowed Claims shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for reissuance of any check shall be in writing and be made to the Plan Administrator by the holder of an Allowed Claim to whom such check originally was issued and such request must be accompanied by delivery of the original check. Any written claim in respect of such voided check must be received by the Plan Administrator on or before one hundred and twenty (120) days after the expiration of the sixty (60) day period following the date of issuance of such check. Thereafter, the amount represented by such voided check shall irrevocably revert back to the Debtors and be treated as Net Proceeds. Any Claim in respect of such voided check shall be discharged and forever barred

from assertion against the Debtors and their property or the Plan Administrator. The Plan Administrator shall have no obligation to attempt to locate any holder of an Allowed Claim.

Section 5.24 Distributions to Holders as of the Confirmation Date. As of the close of business on the Confirmation Date, the claims register shall be closed, and there shall be no further changes in the record holders of any Claims against any of the Debtors. Neither the Debtors nor the Plan Administrator, as applicable, shall have any obligation to recognize any transfer of any Claims against any of the Debtors or Interests occurring after the close of business on the Confirmation Date, and shall instead be entitled to recognize and deal for all purposes under the Plan (except as to voting to accept or reject the Plan pursuant to Section 6.1 of the Plan) with only those holders of record as of the close of business on the Confirmation Date.

Section 5.25 Abandoned Assets. Upon the election of the Plan Administrator, the Plan Administrator may abandon any Assets without the need for approval of the Bankruptcy Court, and upon such abandonment, such abandoned Assets shall cease to be assets of the Estates.

Section 5.26 Windup. Following the Effective Date, the Debtors shall not engage in any business or take any actions, except those necessary to effectuate the Plan and windup the Debtors' affairs. On and after the Effective Date, the Plan Administrator may, in the name of the Debtors, take such actions without the supervision or approval of the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than the restrictions imposed by the Plan or the Confirmation Order. After (a) the Plan has been fully administered, (b) all Disputed Claims have been resolved, (c) all Causes of Action of the Debtors have been resolved, and (d) all Assets have been reduced to Cash or abandoned, the Plan Administrator shall effect a final distribution of all Cash remaining (after reserving sufficient Cash to pay all unpaid expenses of administering the Plan and all expenses reasonably expected to be incurred in connection with the final distribution) to holders of Allowed Claims in accordance with the Plan.

Section 5.27 Resignation of Directors and Officers. On the Effective Date, the Debtors' directors, officers, and trustees shall be deemed to have resigned as directors, officers, and trustees of the Debtors.

Section 5.28 Closing of the Cases. When all Disputed Claims against the Debtors have become Allowed Claims or have been Disallowed, and all Assets have been liquidated and converted into Cash (other than those Assets abandoned), and such Cash has been distributed in accordance with the Plan, or at such earlier time as the Plan Administrator deems appropriate, the Plan Administrator shall seek authority from the Bankruptcy Court to close the Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.

Section 5.29 Indefeasibility of Distributions. All distributions provided for under the Plan shall be indefeasible.

Section 5.30 Distribution of Unclaimed Property. Any distribution of property (Cash or otherwise) provided for under the Plan which is unclaimed after one hundred twenty (120) days following such distribution (collectively, the "*Unclaimed Property*") shall irrevocably revert to the Estates for re-distribution in accordance with the Plan.

Section 5.31 Saturday, Sunday, or Legal Holiday. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next Business Day.

Section 5.32 Final Order. Any requirement in the Plan for a Final Order may be waived by the Plan Proponent.

ARTICLE VI.

VOTING

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

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

ARTICLE VII.

SUBSTANTIVE CONSOLIDATION

Section 7.1 Substantive Consolidation. On the Effective Date: (a) all assets (and all proceeds thereof) and liabilities of each Debtor shall be deemed merged or treated as though they were merged into and with the assets and liabilities of the other Debtors; (b) no distributions shall be made under the Plan on account of intercompany Claims among the Debtors and all such Claims shall be eliminated; (c) all guarantees of any of the Debtors of the obligations of any other Debtor shall be deemed eliminated and extinguished so that any Claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint and several liability of any of the Debtors shall be deemed to be one obligation of the consolidated Debtors; (d) each and every Claim filed or to be filed in any of the Cases shall be deemed filed against the consolidated Debtors, and shall be deemed one Claim against and obligation of the consolidated Debtors; and (e) for purposes of determining the availability of the right of setoff under Section 553 of the Bankruptcy Code, the Debtors shall be treated as one entity so that, subject to the other provisions of Section 553 of the Bankruptcy Code, debts due to any of the Debtors may be setoff against the debts of the other Debtors. Such substantive consolidation shall not (other than for

purposes related to the Plan) affect the legal and corporate structures of the Debtors. Notwithstanding anything in this Section to the contrary, all post-Effective Date U.S. Trustee Fees pursuant to 28 U.S.C. § 1930 shall be calculated on a separate legal entity basis for each Debtor.

Section 7.2 Separate Plan(s) if Substantive Consolidation Not Approved. In the event that the Bankruptcy Court does not approve substantive consolidation for all of the Debtors, the Plan Proponent may elect to treat the Plan as a separate liquidating plan for each Debtor for which substantive consolidation is not approved by the Bankruptcy Court and treat the Plan as a substantively consolidated liquidating plan for the Debtors for which substantive consolidated is approved by the Bankruptcy Court. In the event that the Plan Proponent makes the foregoing election in this Section 7.2 of the Plan, the Plan Proponent will not be required to re-solicit votes with respect to the Plan. To the extent Cash or other assets remain in the Estate of a Debtor for which the Plan is treated as a separate liquidating plan after Allowed Claims against such Debtor are paid in full, such Cash or other assets will be used for distributions to holders of Allowed Claims against the consolidated Debtors, or, if there are no consolidated Debtors, the Plan Administrator will determine a reasonable allocation of such Cash or other assets to each of the other Debtors.

ARTICLE VIII.

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

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

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

Section 8.3 Bar Date for Filing Proofs of Claim Relating to Executory Contracts Rejected Pursuant to the Plan. Claims against any of the Debtors arising out of the rejection of Executory Contracts pursuant to the Plan must be filed with the Bankruptcy Court no later than thirty (30) days after service of notice of occurrence of the Effective Date. Any such Claims not filed within such time shall be forever barred from assertion against any and all of the Debtors and any and all of their respective properties and Assets.

Section 8.4 The Forum Health Pension Plan. The Plan assumes that the Forum Health Pension Plan has been or will be terminated pursuant to an agreement with the Pension Benefit Guaranty Corporation.

Section 8.5 Collective Bargaining Agreements. The Plan assumes that consensual terminations of the Collective Bargaining Agreements have been approved by the Bankruptcy Court. In the absence of such consent or Bankruptcy Court approval with respect to any Collective Bargaining Agreement, the Plan Administrator shall seek termination or rejection of such Collective Bargaining Agreement in accordance with Section 1113 of the Bankruptcy Code.

Section 8.6 Retiree Benefits. The Debtors' retiree programs have been modified and terminated pursuant to and in accordance with orders of the Bankruptcy Court entered in the Cases [Docket Nos. 1256 and 1257].

ARTICLE IX.

PROVISIONS FOR RESOLVING AND TREATING CLAIMS

Section 9.1 Objections to Claims. The Plan Administrator shall have the right to object to any and all Claims against the Debtors, and any of the Debtors, on any basis. Subject to extension by the Bankruptcy Court with or without notice, the Plan Administrator may file objections to any and all Claims against the Debtors, and any of the Debtors, up to the later of (a) one hundred eighty (180) days after the Effective Date and (b) sixty (60) days after the date of filing of the applicable Claim with the Bankruptcy Court; provided, however, that an objection to a Claim based on Section 502(d) of the Bankruptcy Code may be made at any time in any adversary proceeding against the holder of any relevant Claim. The filing of a motion by the Plan Administrator to extend the deadline to file objections to Claims against the Debtors, and any of the Debtors, shall automatically extend such deadline until a Final Order is entered on such motion. In the event that such motion to extend the deadline to file objections to Claims against the Debtors, and any of the Debtors, is denied by the Bankruptcy Court, such deadline shall be the later of the current deadline (as previously extended, if applicable) or 30 days after the Bankruptcy Court's entry of an order denying the motion to extend such deadline. From and after the Effective Date, the Plan Administrator shall succeed to all of the rights, defenses, offsets, and counterclaims of the Debtors, and each Debtor, and the Committee in respect of all Claims against the Debtors, and each Debtor, and in that capacity shall have the exclusive power to object to, defend, compromise, settle, and otherwise deal with all Claims against the Debtors, and each Debtor, subject to the terms of the Plan. Notwithstanding anything in the Plan to the contrary, the deadline to object to final applications for payment of Professional Fee Claims shall be established in the Confirmation Order. Notwithstanding anything in the Plan to the contrary, objections to final applications for payment of Professional Fee Claims may be made in accordance with the applicable Bankruptcy Rules by parties-in-interest (including the Plan Administrator).

Section 9.2 Settlement of Disputed Claims. Pursuant to Bankruptcy Rule 9019(b), the Plan Administrator may settle any Disputed Claims without notice, a Bankruptcy Court hearing or Bankruptcy Court approval.

Section 9.3 Resolution of Disputed Prepetition Medical Malpractice Claims. All

Prepetition Medical Malpractice Claims for which proofs of claims have been timely filed with the Bankruptcy Court (or deemed timely filed with the Bankruptcy Court by a Final Order of the Bankruptcy Court) that have not been Disallowed, expunged or waived shall be deemed Allowed Prepetition Medical Malpractice Claims for voting purposes only and shall be entitled to one vote in the amount of \$1.00 on account of such Prepetition Medical Malpractice Claim. For all other purposes under the Plan, all Prepetition Medical Malpractice Claims not previously Allowed shall be considered to be Disputed Claims as of the Effective Date such that no objection to a Prepetition Medical Malpractice Claim is required to be filed by the Plan Administrator. The Plan Administrator shall have the right to the exclusion of all others to make, file, and prosecute objections to Prepetition Medical Malpractice Claims in a forum of appropriate jurisdiction. All Prepetition Medical Malpractice Claims for which proofs of claim have been timely filed with the Bankruptcy Court (or deemed timely filed with the Bankruptcy Court by a Final Order of the Bankruptcy Court) that are not to be afforded the treatment under Section 4.5(a) of the Plan shall be estimated by the District Court pursuant to Section 502(c) of the Bankruptcy Code, except to the extent that the Plan Administrator and a holder of a Prepetition Medical Malpractice Claim compromise, settle or otherwise resolve the respective Prepetition Medical Malpractice Claim or the respective Prepetition Medical Malpractice Claim has already been liquidated in another appropriate forum by a Final Order; provided, however, that the Bankruptcy Court shall have jurisdiction to hear and rule on objections by the Plan Administrator to Prepetition Medical Malpractice Claims (and post-petition medical malpractice, personal injury, and wrongful death Claims against any of the Debtors) based on (i) timeliness of a proof of claim, (ii) failure to prosecute, (iii) whether a proof of claim set forth sufficient facts necessary to be *prima facie* valid, (iv) such Claims having been liquidated in another appropriate forum and/or satisfied, (v) recovery on such Claims having been limited to available insurance, or (vi) other non-merit based objections.

Section 9.4 No Distributions Pending Allowance. Notwithstanding any provision in the Plan to the contrary, no partial payments and no partial distributions shall be made by the Plan Administrator with respect to any portion of any Claim against any of the Debtors if such Claim or any portion thereof is a Disputed Claim. In the event and to the extent that a Claim against any of the Debtors becomes an Allowed Claim after the Effective Date, the holder of such Allowed Claim shall receive all payments and distributions to which such holder is then entitled under the Plan as if such holder's Allowed Claim had been Allowed on the Effective Date.

ARTICLE X.

CONDITIONS PRECEDENT

Section 10.1 Conditions to Confirmation. The following conditions are conditions precedent to Confirmation of the Plan unless waived by the Plan Proponent pursuant to Section 10.3 of the Plan: (i) the order approving the Disclosure Statement shall be a Final Order and (ii) the Confirmation Order shall be in a form and substance acceptable to the Plan Proponent.

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

- (a) the Confirmation Date shall have occurred;
- (b) the Confirmation Order shall have become a Final Order;
- (c) the Plan Administrator shall have been appointed;
- (d) all actions, documents, and agreements necessary to implement the provisions of the Plan shall be reasonably satisfactory to the Plan Proponent, and such actions, documents, and agreements shall have been effected or executed and delivered; and
- (e) all other actions required by the Plan to occur on or before the Effective Date shall have occurred.

Section 10.3 Waiver of Conditions. Any of the conditions set forth in this Article, except for the condition in Section 10.2(a) of this Article, may be waived by the Plan Proponent to the extent such waiver does not affect the distributions hereunder.

ARTICLE XI.

MODIFICATION, REVOCATION OR WITHDRAWAL OF THE PLAN

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

Section 11.2 Revocation or Withdrawal of Plan. The Plan Proponent reserves the right to revoke or withdraw the Plan at any time prior to the Effective Date. If the Plan Proponent revokes or withdraws the Plan prior to the Effective Date, then the Plan shall be deemed null and void, and nothing contained in the Plan shall be deemed to constitute a waiver or release of any Claims by or against the Debtors, or any Debtor, or any other Person or to prejudice in any manner the rights of the Committee, the Debtors, any Debtor, or any Person in any further proceedings involving the Debtors, or any Debtor.

ARTICLE XII.

RETENTION OF JURISDICTION

Section 12.1 Retention of Jurisdiction of the Bankruptcy Court. Notwithstanding confirmation of the Plan or occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction for all purposes permitted under applicable law, including, without limitation, the following purposes:

- (a) to recover all Assets, wherever located;
- (b) to hear and determine any actions commenced on or after the Effective Date by the Plan Administrator, including, but not limited to, Causes of Action of the Debtors, or any Debtor;
- (c) to hear and determine any pending applications for the assumption or rejection of Executory Contracts, and the resulting allowance of Claims against the Debtors, or any Debtor;
- (d) to hear and determine any adversary proceedings, applications, motions, contested matters and other litigated matters pending on the Effective Date or commenced or filed after the Effective Date;
- (e) to ensure that distributions to holders of Allowed Claims are accomplished as provided in the Plan;
- (f) to hear and determine objections to, or requests for estimation of, Claims against any of the Debtors, including any objections to the classification of any Claims against any of the Debtors, and to allow, disallow and/or estimate Claims against any of the Debtors, in whole or in part;
- (g) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (h) to issue any appropriate orders in aid of execution of the Plan or to enforce the Confirmation Order or the provisions of the Plan;
- (i) to issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any order of the Bankruptcy Court;
- (j) to hear and determine any applications to modify the Plan, to cure any defect or omission or to reconcile any inconsistency in the Plan or in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
- (k) to hear and determine all applications for compensation and reimbursement of expenses of professionals under Sections 328, 330, 331, 363, and/or 503(b) of the Bankruptcy Code;
- (l) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan;
- (m) to hear and determine matters concerning state, local, and federal taxes in accordance with Sections 346, 505, and 1146 of the Bankruptcy Code;
- (n) to hear and determine any matters for which jurisdiction was retained by the Bankruptcy Court pursuant to prior orders;

- (o) to enter a final decree closing the Cases; and
- (p) to hear and determine any other matters presented or arising under the Plan.

ARTICLE XIII.

INJUNCTIONS, EXCULPATION, ET CETERA

Section 13.1 **Injunction.** Except as expressly provided otherwise in the Plan, including, without limitation, the treatment of Claims against any of the Debtors, as of the Effective Date, all Persons that have held, currently hold, or may hold a Claim against any of the Debtors, or who have held, currently hold, or may hold an Interest, are permanently enjoined from taking any of the following actions against any of the Debtors, the Plan Administrator, the Committee or members thereof, the Post Effective Date Committee or members thereof, present and former directors, officers, trustees, agents, attorneys, advisors, members, or employees of any of the Debtors, the Committee or members thereof, the Post Effective Date Committee or members thereof, the Plan Administrator, any of their respective successors or assigns, or any of their respective assets or properties, on account of any Claim against any of the Debtors or any Interests: (a) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind with respect to a Claim against any of the Debtors or any Interests; (b) enforcing, levying, attaching, collecting, or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree, or order with respect to a Claim against any of the Debtors or any Interests; (c) creating, perfecting, or enforcing in any manner, directly or indirectly, any lien or encumbrance of any kind with respect to a Claim against any of the Debtors or any Interests; (d) asserting any setoff, right of subrogation, or recoupment of any kind, directly or indirectly, against any Debt, liability, or obligation due to any of the Debtors or their property or Assets with respect to a Claim against any of the Debtors or any Interests; and (e) proceeding in any manner in any place whatsoever that does not conform to or comply with or is inconsistent with the provisions of the Plan. For the avoidance of doubt, nothing in this Section 13.1 of the Plan shall limit obligations arising under the Plan.

Section 13.2 **Exculpation.** None of the Committee, the individual members of the Committee (acting in their capacities as members of the Committee), the Plan Administrator, the Post Effective Date Committee, and the individual members of the Post Effective Date Committee (acting in their capacities as members of the Post Effective Date Committee), their respective current, former or future directors, officers, trustees, employees, attorneys, agents, advisors, or representatives, nor any professional employed by any of the them, shall have or incur any liability for any act or omission occurring after the Petition Date in connection with, related to, or arising out of, the Cases, the formulation, preparation, dissemination, implementation, confirmation, or approval of the Plan, the administration of the Plan or the property to be distributed under the Plan, or any contract, instrument, release, or other agreement or document provided for or contemplated in connection with the consummation of the transactions set forth in the Plan; provided, however, that this Section 13.2 of the Plan shall not affect the liability of any Person that would result from any such act or omission to the extent that such act or

omission is determined by a Final Order to have constituted willful misconduct or gross negligence; and in all respects, such Persons shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and shall be fully protected from liability in acting or refraining to act in accordance with such advice.

Section 13.3 Release of Collateral. Except as expressly provided otherwise in the Plan, unless a holder of an Allowed Secured Claim receives a return of its collateral in respect of such Claim under the Plan: (i) each holder of (A) an Allowed Secured Claim and/or (B) an Allowed Claim that is purportedly secured, on the Effective Date shall (x) turn over and release to the Debtors any and all property that secures or purportedly secures such Claim and (y) execute such documents and instruments as the Plan Administrator requires to evidence such claimant's release of such property; and (ii) on the Effective Date, all claims, rights, title, and interest in such property shall revert to the Debtors, free and clear of all Claims, including (without limitation) liens, charges, pledges, encumbrances, and/or security interests of any kind. No distribution hereunder shall be made to or on behalf of any holder of such Claim unless and until such holder executes and delivers to the Plan Administrator such release of liens. Any such holder that fails to execute and deliver such release of liens within 60 days of any demand thereof shall be deemed to have no further Claim and shall not participate in any distribution hereunder. Notwithstanding the immediately preceding sentence, a holder of a Disputed Claim shall not be required to execute and deliver such release of liens until the time such Claim is Allowed or Disallowed.

Section 13.4 Cause of Action Injunction. On and after the Effective Date, all Persons other than the Plan Administrator will be permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively, or otherwise) on account of, or respecting any, claim, debt, right, or Cause of Action that the Plan Administrator retains authority to pursue in accordance with the Plan.

Section 13.5 Preservation and Application of Insurance. The provisions of the Plan shall not diminish or impair in any manner the enforceability and/or coverage of any insurance policies (and any agreements, documents, or instruments relating thereto), including, but not limited to, coverage provided by Forum Health Insurance Ltd. and any coverage excess thereto, that may cover Claims against any of the Debtors, any directors, trustees, or officers of any of the Debtors, or any other Person. For the avoidance of doubt, all of the Debtors' insurance policies, or third party policies naming the Debtors as additional insured parties, and the proceeds thereof, including, without limitation, coverage provided by Forum Health Insurance Ltd. and any coverage excess thereto, shall be available to holders of Claims against any of the Debtors to the extent such insurance policies cover such Claims. In addition, such insurance policies and proceeds thereof shall be available to holders of Claims against any of the Debtors for the purpose of satisfying Claims against any of the Debtors that are estimated pursuant to Section 502(c) of the Bankruptcy Code or in accordance with the Plan, to the extent such insurance policies cover such Claims.

Section 13.6 Preservation of Avoidance Actions. Notwithstanding anything in the Plan to the contrary, all Avoidance Actions of the Debtors, and each Debtor, are preserved and may be pursued by the Plan Administrator, including, but not limited to, any Avoidance Actions commenced by any of the Debtors or the Committee prior to the Effective Date, any Avoidance Actions that are the subject of tolling agreements, and any Avoidance Actions that have been or

may be commenced against any of the persons or entities that received payments during the 90 days prior to the Petition Date listed on Exhibit C to the Disclosure Statement.

Section 13.7 Term of Injunctions or Stays. Unless otherwise provided herein, all injunctions or stays provided for in the Cases pursuant to Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Cases are closed.

ARTICLE XIV.

MISCELLANEOUS PROVISIONS

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

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

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

Section 14.4 Withholding and Reporting Requirements. In connection with the Plan and all instruments issued in connection therewith and distributions thereon, the Plan Administrator shall comply with all withholding, reporting, certification, and information requirements imposed by any federal, state, local, or foreign taxing authority and all distributions hereunder shall, to the extent applicable, be subject to any such withholding, reporting, certification, and information requirements. Persons entitled to receive distributions hereunder shall, as a condition to receiving such distributions, provide such information and take such steps as the Plan Administrator may reasonably require to ensure compliance with such withholding and reporting requirements, and to enable the Plan Administrator to obtain the certifications and information as may be necessary or appropriate to satisfy the provisions of any tax law.

Section 14.5 Section 1146 Exemption. Pursuant to Section 1146(a) of the Bankruptcy Code, the assignment or surrender of any lease or sublease, or the delivery, making, filing, or recording of any deed or other instrument of transfer, or the issuance, transfer, or exchange of any security under the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition of assets contemplated by the Plan, shall not be subject to any stamp, real estate transfer, mortgage, recording, or other similar tax. Consistent with the foregoing, each recorder of deeds or similar official for any county, city, or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax, or similar tax.

Section 14.6 Disposal of Books and Records. The Debtors' right (through the Plan Administrator) to seek authorization from the Bankruptcy Court for the destruction of books and

records, including patient medical billing records, prior to the expiration of any statutory period requiring that such records be maintained are preserved.

Section 14.7 Severability. In the event that any provision of the Plan is determined to be unenforceable, such determination shall not limit or affect the enforceability and operative effect of any other provisions of the Plan. To the extent that any provision of the Plan would, by its inclusion in the Plan, prevent or preclude the Bankruptcy Court from entering the Confirmation Order, the Bankruptcy Court, on the request of the Plan Proponent, may modify or amend such provision, in whole or in part, as necessary to cure any defect or remove any impediment to the Confirmation of the Plan existing by reason of such provision; provided, however, that such modification shall not be effected except in compliance with Section 11.1 of the Plan.

Section 14.8 Reservation of Rights. If the Plan is not confirmed for any reason, the rights of all parties in interest in the Cases are and shall be reserved in full. Any concession reflected or provision contained herein, if any, is made for purposes of the Plan only, and if the Plan does not become effective, no party in interest in the Cases shall be bound or deemed prejudiced by such concession.

Section 14.9 Binding Effect; Counterparts. The provisions of the Plan shall bind all holders of Claims against any of the Debtors and Interests, whether or not they have accepted the Plan. The Plan may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Plan.

Section 14.10 Effectuating Documents; Further Transactions. The Plan Proponent or Plan Administrator, as applicable, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and condition of the Plan.

Section 14.11 Waiver of Bankruptcy Rule 7062. The Plan Proponent may request that the Confirmation Order include (i) a finding that Bankruptcy Rule 7062 shall not apply to the Confirmation Order and (ii) authorization for the Plan Proponent to consummate the Plan immediately after entry of the Confirmation Order.

Section 14.12 No Admission. Notwithstanding anything in the Plan or the Disclosure Statement to the contrary, nothing contained in the Plan or the Disclosure Statement shall be deemed an admission by any Person with respect to any matter set forth in the Plan or the Disclosure Statement.

Section 14.13 Successors and Assigns. The rights, benefits, and obligations of any Person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the heir, administrator, successor, or assign of such Person.

Section 14.14 Restricted Funds. Notwithstanding anything to the contrary in the Plan, to the extent, as determined by the Plan Administrator, that any funds held by any of the Debtors

constitute charitable contributions that are subject to donor-restrictions such that, under applicable law, such funds cannot be used to fund distributions under the Plan to holders of Allowed Claims or be used to fund the costs of administering the Plan, such funds will be disposed of by the Plan Administrator in accordance with applicable law.

Section 14.15 Notices. All notices, requests, and demands to or upon the Plan Proponent, the Plan Administrator, or the Post Effective Date Committee must be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission or by electronic mail, when received and telephonically confirmed, addressed as follows:

If to the Plan Proponent, to:

ALSTON & BIRD LLP

Craig E. Freeman, Esq.

Martin G. Bunin, Esq.

90 Park Ave.

New York, New York 10016

Tel: (212) 210-9400

Fax: (212) 210-9444

E-mail: craig.freeman@alston.com

marty.bunin@alston.com

If to the Plan Administrator, to:

Michael Imber

Grant Thornton LLP

The Chrysler Center

666 Third Avenue

New York, NY 10017

Tel: (212) 542-9780

E-mail: Michael.Imber@us.gt.com

With a copy to

Craig E. Freeman, Esq.

Martin G. Bunin, Esq.

Alston & Bird LLP

90 Park Avenue

New York, NY 10016

Tel: (212) 210-9400

Fax: (212) 210-9444

E-mail: craig.freeman@alston.com

marty.bunin@alston.com

If to the Post Effective Date Committee, to:

Peggy Jennings
Owens & Minor Distribution, Inc.
9120 Lockwood Blvd.
Mechanicsville, VA 23116
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With a copy to

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With a copy to

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Whyte Hirschboeck Dudek S.C.
555 East Wells Street, Suite 1900
Milwaukee, WI 53202
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Fax: (414) 223-5000
E-mail: phowell@whdlaw.com

Section 14.16 Plan Controls. In the event and to the extent that any provision of the Plan is inconsistent with the provisions of the Disclosure Statement, the provisions of the Plan shall control and take precedence.

Dated: February 2, 2011

**THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS APPOINTED IN
THE CHAPTER 11 CASES OF
FORUM HEALTH CARE, *et al.***

By: /s/ Peggy Jennings
Peggy Jennings
Owens & Minor Distribution, Inc.
Chair of the Committee

ALSTON & BIRD LLP

Martin G. Bunin, Esq.
Craig E. Freeman, Esq.
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Counsel for the Official Committee
of Unsecured Creditors

Exhibit B

The Disclosure Statement Approval Order

Exhibit C

**List of Persons or Entities that
Received Payments during the 90 Days Prior to the Petition Date**

[To Be Added]

Exhibit D

Estimated Recovery Analysis

Forum Health, et al.
Estimated Recovery Analysis
(\$ in thousands)

	Estimated Recovery Value	
	<u>Low</u>	<u>High</u>
<u>Estimated Liquidation Proceeds:</u>		
Estimated Liquidation Proceeds Available for Distribution ^A	50,509	50,509
<u>Less: Estimated Administrative Claims</u>		
503(b)(9), Reclamation, Post-Petition Accounts Payable, and Other ^B	13,485	13,485
Wind-Down Costs	750	750
Post-Petition Professional Expenses	9,431	9,431
Subtotal - Estimated Administrative Claims	<u>23,666</u>	<u>23,666</u>
Estimated Proceeds Available After Administrative Claims	26,843	26,843
Estimated Recovery % for Administrative Claims	100%	100%
<u>Less: Estimated Priority Tax Claims</u>		
Priority Tax Claims	<u>220</u>	<u>220</u>
Estimated Proceeds Available for Unsecured Claims	\$ 26,623	\$ 26,623
Estimated Recovery % for Priority Tax Claims	100%	100%
<u>Estimated Unsecured Claims</u>		
Total Unsecured Claims ^C	\$ 182,146	\$ 152,607
Estimated Recovery % for Unsecured Claims	15%	17%

Notes:

- A Does not include any potential recoveries from avoidance actions. Includes approximately \$13 million in estimated unrestricted foundation cash.
- B Does not include post-petition medical malpractice and personal injury claims that have been filed, the ultimate allowed amounts of which, if any, can not be estimated at this time. These claims may be paid from available insurance to the extent insurance covers such claims.
- C High and Low estimates exclude litigation claims. \$26.2 million in unsecured medical malpractice and other litigation claims are listed in the claims register and may be paid from available insurance to the extent insurance covers such claims.

Note: All figures are estimated by Grant Thornton unless otherwise noted.