NOTICE: This Disclosure Statement has not yet been approved by the Bankruptcy Court. It is not intended to solicit your vote for or against a plan of reorganization at this time. It is being sent to you pursuant to Rule 3017 of the Federal Rules of Bankruptcy Procedure to provide you an opportunity to participate in the process of approval of this document by the Bankruptcy Court, should you choose to so participate.

[This notation to be removed upon Bankruptcy Court approval of this document]

IN THE UNITED STATES BANKRUPTCY COURT FOR THE WESTERN DISTRICT OF OKLAHOMA

In re:	**§**	
	§	
MILLENNIUM MULTIPLE EMPLOYER	**§**	**Case No. 10-13528**
WELFARE BENEFIT PLAN,	**§**	**(Chapter 11)**
	§	
Debtor.	**§**	

DISCLOSURE STATEMENT OF MILLENNIUM MULTIPLE EMPLOYER WELFARE BENEFIT PLAN UNDER 11 U.S.C. § 1125 IN SUPPORT OF DEBTOR'S PLAN OF REORGANIZATION

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Local Counsel for Debtor in Possession
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Plan

DATED: February 17, 2011

LETTER FROM JONATHAN COCKS ON BEHALF OF THE PLAN COMMITTEE SUPPORTING VOTE IN FAVOR OF THE LIQUIDATING PLAN

February 17, 2011

TO ALL CREDITORS OF MILLENNIUM MULTIPLE EMPLOYER WELFARE BENEFIT PLAN:

Re: *Millennium Multiple Employer Welfare Benefit Plan,* Case No. 10-13528
United States Bankruptcy Court, Western District of Oklahoma

The enclosed materials are being sent to you because you are, or have asserted that you are, a creditor of the Millennium Multiple Employer Welfare Benefit Plan. These materials are intended to provide you with adequate information to allow you the opportunity to vote your claim(s) to accept or reject the Plan of Liquidation we have proposed and filed in the Debtor's Chapter 11 case presently pending in the United States Bankruptcy Court for the Western District of Oklahoma (the "Bankruptcy Court").

Enclosed are copies of the following documents:

1. The Disclosure Statement under 11 U.S.C. § 1125 in Support of the Plan of Liquidation (the "Disclosure Statement").

2. The proposed Plan of Liquidation (the "Plan").

3. A Ballot for Accepting or Rejecting the Plan.

4. Ballot Instructions.

5. The Order (i) Approving Disclosure Statement in Support of Plan of Liquidation; (ii) Establishing Time for Filing Acceptances or Rejections of Plan of Liquidation; and (iii) Establishing Objection Deadlines.

The Debtor's Plan Committee urges you to please study this Disclosure Statement and the Plan carefully so you can determine the effect Plan has on any claim(s) you may have against the Debtor. **PLEASE NOTE THAT, PURSUANT TO THE ENCLOSED BANKRUPTCY COURT ORDER, YOUR BALLOT OR BALLOTS MUST BE DELIVERED TO FRANKLIN SKIERSKI LOVALL HAYWARD, LLP; ATTN: MELANIE HOLMES; 10501 N. CENTRAL EXPRESSWAY, SUITE 105, DALLAS, TEXAS 75231, AND MUST ACTUALLY BE RECEIVED, WHETHER BY MAIL, HAND DELIVERY, OR FACSIMILE, BY 4:00 P.M. CENTRAL TIME ON _____, 2011 (THE "VOTING DEADLINE").**

In order to have your vote on the Plan counted, you must submit the enclosed ballot by the Voting Deadline.

THE PLAN COMMITTEE STRONGLY BELIEVES THAT THE PLAN IS IN THE BEST INTERESTS OF ALL CREDITORS AND OTHER PARTIES IN INTEREST, AND WE URGE YOU TO **VOTE IN FAVOR OF THE PLAN.**

Our reasons for this Plan and requesting your vote in its favor are as follows:

1. While all of the Debtor's creditors are treated fairly and equitably, the Plan seeks to preserve substantially all of the Debtor's net assets for distribution to the Debtor's Participants.

2. For those Participants who are interested in acquiring the life insurance policy owned by the Debtor that insures their life, the Plan provides a cost effective mechanism for each of them to acquire it.

3. All of the Debtor's Participants have been placed in Class 4 and receive equal treatment in this Class.

4. The Plan provides the Debtor's creditors, especially it's Participants, with the most favorable tax treatment possible.

5. The Plan preserves the Debtor's and it's Participants' contention it complies with Internal Revenue Code Section 419A(f)(6). This protects, as much as possible, the Participants' and covered employers' tax position as to the benefits received from the Debtor.

6. The provisions of the Plan are consistent with the terms and conditions of the Debtor's Master Plan document, which is the agreement that binds all of the Debtor's Participants.

7. Finally, the Plan is consistent with, and a prerequisite to, finalizing any settlement framework with the Internal Revenue Service.

WE BELIEVE THIS PLAN TO BE FAIR, EQUITABLE AND IN AND IN THE BEST INTEREST OF THE DEBTOR'S CREDTORS. PLEASE STUDY THE ENCLOSED MATERIALS CAREFULLY AND VOTE YOUR CLAIM IN FAVOR OF THIS PLAN.

Sincerely,

The Millennium Multiple Employer Welfare Benefit Plan Committee

_____

By: Jonathan Cocks, Chairman

FREQUENTLY ASKED QUESTIONS ABOUT CHAPTER 11, MILLENNIUM PLAN, VOTING AND RESULTS OF CONFIRMATION OF THE MILLENNIUM PLAN

To assist creditors in making the decision to vote on the Plan, the Debtor has prepared the following frequently asked questions ("FAQs") and answers.

THIS DISCLOSURE STATEMENT, TOGETHER WITH THE PLAN ATTACHED HERETO, SHOULD BE READ IN ITS ENTIRETY. FOR THE CONVENIENCE OF CREDITORS, THE TERMS OF THE PLAN ARE SUMMARIZED IN THIS DISCLOSURE STATEMENT, BUT ALL SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN ITSELF, WHICH IS CONTROLLING IN THE EVENT OF ANY INCONSISTENCY.

A. FAQs about the Debtor and Chapter 11

1. Who is the Debtor?

The Millennium Multiple Employer Welfare Benefit Plan (the "Debtor" or "Millennium") is a Mississippi Trust, with its primary assets held and administrators located in Oklahoma. Its governing body is a Plan Committee, which includes three unpaid voting Participants (each of whom was designated by a Covered Employer) and a compensated non-voting Chairman and General Manager.

2. What is or was the business of the Debtor?

The Debtor provides medical, disability, long term care, severance and death benefits to its Participants ("Participants"), who are employees of the Covered Employers ("Covered Employers"), which are businesses that adopted Millennium for certain of their employees.

3. How long has the Debtor Been in Chapter 11?

The Debtor filed its voluntary petition for relief under chapter 11 of the United States Bankruptcy Code on June 9, 2010 (the "Petition Date"), in the United States Bankruptcy Court, Western District of Oklahoma.

4. Who Makes Decisions for the Debtor?

The Debtor has remained in possession and control of its property. Jonathan Cocks, its General Manager, and the other members of the Plan Committee, have continued to make decisions for the Debtor. The Official Committee of Unsecured Creditors (the "Committee") has had substantial input into many decisions. If the Plan is confirmed, a Millennium Liquidation Trustee, who will be appointed by the Bankruptcy Court, will make decisions for the liquidating Debtor. The Bankruptcy Court has the authority to make final decisions on most important matters involving the Debtor.

5. What is Chapter 11?

Chapter 11 is the chapter of the Bankruptcy Code frequently used for the reorganization or liquidation of a business. Under chapter 11, a company may attempt to restructure its finances or operations so that it can continue to operate its business or to liquidate its assets in an orderly manner. Here, the Debtor will be liquidated pursuant to a Plan of Liquidation (the "Plan"). Once Millennium filed Chapter 11, all efforts to collect on debts or claims that arose prior to the Petition Date were "stayed" by operation of section 362 of the Bankruptcy Code until a Chapter 11 Plan could be confirmed.

B. FAQs about the Plan of Liquidation

6. What is a Chapter 11 Plan?

A Chapter 11 plan sets forth and governs the treatment and rights to be afforded to creditors and interest holders with respect to their claims against and equity interests in a debtor. Here, the Debtor has no equity interests. Other than certain administrative and governmental unit claims, a plan classifies all claims against the Debtor. The Plan classifies creditor claims into 5 classes:

Class 1—Priority Claims

Class 2—Secured Claims

Class 3—Unsecured Claims – Other than Participants

Class 4—Participant Claims

Class 5—Subordinated Claims

7. If the Chapter 11 Plan Is the Document Which Governs How a Claim Will Be Treated, Why Am I Receiving This Disclosure Statement?

In order to confirm a Chapter 11 Plan, the Bankruptcy Code requires that a proponent solicit acceptances of a proposed Chapter 11 Plan. However, before a proponent can solicit such acceptances, the Court must approve the information to be sent to the creditors, along with the proposed Chapter 11 Plan, to assure that the information provided is sufficient to allow the creditors to make an informed judgment about the Chapter 11 Plan. The purpose of this Disclosure Statement is to provide the information required by the Bankruptcy Code.

8. Has the Debtor Proposed a Chapter 11 Plan?

Yes. On or about February 17, 2011, the Debtor filed its Plan, a copy of which is attached to this Disclosure Statement as Exhibit 1.

9. What Type of Chapter 11 Plan was filed? The Plan calls for an orderly liquidation of the Debtor's assets and the distribution of the proceeds to Participants.

10. Has This Disclosure Statement Been Approved by the Bankruptcy Court?

Yes. The Bankruptcy Court approved the Disclosure Statement, including all the related materials you are receiving.

11. Why is Confirmation of a Chapter 11 Plan Important?

Confirmation of a Chapter 11 Plan is necessary for a debtor in Chapter 11 to provide the court-approved treatment to its creditors under its plan. Unless the Chapter 11 Plan is confirmed, the debtor is legally prohibited from providing you what has been proposed in the Plan.

12. What is Necessary to Confirm a Chapter 11 Plan?

Confirmation of a Chapter 11 Plan requires, among other things, the vote in favor of the Plan of two-thirds in total dollar amount and a majority in number of claims actually voting in each voting class. (If the vote is insufficient, the Court can still confirm the Plan, but only upon being provided evidence required to approve the Plan despite the disapproval by a voting class.

C. FAQs about Treatment under the Plan

13. Am I Entitled to Vote on the Plan?

Yes. Unless you hold only an Administrative Claim Claim (a claim that arose only after the Petition Date), you are entitled to vote under the Plan. For example, if you provided trade credit to the Debtor after June 9, 2010, you are not a creditor entitled to vote, as you only hold an Administrative Claim and must be paid in full in the ordinary course of business or on the Effective Date.

All other claims are considered "impaired," in the sense that the Plan provides for paying you less than the amount you have claimed. The Plan provides that all such impaired classes of claimants is entitled to vote. Thus, if you entered into a contract, are think you are owed any monies from the Debtor or had any agreements with the Debtor prior to the Petition Date on which you have not been paid, you are a creditor entitled to vote.

14. How Do I Determine Which Class I Am In?

To determine the class of your claim or interest, you first determine the nature of the claim against the Debtor (*i.e.*, as a Participant or for some other reason); then, turn to the Table of Contents, which will direct you to the discussion of the Plan and to the treatment provided to the class in which you are grouped. The pertinent section of the Disclosure Statement dealing with that class will explain, among other things, who is in that class, what is the size of the class, and what you will receive if the Plan is confirmed, and when you will receive what the Plan has provided for you if the Plan is confirmed.

At the present time, the most significant distributions the Debtor anticipates making are to current Participants in the Millennium Plan. They are classified as Class 4 claimants and each will receive an Allowed Claim calculated as explained below. The amount of that Allowed Claim does not depend on the amount on any Proof of Claim. You will be paid the Allowed Claim provided for in the Plan, and only that amount, if the requisite number of Participants vote for the Plan. This means that the amount calculated is all that a litigant will receive as a

distribution from the Debtor, regardless of how his or her claims are state in a proof of claim, pending litigation, or otherwise. If you are unhappy with your treatment under the Plan, you can object to the Plan in the Bankruptcy Court or vote against the Plan.

The majority of other claims filed in the Bankruptcy are considered to be contingent, unliquidated, and/or disputed and are dealt with in Class 3. These include claims filed by Covered Employers, Insurers, non-Participants, or persons or entities suing the Debtor or making demands upon the Debtor or persons who provided services to the Debtor before June 9, 2010. A total of $1,000,000 has been set aside to pay all Class 3 claims. The Debtor believes that the amount of allowable claims in Class 3 totals less than $500,000. If you are a Class 3 claimant, you can object to the Plan or vote against it if you are unhappy with your treatment under the Plan.

15. Do I Need to Vote?

Every creditor is urged to cast a ballot.

16. What Is the Deadline By Which I Need to Return My Ballot?

March [__], 2011 is the deadline established by the Bankruptcy Court when your ballot must be returned in order to be counted for voting purposes.

17. Where do I get a ballot?

Two Ballots have been included in the packet of materials you have received – a Ballot for all creditors, except Class 4 Participants, is printed on blue paper and a Ballot for Participants in Class 4 is printed on green paper. The appropriate Ballot should be completed and returned by the voting deadline.

The Ballots have been printed with the return address on the back side. Please fold the Ballot so that the return address is shown on the front, staple of tape the Ballot closed, affix the appropriate postage, and return the Ballot by mail. The Ballot may also be sent by overnight courier or hand delivery. Ballot sent by facsimile o by e-mail will not be counted.

18. Where do I send the completed ballot?

To ensure that your vote is counted, you must (i) complete the Ballot; (ii) indicate your decision to either accept or reject the Plan in Item 2 of the Ballot; and (iii) sign and return the Ballot in accordance with the instructions on the Ballot to Melanie Holmes, Franklin Skierski Lovall Hayward, LLP, Chase Bank Building, 10501 N. Central Expressway, Suite 106, Dallas, Texas 75231, so that it is actually received by the Voting Deadline.

19. Do I Have to Vote For The Plan to Receive a Distribution?

Creditors in Classes 1, 2, 3, 4, and 5 are entitled to vote on the Plan. Voting is the best way to signal your preference for a treatment under the Plan.

Additionally, as to Participants in Class 4 who did not file a lawsuit against the Debtor before June 9, 2010 ("Non-Litigation Participants"), the Plan is set up to require you to cast a completed ballot in order for you to share in any distribution of the Settlement Funds, as discussed in section VI(B)(5) of this Disclosure Statement.

20. Do I get my money after I complete the ballot?

No. The Bankruptcy Court must "confirm" the Plan. The Bankruptcy Court will conduct a hearing and if it finds that the Plan has met the legal requirements under Bankruptcy Code § 1129, then the Court will sign an order confirming the Plan (the "Confirmation Order").

It is not possible to determine when distributions will be made because the Debtor currently does not have access to its assets. *See* **FAQ 28** for a discussion of that issue.

21. To What Address Will the Distribution be sent?

Unless a creditor gives timely written notice of a change or correction in address, the distribution to each creditor will be sent to the address shown on the ballot, or, if no ballot is submitted, on the Proof of Claim filed by the creditor, or the address appearing in the Debtor's Schedules, where no proof of Claim was filed. Any subsequent distributions will be sent to the same address, unless that address is superseded by a proof of claim or a transfer of claim filed pursuant to Bankruptcy Rule 3001 (or at the last known address of such creditor if the Millennium Liquidation Trustee has been notified in writing of a change of address).

D. Information About the Reasons for the Plan Provisions

22. Why Did the Debtor File Bankruptcy?

Millennium has provided over $28 million of benefits to almost 300 of its Participants, and has net assets that would allow it to continue to provide benefits for years. There are several reasons why the Debtor filed for bankruptcy despite its financial strength.

First, the Participants face uncertainty about their tax situation and the Debtor has been pursuing a resolution with the Internal Revenue Service ("IRS") for some time. From the beginning, it has been clear that a necessary part of any tax resolution would be the termination of the Debtor, and the current proposed settlement with the IRS ("IRS Settlement") provides for termination. Under Millennium's governing documents, the Plan Committee does not have the right to terminate Millennium and therefore the Plan Committee needed to seek court approval. Because of the protections of bankruptcy law, the Plan Committee believed that it is a good forum for designing a fair termination plan and assuring that everyone affected has a chance to participate.

Second, Millennium has been engaged in litigation with a number of current and former Covered Employers, Participants and other parties for the last four years. Those lawsuits also name certain insurance companies as defendants. Four of these insurance companies took the position that they would not allow the Debtor to obtain access to its assets until the litigation was resolved. Without access to its assets, Millennium could not continue to offer benefits or defend

the lawsuits against it. The Plan Committee believed that filing for bankruptcy would facilitate an end to the litigation and allow the Debtor to regain access to its assets.

23. Why Does the Plan Provide for Termination of Millennium?

The Plan provides for a termination of the Debtor and a distribution of its assets to Participants. The reasons are as follows:

- It is a prerequisite of the IRS Settlement
- A survey of Participants indicated majority support for termination
- Millennium was designed with the assumption that there would be new, younger Participants joining over time. Because of the tax uncertainty, the sponsor of Millennium ceased seeking new entrants several years ago. Without new entrants, it is probable that the level of benefits the Debtor could provide would over time become much smaller than they are now, thereby frustrating the basic intent of Millennium to provide a robust level of benefits to Participants.

24. What Has Happened to the Benefits During the Bankruptcy and Will They Cease?

The Debtor understands that there are Participants who have been receiving large payments for disabilities or chronic illnesses and other Participants are counting on the promised death benefits in their estate planning. When Millennium filed for bankruptcy, it suspended the payment of Life Benefits. As long as Millennium was prevented by the insurance companies from obtaining access to its assets, it did not believe that it should promise Life Benefits. The Debtor believed that the insurance companies would pay death benefits, however, and has continued to make them available during the bankruptcy.

Despite the needs of some Participants, the Plan Committee decided to propose a liquidating plan for the reasons explained above. *See* **FAQ 23.** However, the Plan allows a Participant to purchase the insurance policy on his or her life with the distributions that will be made upon termination. This provision is designed to allow Participants who can no longer pass underwriting to retain death benefit protection. In addition, the Plan provides for the payment of Death Benefits from Millennium until the time allowed for Participants to elect to purchase the Policies on their lives expires.

25. What Will Participants Receive Under the Plan?

Each Participant will be entitled to an "Allowed Claim" based on the percentage that the contributions made on his or her behalf (called "Attributed Contribution" in the Plan) bears to the total of all Attributed Contributions for all Participants (the "Total Contributions") made to Millennium. The amount of each Participant's Allowed Claim is calculated by multiplying his or her respective percentage of Total Contributions by the assets available for distribution. The total value of the Debtor's distributable assets for purposes of calculating the Allowed Claims will vary depending on investment results, the proceeds that can be obtained from the Life Policies when they are liquidated, expenses of the Estate, claims paid, and other factors.

The Debtor is still compiling the information necessary to calculate each Participant's exact share of the assets and, as discussed above, it is impossible to determine now how much money will eventually be distributed. The best estimate the Debtor can provide at this time is that, if the assets were distributed now, there would be approximately $80 million distributed to Participants. If a Participant knows the Attributed Contribution made on his or her behalf, the Participant can estimate the percentage of that total, and the distribution, by assuming that Total Contributions made to the Millennium Plan were $160 million.

This is what the Allowed Claim calculation would look like for a Participant with an Attributed Contribution of $100,000 using the above assumptions:

> Attributed Contribution equals $100,000
> Dividing the Attributed Contribution by $160 million of Total Contributions equals .0625 percent
> Multiplying the estimated $80 million of total assets available for distribution by .0625 percent equals $50,000.

26. Why Is the Allocation For Participants Based On Contributions?

Millennium's governing documents provide that each Participant will receive his or her Life Benefits at termination. The Plan Committee has decided to use the contribution methodology described above to define "Life Benefits" for purposes of termination. It has done so for several reasons:

- That is the methodology provided for in the IRS Settlement;
- The Committee believes that should be the methodology;
- While the Debtor has not done alternative calculations, it believes that other possible methodologies would lead to roughly the same results.

The Committee believes that Life Benefits previously paid to Participants should be taken into account for purposes of this distribution on the theory that it would be fairer to treat Participants who have already received benefits differently from those who have not. The Debtor understands the reasoning and has carefully considered that alternative. However, it does not believe that it would be appropriate to take the previous payment of Life Benefits into account for purposes of the final distribution for the following reasons:

- Millennium does not condition the payment of benefits on the prior claims experience of a Participant. Doing so is called "experience rating" or "separate accounting," and the presence of this feature in a plan like Millennium adversely affects the tax position of all Participants. If the IRS Settlement is not approved, or Participants elect not to participate in the IRS Settlement, accounting for prior Life Benefits paid could prejudice the tax position of the Participants.

- Taking previously paid Life Benefits into account would add complexity and expense to the calculation of the terminal distributions. That is because the amount of Life Benefits subtracted from a Participant's allocation formula would have to be reallocated to everyone else. More than 250 Participants have received Life Benefits

in the past so the reallocation process would be complex. In the end, it is unlikely that the Allowed Claims would be materially different, except in the case of Participants who have received large amounts of Life Benefits.

27. Why Are Participants Receiving Less Than The Amounts Contributed?

Millennium's $80 million of current Assets are approximately 50% of the $160 million of contributions made. The Debtor has provided audited financial statements that disclose prior expenses. As noted above, Millennium has made $28 million in benefit payments. In addition, all Participants have received the benefit of having coverage for the welfare benefits whether or not they have made a claim. If an employer pays $5,000 to obtain medical coverage for an employee, that is economically worth $5,000 to the employee whether or not he makes a claim. The tax laws require Millennium to report this "economic benefit" of the death benefit coverage in excess of $50,000 plus the disability benefit afforded to each Participant every year and that amount has totaled over $10 million. The law does not require Millennium to calculate the economic benefit of having medical, long term care, or severance coverage, but that would be a significant amount as well. Finally, the Debtor has incurred much higher expenses than anticipated in order to defend the litigation brought against it, and to pursue the IRS Settlement.

The Debtor's earnings have offset these costs in most years. In fact, as reflected in the Debtor's audited financial statements for Year End 2009, Millennium incurred substantial expenses and paid much more in benefits than it had before, and yet net assets still increased.

An important reason that the distributions under the Plan will be less than the amount contributed is that Millennium is terminating, and doing so much earlier than anticipated. This not only prevents Millennium from continuing to pay millions of dollars in benefits each year to its Participants, but it also affects the value of its insurance policies. The proposed termination or surrender of the policies will trigger the assessment of charges that are levied if the policyholder terminates or surrenders the policy. These "cash surrender charges" eventually disappear if the policy is held for a designated period of time. Millennium was designed to hold the insurance policies until the death of the insured Participant, which in most cases will be after the cash surrender charges disappear. Thus, the level of cash surrender charges associated with the early termination of the Debtor is a significant factor in the amount of assets available for distribution.

28. When Can Creditors with Allowed Claims Expect To Get Distributions?

The Plan allows the Millennium Liquidation Trustee to make distributions at his discretion and it is expected that there will be more than one distribution. Unfortunately, no distribution can be made until the insurance companies allow access to the insurance policies so they can be surrendered for cash. This will occur when there is an order from a court requiring the insurance companies to allow access or a settlement of the claims between the plaintiffs or the Debtor and those insurance companies, which would resolve the legal issues that are causing the insurance companies to deny access. The Debtor is trying to resolve this policy access issue as soon as possible, but can provide no estimate of when it will regain access to its assets.

29. How Does the Plan Affect the Litigation That Has Been Filed Against the Debtor?

Certain Covered Employers, Participants and other parties have filed lawsuits in which they allege that they were misled about important aspects of Millennium, including its tax status and how the arrangement operates. For example, some have alleged that they were told that Millennium was an investment account and not a welfare benefit plan. These plaintiffs also allege that Millennium is required to transfer policies to Covered Employers upon request and that the Plan Committee was not authorized to spend Millennium's assets defending against the litigation and pursuing the IRS Settlement. These cases seek over $150 million in damages from Millennium.

The Plan provides for no distributions to any person, whether a Participant or Covered Employer, which would represent payment of damages on account of these allegations. As noted, the non-Participant plaintiffs in these lawsuits are Class 3 creditors. The Debtor or Millennium Liquidation Trustee may object to their claims, which would trigger the claims resolution process described below. However, Participants who have previously filed lawsuits against Millennium are in Class 4 with all other Participants and have the same rights as the other Participants for purposes of the distributions to be provided to Class 4 creditors. If a Participant is in Class 4, and the Plan is confirmed, that Participant will receive only the amount of his or her Allowed Claim, regardless of whether the Participant has previously filed a lawsuit against the Debtor.

The reasons for this treatment are as follows:

- The Bankruptcy Court and a federal district court have held that all the Debtor's Assets are held for the exclusive benefit of all the Participants so any damages paid to these plaintiffs would be at the expense of the other Participants. Whatever was said or done by others in the process of soliciting the Covered Employers, the other Participants should not be held responsible.

- The Debtor believes that federal law and the governing document prohibit the transfer of assets to Covered Employers once they are contributed.

- Taking the position that Millennium allows Covered Employers or Participants to obtain the insurance policies on their lives would constitute "separate accounting" and would be used against Participants by the IRS in audits and cases seeking taxes, interest and penalties from Participants.

- The Bankruptcy Court rejected a proposed settlement between the Debtor and the plaintiffs in these lawsuits which would have granted the plaintiffs different rights from other Participants on the ground that it was not fair or in the interest of the creditors as a whole.

30. How Does the Plan Deal With The Debtor's Claims Against Others?

The Debtor refers you to Schedule B, item 21, as Amended, which identifies the claims it believes that it has against others. These include claims against the Covered Employers who have sued Millennium and the insurance companies, among others. While there is no guarantee that the Debtor will be successful, any recoveries on these claims would be allocated and distributed to Class 4 Participants as set out above.

The Plan Committee currently has decision making authority for all existing and potential claims, but that authority will be transferred after confirmation to the Millennium Liquidation Trustee.

31. Does The Plan Address Claims Against Any Third Parties?

Yes. The Plan has a mechanism for persons other than the Debtor to resolve potential claims against them that could be asserted by any Participant who has not already filed a lawsuit against them. In the event a Third Party Defendant, such as an insurer, wished to resolve these unasserted claims, it would agree to pay a settlement amount to the Debtor that would be distributed to any Participant (other than those who have previously filed a lawsuit involving Millennium) who wishes to settle his or her claim against that Third Party Defendant for a share of the settlement amount that the Third Party Defendant has agreed to pay. If you are such a Participant, you will receive a special ballot asking whether you wish to release a Third Party Defendant(s) in exchange for a Pro Rata share of the settlement amount to be paid by that Third Party Defendant. The Third Party Defendant settlement will become effective if the requisite number of Participants agree to participate in it. Settlement proceeds will be paid to the Debtor and held in a separate account for the benefit of those Participants who choose to join in the settlement.

At the present time, there are no settlements with Third Party Defendants.

32. What Will Happen to the Existing Millennium Plan and Trust Documents?

Confirmation of the Plan will require certain changes to be made to the governing documents of Millennium and the Millennium Trust. The Debtor considered creating a new Trust, but determined that that might create unfavorable tax consequences for Participants. The purposes of the amendments are to recognize that Millennium will no longer be providing ongoing Life and Death Benefits, but rather will be engaged in a termination and liquidation process, and to incorporate provisions to allow the Millennium Liquidation Trustee to carry out his duties under the Plan.

33. What Are The Tax Consequences for Participants?

As described in further detail in Section VIII of the Disclosure Statement, CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO CREDITORS WITH ALLOWED CLAIMS UPON LIQUIDATION, and subject to the exceptions and limitations set forth therein, a Participant generally should recognize gain or loss, for U.S. federal income tax purposes, on the distribution of a Life Benefit equal to the difference between the amount of cash and the fair market value of any property received with respect to the Participant's Allowed Claim and the Participant's adjusted tax basis in the Claim. The Debtor will withhold U.S. federal income taxes on any such distribution and remit such amounts to the IRS. Participants may be subject to other state, local or foreign taxes as a result of the distribution of a Life Benefit depending on their particular circumstances.

34. If I have a question that is not answered here, who can help me?

A paralegal have been set up to take your calls regarding process related matters (voting dates, access to ballots, and the like). Please feel free to call her and see if she can help you. You are also free to call any of the attorneys representing the Debtor, whose names appear on the front of the Disclosure Statement.

Melanie Holmes
Franklin Skierski Lovall Hayward LLP
Paralegal for Counsel for the Debtor
Phone Number: [972-755-7100]
Email: [mholmes@fslhlaw.com]

CLASSIFICATION CLAIM CHART

[To Be Provided Prior to the Confirmation hearing]

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EXHIBITS

APPENDIX OF EXHIBITS

I.

INTRODUCTION

Millennium Multiple Employer Welfare Benefit Plan (the "Debtor" or "Millennium") submits this Disclosure Statement ("Disclosure Statement") pursuant to section 1125 of the Bankruptcy Code for use in the solicitation of votes on the Plan of Liquidation (the "Plan"), which is attached hereto as Exhibit 1.

This Disclosure Statement[1] discusses the confirmation process and the voting procedures that holders of Claims must follow for their votes to be counted. EACH CREDITOR AND PARTICIPANT IS URGED TO VOTE IN FAVOR OF THE PLAN BY CASTING THE APPROPRIATE BALLOT AND RETURNING IT TO Melanie Holmes BY NO LATER THAN [DATE TO BE SET BY BANKRUPTCY COURT , 2011].

The Disclosure Statement also sets forth certain relevant information regarding the Debtor's prepetition operations and financial history and the need to seek Chapter 11 protection. The Disclosure Statement then describes the Plan's terms and provisions, including certain alternatives to the Plan, effects of confirmation of the Plan, risk factors associated with the Plan, and the manner in which distributions will be made under the Plan. The Disclosure Statement also describes certain IRS and ERISA implications of confirming the Plan.

EACH CREDITOR IS URGED TO CONSULT WITH HIS OR HER PERSONAL TAX AND ERISA COUNSEL FOR LEGAL ADVICE ON HOW THE PLAN MAY AFFECT A PARTICULAR CREDITOR

A. Filing of the Debtor's Chapter 11 Case

The Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on June 9, 2010 (the "Petition Date"), in the United States Bankruptcy Court for the Western District of Oklahoma, Oklahoma City Division (the "Bankruptcy Court"). The Debtor has continued to manage its property and assets as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

The United States Trustee appointed a The Official Committee of Unsecured Creditors (the "Committee") on June 22, 2010. As of December 31, 2010, the Committee consisted of seven members: John Malesovas, one of the co-chairmen, who represents various Participants; Lester Lewis, the other co-chairman; Kathryn Barnett, on behalf of various Participants, Vivek Khetpal, Juli Jessen, Jeffrey Epstein, and Shahe Vartivarian. On January 20, 2011, the United States Trustee added the following members to the Committee: Steven Beaver, Tom Matera, and Dan Townsend.

[1] All capitalized terms shall have the same meaning as defined in the Plan unless context dictates otherwise.

B. Purpose of the Disclosure Statement

This Disclosure Statement is submitted in accordance with section 1125 of the Bankruptcy Code to solicit acceptances of the Plan from holders of impaired classes of Claims. The Plan seeks votes in favor of the acceptances of the Plan from creditors whose Claims are "impaired" (as that term is defined in section 1124 of the Bankruptcy Code) by the Plan. Holders of claims in Classes 1, 2, 3, and 4 are IMPAIRED and are being requested to vote on the Plan. There are no creditors in Class 5 as of the approval of this Disclosure Statement.

This Disclosure Statement was prepare pursuant to section 1125 of the Bankruptcy Code, which requires that a copy of the Plan, or a summary thereof, be submitted to all holders of Claims against, and Equity Interests in, the Debtor, along with a written disclosure statement containing adequate information about the Debtor of a kind, and in sufficient detail, as far as is reasonably practicable, that would enable a hypothetical, reasonable investor typical of Claimants and Equity Interest Holders to make an informed judgment in exercising their right to vote on the Plan.

The Bankruptcy Court approved the Disclosure Statement as containing adequate information to solicit votes on April __, 2011. The Bankruptcy Code requires the Bankruptcy Court to find that the Disclosure Statement meets the requirements of section 1125 of the Bankruptcy Code and contains adequate information to permit the creditors and Participants to make an informed judgment regarding acceptance or rejection of the Plan. Once approved, the Debtor can solicit votes on the Plan.

THE APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN. THE MATERIAL CONTAINED HEREIN IS INTENDED SOLELY FOR THE USE OF THE DEBTOR'S CREDITORS IN EVALUATING THE PLAN AND VOTING TO ACCEPT OR REJECT THE PLAN AND, ACCORDINGLY, MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN THE DETERMINATION OF HOW TO VOTE ON, OR WHETHER TO OBJECT TO, THE PLAN. THE DEBTOR'S LIQUIDATION PURSUANT TO THE PLAN IS SUBJECT TO NUMEROUS CONDITIONS AND VARIABLES, AND THERE CAN BE NO ABSOLUTE ASSURANCE THAT THE PLAN WILL BE EFFECTUATED AS CONTEMPLATED.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER GOVERNMENTAL OR REGULATORY AUTHORITY, NOR HAS THE COMMISSION OR ANY AUTHORITY PASSED ON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. ANY REPRESENTATION TO

THE CONTRARY IS UNLAWFUL. THE PLAN SHOULD BE REVIEWED CAREFULLY.

THE DEBTOR BELIEVES THAT THE PLAN AND THE TREATMENT OF CLAIMS UNDER THE PLAN IS IN THE BEST INTERESTS OF CLAIMANTS. THE DEBTOR URGES THAT YOU VOTE TO ACCEPT THE PLAN.

C. Hearing on Confirmation of the Plan

The Bankruptcy Court has set April __, 2011, at __:00 __.m. Central Time, as the time and date for the hearing to determine whether the Plan has been accepted by the requisite number of Claimants and whether the other requirements for confirmation of the Plan have been satisfied (the "Confirmation Hearing"). Holders of Claims against the Debtor may vote to accept or reject the Plan by completing and delivering the enclosed ballot to Melanie Holmes, on or before __:00 __.m. Central Time on March __, 2011.

If the Plan is rejected by one or more impaired Classes of Claims, the Bankruptcy Court may still confirm the Plan, or a modification thereof, under section 1129(b) of the Bankruptcy Code (commonly referred to as a "cramdown") if it determines, among other things, that the Plan does not discriminate unfairly and is fair and equitable with respect to the rejecting Class or Classes of Claims impaired under the Plan. In the event that the Plan is not confirmed for any reason, an alternative plan may be proposed by the Debtor, or if the Court permits, by any other party. The procedures and requirements for voting on the Plan are described in more detail below.

D. Sources of Information and the Accounting Method Used

1. Sources of Information

Except as otherwise expressly indicated, the information set forth in this Disclosure Statement and the attached exhibits were provided by the Debtor or its service providers. The Debtor provided the financial information in the exhibits to this Disclosure Statement, including any projections, and is based upon data generated by the Debtor or their service providers. In addition, certain materials contained in this Disclosure Statement are taken directly from other readily accessible documents or are digests of other documents.

While every effort has been made to retain the meaning of such other documents or portions that have been summarized, they urge that any reliance on the contents of such other documents should depend on a thorough review of the documents themselves. In the event of a discrepancy between this Disclosure Statement and the actual terms of a document, the actual terms of such document shall govern and apply.

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified, and neither the delivery of this Disclosure Statement nor any exchange of rights made in connection with it shall, under any circumstances, create an

implication that there has been no change in the facts set forth herein since the date of this Disclosure Statement.

No statements concerning the Debtor, the value of its Assets, or the value of any benefit offered to the holder of a Claim in connection with the Plan should be relied on other than as set forth in this Disclosure Statement. Certain statements in this Disclosure Statement and the related exhibits or incorporated by reference herein regarding the Debtor's financial position, plans of the Debtor's management regarding future events and other statements that are not historical facts, are "forward-looking statements" as that term is defined under applicable Federal securities laws. In some case, "forward-looking statements" can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "contemplates," "proposes," believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms and other comparable terminology. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such statements. Such risks, uncertainties and factors include, but are not limited to, general economic conditions; insufficient cash flows; difficulties in obtaining financing or obtaining access to the Debtor's Assets; outstanding debt and other financial and legal obligations; regulatory changes; ongoing litigation, as well as other risks detailed in this Disclosure Statement, all of which are difficult to predict and many of which are beyond the Debtor's control.

In arriving at a decision, parties should not rely on any representation or inducement made to secure their acceptance or rejection that is contrary to information contained in this Disclosure Statement, and any such additional representations or inducements should be immediately reported to counsel for the Debtor, Doug Skierski at Franklin Skierski Lovall Hayward, LLP, 10501 N. Central Expressway, Suite 106, Dallas, Texas 75231 (Phone number (972) 755-7100).

2. Accounting Method, Significant Accounting Policies and Related Matters

The Debtor's financial statements are prepared using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The principal differences between the "cash basis of accounting" and the "modified cash basis of accounting" are the recognition of fair value of the Debtor's investments in insurance contracts and the recording of policy loans and accumulated interest as liabilities.

As more fully discussed in the Master Plan document (capitalized terms in this section have the definition set forth in the Millennium Master Plan at Exhibit 3), a Qualifying Employer becomes a Covered Employer when the last of the following events occurs: (1) the third-party administrator receives an executed Adoption Agreement; (2) a resolution or consent from the board of directors or other governing body of the Qualifying Employer authorizes the execution and delivery of the Adoption Agreement as set forth above, or ratifies such execution and delivery, and a copy of such resolution or consent is received by the third-party administrator; (3) the initial contributions or other initial payments identified in the Adoption Agreement are

placed in the Plan's Escrow Account, which will be sent to the trustee following the issuance of the insurance policies set forth in the Adoption Agreement; (4) the insurance policies identified by the Adoption Agreement on the lives of those Eligible Employees the Qualifying Employer intends to be Participants in the Plan are issued to the Trust and received by the Trustee; and (5) the Eligible Employees designated in the Adoption Agreement and the underlying policies insuring their lives are successfully assigned to a Rating Group.

Following the completion of the above, the designated or eligible employee's participation in the Plan is recognized. If the Plan receives any assets (generally cash or insurance policies) prior to completion of the above, these assets are held in escrow by the Plan pending completion of the required actions.

Subsequent contributions are recognized as revenue on a cash basis in the Plan Year in which the contributions are received and benefits are recognized when the payments are disbursed. The Plan does not account for operating liabilities and, accordingly, recognizes costs and expenses when paid. Contributions received by the Plan prior to the issuance of insurance policies are deferred and recorded as contributions received in advance of participation.

3. Use of Estimates

The preparation of financial statements in accordance with the modified cash basis of accounting requires the Debtor to make estimates and assumptions that affect the reported amounts of net assets, benefit obligations, and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported changes in net assets during the reporting period. Actual results could differ from those estimates. Significant estimates include the fair value of Life Policies and the impact certain litigation may have on the Debtor.

4. Investment Valuation, Income Recognition and Other Information Regarding Investments

The Debtor's investments are stated at the net surrender values of the insurance contracts, as reported by the life insurance carriers. The net surrender values include adjustments, when applicable, for the accumulated interest due on any policy loan. Since the Debtor does not maintain current health or underwriting information on its Participants, the adjusted net surrender value is considered the best estimate of the fair value of the Debtor's investments.

Fair value is an estimate of the amount the Debtor would receive following the sale or liquidation of an investment in a timely transaction to an independent buyer. The Financial Accounting Standards Board (the "FASB") has established a three-tier hierarchy (Level 1, Level 2 or Level 3) based on the use of observable market data and unobservable inputs to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market Participants would use in pricing the asset or liability, including assumptions about uncertainty. Level 3 inputs (significant unobservable inputs; including the Debtor's own assumptions) were used by the Debtor in determining the fair value of the Debtor's

investments. For additional information please go to the FASB's website, www.fasb.org, and refer to Section 820 of the Accounting Standards Codification.

Participants annually recognize imputed income equal to the actuarial determined economic benefit value associated with the Debtor's benefits. The valuations used in the financial statements attached as Exhibit 2 are based on the presumption the Debtor would continue as a going concern; if the Debtor were to terminate, then different actuarial assumptions and other factors might be applicable.

The Debtor's assets, specifically cash and investments in insurance contracts, are financial instruments that potentially subject the Debtor to a variety of risks, including, but not necessarily limited to, counter-party and market-related risks.

The Debtor's cash is held by its trustee, RBT, in interest bearing accounts. The balance in the Debtor's cash accounts generally exceeds the maximum amount insured by the Federal Deposit Insurance Corporation. While the Debtor has not incurred any losses in its cash accounts, it does not require collateral from its trustee.

As stated above, the Debtor's insurance contracts were issued by nationally known life insurance carriers. At the time of original purchase, the applicable issuing carrier had an A.M. Best Company financial strength rating of "A-" or better. The "financial strength" rating of an insurance carrier represents A.M. Best Company's opinion of an insurance company's financial strength and ability to meet its ongoing insurance policy and other contract obligations. A.M. Best Company, which was founded in 1899, is a credit rating organization that is recognized as having particular expertise in the insurance and financial services industries.

A.M Best Company's "Secure" financial strength ratings are as follows:

A++ or A+	Superior
A or A-	Excellent
B++ or B+	Good

A financial strength of "B" or lower means the insurance company is "Vulnerable." For additional information please refer to A.M. Best Company's website, www.ambest.com.

The Debtor's life insurance contracts are broadly divided into two categories: (1) fixed policies (which include indexed policies), whose returns are set and paid by the applicable insurance companies, and (2) variable policies, whose returns are based on the investment performance of the applicable equity, fixed income or other mutual funds in which the available policies proceeds are invested. The Debtor does not use any leverage in connection with its investments.

The primary risks associated with the Debtor's fixed policies include the risks generally

associated with any equity or fixed income investment as well as the risk that an issuing insurance carrier is unable to perform any of its obligations under a fixed policy. A fixed policy's cash surrender value represents a claim on the issuing insurance carrier. If a carrier were placed into some form of regulatory supervision by the applicable state insurance regulator, the Debtor most likely would not have any further, or at best limited, access to that carrier's policies' cash values. In the worst case scenario, the applicable policies' death benefits could become an obligation of the applicable state's life insurance guaranty fund. In addition, the rate at which earnings are credited to a fixed policy (which results in the increase in a fixed policy's cash surrender value) is a function of the investment performance of each carrier's investment portfolio, subject to a guaranteed minimum crediting rate. The minimum crediting rate varies by type of policy and carrier.

Much like brokerage accounts, the principal risks associated with the Debtor's variable policies are those associated with investing in the fixed income, equity and commodities markets generally, including issuer-specific and general market, economic and political risks. A variable policy's cash surrender value is the aggregate value of its interests in certain investment funds (substantially all of which are open-end management investment companies registered under the Investment Company Act of 1940) made available by the applicable carriers, which invest in a variety of asset classes, pursuing one or more investment strategies. Investments are made using a diversified investment allocation that is periodically reviewed and approved by the Debtor's Plan Committee. Utilizing the services of a third-party investment advisor, the Debtor's trustee invests the assets of each variable policy among the available investment funds, consistent with this investment allocation. This investment allocation does not call for investment on a policy-by-policy basis, but rather considers the investment fund choices made available across the applicable carriers, allocating on a collective basis to those investment funds deemed most appropriate. As a result, any one specific variable policy may have all of its assets concentrated in one or a few investment funds, as opposed to the diverse investment allocation referenced above. The risks associated with a particular investment fund are a function of that fund's underlying investments, which are detailed in such fund's prospectus. As with the fixed policies, if a carrier were placed into some form of regulatory supervision, the applicable policies' death benefits could become an obligation of the applicable state's life insurance guaranty fund.

Given the range of insurance contracts that constitute the Debtor's investments, the underlying values will vary considerably over time as well as at any point in time. At any point in time, either realized or unrealized investment gains and losses are possible and such gains and losses could be material. The Debtor's investments are not insured by agencies of the United States government or any other person or institution. In addition, if any of the insurance carriers used by the Debtor were to experience a significant deterioration in its financial condition, as a practical matter, it would be exceptionally difficult for the Debtor to move or replace the affected policies in a timely manner. Any such move or replacement would likely subject the Debtor to a significant cost.

While the Debtor's Plan Committee regularly reviews the Debtor's investment performance and periodically reviews the financial status of its insurance carriers, neither the Debtor's Plan Committee nor any other party associated with the Debtor can provide any

guarantees or assurances regarding investment performance, losses or value depreciation. In all cases to date, the Debtor's insurance carriers have paid the contractually agreed-upon death benefit amounts following presentation of applicable claims.

Exhibit 2, Notes to Millennium Financial Statement dated December 31, 2009.

II.

EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. The commencement of a Chapter 11 case creates an estate comprised of all of the Debtor's legal and equitable interests in property as of the date the Chapter 11 petition is filed. Sections 1101, 1107 and 1108 of the Bankruptcy Code provide that a Chapter 11 debtor may continue to control the assets of its estate as a "debtor-in-possession," as the Debtor has done in this case since the Petition Date.

The filing of a Chapter 11 petition also triggers the automatic stay under section 362 of the Bankruptcy Code. The automatic stay halts essentially all attempts to collect prepetition claims from the Debtor or to otherwise interfere with the Debtor's business or estate.

Formulation of a plan of reorganization or liquidation, as the case may be, is the principal purpose of a Chapter 11 case. The plan is the contractual document setting out the terms and conditions for paying claims of creditors against, and satisfying equity interests holders of a debtor. Here, the Debtor has claims against it which have been classified into 5 classes of creditors. The Debtor does not have any stockholders or equity interest holders requiring treatment under the Bankruptcy Code.

Under section 1121 of the Bankruptcy Code, a debtor has the "exclusive" right to: (i) file a plan of reorganization or liquidation during the first 120 days of its Chapter 11 case; and (ii) solicit acceptances of such a plan during the first 180 days of the case. These periods may be extended for "cause." Pursuant to section 1121 of the Bankruptcy Code, the Debtor's exclusive right to file a plan of reorganization, if not extended, would have expired on October 7, 2010, and the exclusive right to solicit acceptances of such plan would have expired on December 6, 2010.

However, the Debtor has the right to request extensions of the periods of exclusivity and on September 10, 2010, the Court entered an agreed order between the Debtor and the Committee extending the Debtor's exclusive period to file a plan of reorganization to November 6, 2010. The agreed order further extended the Debtor's exclusive right to solicit acceptances of a plan through January 5, 2011. The parties then agreed to, and the Court ordered, an additional extension of the exclusive right to solicit acceptances of a plan until February 7, 2011, with an additional thirty (30) day extension of the sixty (60) day period to April 8, 2011, to allow for the confirmation of any plan proposed by the Debtor. A final extension of the Debtor's exclusive right to file a plan was sought by the Debtor, to allow for the filing of a plan until February 17, 2011, and to solicit acceptances to April 18, 2011.

B. Plan of Reorganization/Liquidation

A plan of reorganization or liquidation is the document which sets out the manner in which a debtor will satisfy the claims of its creditors. After a plan has been filed, the holders of claims against, or interests in, a debtor are permitted to vote on whether to accept or reject the plan. Chapter 11 does not require that each holder of a claim against, or interest in, a debtor vote in favor of a plan in order for confirmation of the plan. ***At a minimum, however, a plan must be accepted by a majority in number (50%) and two-thirds in amount of those claims actually voting ("2/3 in amount") from at least one class of claims impaired under the plan.***

Classes of claims or interests that are not "impaired" under a plan of reorganization are conclusively presumed to have accepted the plan, and therefore are not entitled to vote. A class is "impaired" if the plan modifies the legal, equitable or contractual rights attaching to the claims or interests of that class. Classes of claims or interests that receive or retain no property under a plan of reorganization are conclusively presumed to have rejected the plan, and therefore not entitled to vote.

Even if all classes of claims and interests accept a plan of reorganization the Bankruptcy Court may nonetheless still deny confirmation. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and, among other things, requires that a plan be in the "best interests" of impaired and dissenting creditors and interest holders and that the plan be feasible. The "best interests" test generally requires that the value of the consideration distributed to impaired and dissenting creditors and interest holders under a plan may not be less than those parties would receive if the Debtor were liquidated under a hypothetical liquidation occurring under Chapter 7 of the Bankruptcy Code.

The Bankruptcy Court may confirm a plan of reorganization or liquidation even though fewer than all of the classes of impaired claims and interests accept it. The Court may do so under the "cramdown" provisions of section 1129(b) of the Bankruptcy Code. In order for a plan to be confirmed under the cramdown provisions, despite the rejection of a class of impaired claims or interests, the proponent of the plan must show, among other things, that the plan does not discriminate unfairly and that it is fair and equitable with respect to each impaired class of claims or interests that has not accepted the plan.

The Bankruptcy Court must further find that the economic terms of the particular plan meet the specific requirements of section 1129(b) of the Bankruptcy Code with respect to the subject objecting class. If the proponent of the plan proposes to seek confirmation of the plan under the provisions of section 1129(b) of the Bankruptcy Code, the proponent must also meet all applicable requirements of section 1129(a) of the Bankruptcy Code (except section 1129(a)(8)). Those requirements include the requirements that: (i) the plan comply with applicable Bankruptcy Code provisions and other applicable law; (ii) the plan be proposed in good faith; and (iii) at least one impaired class of creditors or interest holders has voted to accept the plan.

III.

VOTING PROCEDURES AND CONFIRMATION REQUIREMENTS

A. Ballots and Voting Deadline

A ballot for voting to accept or reject the Plan is enclosed with this Disclosure Statement, and has been mailed to Claimants (or their authorized representative) entitled to vote. After carefully reviewing the Disclosure Statement, including all exhibits, each Claimant entitled to vote should indicate its vote on the enclosed ballot. All Claimants entitled to vote must: (i) carefully review the ballot and instructions thereon; (ii) execute the ballot; and (iii) return it to the address indicated on the ballot by the deadline for the ballot to be considered.

The Bankruptcy Court has directed that, in order to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received no later than March __, 2011, at __:00 __.m. Central Time, at the following address:

Melanie Holmes
Franklin Skierski Lovall Hayward, LLP
Chase Bank Building
10501 N. Central Expressway, Suite 106
Dallas, Texas 75231

BALLOTS MUST BE RECEIVED AT THE ABOVE ADDRESS NO LATER THAN MARCH __, 2011, at __:00 __.M. CENTRAL TIME. ANY BALLOTS RECEIVED AFTER THAT DEADLINE WILL NOT BE COUNTED.

B. Claimants Entitled to Vote

Any Claimant of the Debtor whose Claim is impaired under the Plan is entitled to vote if either: (i) the Debtor has scheduled the Claimant's Claim and such scheduled Claim is not identified as disputed, contingent or unliquidated; or (ii) the Claimant has filed a proof of Claim on or before the deadline set by the Bankruptcy Court for such filings and no objection to such claim is currently pending.

Any holder of a Claim as to which an objection has been filed (and such objection is still pending) is not entitled to vote, unless the Bankruptcy Court (on motion by a party whose Claim or interest is subject to an objection) temporarily allows the Claim in an amount that it deems proper for the purpose of accepting or rejecting the Plan. Such motion must be heard and determined by the Bankruptcy Court before the first date set by the Bankruptcy Court for the Confirmation Hearing of the Plan. In addition, a Claimant's vote may be disregarded if the Bankruptcy Court determines that the Claimant's acceptance or rejection was not solicited or procured in good faith or in accordance with the applicable provisions of the Bankruptcy Code.

In this case, the Debtor has obtained approval to solicit votes on Class 4 in a manner other than for holders of Claims in Classes 1-3 and 5. For holders of claims in Classes 1, 2, 3, and 5, the ballots will require each holder of a Claim to fill out what it believes is the amount of the claim held by such creditor. Such amount could be the amount of the claim as scheduled on the Schedules or the amount set out in the Proof of Claim filed by such creditor.

Class 4 consists of current Participants in the Millennium Plan. The source of their entitlement to a distribution is the Millennium Master Plan. That document provides that Participants will receive "Life Benefits" upon termination. The Plan Committee has the discretion to establish Life Benefits, and has done so for purposes of the Plan by making Life Benefits dependent upon the contributions made to the Debtor on behalf of the Participant. Specifically, each Participant has Life Benefits based upon both (a) the value of the Debtor's assets at the time of distribution, and (b) the percentage of total Life Benefits to which each Participant is entitled. The percentage of total Life Benefits to which a Participant is entitled is calculated by dividing a particular Participant's Attributed Contribution by the total of all Participants' Attributed Contributions. *See* **FAQ** 25.

There are other methods of allocating the Debtor's assets, and there would be differences in results, though the Debtor does not believe that those differences would be material. *See* **FAQ 26**.

The Bankruptcy Court has held as part of the Disclosure Statement approval process, that the Debtor may solicit votes in **Class 4** in the following manner.

1**.** ***Each Participant shall be counted as one creditor for purposes of determining whether more than ½ in number have accepted the Plan as a Class 4 creditor.***

2. Each Participant shall have a claim in an amount equal to his or her Life Benefit for purposes of voting on the Plan.

3. In the event there is controversy over whether sufficient number and amount have accepted the Plan, the Debtor shall seek a ruling from the Bankruptcy Court at or prior to the Confirmation Hearing.

C. Bar Date for Filing Proofs of Claim

The Bankruptcy Court has previously established a bar date for filing proofs of Claim or Equity Interests in this Chapter 11 case of November 16, 2010. On October 25, 2010, the Court entered an order extending the deadline to file proofs of claim to January 14, 2011. On January 10, 2011, the Committee filed a motion requesting a thirty-day extension of the deadline to file proofs of claim. On January 13, 2011, the Court entered an order extending the deadline to file proofs of claim to February 14, 2011.

D. Definition of Impairment

Under section 1124 of the Bankruptcy Code, a class of claims or equity interests is impaired under a plan of reorganization/liquidation unless, with respect to each claim or equity interest of such class, the plan:

1. leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest;

2. notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to receive accelerated payment of his claim or interest after the occurrence of a default;

   (a) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code;

   (b) reinstates the maturity of such claim or interest as it existed before the default;

   (c) compensates the holder of such claim or interest for damages incurred as a result of reasonable reliance on such contractual provision or applicable law;

   (d) if such claim or such interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A) of the Bankruptcy Code, compensates the holder of such claim or such interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure; and

   (e) does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claim or interest.

E. Classes Impaired Under the Plan

All Classes of Claims are impaired under the Plan. Therefore, all holders of those Claims are eligible, subject to the limitations set forth above, to vote to accept or reject the Plan.

F. Vote Required for Class Acceptance

The Bankruptcy Code defines acceptance of a plan by a class of creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of the claims of that class that actually cast ballots for acceptance or rejection of the plan. Acceptance takes place only if creditors holding claims constituting at least two-thirds in amount of the total

amount of claims and more than one-half in number of the creditors ***actually voting*** cast their ballots in favor of acceptance.

G. Information on Voting and Ballots

1. Transmission of Ballots to Creditors

Except as otherwise provided in the **Order Approving Disclosure Statement Under 11 U.S.C. § 1125 in Support of the Plan of Reorganization, and Fixing Time for Filing Acceptances or Rejections of Plan, Combined with Notice** entered on March __, 2011, ballots are being forwarded to all Claimants.

2. Ballot Tabulation Procedures

For purposes of voting on the Plan, the amount and classification of a Claim and the procedures that will be used to tabulate acceptances and rejections of the Plan shall be exclusively as follows:

(a) If no proof of Claim has been timely filed, the voted amount of a Claim shall be equal to the amount listed for the particular Claim in the Schedules of Assets and Liabilities, as and if amended, to the extent such Claim is not listed as contingent, unliquidated or disputed, and the Claim shall be placed in the appropriate Class, based on the Debtor's records, and consistent with the Schedules of Assets and Liabilities, the Claims registry of the Clerk of the Bankruptcy Court;

(b) Except as to Class 4, if a proof of Claim has been timely filed, and has not been objected to before the expiration of the Voting Deadline, the voted amount of that Claim shall be as specified in the proof of Claim filed with the Clerk;

(c) Subject to subparagraph (d) below, a Claim that is the subject of an objection filed before the Voting Deadline shall be disallowed for voting purposes, except to the extent and in the manner that the Debtor indicates in its objection that the Claim should be allowed for voting or other purposes;

(d) If a Claim has been estimated or otherwise allowed for voting purposes by order of the Bankruptcy Court, the voted amount and classification shall be that set by the Bankruptcy Court;

(e) If a Claimant or its authorized representative did not use the Ballot, as applicable, provided by the Debtor, or the Official Ballot Form authorized under the Federal Rules of Bankruptcy Procedure, such Ballot will not be counted;

(f) If the Ballot is not received by the Debtor on or before the Voting Deadline at the place fixed by the Bankruptcy Court, the Ballot will not be counted;

(g) If the Ballot is not signed by the Claimant or its authorized representative, the Ballot will not be counted;

(h) If the individual or institution casting the Ballot (whether directly or as a representative) was not the holder of a Claim on the Voting Record Date (as that term is defined below), the Ballot will not be counted;

(i) If no Ballots are received on or before the Voting Deadline with respect to a particular class of Claims, then the Debtor may ask the Bankruptcy Court to deem such class of Claims as accepting the Plan; and

(j) Whenever a Claimant (or its authorized representative) submits more than one Ballot voting the same Claim(s) before the applicable deadline for submission of Ballots, except as otherwise directed by the Bankruptcy Court after notice and a hearing, the last such Ballot shall be deemed to reflect the voter's intent and shall supersede any prior Ballots.

3. Execution of Ballots by Representatives

If a Ballot is signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, such persons must indicate their capacity when signing and, at the Debtor's request, must submit proper evidence satisfactory to the Debtor of their authority to so act.

4. Waivers of Defects and Other Irregularities Regarding Ballots

Unless otherwise directed by the Bankruptcy Court, all questions concerning the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots will be determined by the Debtor in its sole discretion, whose determination will be final and binding. The Debtor reserves the right to reject any and all Ballots not in proper form, the acceptance of which would, in the opinion of the Debtor or its counsel, be unlawful. The Debtor further reserves the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtor (or the Bankruptcy Court) determine. Neither the Debtor nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots, nor will any of them incur any liability for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until any irregularities have been cured or waived.

5. Withdrawal of Ballots and Revocation

Any holder of a Claim (or its authorized representative) in an impaired Class who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to counsel for the Debtor at any time before the Voting Deadline.

To be valid, a notice of withdrawal must: (i) contain the description of the Claims to which it relates and the aggregate principal amount represented by such Claims; (ii) be signed by the Claimant (or its authorized representative) in the same manner as the Ballot; and (iii) be received by counsel for the Debtor in a timely manner at the addresses set forth herein. The Debtor expressly reserves the absolute right to contest the validity of any such withdrawals of Ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of Ballots that are not received in a timely manner by the Debtor will not be effective to withdraw a previously furnished Ballot.

Any Claimant (or its authorized representative) who has previously submitted a properly completed Ballot to counsel for the Debtor before the Voting Deadline may revoke such Ballot and change its vote by submitting to counsel for the Debtor before the Voting Deadline a subsequent, properly completed Ballot for acceptance or rejection of the Plan.

H. Confirmation of the Plan

1. Solicitation of Acceptances

The Debtor is soliciting your vote for acceptance of the Plan. The Debtor will bear the cost of any solicitation. No other additional compensation shall be received by any party for any solicitation other than as disclosed to the Bankruptcy Court.

NO REPRESENTATIONS OR ASSURANCES, IF ANY, CONCERNING THE DEBTOR OR THE PLAN ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE BY ANY PERSON TO SECURE YOUR VOTE OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED ON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR.

THIS IS A SOLICITATION SOLELY BY THE DEBTOR OF YOUR VOTES ON THE PLAN OF LIQUIDATION PROPOSED BY IT.

The solicitation of votes on the Plan is governed by section 1125(b) of the Bankruptcy Code. Violation of section 1125(b) of the Bankruptcy Code may result in sanctions by the Bankruptcy Court, including disallowance of any improperly solicited vote.

2. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of section 1129 of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court shall enter an Order confirming the Plan. For the Plan to be confirmed, section 1129 of the Bankruptcy Code requires that:

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

(b) The Debtor complies with the applicable provisions of the Bankruptcy Code;

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

(d) Any payment or distribution made or promised by the Debtor or by a person issuing securities or acquiring property under the Plan for services or for costs and expense in connection with the Plan be disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment be subject to the approval of the Bankruptcy Court as reasonable;

(e) The Debtor discloses the identity and affiliation of any individual proposed to serve, after confirmation of the Plan, as a director, officer or voting trustee of the Debtor, an affiliate of the Debtor participating in a Plan with the Debtor, or a successor to the Debtor under the Plan; the appointment to, or continuance in, such office of such individual is consistent with the interests of Creditors and Equity Interest holders and with public policy; and the Debtor disclose the identity of any insider that will be employed or retained by the Debtor and the nature of any compensation for such insider;

(f) With respect to each impaired Class of Claims or Equity Interests, either each holder of a Claim or Equity Interest of the Class has accepted the Plan, or will receive or retain under the Plan on account of that Claim or Equity Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtor were liquidated on such date under Chapter 7 of the Bankruptcy Code. If section 1111(b)(2) of the Bankruptcy Code applies to the Claims of a Class, each holder of a Claim of that Class will receive

or retain under the Plan on account of that Claim property of a value, as of the Effective Date, that is not less than the value of that holder's interest in the Debtor's interest in the property that secures that Claim;

(g) Each Class of Claims or Equity Interests has either accepted the Plan or is not impaired under the Plan; (subject to the "cramdown" provisions discussed in section III (H)(4) below.)

(h) Except to the extent that the holder of a particular Administrative Claim or Priority Claim has agreed to a different treatment of its Claim or as otherwise provided by the Bankruptcy Code, the Plan provides that Administrative Claims and Priority Claims shall be paid in full on the Effective Date or the date that such Administrative Claim or Priority Claim is Allowed;

(i) If a Class of Claims is impaired under the Plan, at least one such Class of Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of that Class; and

(j) Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

The Debtor believes that the Plan satisfies all of the statutory requirements of the Bankruptcy Code for confirmation and that the Plan is proposed in good faith. The Debtor believes it has complied, or will have complied, with all the requirements of the Bankruptcy Code governing confirmation of the Plan.

3. Acceptances Necessary to Confirm the Plan

Voting on the Plan by each holder of a Claim (or its authorized representative) is important. Chapter 11 of the Bankruptcy Code does not require that each holder of a Claim vote in favor of the Plan in order for the Court to confirm the Plan. Generally, to be confirmed under the acceptance provisions of section 1126(a) of the Bankruptcy Code, the Plan must be accepted by each Class of Claims that is impaired under the Plan by parties holding at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims of such Class actually voting in connection with the Plan. Even if all Classes of Claims accept the Plan, the Bankruptcy Court may refuse to confirm the Plan. In the event that the Plan is not confirmed for any reason, an alternative plan may be proposed by the Debtor, or if the Court permits, by any other party.

4. Cramdown

In the event that any impaired Class of Claims does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, as to each impaired Class that has

not accepted the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable." A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if no Class receives more than it is legally entitled to receive for its Claims or Equity Interests. "Fair and equitable" has different meanings for holders of secured and unsecured Claims and Equity Interests.

With respect to a Secured Claim, "fair and equitable" means either: (i) the impaired Secured Creditor retains its liens to the extent of its Allowed Claim and receives deferred cash payments at least equal to the allowed amount of its Claims with a present value as of the Effective Date of the Plan at least equal to the value of such Creditor's interest in the property securing its liens; (ii) property subject to the lien of the impaired Secured Creditor is sold free and clear of that lien, with that lien attaching to the proceeds of sale, and such lien proceeds must be treated in accordance with clauses (i) and (iii) hereof; or (iii) the impaired Secured Creditor realizes the "indubitable equivalent" of its Claim under the Plan.

With respect to an Unsecured Claim, "fair and equitable" means either: (i) each impaired Creditor receives or retains property of a value equal to the amount of its Allowed Claim; or (ii) the holders of Claims and Equity Interests that are junior to the Claims of the dissenting Class will not receive any property under the Plan.

In the event at least one Class of impaired Claims or Equity Interests rejects or is deemed to have rejected the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired Class of Claims or Equity Interests.

The Debtor believes that the Plan does not discriminate unfairly and is fair and equitable with respect to each impaired Class of Claims and Equity Interests and is confirmable. Section 5.3 of the Plan constitutes the Debtor's request, pursuant to section 1129(b)(1) of the Bankruptcy Code, that the Bankruptcy Court confirm the Plan notwithstanding the fact that the requirements of section 1129(a)(8) of the Bankruptcy Code may not be met and its intent to pursue a cramdown if necessary to confirm the Plan.

IV.

BACKGROUND OF THE DEBTOR

A. The Debtor's Background and Business

The following description of the Debtor is provided for general information purposes only. Parties should refer to the Debtor's Summary Plan Description and other Debtor documents (as amended) for more complete information.

1. General

The Debtor was established on November 1, 2002 for the purpose of providing certain welfare benefits to eligible Participants. The Debtor is a fully-insured multiple employer welfare arrangement ("MEWA") covering designated employees of Covered Employers and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (referred to as "ERISA"). The Debtor provides eligible participating employees with fully-insured (through the Debtor's purchase of cash value life insurance policies – see "Investment Options" below) death benefits and other qualifying welfare benefits for life contingencies such as disability income, reimbursement of medical costs, dental care, vision care, long-term care and involuntary severance benefits. The Debtor is a taxable Mississippi trust designed to comply with the current provisions of Internal Revenue Code Section 419A(f)(6) and the related regulations. A copy of the Millennium Master Plan and Millennium Trust Agreement are attached hereto as Exhibit 3.

The Debtor is managed by a Plan Committee, which is the fiduciary body charged with the responsibility of, among other things, interpreting and applying the Millennium Master Plan's terms. The Plan Committee presently consists of four members: Jonathan Cocks (the Plan Committee's non-voting chairman and the Debtor's paid general manager), Larry Cress, David Esman, and Timothy O'Rourke. The members of the Plan Committee were selected from and designated by the Covered Employers.

The Debtor's assets are held by the trust department of Republic Bank & Trust in Norman, Oklahoma ("RBT"). The Debtor's third party administrator is SecurePlan Administrators, LLC ("SecurePlan") (a wholly-owned subsidiary of RBT) and its actuary is Milliman, Inc.

There are presently approximately 425 Participants, all of whom are segregated by Rating Group Indicator (hereinafter referred to as "Rating Groups") that consists of a Death Benefit Identifier and a Life Benefit Rating Group. A participant's Rating Group assignment is based upon actuarially-determined risk criteria, and determines their cost of coverage as well as the amount of the death and life benefits provided by the Debtor. Claims, expense, and investment experience risk are shared by the Debtor's Participants based on either the Participants' specific rating group assignments or by all Participants enrolled in the Debtor as a whole. The Debtor's promised death benefits are fully insured by nationally known insurance carriers. The aggregate promised life benefits are calculated based upon the value of the Debtor's net assets, including the total cash value of the life insurance contracts owned by the Debtor, at the beginning of each year.

2. Benefits

Death Benefits are payable to designated beneficiaries following the death of a participant. As provided for in the Millennium Master Plan, Life Benefits can be paid to a participant for such things as a Participant's total disability, involuntary separation from employment, or for medical expense reimbursement (including long-term care needs).

3. **Contributions**

Millennium received contributions from Covered (also referred to as "participating") Employers (there are presently approximately 225 Covered Employers) based upon the provisions of their respective written adoption agreements. Covered Employers are obligated to make contributions and other payments to the Plan in order to maintain the eligibility for benefits of the Participants identified in their respective adoption agreements, including payments for certain administration expenses as identified therein. There were no self-pay contributions by Participants.

If certain actuarial criteria are met and following approval by the Plan Committee, a Covered Employer can amend the previously agreed-upon contribution schedule. Such an amendment usually results in an immediate change to the affected Participants' benefits as dictated by the cost-requirements of the Rating Groups to which the affected Participants are assigned.

4. Participant's Benefit Amounts

Participants are promised Plan Benefits on a Plan (calendar) Year basis, and they are set by the Plan Committee following consultations with and calculations by the Debtor's actuary using the following factors:

1. The uniform cost of the death Benefit and life Benefit associated with the participant's Rating Group assignment on a per $1,000 of death benefit basis;

2. The fair value of the Debtor's net assets (see below);

3. A "hold-back" reserve established by the Plan Committee;

4. The investment experience of the Debtor as a whole.

The sum of the Debtor's loans and accumulated interest is used as a proxy for its claims and overall expense experience. This amount is allocated to the Rating Groups in proportion to cumulative Life Benefits paid within each Rating Group.

5. Payment of Benefits

The Master Plan document includes a description of the Plan's benefit payment provisions. Benefits are recorded when paid; no benefits are due to terminated Participants.

6. Forfeitures

In the event a Covered Employer fails to pay the required contributions or administrative fees or otherwise defaults, the employer will be terminated from the Debtor and the Participants designated by the employer in its adoption agreement will cease to be entitled to benefits from the Debtor. The Debtor typically surrenders the policies on the lives of Participants who are no longer eligible for benefits and the proceeds are used to either defray the cost of the Debtor's administration or in some other manner to uniformly benefit the Debtor's remaining Participants.

7. Investment Options

Following enrollment in the Debtor, the Debtor's trustee purchases the cash value life insurance policies selected by the Covered Employer, and, at the direction of the Plan Committee, elects the investment options to pursue within each policy. Neither the Covered Employers nor the Participants have the option to direct how the assets of any policy are invested, or the ability to control any of the Plan's assets. All assets are owned and managed by the trustee, with the assistance of an independent investment advisor, both of whom are directed and supervised by the Plan Committee.

8. Administrative Claims

The Debtor is responsible for various expenses, including the actuarial, audit, investment advisory, legal, management and other fees and expenses directly attributable to the Debtor's operation. In the event the collected annual administrative fees from the Covered Employers are not sufficient to cover the combined cost of the Debtor's trustee and third-party administrator, the Plan is responsible for any difference. At February 15, 2011, the amount due from Covered Employers for unpaid annual administrative fees was approximately $186,000.

9. Policy Loans

The Debtor can instruct RBT to borrow from the cash values of the Debtor's Life Policies in order to fund the Debtor's benefit payments, costs and expenses. The amount of borrowings outstanding (including accumulated interest on these borrowings at interest rates ranging from 3.75% to 8.85%) at February 15, 2011 was approximately $31 million. The final due date of any Debtor borrowing would be the date the Debtor surrenders the applicable policy. Policy loans will generally negatively impact the investment performance of the affected life insurance policies.

Contractual provisions in various Life Policies owned by the Debtor allow carriers to take up to six months to process a loan request.

10. Benefits and Other Plan Obligations

Presently, the Debtor owns and is the beneficiary of various Life Policies with stated death benefit values aggregating between $900 million and $1billion.

Since the Debtor reports on the modified cash basis of accounting and because benefits are either directly or indirectly subject to coverage by insurance policies, there are no recorded benefit obligations. In addition, the Plan does not report a net change in its annual benefit obligations.

Due to the refusal of certain life insurance carriers to allow the Debtor access to the Life Policies, the Debtor could not make Life Benefits available for 2010 and 2011.

11. Rating Groups

Amounts available to Participants as Death and Life Benefits do not necessarily reflect the actual values associated with the policies insuring those Participants' lives. Federal tax law requires that amounts made available to Participants during any Plan Year reflect the experience of the participant's Rating Group. Consequently, values made available to a Participant in any given plan year reflect the contribution experience of the Covered Employers regarding Participants within the applicable Rating Groups, the actual claims experience within the applicable Rating Group, as well as other factors such as the investment performance and value of the Plan's assets, any "hold-back" reserve established by the Plan Committee and any costs and expenses of the Plan.

12. Tax Status

As noted above, the Debtor is a taxable trust that annually files tax returns with the Internal Revenue Service (the "IRS"). No significant income taxes have been paid by the Debtor to date.

The IRS does not provide determination letters regarding whether welfare benefit plans (including the Plan) are designed in accordance with applicable sections of the Internal Revenue Code or operate in compliance with the applicable requirements. In October 2004, a request for private letter ruling was filed with the IRS. A private letter ruling is the IRS' interpretation of a tax statute or administrative rules and their application to a particular set of facts or circumstances. The purpose of a letter ruling is to advise the taxpayer with respect to the tax treatment it can expect from the IRS in the circumstances specified by the ruling. The ruling requested the IRS' guidance with respect to the following questions: (1) does the Debtor comply with the requirements of Internal Revenue Code Section 419A(f)(6) and the related regulations, and (2) is the Debtor a so-called "listed transaction."

On October 5, 2007, the IRS issued a private letter ruling which, in summary, stated that, in the IRS' opinion, the Debtor did not comply with Internal Revenue Code Section 419A(f)(6) and the related regulations and the Debtor is a "listed transaction." The Plan Committee strongly disagrees with the IRS' ruling and believes the Debtor is currently designed and operates in compliance with applicable requirements of the Internal Revenue Code. The Debtor and its Sponsor subsequently filed an action in the U.S. Tax Court requesting an order to prohibit the IRS from disclosing its ruling to the public or, alternatively, to significantly restrict what is disclosed. Following an October 2009 hearing in the Tax Court regarding the government's motion for a summary judgment, the Debtor and the IRS held a series of meetings that resulted in

an agreement regarding the contents of a published private letter ruling. The Tax Court accepted the parties' agreement and in May 2010 the private letter ruling was released for publication.

Neither the Plan Committee nor anyone associated with the Debtor can provide any assurance that the IRS will not challenge the tax treatment of any tax benefits (including deductions for contributions) claimed with respect to the Debtor. Among other things, transactional and other factors unique to each Covered Employer affect the tax treatment of the related transactions. Since the Debtor does not and cannot provide any legal or tax advice, employers and employee Participants should consult with their own legal or tax advisors regarding the tax or other consequences of the Debtor as applied to their own particular circumstances, including the IRS' position that an employer's participation in the Plan or the participation in the Debtor by certain employees of a Covered Employer is a "listed transaction."

As discussed in detail below, the Debtor anticipates entering into a settlement with the IRS that will provide for tax treatment unique to the Millennium Participants and Covered Employers that choose to enter into the IRS Settlement. The IRS Settlement does not affect two pending tax court cases involving Millennium participants and, if such cases proceed to a final decision, that will determine Millennium's status under IRC section 419A(f)(6).

13. Defense and Indemnification Commitments

Prior to the filing of any lawsuits against the Debtor or others associated with it, the Debtor agreed to defend or indemnify Milliman, Inc. and SecurePlan against various or certain claims asserted against them in connection with their work on behalf of the Debtor. The indemnification does not apply if either party is found to have engaged in, among other things, gross negligence, breach of fiduciary duty, or a violation of ERISA or similar statutes. In the event of such a finding, SecurePlan and Milliman are obligated to return all moneys advanced to it by the Debtor under this indemnification. There has been no such finding to date.

The Millennium Master Plan includes a provision granting RBT a lien against the Debtor's assets for the amount of all fees, costs, charges and amounts that may be rightfully due it, including the cost of defending any lawsuit filed against it in connection with its services as the Debtor's trustee. This lien has priority over the claims of any participant or beneficiary. Any such obligation would be limited by the provisions of ERISA.

Milliman, Inc., RBT and SecurePlan are named as defendants in substantially all of the litigation that also names the Debtor as a defendant.

14. Other Commitments

During 2007, the Plan Committee determined that, because of the size to which the Debtor had grown, someone was needed to assume responsibility for the Debtor's day-to-day management as well as to coordinate its administrative activities and the efforts of its various service providers. Effective January 1, 2008, the Plan Committee hired Jonathan Cocks to perform these activities who is paid a fixed monthly fee of approximately $32,100 and is

reimbursed for certain expenses that directly relate to the Plan's activities. During 2009 the Plan's agreement with Mr. Cocks was amended to provide him with up to a six month continuation of the fixed monthly fee in the event a) his employment was involuntarily terminated without cause; b) a change in control of the Plan Committee occurred and his employment was subsequently terminated; or c) his employment ended because the Plan was terminated.

C. Explanation of the Prepetition Litigation

1. Claims the Debtor has asserted against the United States of America

In March 2006, the Debtor and its Sponsor filed an action in a U.S. District Court in Houston, Texas against the United States of America (regarding one of its agencies, the Internal Revenue Service), claiming damages arising from unlawful third-party disclosures by the IRS regarding the Debtor's confidential tax information and breach of the Freedom of Information Act's provisions. Through December 15, 2007, half of the litigation costs were the responsibility of the Debtor (as approved by the Plan Committee) and the remaining half were the Sponsor's responsibility. Subsequently, the Debtor assumed responsibility for the entire cost.

In June 2009 both parties moved for summary judgment on a number of the claims asserted. The United States' summary judgment motions sought dismissal of the entire case and all claims. In March 2010 the Court granted the United States' motions for summary judgment and denied the Debtor's motions for summary judgment (the government won, the Debtor lost). Following consultations with its attorneys, the Debtor decided to file a notice of appeal regarding the Court's rulings with the U.S. Court of Appeals for the Fifth Circuit.

2. Claims asserted by certain life insurance companies regarding the Debtor's Assets

Three life insurance carriers have filed interpleader actions in the U.S. District Court for the Western District of Oklahoma. Each action requests that the Court determine whether the Debtor is the exclusive owner of the applicable insurance policies and entitled to exercise its exclusive ownership rights. These rights include, among other things, the ability to surrender the policy (for death benefit claims, etc.) and to request and receive policy borrowings. Each of these carriers is also a defendant in certain of the tort actions discussed in the topic below.

A fourth life insurance carrier filed claims in an existing Texas state court action arguing that it would not honor requests for Policy borrowings in order to finance the Debtor's activities. This carrier is also a defendant in certain of the tort actions discussed in the topic below.

In addition, these Insurance Companies have filed cross-claims against the Debtor in litigation brought by certain Covered Employers and others (described below) alleging that Millennium is required to indemnify them if there are judgments against them in the litigation.

The Debtor has attempted, without success, to negotiate resolutions of these actions with the applicable carriers. It has also filed claims against certain carriers and is considering what

further legal action to take against the others. Over 70% of the Debtor's assets are invested in life insurance policies issued by these four companies. Consequently, it has become increasingly difficult for the Debtor to fund its operations, including Death and Life Benefit payments as well as the Debtor's operating expenses. These carriers' actions have also forced the Debtor to incur significant additional legal costs in an effort to gain access to the Debtor's assets.

There are numerous motions and pleadings in the Bankruptcy Court and the District Court dealing with the interpleaders and the Debtor's attempt to regain access to its assets. The Debtor expects that these issues will be resolved by one or both of those two courts, but cannot predict when such a resolution might occur or the specific basis upon which the issues might be resolved.

3. Claims others are asserting against the Debtor

Presently, Participants and others have filed seven separate actions against the Plan and others (not including settled actions) in various state courts in Arkansas, Oklahoma, Tennessee and Texas. One of the Tennessee and two of the Texas actions include multiple plaintiff groups. Four of the actions were filed by the same attorneys. In addition to the Debtor, most of these actions name the Debtor's Sponsor, actuary, manager, third-party administrator and trustee as additional defendants. The two Texas actions involving multiple plaintiff groups have also asserted various claims, including breach of fiduciary responsibility claims, against the members of the Plan Committee.

While each complaint includes unique and specific allegations, in general, each seeks to hold the Debtor responsible for various alleged misrepresentations made to the applicable plaintiffs regarding their participation in the Debtor and also alleges the Debtor breached its contracts by refusing to allow certain plaintiffs to "void" their participation in Millennium and obtain Life Policies from the Debtor. Each complaint is in a different stage of the judicial process, but none has progressed beyond the discovery stage.

Prior to the bankruptcy filing, the Debtor had negotiated settlements in four cases. Two had been settled for the payment of $5,000 each. The amounts of the settlements in the other two cases are confidential, but the Debtor can state that each settlement increased the Debtor's net assets because the plaintiffs agreed to withdraw from Millennium, thus relieving the Debtor of liabilities arising from the benefit entitlements of the withdrawing plaintiff Participants.

As a result of the Debtor's Chapter 11 filing all of these actions are now stayed (on hold). The Debtor has either begun the process of removing or has removed all of these remaining actions to federal court and has further sought to have each of them decided by the Bankruptcy Court. The Debtor's intent is that all claims associated with these actions, as well as any other claims regarding the Debtor, be resolved during the course of the Chapter 11 proceeding. To that end, the non-Participant plaintiffs have been classified in Class 3 and the Plan does not contemplate making any distribution to them. Participant plaintiffs are in Class 4 and are treated the same as non-plaintiff Participants.

The lawsuits are as follows:

Case	Original Court	Current Court
Young et al. v. Millennium Multiple Employee Benefit Plan et al.	Dallas County, Tex.	Bankr. W.D. Okla. Adv. No. 10-01176
Westfall et al. v. Bevan et al.	Dallas County, Tex.	Bankr. W.D. Okla. Adv. No. 10-01175
Passons et al. v. Aviva Life and Annuity Company et al.	Davidson County, Tenn.	M.D. Tenn. Case No. 10-00575
White et al. v. Aviva Life and Annuity Company et al.	Madison County, Tenn.	Bankr. W.D. Okla. Adv. No. 10-01173
Preston et al. v. Millennium Multiple Employer Welfare Benefit Plan et al.	Sebastian County, Ark.	Bankr. W.D. Ark. Adv. No. 10-07081
Embras et al. v. Fakouri et al.	Dallas County, Tex.	Bankr. N.D. Tex. Adv. No. 10-03157
Khetpal et al. v. Aviva Life and Annuity Company et al.	Bryan County, Okla.	E.D. Okla. Case No. 10-00088
Hassoun et al. v. Aviva Life and Annuity Company et al.	Oklahoma County, Okla.	Bankr. W.D. Okla. Adv. No. 10-01117

The Debtor is an additional insured under an insurance policy that was originally obtained by the Sponsor. Both the Sponsor and the Debtor had rights to coverage under the policy as well as to its coverage limits and both were using the policy to pay for substantially all of their defense costs incurred in connection with these various actions. The Debtor's fiduciary insurance carriers (for both the original policy and a subsequent policy obtained for the Debtor only) have taken the position that either the applicable policy limit has been exhausted with respect to most of the actions set forth above or the policy does not provide coverage for the actions. While the Debtor is analyzing its insurance coverage and making every effort to maximize any possible recovery, at present the Debtor is prepared to pay, and is paying, substantially all litigation related expenses and any possible settlements in the pending cases from the Debtor's assets while reserving any and all rights with regard to its insurance carriers.

A law firm, which the Debtor contends was engaged by one of its insurance carriers to defend the Debtor in a tort action, filed suit against the Debtor in a Texas state court for unpaid legal fees in the amount of approximately $146,000 plus attorney fees and costs. The Debtor intends to vigorously contest any claim filed by this firm in the Debtor's Chapter 11 proceeding as well as assert various counter-claims.

D. Reasons for Filing Chapter 11

Two factors drove the Debtor's decision to make its Chapter 11 filing. The most important was the ongoing refusal of a number of life insurance companies to honor the Debtor's

contractual ownership rights with respect to the Life Policies it owns. These rights include the ability to request and receive advances against the policies' cash values. Despite having over $85 million in net assets at June 9, 2010 (unaudited) and several hundred fully paid life insurance policies, without the ability to timely access its assets the Debtor cannot pay Death and Life Benefits or its other operating expenses.

Second, the continuing cost of the ongoing plaintiffs' tort litigation compelled the Debtor to seek a judicial forum that would facilitate a fair and global resolution of these asserted, as well as any unasserted, claims. *See* **FAQ 22** for a further discussion.

E. Capital Structure

'The Debtor does not have or use a traditional capital structure such as those used by a commercial, for-profit enterprise. Rather, the Debtor invested substantially all of the contribution proceeds received from the Covered Employers in a variety of fixed or variable life insurance policies. The fair value of these life insurance policies, along with any residual cash or cash equivalents, exceeds the fair value of the Debtor's obligations (including any borrowings from the Debtor's life insurance policies). This residual constitutes the Debtor's net assets and is the amount available for the Debtor's benefit and other claims or obligations.

F. Assets and Liabilities

At the Petition Date the Debtor's total assets and total obligations amounted to approximately $116 million and $29 million, respectively.

1. Assets

The Debtor's assets consisted of cash (approximately $700,000) held on deposit at RBT and the fair value of the Debtor's investment in over 400 Life Policies (approximately $115.3 million). These amounts include certain assets (amounting to less than $.1 million) the Debtor was holding in escrow.

2. Liabilities

The Debtor's obligations consisted of loans that were collateralized by its investments in life insurance contracts (approximately $29 million including accumulated interest) as well as the Debtor's related obligations for the assets held in escrow (which also amounted to less than $.1 million).

Since the Debtor is a MEWA it considers its Participants to be contingent unsecured creditors. The Debtor's maximum liability to its Participants is fixed annually and amounts to a percentage of the Debtor's net assets at the beginning of each Plan Year less certain adjustments. However, the Debtor only incurs an actual liability to a participant in the event the Debtor's Plan Committee makes life benefits available for the Plan Year in question and a participant incurs an actual benefit trigger, as defined. The Debtor's liability to a Participant cannot exceed that

Participant's maximum life benefit amount for the Plan Year. A Participant must make a written claim for Life Benefits by a declared deadline (usually March 15th of the following year) and any unused Life Benefits do not carry over from year-to-year. All of the Debtor's life benefit claims for prior Plan Years were paid prior to the Petition Date and the Plan Committee did not make any life benefits available to its Participants for 2010.

The Debtor has two secured creditors, RBT and SecurePlan. At the Petition Date, the Debtor believes the amounts due, with the exception of any indemnification related obligations that are not known, the two creditors to be minimal.

Other parties may consider amounts due from the Debtor as of the Petition Date; the Debtor considers any actual amounts due to other parties to be nominal in relation to the Debtor's net assets as of the Petition Date.

V.

POST-BANKRUPTCY OPERATIONS AND SIGNIFICANT EVENTS

A. Post-Bankruptcy Operations

Since the Petition Date, the Debtor has continued to manage its assets and business for the benefit of creditors as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

B. Professionals

1. Professionals Employed by the Debtor

On June 9, 2010, the Debtor filed several applications to employ professionals to represent it in various matters. The professionals whom the Debtor seeks authority to retain, together with their proposed representation are:

Professional	Proposed Representation
Franklin Skierski Lovall Hayward LLP	General bankruptcy counsel to the Debtor
Mock Schwabe Waldo Elder Reeves & Bryant PC	Local bankruptcy counsel to the Debtor
Stutzman Bromberg Esserman & Plifka, P.C.	Special counsel to the Debtor
Groom Law Group	Special Counsel to advise Debtor on employee benefit matters and representing Debtor in numerous pending lawsuits in Texas, California, Arkansas, Oklahoma, Tennessee, and Virginia to the extent such litigation is not stayed or the Debtor believes it is in its best interest to proceed to post-petition resolution
Dewey & LeBoeuf	Special Counsel to advise Debtor on certain tax matters primarily related to whether it qualifies for treatment under section 419(A)(f)(6) of the Internal Revenue Code and representing the Debtor in pending litigation in Tax Court and the U.S. District Court for the Southern District of Texas

Roberts Markel PC	Special Counsel to continue representation of the Debtor in pending litigation in Dallas County, Texas; Davidson County, Tennessee; Madison County, Tennessee; U.S. District Court for the Eastern and Western Districts of Oklahoma
Jackson Lewis LLP	Special Counsel to advise the Debtor on its structure, the interaction of ERISA and Plan documents, and related issues
Anderson Kill & Olick, LLP	Special Counsel to advise the Debtor on insurance coverage issues and represent the Debtor in prepetition litigation in the 334th District Court in Harris County, Texas
Little Pedersen Fankhauser	Local Counsel to represent the Debtor in prepetition litigation in the 334th District Court in Harris County, Texas that has now been transferred to Collin County
Gilbert Russell McWherter	Local Counsel to represent the Debtor in prepetition litigation in Madison County and Davidson County, Tennessee
Watts & Watts	Local Counsel to represent the Debtor prepetition litigation in five cases pending in the Eastern District of Oklahoma
Mitchell Williams Selig Gates & Woodyard, PLLC	Local Counsel to represent the Debtor in prepetition litigation in the Circuit Court of Sebastian County, Arkansas
Marcus & Cinelli, LLP	Special Counsel to advise the Debtor on issues related to the appeal to the 5th Circuit of a cause of action for damages against the United States
Edward Urquhart	Special Counsel to provide consulting services to Marcus & Cinelli related to the 5th Circuit appeal

Thompson & Knight, LLP	Special Counsel to provide input for the appellant brief to be filed in the 5th Circuit case and participate in oral argument for same. Additionally, will assist Dewey & LeBoeuf in the trial of Buck v. USA in the U.S. District Court in Houston, Texas
Kurtzman Carson Consultants, LLC	Noticing Agent for the Debtor
Robert Goldstein, CPA	Debtor's auditor

The Bankruptcy Court has entered orders approving the Debtor's employment of Kurtzman Carson Consultants, LLC [Docket No. 119] and Robert Goldstein, CPA [Docket No. 118]. The Bankruptcy Court approved the remaining applications at a hearing conducted on October 21, 2010.

2. The Committee

On June 22, 2010, the United States Trustee appointed the Committee, consisting of seven members. John Malesovas and Lester Lewis are the co-chairmen of the Committee.

As constituted on June 22, 2010, the U. S Trustee appointed the following persons to the Committee:

1. Various Participants
Representative: John Malesovas
816 Congress Avenue, Suite 1265
Austin, TX 78701

2. Various Participants
Representative: Kathryn E. Barnett
1650 One Nashville Place
150 Fourth Avenue North
Nashville, TN 37219

3. Vivek Khetpal
Representative: Vivek Khetpal
1275 Mockingbird Lane
Durant, OK 74701

4. Juli Jessen
Representative: Christina Economou
370 South Main Street

Yuma, AZ 85364

5. Jeffrey Epstein
Representative: Jeffrey Epstein
1015 Redcedar Lane
Houston, TX 77094

6. Shahe E. Vartivarian
Representative: Salpi Vartivarian
7777 Southwest Freeway, Suite 610
Houston, TX 77074

7. Lester Lewis
Representative: Lester Lewis
9821 Spring Hill Drive
Anchorage, AK 99507

The Committee sought Bankruptcy Court approval to retain the following professionals to represent the Committee.

Professional	Representation
Diamond McCarthy LLP	General bankruptcy counsel to the Committee
Conner & Winters, LLP	Local bankruptcy counsel to the Committee
Price & Associates, LLC	Special counsel to the Committee related to providing advice on tax related issues

The Bankruptcy Court approved the Committee's applications to employ professionals at a hearing conducted on October 21, 2010.

On January 20, 2011, the Office of the United States Trustee filed a "Notice of Appointment of Additional Members to the Official Unsecured Creditors' Committee by the Office of the United States Trustee" [Docket No. 837] (the "Notice of Additional Committee Members"). In the Notice of Additional Committee Members, the United States Trustee announced the appointment of the following additional Committee members:

1. **Legal Reprographics, Inc.**
Representative: Steven Beaver
13151 Stone Canyon Road
Poway, CA 92064-2175

2. **T. Matera & Associates, Inc.**
Representative: Tom Matera
1518 Herbert Street
Downers Grove, IL 60515

3. **Hugh M. Cunningham, Inc.**
Representative: Dan Townsend
13755 Benchmark Drive
Dallas, TX 75234

C. POST-PETITION LEGAL EVENTS

1. Section 341 Meeting of Creditors

On the Petition Date, the Debtor filed its Schedule of Assets and Liabilities (the "Schedules"). The Schedules list all assets and liabilities of the Debtor as of the Petition Date. The Schedules filed by the Debtor reflect assets valued at $96,102,586.19, comprised primarily of the Life Policies, previously discussed, and liabilities of $180,948.19. The Debtor subsequently amended Schedule B, a listing of personal property, on August 6, 2010, and January 13, 2011, to include more detailed information for each life insurance policy claimed as an asset.

On June 10, 2010, the Court issued a Notice of Chapter 11 Case, Meeting of Creditors, and Deadlines that set July 19, 2010, as the date for the section 341 meeting of creditors. The United States Trustee conducted a section 341 meeting of creditors in Oklahoma City, Oklahoma on July 19, 2010.

2. Bar Date for Filing Proof of Claim

On June 17, 2010, the Debtor filed a Motion to Set Last Day to File Proofs of Claim ("Original Bar Date Motion") requesting that the Court approve the date of November 16, 2010, as the bar date for filing proofs of claims. The Court approved the Original Bar Date Motion by a court order on July 17, 2010.

On October 10, 2010, the Committee filed its Motion for an Order Extending Bar Date that requested an extension of the deadline to file proofs of claim until January 14, 2011 ("First Bar Date Extension Motion"). The Debtor joined the Committee in seeking the extension, with the Insurance Companies raising the only objections. The Court held a hearing on the First Bar Date Extension Motion on October 21, 2010. The Court entered an order extending the deadline to file proofs of claim until January 14, 2011.

On January 10, 2011, the Committee filed its Motion for a Thirty-Day Extension of the Bar Date ("Second Bar Date Extension Motion"), requesting an extension of the deadline to file proofs of claim until February 14, 2011. The Court held a hearing on the Second Bar Date

Extension Motion on January 13, 2011. On January 19, 2011, the Court entered an order approving the 30-day extension to file proofs of Claims until February 14, 2011.

3. **Removal of Prepetition Lawsuits**

After the Petition Date, the Debtor initiated: (a) the removal under 28 U.S.C. § 1452 of certain pre-petition Lawsuits in which it was named as a defendant; and (b) the transfer of those pre-petition Lawsuits to the Bankruptcy Court under 28 U.S.C. § 1412. As a result, after hearings in the various courts on the Motions to Transfer Venue and Motions to Remand, the following Lawsuits have been transferred to the United States Bankruptcy Court for the Western District of Oklahoma:

Case	Original Court	Current Court
Young et al. v. Millennium Multiple Employee Benefit Plan et al.	Dallas County, Tex.	Bankr. W.D. Okla. Adv. No. 10-01176
Westfall et al. v. Bevan et al.	Dallas County, Tex.	Bankr. W.D. Okla. Adv. No. 10-01175
White et al. v. Aviva Life and Annuity Company et al.	Madison County, Tenn.	Bankr. W.D. Okla. Adv. No. 10-01173
Hassoun et al. v. Aviva Life and Annuity Company et al.	Oklahoma County, Okla.	Bankr. W.D. Okla. Adv. No. 10-01117

4. **Fee Application Procedure**

On October 22, 2010, the Court entered an Agreed Order Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals (the "Fee Procedures Order"). Pursuant to the terms of the Fee Procedure Order, professionals employed by the Debtor and the Committee are to submit monthly applications of fees and expenses incurred to a group of reviewing parties for review and comment. In the event no objections are raised to a professional's monthly application, the Order gives the Debtor authority to pay eighty percent (80%) of non-objectionable fees and one hundred percent (100%) of non-objectionable expenses to that professional, following the filing of a certificate of no objection with the Bankruptcy Court. Professionals are also required to file quarterly interim applications for allowance of fees and expenses to obtain court approval of fees and expenses previously submitted on a monthly basis.

As a result of negotiations over the Settlement Agreement and the Plan under the Moratorium Agreements, the parties did not seek entry by the Bankruptcy Court of the Fee Procedures Order until 3 months after the Petition Date. Once in place, the professionals filed monthly fee statements for the time between the Petition Date and October, 2010.

Professionals subsequently filed additional fee applications covering time periods through and including December 31, 2010. The chart set forth below shows the total fees and expenses requested, and does not take into account any objections to such fees and expenses.

FEES SOUGHT THROUGH 12/31/2010

APPLICANT	TIME PERIOD COVERED	FEE REQUEST	EXPENSE REQUEST	TOTAL REQUEST
Watts & Watts	6/09/10 through 10/31/10	$39,537.50	$0.00	$39,537.50
Franklin Skierski Lovall Hayward LLP	6/09/10 through 12/31/10	$685,250.75	$7,439.69	$692,690.44
Mock Schwabe	6/09/10 through 12/31/10	$253,211.00	$1,648.10	$254,859.10
Stutzman Bromberg Esserman & Plifka	6/09/10 through 12/31/10	$176,066.25	$724.38	$176,790.63
Thompson & Knight	6/09/10 through 10/31/10	$208,481.00	$20,985.49	$229,466.49
Roberts Markel PC	6/09/10 through 12/31/10	$172,332.50	$446.93	$172,779.43
Mitchell Williams Selig Gates & Woodyard	6/09/10 through 12/31/10	$14,667.00	$1,114.74	$15,781.74
Marcus & Cinelli LLP	6/09/10 through 10/31/10	$4,202.50	$455.30	$4,657.80
Jackson Lewis LLP	6/09/10 through 9/30/10	$37,090.00	$2,113.09	$39,203.09
Gilbert Russell McWherter PLC	6/09/10 through 10/31/10	$25,440.00	$536.73	$25,976.73
Dewey & LeBoeuf LLP	6/09/10 through 11/30/10	$1,484,373.25	$47,365.31	$1,531,738.56
Anderson Kill & Olick LLP	6/09/10 through 12/31/10	$76,701.50	$3,589.48	$80,290.98
Groom Law Group	6/09/10 through 12/31/10	$690,255.10	$15,252.76	$705,507.86
Diamond McCarthy LLP	6/25/10 through 12/31/10	$666,787.00	$28,425.58	$695,212.58
Conner & Winters LLP	6/25/10 through 12/31/10	$103,830.00	$4,048.11	$107,878.11
Price & Associates	6/25/10 through 12/31/10	$86,812.50	$992.53	$87,805.03
TOTAL		$4,725,037.85	$135,138.22	$4,860,176.07

5. **Trustee Motion**

Immediately after the Petition Date, certain plaintiffs that had filed lawsuits against the Debtor filed a Motion for Appointment of Trustee (the "Trustee Motion"), requesting that the Court appoint a chapter 11 trustee to oversee the management and operations of the Debtor's business. The Motion has not been heard by the Bankruptcy Court.

6. **Motion to Dismiss**

On July 1, 2010, certain plaintiffs in the litigation filed against the Debtor filed a Motion to Dismiss the Debtor's Bankruptcy Case (the "Motion to Dismiss"), stating that the interests of the creditors would be better served outside of Chapter 11. The Motion has not been heard by the Bankruptcy Court.

7. **Settlement Among the Debtor, the Committee, and Litigation Claimants**

In November, 2010, the Debtor, the Committee and certain Covered Employers and Participants filed a motion to approve a settlement of the claims made by those Covered Employers and Participants. The Bankruptcy Court conducted a three-day evidentiary hearing on the Settlement Motion and Motion to Assume on December 16, 17, and 20, 2010. On January 31, 2011, the Bankruptcy Court denied the motion.

8. Extension of Exclusive Period to File Plan of Reorganization

Pursuant to section 1121 of the Bankruptcy Code, the Debtor is given the exclusive right to file a plan of reorganization for the first 120 days after the filing of the chapter 11 petition. However, this date may be modified with approval by the Court and that is the case here. The original expiration date of exclusivity for the Debtor would have been October 7, 2010; however, pursuant to the terms of the two Moratorium Agreements described herein, the Committee agreed to extend the exclusive deadline to file a plan until January 7, 2011.

Following the settlement between the Debtor and Committee, the parties have been working together to propose a plan of liquidation. However, because of the complexity of the issues in this case, the parties agreed to an additional extension of time for the filing of a chapter 11 plan until February 7, 2011. The Bankruptcy Court approved the extension request.

On February 4, 2011, the Debtor filed a Motion for a Ten-Day Extension of the Exclusivity Period [Docket No. 886] requesting that the Court extend the exclusivity period to February 17, 2011. The Court has not yet ruled upon this motion.

9. Preliminary Review of Proofs of Claim

As of February 14, 2011, the deadline to file claims, 986 proofs of claims were filed.

10. The Bankruptcy Court Interpleader Actions

Both American General and Aviva have filed adversary proceedings in the Bankruptcy Court making essentially the same allegations as their prepetition interpleader actions; *American General Life Insurance Company v. Millennium Multiple Employer Welfare Benefit Plan*, Adversary No. 11-01014 ("American General II"); *Aviva Life and Annuity Company v. Millennium Multiple Employer Welfare Benefit Plan, et al.*; Adversary No. 10-01153 ("Aviva III").

11. The Motions to Withdraw the Reference and the Motions to Refer

There have been numerous pleadings related to the Insurance Company interpleader actions. Aviva and American General have sought to withdraw the reference to the Bankruptcy Court of the prepetition litigation that was removed to the Bankruptcy Court, as well as the interpleader actions they filed as adversary proceedings. Their intent is to have the cases heard in the District Court. The Debtor filed motions seeking to move the pending District Court interpleader actions to Bankruptcy Court. The Debtor and Aviva have now filed a Joint Motion to Set Hearing(s) to Determine all Reference Issues Before a Single Court and Delay Hearings on Remand and Abstention Issues (the "Joint Motion to Determine Reference Issues") in all the interpleader-related cases. The purpose of the Joint Motion to Determine Reference Issues is to allow either the Bankruptcy Court or the District Court to hear all motions to withdraw the reference and all motions to refer at once in order to provide a unified decision to each of the motions in order to preserve fairness and equity for all parties.

American General followed with a Motion to Set Hearing(s) to Determine all Reference Issues Before a Single Court and Delay Hearings on Remand and Abstention Issues and Joinder in the Joint Motion to Determine Reference Issues in its interpleader-related cases. The relief sought in American General's motion is similar to the relief sought in the Joint Motion to Determine Reference Issues.

12. The Turnover Motions

Due to the refusal of certain Insurance Companies (Aviva, American General, and Penn Mutual) to fund policy loan requests made by the Debtor or to otherwise allow the Debtor access to its assets in their possession, the Debtor was forced to file Motions to Compel Turnover of Cash Value of Insurance Policies [Docket No. 826 – American General; Docket No. 827 – Aviva] (collectively, the "Turnover Motions") on January 18, 2011. The Debtor's purpose behind filing the Turnover Motions was to obtain the funding necessary to allow the Debtor to continue its operations towards the liquidation scheme set forth in the Plan. Aviva and American General each filed motions to strike the Turnover Motions [Docket No. 850 – American General; Docket No. 855 – Aviva].

The Debtor reached an agreement with American General wherein the American General Turnover Motion would be converted into an adversary proceeding and the trial deadlines would be set on an expedited basis. The turnover complaint against American General was filed on February 4, 2011; Adversary Case No. 11-0-1020. The Agreed Order expediting trial deadlines

in the American General turnover action was entered by the Court on February 7, 2011 [Docket No. 894]. The trial for the American General turnover action is set for April 27, 2011. The Debtor has a mediation scheduled with American General on February 23, 2011, and anticipates further discussions with both Aviva and American General.

The Debtor has not reached a similar agreement with Aviva, but is continuing negotiations with Aviva towards the end of obtaining funding and/or access to its assets so that it may make timely distributions pursuant to the Plan.

VI.

DESCRIPTION OF THE PLAN

A. Designation and Treatment of Classes of Claims In the Plan

In accordance with section 1123(a) (1) of the Bankruptcy Code, Administrative Claims are not classified into classes for voting purposes, but are included for informational purposes only.

A Claim is classified in a particular Class only to the extent that the Claim qualifies within the description of that Class, and is classified in another Class or Classes to the extent that any remainder of the Claim qualifies within the description of such other Class or Classes. A Claim is classified in a particular Class only to the extent that the Claim is an Allowed Claim in that Class and has not been paid, released or otherwise satisfied before the Effective Date. A Claim which is not an Allowed Claim is not in any Class. Notwithstanding anything to the contrary contained in the Plan, no distribution shall be made on account of any Claim that is not an Allowed Claim.

The Debtor has created 5 Classes of Creditors:

Class 1: Priority Claims

Class 2: Secured Claims

Class 3: Unsecured Claims – Other than Participant Claims

Class 4: Participant Claims

Class 5: Subordinated Claims

B. Summary of Treatment of Creditors in each Class under the Plan

1. Treatment of Unclassified Claims

(a) Administrative Claims

Holders of Administrative Claims, other than: (a) Allowed Administrative Claims; (b) Administrative Claims that represent liabilities incurred on or after the Petition Date, but prior to the Effective Date, in the ordinary course of the Debtor's business which may be paid in the ordinary course of the Debtor's business without order of the Bankruptcy Court; and (c) Administrative Claims that constitute fees or charges assessed against the Estate under Chapter 123, Title 28, United States Code, must by no later than the Administrative Claims Bar Date: (i) file an application with the Bankruptcy Court for allowance of the Administrative Claim; and (ii) serve a copy of such application on counsel for the Debtor, counsel for the Committee, the United States Trustee, and all other parties otherwise entitled to notice thereof. Failure to file and serve such application and notice by the Administrative Claims Bar Date shall result in the Administrative Claim being forever barred and discharged.

(b) Allowance of Administrative Claims

An Administrative Claim with respect to which notice has been properly filed and served pursuant to the Plan shall become an Allowed Administrative Claim if no objection is filed within 30 days after the filing and service of the application seeking allowance of such Administrative Claim. If an objection is timely filed, the Administrative Claim shall become an Allowed Administrative Claim only to the extent allowed by Final Order. An Administrative Claim arising with respect to any professional compensation application, shall become an Allowed Administrative Claim only to the extent Allowed by Final Order.

In full and final satisfaction of Allowed Administrative Claims, each Allowed Administrative Claim shall, unless otherwise agreed, be paid by the Millennium Liquidation Trustee either (i) in full in Cash by no later than the later of: (a) fifteen (15) days after the Effective Date; or (b) fifteen (15) days after becoming an Allowed Administrative Claim; or (ii) if the holder of an Allowed Administrative Claim files an election to receive a different treatment, its claim will be paid as agreed.

Allowed Administrative Claims that represent liabilities incurred on or after the Petition Date, but prior to the Effective Date, in the ordinary course of the Debtor's business which may be paid in the ordinary course of the Debtor's business without order of the Bankruptcy Court, shall be paid by the Debtor and/or the Millennium Liquidation Trustee, as appropriate, and subject to the Debtor's and/or the Millennium Liquidation Trustee's, as appropriate, right to contest the allowance or payment of same; *provided further*, *however*, that from and after the Effective Date, any fees and charges which are assessed under Chapter 123, Title 28, United States Code, in relation to the Bankruptcy Case shall be paid by the Millennium Liquidation Trustee as they become due.

2. Priority Claims. Priority Claims shall be reviewed by the Debtor or the Millennium Liquidation Trustee, as appropriate, and shall be objected to or allowed, in the discretion of the Debtor or the Millennium Liquidation Trustee. Upon becoming an Allowed Priority Claim, each holder of an Allowed Priority Claim shall receive in full satisfaction, release, and discharge of and in exchange for such Claim: (a) the amount of such Allowed Priority Claim, in cash, on or as soon as practicable after the latest of (i) fifteen (15) days after the Effective Date, (ii) the date that is fifteen (15) Business Days after such Claim becomes an Allowed Priority Claim; or (iii) the date upon which the Millennium Liquidation Trustee obtains sufficient funds to pay Allowed Priority Claims; or (b) the time dictated by such other treatment as may be agreed upon in writing by the holder of such Claim and the Debtor or the Millennium Liquidation Trustee, as applicable.

3. **Secured Claims.** Class 2 Secured Claims shall be reviewed by the Debtor or the Millennium Liquidation Trustee, as appropriate, and shall be objected to or allowed, in the discretion of the Debtor or the Millennium Liquidation Trustee. Upon becoming an Allowed Secured Claim, each holder of an Allowed Secured Claim shall receive in full satisfaction, release and discharge of and in exchange for such Claim: (a) the amount of such Allowed Secured Claim, in cash, on or as soon as practicable after the latest of (i) fifteen (15) days after the Effective Date, (ii) the date that is fifteen (15) Business Days after such Claim becomes an Allowed Secured Claim; or (iii) the date upon which the Liquidation Trustee obtains sufficient funds to pay Allowed Secured Claims; (b) all collateral securing such Allowed Secured Claim; or (c) such other treatment as may be agreed upon in writing by the holder of such Claim and the Debtor or the Millennium Liquidation Trustee, as applicable.

4. **Unsecured Claims Other than Participants**. Class 3 Claims shall be reviewed by the Debtor or the Millennium Liquidation Trustee, as appropriate, and shall be objected to or allowed, in the discretion of the Debtor or the Millennium Liquidation Trustee. Five hundred thousand dollars ($500,000) in cash (and no more) shall be set aside for the payment of Allowed Class 3 Claims. If the Class 3 Claims that become Allowed Class 3 Claims total less than $500,000, all Allowed Class 3 Claims will be paid in full in cash upon the resolution of all asserted Class 3 Claims. Upon the resolution of all asserted Class 3 Claims, if the Class 3 Claims that become Allowed Class 3 Claims total more than $500,000, each holder of an Allowed Unsecured Claim in Class 3 shall receive in full satisfaction, release and discharge of and in exchange for such Claim its Pro Rata Share of the $500,000 set aside for Class 3, plus its Pro Rata Share of any interest that may accrue on the $500,000 while Class 3 claims are being resolved. If there are funds in excess of the funds necessary to pay all Allowed Class 3 Claims, the excess shall be used for the benefit of Allowed Class 4 Claimants.

5. Participant Claims. On the Effective Date, each Participant who files a claim: (a) shall have an Allowed Participant Claim equal to his or her Life Benefit, as calculated in accordance with section 4.4.1.2 of the Plan; (b) shall have an option to purchase the Life Policy insuring the life of the Participant, as provided in section 4.4.3 of the Plan; and (c) shall receive his or her Life Benefit, as provided in section 4.4.4 of the Plan, from the Millennium Trust, in

full satisfaction, settlement, release, extinguishment, and discharge of his or her Allowed Participant Claim and any other Claim asserted against the Debtor or its Estate by the Participant.

a. **Participation in Third Party Settlements.** In addition, each Non-Litigation Participant who elects to participate in a settlement with a Third Party Defendant (any person other than the Debtor) shall have a distribution right from the Settlement Funds, if any. The Settlement Funds will be paid out by the Millennium Liquidation Trustee using a ratio determined by the percentage that each Settlement Participant's Life Benefit bears to the total Life Benefits of all Settlement Participants.

b. **Calculation of Distributions.** Each holder of an Allowed Participant Claim shall be entitled to receive a cash distribution from the Millennium Trust equal to the Life Benefit. Alternatively, each holder of an Allowed Participant Claim may elect to credit the Life Benefit amount to the purchase price of the Life Policy insuring the life of the Participant. With the counsel of the Millennium Liquidation Plan Committee, the Millennium Liquidation Trustee shall determine the preliminary calculation of the Life Benefit in accordance with sections 1.16 and 5.03.b.vi of the Millennium Master Plan and the Plan as follows: (a) multiply the Life Benefit Ratio for the Participant by the Total Cash Surrender Value for all Life Policies in the Millennium Trust plus any un-segregated cash in the Millennium Trust; and (b) subtract any required or agreed-upon (with applicable governmental authorities) withholding. The resulting sum (including the governmental withholding amount) will be reported to the Participant and to the Internal Revenue Service. To determine un-segregated cash, the Millennium Liquidation Trustee shall establish such reserves as mandated by the Plan to pay Allowed Administrative Claims and Allowed Claims in Classes 1, 2, and 3 and as estimated by the Millennium Liquidation Trustee, in the discretion of the Millennium Liquidation Trustee, for the expenses of operating the Millennium Trust and liquidating the Assets.

c. **Death Benefits.** Each Participant (or his or her beneficiaries, as applicable) will remain eligible to receive his or her Death Benefit through and including the date upon which a Participant's election is due pursuant to section 4.4.3.2 of the Plan.

d. **Option to Purchase Life Policy; Purchase Price.** In accordance with section 5.03 of the Millennium Master Plan, each holder of an Allowed Participant Claim may purchase the Life Policy insuring the life of the Participant, as-is and without warranty by any person. The purchase price of the Life Policy insuring the life of a Participant shall be the Life Policy's accumulation value less the amount of any policy loans (including accumulated interest on the applicable loan).

e. **Notices.** As soon as reasonably practicable after the Effective Date, the Millennium Liquidation Trustee shall calculate the Life Benefit as provided in paragraph 4.4.1.2 of the Plan and shall provide written notice of this calculation to each Participant. The written notice shall include the following information: (a) the purchase price of the Life Policy insuring the life of the Participant; (b) the Life Benefit net of governmental (tax) withholding pursuant to paragraph 4.4.1.2 of the Plan; (c) the effective date of the Life Benefit calculation; (d) information about the Life Policy insuring the life of the Participant, including its accumulation value, outstanding loans, and surrender charges; and (e) the deadline by which the Millennium Liquidation Trustee must receive notice of a Participant's decision to exercise the option to purchase the Life Policy pursuant to paragraph 4.4.3.2 of the Plan.

f. **Election.** Within thirty (30) days after delivery of the written notice under paragraph 4.4.3.1 of the Plan, each Participant must provide a written response to the Millennium Liquidation Trustee stating (1) whether the Participant elects to purchase the Life Policy insuring his or her life for the purchase price stated in the notice and (2) if the Participant elects to purchase the Life Policy, whether the Participant elects to apply the Life Benefit stated in the notice as a credit against the purchase price of the Life Policy insuring his or her life.

g. **Purchase Implementation.** If a Participant elects to purchase the Life Policy insuring his or her life and further elects to use the Life Benefit as a credit against the purchase price, the Participant shall remit the difference between the purchase price and the credit, if the purchase price is greater than the credit, to the Millennium Trust, in care of the Millennium Liquidation Trustee, within sixty (60) days after delivery of the written notice provided under paragraph 4.4.3.1 of the Plan. If the Participant elects to purchase the Life Policy without applying the credit, the Participant shall remit the purchase price to the Millennium Trust within sixty (60) days after delivery of the written notice provided under paragraph 4.4.3.1 of the Plan. Failure to remit the purchase price under either option in a timely manner shall be deemed an election to waive the option to purchase the Life Policy. In that event, the Participant retains the right to receive the distributions provided in paragraphs 4.4.2 and 4.4.4 of the Plan. If the Participant elects to purchase the Life Policy and to apply the credit, if the purchase price is less than the Participant's Life Benefit credit, the Participant shall be paid the difference from the Millennium Trust when the Millennium Liquidation Trustee makes distributions pursuant to paragraphs 4.4.2 and 4.4.4 of the Plan.

h. **Transfer of Life Policy.** Within ninety (90) days after delivery of the written notice provided under paragraph 4.4.3.1 of the Plan, the Millennium Liquidation Trustee shall complete any required documents necessary to

transfer the purchased Life Policies to the Participants purchasing such Life Policies.

i. **Surrender of Life Policies.** Upon passage of the deadline for Participants to make their election regarding the purchase of the Life Policies insuring their lives, the Millennium Liquidation Trustee shall surrender the Life Policies on those Participants who have either (a) elected not to purchase the Life Policies insuring their lives or (b) have made no election. Upon passage of the deadline for Participants who have elected to purchase the Life Policies insuring their lives to make payment for such Life Policies, if payment is not timely received from one or more Participants, the Millennium Liquidation Trustee may then surrender the Life Policies on the lives of those Participants who have elected to purchase the Life Policies on their lives, but have forfeited their election by failing to make the required payment by the deadline set forth in the Plan.

j. **Distributions.** Each holder of an Allowed Participant Claim shall receive a distribution or distributions from the Millennium Liquidation Trust pursuant to the following procedure.

k. **Credit.** For distributions to each Participant who elected to purchase the Life Policy insuring the life of the Participant by applying the Life Benefit as a credit against the purchase price of the Life Policy, the Millennium Liquidation Trustee shall offset the amount of the distribution(s) under paragraph 4.4.4 of the Plan by the amount of the Life Benefit. Participants who elect to purchase the Life Policies insuring their lives and actually purchase the Life Policies insuring their lives shall not receive any cash distributions unless and until the Participants not purchasing Life Policies receive an amount equal to the amount of the Life Benefit calculation contained in section 4.4.1.2 of the Plan.

l. **Interim Distributions.** From time to time, the Millennium Liquidation Trustee shall set aside reserves for Allowed Administrative Claims and Allowed Claims in Classes 1, 2, and 3, and for the operating expenses of the Millennium Trust, and after consultation and with the consent of the Millennium Liquidation Plan Committee, the Millennium Liquidation Trustee shall make interim distributions of the Life Benefit to each holder of an Allowed Participant Claim if there is sufficient cash to do so. For this purpose, interim distributions for each Participant shall equal the Life Benefit Ratio of each Participant with an Allowed Participant Claim multiplied by the aggregate of the Assets the Millennium Liquidation Trustee has identified as available for interim distribution. It is intended that the Millennium Liquidation Trustee distribute funds to holders of Allowed Participant Claims up to the amount of the Life Benefit provided in paragraph 4.4.1.2 of the Plan as quickly as possible. For interim distribution(s), the Millennium Liquidation

Trustee's distributions, in a total amount, will not exceed the Life Benefit provided in paragraph 4.4.1.2 of the Plan. Once the Millennium Liquidation Trustee has made distributions equal to the Life Benefit in the amount provided in paragraph 4.4.1.2 of the Plan to each holder of an Allowed Participant Claim, the Millennium Liquidation Trustee shall have the discretion to make supplemental Life Benefit distributions to each holder of an Allowed Participant Claim based on the Life Benefit Ratio.

m. **Final Distributions.** Following the liquidation of the Assets, the satisfaction of the treatment of Allowed Administrative Claims and Allowed Claims in Classes 1, 2, and 3 as provided in the Plan, and the payment or establishment of reserves in the discretion of the Millennium Liquidation Trustee for the payment of all expenses of the Millennium Trust including the expenses for operating the Millennium Trust and liquidating the Assets, after consultation and with the consent of the Millennium Liquidation Plan Committee, the Millennium Trustee shall make a final distribution of the remaining Assets to each holder of an Allowed Participant Claim based on the Life Benefit Ratio.

n. **Distributions of Settlement Funds.** In addition to the distributions provided in paragraphs 4.4.2 and 4.4.4 of the Plan, a holder of an Allowed Non-Litigation Participant Claim may be eligible for distributions from Settlement Funds, provided he or she elects to participate in the settlement.

o. **Distributions to Settlement Participants.** Each holder of an Allowed Non-Litigation Participant Claim who is a Settlement Participant shall receive his or her Pro Rata Share of any distributions of Settlement Funds. Distributions from the Settlement Funds shall be made by no later than sixty (60) days after the Effective Date. Persons who are not Settlement Participants shall not receive any portion of the Settlement Funds.

Notwithstanding the provision for payment in full of Administrative Claims, Class 1, Class 2, and Class 3 claims on the Effective Date, every voting class has been deemed ***impaired*** and votes will be solicited from holders of claims in each Class. In addition, it is anticipated that each Administrative Claimant will be contacted concerning the Debtor's ability to pay Allowed Administrative Claims on a date other than the Effective Date.

According to the Monthly Operating Report, dated January 31, 2011, the Debtor has cash on hand of $212,199.00. In order to confirm the Plan in accordance with the Bankruptcy Code, the Debtor estimates that the Debtor will require that it have cash in the amount of six to eight million dollars in order to pay all potentially allowable Administrative Claims and creditors in Classes 1, 2, and 3 on the Effective Date.

6. Subordinated Claims

Holders of claims in Class 5 consist of creditors who have either by agreement or by court order subordinated the repayment on their claim to holders of Administrative Claimants and holders of Claims in Classes 1 through 4. There are no creditors who shall be treated in Class 5 as of the filing of the Disclosure Statement. Out of an abundance of caution, Class 5 has been created in order to assure that any creditor whose claim is subordinated through future litigation or through claims objection has a class in which their claim will be treated. The Debtor believes that once it objects to the claims of certain Insurers, that their claims may well be classified as Class 5 claims.

Each holder of an Allowed Subordinated Claim (except any holder that agrees to lesser or otherwise different treatment), in full satisfaction, settlement, release, extinguishment, and discharge of such Claim, shall be paid its pro rata share of the assets, if any exist, of the Millennium Liquidation Trust after the payment in full by the Millennium Liquidation Trustee of all Allowed Administrative Claims and all Allowed Claims in Classes 1, 2, 3 and 4. Any such payments by the Millennium Liquidation Trust will be made on the later of the Effective Date or the date on which such Subordinated Claim becomes an Allowed Claim.

Claimants in Class 5 are impaired.

C. Means of Implementation

1. Appointment of the Millennium Liquidation Trustee.

The Bankruptcy Court shall appoint _____ as the Millennium Liquidation Trustee in the Confirmation Order, who shall oversee the Debtor's affairs, serve as Trustee of the Millennium Trust and be the representative of the Estate as of the Effective Date. _____'s curriculum vitae will be provided in advance of the Confirmation Hearing and will be attached hereto as Exhibit 4 when a nomination is made.

2. Millennium Liquidation Advisory Committee.

The initial members of the Millennium Liquidation Advisory Committee shall be those three to five Persons named in the Confirmation Order. Their job is to consult with and advise the Millennium Liquidation Trustee regarding the administration of the Debtor's affairs. Among other duties, the Millennium Liquidation Advisory Committee will receive and review reports from the Millennium Liquidation Trustee and review and approve, as necessary, proposed settlements of Claims, amendments to the Millennium Trust Agreement, actions of the Millennium Liquidation Trustee, invoices of the professionals and employees working for the Debtor, and the monthly budgets of the Millennium Liquidation Trustee.

3. Purposes of the Millennium Trust Post-Confirmation.

The purpose of the Millennium Trust post-confirmation is to, among other things, (a) resolve, pay and satisfy all Administrative Claims and all Allowed Claims in accordance with the Plan, the Millennium Trust Agreement and the Confirmation Order; (b) receive, preserve, hold, manage, liquidate and maximize the assets held by, or for the benefit of, the Debtor; (c) act as the representative of the Estate; and (d) take other actions deemed by the Millennium Liquidation Trustee to be in the best interest of Millennium's Creditors.

4. Transfers, Assignments, and Payments

On the Effective Date, The Millennium Liquidation Trustee will assume control and authority over the Assets of the Estate. In addition, decision making authority over all choses in action, asserted or unasserted, that are held by the Debtor will be transferred to the Millennium Liquidation Trustee.

To the extent there have been any settlements with Third Party Defendants pursuant to the procedures set forth in the Plan, the Millennium Liquidation Trustee (or the Debtor if received prior to the Effective Date) shall deposit any settlement payments into an account to be used for the benefit of Participants who elect to participate in a settlement with a Third Party Defendant by returning the appropriate ballot.

5. Assumption of Liabilities.

On the Effective Date, the Millennium Trust shall be deemed, without need for further action, to have assumed responsibility and liability for all Administrative Claims and Allowed Claims.

6. Millennium Trust Expenses.

The Millennium Trust shall pay all expenses of the Millennium Trust (including applicable taxes) from the Assets.

7. Distributions from the Millennium Trust.

The Millennium Liquidation Trustee will make distributions from the Millennium Trust in the following order: (1) first, to pay the expenses of administering the Millennium Trust, including reasonable fees and expenses of any attorneys, advisors, other professionals, and employees employed by the Millennium Liquidation Trustee; (2) second, to make distributions to Claimants in accordance with the terms of the Plan and Millennium Trust Agreement.

8. Termination of the Millennium Trust.

The Millennium Trust shall be dissolved ninety (90) days after the Millennium Liquidation Trustee decides to dissolve the Millennium Trust because all of the Millennium Trust Assets have been liquidated and all Administrative Claims and Allowed Claims have been paid to the extent possible based upon funds available through the Plan or have been disallowed by a Final Order.

9. Termination of Millennium Liquidation Trustee.

The duties, responsibilities, rights, and obligations of the Millennium Liquidation Trustee shall terminate in accordance with the terms of the Millennium Trust Agreement.

VII.

MEANS OF IMPLEMENTATION OF THE PLAN

The Plan provides that on the Effective Date, all of the Estate's Assets shall be free and clear of all liens, claims, interests, and encumbrances, except as specifically set forth in the Plan

A. Confirmation Hearing

After obtaining approval of the Disclosure Statement, balloting of creditors and filing of objections, if any, the Plan will be presented for confirmation by the Bankruptcy Court. If the Bankruptcy Court confirms the Plan, the Court will be provided with proposed findings of fact and conclusions of law for the Court to consider. On the date the Bankruptcy Court enters the Confirmation Order on its docket, the Plan will have been confirmed. The Effective Date of the Plan shall be fifteen (15) days from the date of entry of the Confirmation Order on the docket, assuming an objector has not filed pleadings to stay the Confirmation Order and posted any Court ordered bond associated with such appeal.

1. Incorporation of Rule 9019

To the extent necessary to effectuate and implement the releases contained in the Plan, the Plan shall be deemed to constitute a motion under Bankruptcy Rule 9019 seeking the Bankruptcy Court's approval of all of the compromises and releases contained therein.

2. Incorporation of Section 363 of the Bankruptcy Code

At the Effective Date, the assets of the Debtor shall be free and clear of all liens, claims, interests, and encumbrances under section 363(f) of the Bankruptcy Code, except as specifically provided for in the Plan and the Settlement Agreement, and any respective assignees shall be deemed to be a good faith transferee for value entitled to the full protections of section 363(m) and section 363(n) of the Bankruptcy Code. To the extent necessary to effectuate and implement the transfers contained in the Plan, the Plan shall be deemed to constitute a motion filed by the Debtor under section 363 of the Bankruptcy Code seeking the Court's approval of said transfers.

3. Conditions Precedent to Confirmation

Before the confirmed Plan can be confirmed, the Plan requires that a series of events take place or certain conditions to exist. The Plan shall not be confirmed until the following conditions shall have been satisfied or waived by the Debtor, as determined in its sole discretion:

(a) the Confirmation Order shall have been entered, in form and substance acceptable to the Debtor;

(b) the Debtor has satisfied all conditions required under section 1129 of the Bankruptcy Code;

(c) the Debtor is projected to have sufficient cash on hand in order to make the cash distributions required of the Plan as of the Effective Date;

(d) the Bankruptcy Court enters findings of fact that the United States Department of Labor and its agencies, the PBGC, and the Internal Revenue Service received adequate notice of the Debtor's bankruptcy and the confirmation hearings;

(e) the Bankruptcy Court enters findings of fact that the Debtor is eligible to be a debtor under the Bankruptcy Code;

(f) the Bankruptcy Court enters findings of fact that to the extent ERISA applies, there has been no post-petition breach of fiduciary duty, including in connection with the Plan and the confirmation process; and that all the actions and inactions of the Plan Committee, the members of the Plan Committee, RBT, SecurePlan, the Committee, the members of the Committee, and their respective agents, employees, and attorneys are, and at all times have been, in full and complete compliance with the Millennium Master Plan and the Millennium Trust Agreement, and with all the duties and obligations required under the Internal Revenue Code and of the Internal Revenue Service, and under ERISA, and of the United States Department of Labor and the Pension Benefit Guaranty Corporation;

(g) if required, the United States District Court has issued all findings, conclusions, and orders required to approve the confirmation of the Plan;

(h) the requisite number of Participants voting have accepted the Plan in Class 4; and

(i) all other conditions precedent have been satisfied to the satisfaction of the Debtor.

B. Events Occurring on the Effective Date

1. Assets

As of the Effective Date, the Debtor's major assets will be (a) Life Policies, and (b) Causes of Action either owned or held by the Debtor. Specifically, all Claims, causes of action, subordination rights, counterclaims, rights of offset or recoupment and rights and interests related thereto owned by the Debtor or by the Estate on the Effective Date and not otherwise specifically released under the Plan shall be preserved, including, without limitation, the Claims set forth in the Debtor's Schedules and/or as set forth in any lawsuit, court proceeding, adversary proceeding, or contested matter pending on or before the Effective Date. For the avoidance of doubt, no claims, causes of action, subordination rights, counterclaims, rights of offset or recoupment, or rights and interests related thereto owned by the Debtor as of the Petition Date or owned by the Estate at any time prior to the Effective Date are released, waived, or otherwise

abandoned as a result of the confirmation of the Plan, except any of the foregoing specifically released in the Plan

2. Treatment of Executory Contracts and Unexpired Leases

Effective on and as of the Effective Date, all of the Debtor's and the Estate's Executory Contracts that that Debtor has not previously sought to assume shall be deemed rejected pursuant to section 365 of the Bankruptcy Code. The Debtor has sought to assume the Life Policies, but has not yet had a ruling on its motion. For the avoidance of doubt, to the extent that no ruling has been obtained on the Debtor's assumption motion, the Plan is a renewed request for an order authorizing the Debtor to assume the Life Policies.

Claims for damages allegedly arising from the rejection pursuant to the Plan or the Confirmation Order of any Executory Contract, whether rejected prior to the Effective Date or deemed rejected as a result of the Plan, must be filed with the Bankruptcy Court and served on the Millennium Liquidation Trustee not later than thirty (30) days after the Effective Date. All Claims for such damages not timely filed and properly served as prescribed in the Plan shall be forever barred and the holder of such a Claim shall not be entitled to participate in any distribution or payment, on account of such Claim, under the Plan or payment from the Millennium Liquidation Trustee.

Any Claim arising from the rejection of an Executory Contract that is deemed a prepetition claim under the Bankruptcy Code shall, if Allowed, and only to the extent Allowed, be treated as a Claim in Class 3.

Parties-in-interest shall be entitled to file objections to Claims based on the rejection of an Executory Contract under the law, rules, and provisions governing standing otherwise applicable to objections to claims under the Bankruptcy Code; *provided, however*, that any such objection shall be filed no later than one hundred and twenty days after the later: of (a) the date that such Claim is filed; or (b) the Effective Date.

C. Provisions Governing Distribution

No payment or distribution shall be made by the Millennium Liquidation Trustee except on account of an Allowed Administrative Claim or an Allowed Claim, unless otherwise ordered by the Bankruptcy Court. No payments shall be made on account of any Disputed Claim until Allowed. Distributions to be made on the Effective Date shall be deemed actually made on the Effective Date if made either (a) on the Effective Date or (b) as soon as reasonably practicable thereafter.

1. Dates of Distribution

(a) The Millennium Liquidation Trustee shall make distributions to the holders of Allowed Claims in Classes 1, 2, 3, and 4 as soon as reasonably practical after the Millennium Liquidation Trustee has paid holders of Allowed Administrative Claims.

(b) The holders, if any exist, of Allowed Claims in Class 6 shall be paid their pro rata portion of the assets, if any exist, of the Millennium Liquidation Trust remaining after the payment in full by the Millennium Liquidation Trustee of all Allowed Administrative Claims and all Allowed Claims in Classes 1, 2, 3, and 4. Any such payment shall be made by the Millennium Liquidation Trustee as soon as practicable after the Millennium Liquidation Trustee has paid holders of Allowed Administrative Claims and Allowed Claims in Classes 1, 2, 3, and 4.

2. Means of Cash Payment

Cash payments from the Debtor or the Millennium Liquidation Trustee shall be made by check drawn on or by wire transfer from, a domestic bank.

3. Delivery of Distributions

Distributions and deliveries to the holders of Allowed Claims shall be made at the addresses set forth on the respective proofs of Claim filed in this case, unless a different address is provided to the Millennium Liquidation Trustee. If no proof of Claim is filed, distributions shall be made at the last known address or as reflected in the Schedules. If any distribution is returned as undeliverable, no further distribution shall be made on account of such Allowed Claim unless and until the Millennium Liquidation Trustee is notified of such holder's then current address, at which time all missed distributions shall be made to the holder of such Allowed Claim, unless forfeited as otherwise provided for in the Plan.

All claims for undeliverable distributions shall be made on or before the first anniversary of the attempted distribution. After such date, all unclaimed property shall be redistributed by the Millennium Liquidation Trustee to Classes 1-3 and, if applicable because the Allowed Claims of the creditors in Classes 1 - 3 have been paid in full, to Class 4, and the Allowed Claim of any holder with respect to such unclaimed and redistributed property shall be discharged and forever barred.

4. Time Bar to Cash Payments

Checks issued by the Millennium Liquidation Trustee with respect to Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Millennium Liquidation Trustee by the holder of the Allowed Claim with respect to which such check originally was issued. Any Claim with respect to such a voided check shall be made on or before the first anniversary of the date of issuance of such check. After such date, all Allowed Claims with respect to void checks shall be discharged and forever barred.

E. Contested and Contingent Claims

1. Standing to Object to Claims.

Only the Debtor (through the Effective Date),), the Committee (through the Effective Date, after consultation with and consent by the Debtor), the Millennium Liquidation Trustee, the United States Trustee, and all other holders of Claims shall have specific standing to object to the allowance of a Claim. Nothing herein shall preclude any other party in interest, including the Committee, from seeking authority from the Bankruptcy Court to file objections to Claims not otherwise objected to.

2. Claim Objections.

Unless arising from an Avoidance Action or rejection of an executory contract, any proof of Claim filed after the Effective Date shall be of no force and effect and need not be objected to. Any Disputed Claim may be litigated to Final Order.

3. Creditor Response to Objection.

With respect to any objection to a Claim, prior to the expiration of thirty (30) days from the date of service of the objection, the Creditor whose Claim was the subject of the objection must file with the Bankruptcy Court and serve a response to the objection upon the Millennium Liquidation Trustee and all parties who request notice of such matters in the manner prescribed in the Notice of the Effective Date. Failure to file and serve such a response within the thirty (30) days shall cause the Bankruptcy Court to enter a default judgment against the non-responding Creditor and thereby grant the relief requested in the Objection.

4. No Waiver of Right to Object.

Except as expressly provided in the Plan, nothing contained in this Disclosure Statement, the Plan, or the Confirmation Order shall waive, relinquish, release or impair the Millennium Liquidation Trustee's, or other appropriate party-in-interest's right to object to any Claim.

5. Allowance of Disputed Claims.

Nothing contained in this Disclosure Statement, the Plan, or Confirmation Order shall change, waive or alter any requirement under applicable law that the holder of a Disputed Claim must file a timely proof of Claim, and the holder of such Disputed Claim who is required to file a proof of Claim and fails to do so, shall receive no distribution through the Plan and the Claim shall be discharged. The adjudication and liquidation of Disputed Claims is a determination and adjustment of the debtor/creditor relationship, and is therefore an exercise of the Bankruptcy Court's equitable power to which the legal right of trial by jury is inapplicable. The holder of any Disputed Claim shall not have a right to trial by jury before the Bankruptcy Court with respect to any such Claim. Exclusive venue for any proceeding involving a Disputed Claim shall be in the Bankruptcy Court. Disputed Claims shall each be determined separately, except as

otherwise ordered by the Bankruptcy Court. The Millennium Liquidation Trustee shall retain all rights of removal to federal court as to any proceeding involving a Disputed Claim.

6. Allowance of Certain Claims.

All Disputed Claims shall be liquidated and determined as follows:

(a) Application of Adversary Proceeding Rules.

Unless otherwise ordered by the Bankruptcy Court, the proceeding involving a Disputed Claim for any objection to a Disputed Claim shall be subject to Rule 9014 of the Bankruptcy Rules. However, any party may move the Bankruptcy Court to apply the Bankruptcy Rules applicable to adversary proceedings to any proceeding involving a Disputed Claim. The Millennium Liquidation Trustee may, at its election, make and pursue any Objection to a Claim in the form of an adversary proceeding.

(b) Scheduling Order.

Unless otherwise ordered by the Bankruptcy Court, or if the objection is pursued as an adversary proceeding, a scheduling order shall be entered as to each objection to Claim to which a response is filed. The Millennium Liquidation Trustee shall tender a proposed scheduling order upon receipt of a response to such objection and include a request for a scheduling conference for the entry of a scheduling order. The scheduling order may include (a) a discovery cut-off, (b) deadlines to amend pleadings, (c) deadlines for designation of and objections to experts, (d) deadlines to exchange exhibit and witness lists and for objections to the same, and (e) such other matters as may be appropriate.

(c) Mediation.

The Bankruptcy Court may order the parties to mediate in connection with any objection to Claim. The Millennium Liquidation Trustee may include a request for mediation in its objection, and request that the Bankruptcy Court require mediation as part of the scheduling order. Alternatively, the parties to any Claims objection may agree to submit the dispute to mediation.

(d) Substantial Consummation.

All distributions of any kind made to any of the holders of Allowed Claims after the Plan has been substantially consummated and any and all other actions taken under the Plan after substantially consummated shall not be subject to relief, reversal or modification by any court unless the implementation of the Confirmation Order is stayed by an order granted under Bankruptcy Rule 8005.

(e) Offsets.

The Millennium Liquidation Trustee shall be vested with and retain all rights of offset or recoupment and all counterclaims against any holder of a Claim, unless specifically released in the Plan.

7. Amendments to Claims; Claims Filed After the Confirmation Date.

Except as otherwise provided in the Plan, a Claim may not be filed with the Bankruptcy Court or amended after the Confirmation Date without the prior authorization of the Bankruptcy Court. Except as otherwise provided in the Plan, any new or amended Claim filed with the Bankruptcy Court after the Confirmation Date shall be deemed disallowed in full and expunged without any action by the Millennium Liquidation Trustee.

F. Retention of Jurisdiction by the Bankruptcy Court

Following the Effective Date, and notwithstanding the entry of the Confirmation Order, the Bankruptcy Court shall retain jurisdiction of the Bankruptcy Case and all matters arising in, or related to, the Bankruptcy Case to the fullest extent permitted by law, including jurisdiction to:

(a) To hear and determine motions, applications, adversary proceedings, and contested matters pending or commenced after the Effective Date;

(b) To hear and determine objections (whether filed before or after the Effective Date) to, or requests for estimation of, any Claim, and to enter any order requiring the filing of proof of any Claim before a particular date;

(c) To ensure that distributions to holders of Allowed Claims are accomplished as provided in the Plan;

(d) 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;

(e) To construe and to take any action to enforce the Plan or the Confirmation Order;

(f) To issue such orders as may be necessary for the implementation, execution and consummation of the Plan and to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order;

(g) To enter such orders or judgments, including injunctions, as necessary to enforce the title, rights, and powers of the Debtor, the Millennium Trust, and the Millennium Liquidation Plan Trustee;

(h) To hear and determine any and all motions, applications or adversary proceedings brought by or against the Millennium Trust related to (1) enforcement or interpretation of the

Millennium Master Plan, the Millennium Trust Agreement, or the Plan, or (2) amendment, modification, alteration or repeal of any provision of the Millennium Master Plan, the Millennium Trust Agreement, or the Plan if such hearing and determination by the Bankruptcy Court is required pursuant to the Plan and the Millennium Trust Agreement;

(i) To enter and implement orders or take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation or implementation of the Plan, including, without limitation, to issue, administer, and enforce injunctions, releases, assignments, transfers of property or property rights, or other obligations contained in the Plan and the Confirmation Order;

(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, the Disclosure Statement or in any order of the Bankruptcy Court including, without limitation, the Confirmation Order;

(k) To hear and determine all applications for Administrative Claims;

(l) To hear and determine other issues presented or arising under the Plan, including disputes among holders of Claims and arising under agreements, documents or instruments executed in connection with the Plan;

(n) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(o) To hear and determine all questions and disputes regarding title to the assets of the Debtor, the Estate, or the Millennium Liquidation Trust;

(p) To hear and determine any other matters related hereto and not inconsistent with chapter 11 of the Bankruptcy Code;

(q) To enter the Final Decree upon request of the Millennium Liquidation Trustee; and

(r) To hear and determine any action concerning the recovery and liquidation of Assets, wherever located, including without limitation litigation to liquidate and recover Assets that consist of Claims, rights and causes of action against third parties and actions seeking declaratory relief with respect to issues relating to or affecting Assets; and to hear and determine any action concerning the determination of taxes, tax refunds, tax attributes, and tax benefits and similar or related matters with respect to the Debtor, the Estate, or the Millennium Trust, including, without limitation, matters concerning federal, state, local and other taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code.

If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction, or is otherwise without jurisdiction, over any matter arising under, arising in or related to the

Bankruptcy Case, including with respect to the matters set forth above in the Plan, paragraph 13.1 of the Plan shall not prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such subject matter.

G. Releases and Waivers.

At the Effective Date, and upon order of the Bankruptcy Court, the Debtor, its professionals retained pursuant to Court order, the Committee, the Committee members, their professionals retained pursuant to Court order, RBT, SecurePlan, Milliman, the Plan Committee, and the Plan Committee members will receive a release and protection from claims that could be made by any creditor relating to actions taken after the filing of the bankruptcy on June 9, 2010.

VIII.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO CREDITORS WITH ALLOWED CLAIMS UPON LIQUIDATION

The following discussion is a summary of certain U.S. federal income tax consequences of the implementation of the Plan to the Debtor and holders of Allowed Claims. The discussion is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder, judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service (the "IRS"), each as in effect on the date hereof. Legislative, judicial or administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the discussion set forth below with respect to the U.S. federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly affect the U.S. federal income tax consequences described herein.

This discussion does not apply to a holder that is not a "United States person," as such term is defined in the Tax Code. The discussion does not address foreign, state or local tax consequences of the Plan, nor does it purport to address all aspects of U.S. federal income taxation that may be relevant to United States persons in light of their individual circumstances or to United States persons that may be subject to special tax rules, such as persons who are related to the Debtor within the meaning of the Tax Code. Moreover, the following discussion does not address U.S. federal taxes other than income taxes.

THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER. ALL HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME, ESTATE AND OTHER TAX CONSEQUENCES OF THE PLAN.

IRS CIRCULAR 230 DISCLOSURE: ANY TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE TAX CODE. TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THE DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTOR

1. IRS Settlement

The Debtor currently anticipates that the IRS will offer a global resolution of all issues pertaining to the U.S. federal income tax treatment of contributions to the Debtor (the "IRS Settlement"). The expected terms of the IRS Settlement will be reflected in a summary which the Debtor plans to distribute to all Participants if and when the IRS has finally approved the settlement and the related documentation. The terms of this settlement, if approved, would affect the Debtor's obligations as set forth in the Plan, particularly as to tax withholding and reporting, as further described below. The consequences of the IRS Settlement to the Participants are also addressed below**.**

2. Gain/Loss on Liquidation of Plan Assets

Pursuant to the Plan, the Debtor will surrender or sell some or all of the Life Policies to the applicable insurer or Participant in exchange for cash payments. For U.S. federal income tax purposes, the Debtor should recognize taxable gain or loss on the surrender or sale of such policies equal to the difference between the cash payment received by the Debtor and the Debtor's basis or investment in the contract. To the extent that the Debtor sells, transfers or liquidates other assets pursuant to the Plan, the Debtor likewise should recognize gain or loss as a result of such sale, transfer or liquidation equal to the difference between the amount received by the Debtor and the Debtor's adjusted tax basis in the asset.

3. Deduction for Distributions of Life Benefits to Holders

Pursuant to the Plan, the Debtor will distribute to each of the holders of an Allowed Participant Claim an amount equal to their Life Benefit, less applicable withholding as described further in ***Withholding on Distributions to Holders.*** Pursuant to the IRS Settlement, the Debtor would be required to issue a Form 1099 to each such holder reporting the amount of such distributions to the holder, which form would be provided to the IRS. Similar reporting may be required by the Debtor with respect to the holders if no IRS Settlement is approved. Although not free from doubt, the Debtor should be allowed a U.S. federal income tax deduction equal to the amount distributed to such holders as Life Benefits, to the extent of the Debtor's distributable net income (generally computed as the Debtor's taxable income subject to certain modifications). If the IRS were to disallow such deduction, the amount available to the Debtor to distribute to holders of Allowed Participant Claims would be reduced and potentially subject to other consequences.

4. Distributions to Settlement Participants

Pursuant to the Plan, Non-Litigation Participants who elect to opt in as Settlement Participants are entitled to receive a pro rata portion of the Settlement Funds, if any. These Settlement Funds are contributed by the Participating Defendants for the benefit of such Non-Litigating Participants and are not intended to be an asset of the Estate. As a result, the Debtor should not be required to withhold U.S. federal income taxes or provide any reporting to the IRS with respect to distributions of Settlement Funds to the Non-Litigation Participants. This

discussion does not address whether such distributions could be subject to withholding or reporting by other persons.

5. Withholding on Distributions to Holders

Under the terms of the IRS Settlement, the Debtor would be required to withhold U.S. federal income tax equal to 20 percent of all Life Benefit distributions (whether as cash or the fair market value of property) to holders of Allowed Participant Claims and remit such amounts to the IRS, and to issue a Form 1099 reporting the amount of the proceeds paid to and amounts withheld from such holders. If the IRS does not approve the IRS Settlement, the Debtor could be obligated to withhold other taxes and amounts and remit such amounts to the IRS.

The Debtor will withhold all other amounts as required by law to be withheld from payments to holders of other Allowed Claims (except as otherwise provided for by the IRS Settlement). For example, for U.S. federal income tax purposes, certain reportable payments (such as interest) may be subject to backup withholding at a rate of 31 percent. 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 to properly report interest; or (iv) under certain circumstances fails to provide a certified statement, signed under penalties 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. Certain persons are exempt from backup withholding, including corporations and financial institutions.

B. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS

1. IRS Settlement

If the IRS Settlement is finalized, participants who have never been audited will never be audited with respect to contributions to the Debtor made on their behalf. Participants that have been audited (but have not litigated or previously resolved the issue) will be eligible to elect to accept the terms of the IRS Settlement. If a Participant does not agree to accept the terms of the IRS Settlement, such participant may be subject to further administrative and litigation tax proceedings pertaining to their participation in the Debtor, and any subsequent resolution with the IRS may not be on terms as favorable as those that are expected to be offered in the IRS Settlement. Participants should consult with their tax advisors as to the benefits and risks of electing to accept or reject the terms of the IRS Settlement.

2. Gain/Loss to Holders on Distribution of Life Benefits

Each holder of an Allowed Participant Claim generally should recognize gain or loss on the distribution of a Life Benefit equal to the difference between (i) the amount of cash plus the fair market value of any property received with respect to the holder's Claim (as reported on Form 1099) and (ii) the holder's adjusted tax basis in the Claim. Any such gain generally should constitute ordinary income to the holder. The IRS Settlement would provide that the adjusted tax

basis of a holder's Claim will equal the amount previously included in income by the holder with respect to the holder's resolution with the IRS, if any (including through the IRS Settlement), of the U.S. federal income tax treatment of contributions made on his or her behalf to the Debtor. To the extent that a holder has not previously resolved his or her U.S. federal income tax treatment of contributions on his or her behalf to the Debtor, such holder should generally have no adjusted tax basis in his or her Claim.

3. Gain/Loss to Holders on Distributions of Settlement Funds

For U.S. federal income tax purposes, each Non-Litigation Participant that receives a pro rata share of the Settlement Funds generally should recognize taxable income on the receipt of such payment equal to the amount of cash or the fair market value of any property received.

4. Withholding Taxes as Credit

Each holder of an Allowed Participant Claim should be able to offset his or her U.S. federal income taxes resulting from the receipt of a Life Benefit with respect to his or her Claim, or from the receipt of a pro rata amount of Settlement Funds or any other unrelated income, by any U.S. federal income taxes withheld by the Debtor either pursuant to the IRS Settlement or as otherwise required by law.

5. Purchase of Life Insurance Policies

If a holder of an Allowed Participant Claim elects the option to purchase from the Debtor the Life Policy covering his or her life, for U.S. federal income tax purposes such holder should be treated as first having received the Life Benefit distribution from the Debtor, including any applicable withholding taxes as described above, and then purchasing the policy using the net distribution proceeds and any additional amounts required. Because of the manner in which the purchase price is determined, this should not result in any additional tax to the holder.

6. Other Allowed Claims

For U.S. federal income tax purposes, each holder of an Allowed Claim other than an Allowed Participant Claim (specifically, Allowed Priority Claims, Allowed Secured Claims and Allowed Unsecured Claims (other than Participant Claims)) generally should recognize gain or loss on the satisfaction of such Claim equal to the difference between (i) the amount of cash received with respect to the Claim and (ii) the holder's adjusted tax basis in its Claim. The character of any gain or loss as capital or ordinary income or loss and, in the case of capital gain or loss, as short term or long term, 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 has claimed a loss or bad debt deduction with respect to the Claim; and (vi) the extent to which the holder acquired the Claim at a market discount.

THE FOREGOING SUMMARY IS PROVIDED FOR GENERAL INFORMATIONAL PURPOSES ONLY. HOLDERS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN TO THEM.

IX.

ERISA IMPLICATIONS OF THE PLAN

The Employee Retirement Income Security Act of 1974 ("ERISA") is a federal law that governs employer-provided welfare and pension benefits. In the case of welfare benefits, the principal requirements of ERISA relate to establishing a standard of care for those who control the assets or operation of a covered benefit plan. Whether or not ERISA applies to Millennium, and if so, in what ways, has been a matter of dispute between the Debtor and the Committee. The Debtor takes the position that ERISA applies to Millennium because certain of the Covered Employers established plans subject to ERISA when they agreed to adopt Millennium. The Debtor has also contended that all the assets in Millennium are held for the benefit of all the Participants, and that therefore, any action that affects the assets of Millennium must be consistent with the requirements of ERISA. In its January 31, 2011 order denying approval for the settlement agreement, the Bankruptcy Court held that ERISA applies and that all assets are held for the benefit of all Participants.

ERISA does not provide that welfare benefits like disability, medical, severance or death benefits, are non-forfeitable; that is, the laws allows an employer to change or even eliminate welfare benefits unless there has been an explicit promise to the employee Participants that benefits will not change. In the case of Millennium, the Life Benefits change every year depending on the experience of the Ratings Groups and available assets, and the Millennium Master Plan contemplates that both Death and Life Benefits can be terminated.

Consequently, the Debtor does not believe that the treatment of the Participants' benefits under the Plan presents ERISA issues. While the Plan would calculate Life Benefits differently from the methodology used in the past, this calculation would be done in connection with the contemplated termination of Millennium and not an ongoing plan. Moreover, as noted, the Millennium Master Plan contemplates termination of Millennium and its benefits.

ERISA does provide legal standards governing the process by which the decisions reflected in the Plan have been made. In the case of welfare benefit plans, the principal purpose of ERISA is to establish a standard of conduct for those who control the assets or operation of a covered plan. Such persons are called, "fiduciaries", under ERISA. The law requires fiduciaries to act solely in the interest of all the Participants, not favoring any group, and to make decisions following a prudent procedure. This latter provision requires fiduciaries to engage in due diligence before making important decisions, including such things as gathering all relevant information, considering alternatives, seeking advice from experts, having a thorough discussion before a final decision, etc.

This Disclosure Statement sets forth, among other things, the reasons for the Plan decisions made by the Plan Committee on behalf of the Debtor. The Plan Committee considered many alternatives and sought advice from tax, ERISA and other experts before making final decisions. The final product treats all Participants the same, regardless of whether they have

previously filed a lawsuit against the Debtor. No member of the Plan Committee will receive any extra distribution in the Plan.

X.

BEST INTEREST OF CREDITORS

A. Alternatives to the Plan

The Plan reflects discussions held between the Debtor, the Committee, and governmental authorities. The Debtor has determined that the Plan is the most practical means of providing maximum recoveries to creditors. Alternatives to the Plan which have been considered and evaluated by the Debtor during the course of the Bankruptcy Case include (i) liquidation of the Debtor's assets under chapter 7 of the Bankruptcy Code and (ii) an alternative chapter 11 plan. The Debtor's thorough consideration of these alternatives to the Plan has led it to conclude that the Plan, in comparison, provides a greater recovery to creditors on a more expeditious timetable and in a manner which minimizes inherent risks than any other course of action available to the Debtor.

1. Liquidation Under Chapter 7 of the Bankruptcy Code

If the Plan or any other chapter 11 plan for the Debtor cannot be confirmed under section 1129(a) of the Bankruptcy Code, the Bankruptcy Case may be converted to a case under chapter 7 of the Bankruptcy Code, in which event a trustee would be elected or appointed to liquidate any remaining assets of the Debtor for distribution to creditors pursuant to chapter 7 of the Bankruptcy Code. A chapter 7 trustee, who would lack the Debtor's knowledge of their affairs, would be required to invest substantial time and resources to investigate the facts underlying the multitude of Claims filed against the Debtor's estate. If a trustee is appointed and the remaining assets of the Debtor are liquidated under chapter 7 of the Bankruptcy Code, all creditors holding Allowed Administrative Claims, Allowed Secured Claims; Allowed Priority Claims, Allowed Unsecured Claims, and Allowed Participant Claims may receive distributions of a lesser value on account of their Allowed Claims and likely would have to wait a longer period of time to receive such distributions than they would under the Plan. A liquidation under chapter 7 likely would result in smaller distributions made to creditors than that provided for in the Plan because of (i) additional Administrative Claims involved in the appointment of a chapter 7 trustee and (ii) additional expenses and Claims, some of which would be entitled to priority, which would be generated during the chapter 7 liquidation, (iii) additional interest that would accrue on policy loans, and (iv) diminution of the value of assets because additional premiums would become due and if there is no mechanism for a chapter 7 trustee to collect these premiums, Policies could be forfeited or additional policy loans would need to be taken.

2. Alternative Chapter 11 Plan

If the Plan is not confirmed, the Debtor or any other party in interest could attempt to formulate an alternative chapter 11 plan which might provide for the liquidation of the Debtor's assets and the treatment of Claims other than as provided in the Plan. Because the Debtor does not have a reasonable chance of reorganization, the Debtor believes that any alternative chapter 11 plan will necessarily be substantially similar to the Plan. Further, one of the reasons the

Internal Revenue Service agreed to enter into a settlement with the Debtor is that the Debtor would liquidate and cease to exist. If the Debtor were to reorganize, the Debtor would be back in a position to have the same tax compliance predicament it had pre-petition. Accordingly, the Debtor does not believe that a realistic alternative chapter 11 plan is likely or in the best interests of creditors.

3. Certain Risk Factors

In the event that the Plan is not confirmed or the Chapter 11 Case is converted to a case under chapter 7 of the Bankruptcy Code, the Debtor believes that such action or inaction, as the case may be, will cause the Debtor to incur substantial expenses and would cause certain of the Policies to diminish in value or be forfeited, and otherwise serve only to prolong unnecessarily the Bankruptcy Case and negatively affect creditors' recoveries on their Claims. Further, the proposed Plan provided that if a Participant dies, benefits will be paid to the Participant's beneficiaries. Such a mechanism may not exist under a chapter 7 liquidation and such benefits may not be paid to a Participant's beneficiaries.

B. Best Interests Test

The Bankruptcy Code requires that each holder of an impaired claim or equity interest either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive if the Debtor was liquidated under chapter 7 of the Bankruptcy Code.

The first step in determining whether this test has been satisfied is to determine the dollar amount that would be generated from the liquidation of the Debtor's assets in the context of a chapter 7 liquidation case. The gross amount of cash that would be available for satisfaction of claims and equity interests would be the sum consisting of the proceeds resulting from the disposition of the unencumbered assets of the Debtor, augmented by the unencumbered cash held by the Debtor at the time of the commencement of the liquidation case.

The next step is to reduce that gross amount by the costs and expenses of liquidation and by such additional administrative and priority claims that might result from the use of chapter 7 for the purposes of liquidation. Any remaining net cash would be allocated to creditors and shareholders in strict priority in accordance with section 726 of the Bankruptcy Code. Finally, the present value of such allocations (taking into account the time necessary to accomplish the liquidation) are compared to the value of the property that is proposed to be distributed under the Plan on the Effective Date.

The Debtor's cost of liquidation under chapter 7 would include the fees payable to a trustee in bankruptcy, as well as those fees that might be payable to attorneys and other professionals that such a trustee might engage. Other liquidation costs include the expenses incurred during the chapter 11 portion of the Bankruptcy Case allowed in the chapter 7 case, such as compensation for attorneys, accountants, and other professionals for the Debtor and the Committee appointed in the chapter 11 portion of the Bankruptcy Case, and costs and expenses

of members of such committees, as well as other compensation claims. In addition, claims would arise by reason of the breach or rejection of obligations incurred and executory contracts assumed or entered into by the Debtor during the pendency of the chapter 11 portion of the Bankruptcy Case.

The foregoing types of claims, costs, expenses, fees, and such other claims that may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition priority and unsecured Claims.

The Debtor submits that each impaired Class will receive under the Plan a recovery at least equal in value to the recovery such Class would receive pursuant to a liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

The Plan is a plan of liquidation without the additional costs and expenses attendant to a liquidation under chapter 7. After consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in the Bankruptcy Case, including (i) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee and (ii) the substantial increases in claims that would be satisfied on a priority basis, the Debtor has determined that confirmation of the Plan will provide each holder of an Allowed Claim with a recovery that is not less than such holder would receive pursuant to liquidation of the Debtors under chapter 7.

The Debtor also believes that the value of any distributions to each Class of Allowed Claims in a chapter 7 case, including all Secured Claims, would be less than the value of distributions under the Plan because such distributions in a chapter 7 case would not occur for a substantial period of time. In the event litigation was necessary to resolve claims asserted in a chapter 7 case, the delay could be prolonged and Administrative Claims increased.

XI.

CONCLUSION

This Disclosure Statement has attempted to provide information regarding the Debtor's bankruptcy case and the potential benefits that accrue to holders of Claims against the Debtor under the Plan as proposed. The Debtor urges creditors to vote in favor of the Plan.

Dated: February 17, 2011.

MILLENNIUM MULTIPLE EMPLOYER WELFARE BENEFIT PLAN

By: _____
Jonathan Cocks, Chairman and General Manager

Respectfully Submitted,

/s/ Peter Franklin

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