THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING "ADEQUATE INFORMATION" WITHIN THE MEANING OF SECTION 1125(A) OF THE BANKRUPTCY CODE. ACCORDINGLY, THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THE BANKRUPTCY COURT HAS APPROVED THIS DISCLOSURE STATEMENT.

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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY

In the Matter of: CHRIST HOSPITAL, a New Jersey not-for-profit corporation, Debtor-in-Possession.	:	Case No.: 12-12906 (MS) Honorable Morris Stern, U.S.B.J. Chapter 11

DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE FOR THE JOINT PLAN OF ORDERLY LIQUIDATION

I. SUMMARY

THIS DISCLOSURE STATEMENT (THE "DISCLOSURE STATEMENT"), THE JOINT PLAN OF ORDERLY LIQUIDATION DATED _____, 2013 (THE "PLAN"),[1] ANNEXED HERETO AS EXHIBIT A, THE ACCOMPANYING BALLOTS AND RELATED MATERIALS DELIVERED HEREWITH ARE BEING PROVIDED BY THE DEBTOR AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF THE DEBTOR (COLLECTIVELY, THE "PLAN PROPONENTS") TO KNOWN HOLDERS OF CLAIMS PURSUANT TO SECTIONS 1125 AND 1126 OF THE BANKRUPTCY CODE IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT THE PLAN.

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 5:00 P.M., PREVAILING EASTERN TIME, [_____], 2013, UNLESS EXTENDED BY ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEW JERSEY. YOUR VOTE ON THE PLAN IS IMPORTANT.

BY ORDER DATED [_____], 2013 THE BANKRUPTCY COURT APPROVED THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION TO PERMIT THE HOLDERS OF CLAIMS AGAINST THE DEBTOR TO MAKE A REASONABLY INFORMED DECISION IN EXERCISING THEIR RIGHT TO VOTE ON THE PLAN. HOWEVER, APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A DETERMINATION ON THE MERITS OF THE PLAN.

THE PLAN PROPONENTS BELIEVE THAT CONFIRMATION AND IMPLEMENTATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS AND RECOMMENDS THAT ALL CREDITORS VOTE IN FAVOR THEREOF.

THIS DISCLOSURE STATEMENT AND THE RELATED DOCUMENTS SUBMITTED HEREWITH ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. THE BANKRUPTCY COURT HAS NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTOR'S BUSINESS OPERATIONS, THE VALUE OF THE DEBTOR'S ASSETS OR THE VALUE OF ANY SECURITIES TO BE ISSUED OR BENEFITS OFFERED PURSUANT TO THE PLAN, EXCEPT AS EXPLICITLY SET FORTH IN THIS DISCLOSURE STATEMENT.

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT EXCEPT AS EXPRESSLY INDICATED HEREIN. THIS DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION OBTAINED BY THE PLAN PROPONENTS FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE PLAN PROPONENT'S KNOWLEDGE, INFORMATION AND BELIEF.

[1] Unless otherwise defined, all capitalized terms contained in this Disclosure Statement have the meaning ascribed to them in the Plan.

NO GOVERNMENTAL AUTHORITY HAS PASSED ON, CONFIRMED OR DETERMINED THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR ON THE DECISION TO ACCEPT OR REJECT THE PLAN. HOLDERS OF CLAIMS MUST RELY ON THEIR OWN EXAMINATION OF THE DEBTOR AND THE TERMS OF THE PLAN, INCLUDING THE MERITS AND RISKS INVOLVED. BEFORE SUBMITTING BALLOTS, HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CAREFULLY CONSIDER THIS DISCLOSURE STATEMENT IN ITS ENTIRETY.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING. THE DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. NOTHING STATED HEREIN SHALL BE DEEMED OR CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTOR OR HOLDERS OF CLAIMS. CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL REFLECT ACTUAL OUTCOMES. ALL HOLDERS OF CLAIMS SHOULD CAREFULLY READ AND CONSIDER FULLY THE RISK FACTORS SET FORTH IN ARTICLE XIV OF THIS DISCLOSURE STATEMENT BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

SUMMARIES OF CERTAIN PROVISIONS OF AGREEMENTS REFERRED TO IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, THE FULL TEXT OF THE APPLICABLE AGREEMENT, INCLUDING THE DEFINITIONS OF TERMS CONTAINED IN SUCH AGREEMENT.

HOLDERS OF CLAIMS AND OTHER THIRD PARTIES SHOULD BE AWARE THAT THE PLAN CONTAINS INJUNCTIONS AND RELEASES THAT MAY MATERIALLY AFFECT THEIR RIGHTS.

THE STATEMENTS CONTAINED HEREIN ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED. THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT BE DEEMED OR CONSTRUED TO CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS CORRECT AT ANY TIME AFTER THE DATE HEREOF.

HOLDERS OF CLAIMS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. THEREFORE, EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH

MATTERS CONCERNING THE SOLICITATION, THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

II. INTRODUCTION

A. Background

On February 6, 2012 (the "Petition Date"), Christ Hospital, a New Jersey not-for-profit corporation (the "Debtor") filed a voluntary petition for relief pursuant to Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of New Jersey (the "Court"). Since the Petition Date, the Debtor has remained in possession of its assets and continued to manage its business as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

On February 16, 2012, the Office of the United States Trustee for the District of New Jersey ("US Trustee") appointed an Official Committee of Unsecured Creditors (the "Committee").

The Debtor and the Committee jointly submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code in connection with the solicitation of votes to accept or reject the Plan, a copy of which is annexed as Exhibit A. The Debtor and the Committee strongly recommend that all voting Creditors vote in favor of the Plan.

The Court has approved this Disclosure Statement as containing "adequate information" in accordance with section 1125(b) of the Bankruptcy Code to enable a hypothetical, reasonable investor typical of the Voting Classes contained in the Plan to make an informed judgment about whether to accept or reject the Plan. **A hearing to consider confirmation of the Plan (the "Confirmation Hearing") will be held on [_____], 2013, at __:__ _.m., prevailing Eastern Time**, before the Honorable Morris Stern, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of New Jersey, Martin Luther King, Jr. Federal Building, 50 Walnut Street, 3rd Floor, Newark, New Jersey 07102. The Court has directed that objections, if any, to confirmation of the Plan must be filed and served so that they are received on or before **[_____], 2013, at __:__ _.m., prevailing Eastern Time**, in the manner described in Article VI, section B(ii) of this Disclosure Statement (the "Plan Objection Deadline"). The Confirmation Hearing may be adjourned from time to time by the Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

The Plan and all of the exhibits pertaining thereto are attached as **"Exhibit A"** to this Disclosure Statement.

A liquidation analysis for the Debtor is attached as **"Exhibit B"**.

The APA between the Debtor and the Purchaser is attached as **"Exhibit C"**.

In addition, a Ballot is enclosed with the Disclosure Statement enabling those Holders of Claims entitled to vote to accept or reject the Plan to cast their vote.

B. Voting

Voting instructions are contained in Article VI, section A of this Disclosure Statement. To be counted, your original Ballot must be duly completed, executed and mailed so as to be received by the Debtors' counsel on or before **[_____], 2013, at __:__ _.m., prevailing Eastern Time** (the "Voting Deadline") via first class mail, overnight courier service, or hand delivery at the following address:

Logan & Company, Inc.
Attn: Christ Hospital, Ballot Processing
546 Valley Road
Upper Montclair, NJ 07043

If your Ballot is not properly completed, signed and received as described, it will not be counted. If your Ballot is damaged or lost, you may request a replacement by sending a written request to the address shown above.

III. GENERAL INFORMATION

A. History and Background of the Debtor's Business

The Debtor is a New Jersey not-for-profit corporation that owned and operated, as of the Petition Date, a 367 licensed bed acute-care hospital (the "Hospital") at 176 Palisade Avenue, Jersey City, New Jersey. The Hospital continues to operate following the sale of all assets to the Purchaser in the Chapter 11 proceeding (described in further detail below).

As of the Petition Date, the Debtor owned 16 mostly adjacent lots comprising 19 acres of real estate along the Palisades, mainly consisting of the seven-story Main Hospital building, a Medical Office Building, a School of Nursing, a Mental Health Facility, the Cancer Center building under renovation, two buildings rented out for doctor's offices, one parking garage, one 1500 car surface parking lot, and three vacant lots.

The Hospital is the second largest hospital in Hudson County, and a vital part of New Jersey's health care delivery system. Founded in 1872 by an Episcopalian priest, its mission through the Petition Date was always to ensure access to quality healthcare services for all, regardless of one's race, national origin or socioeconomic status. As of the Petition Date, the Hospital was a full-service acute care hospital located in the State's second largest city, and served many residents who reside in neighboring cities, such as Union City, Bayonne, Weehawken, Secaucus and Hoboken. The services provided by the Hospital are critical and essential, particularly to the Medicaid, Charity Care, and uninsured citizens in the region.

Prior to the Petition Date, the New Jersey Department of Health and Senior Services (the "DOHSS") designated the Hospital as a critical access/safety net hospital. Indeed, the Hospital is the largest provider of inpatient pediatric services in Hudson County, and a gateway to life-saving cardiology services, cancer screenings and radiation therapy. The Hospital maintains an Emergency Department receiving nearly 50,000 patients per year, with the majority being low-income residents. The Hospital also provides a broad array of specialized behavioral health services, including psychiatric care that saves lives.

The Hospital maintained five essential services that are critical to maintaining the health of the community: (i) emergency services, which treated approximately 50,000 patients in 2011, a majority of which were low-income patients (31% covered by Medicaid, and 31% uninsured); (ii) cancer services, radiation and chemotherapy, which are extremely important services in a community where the principal cancer problem is lack of access to cancer screening and related services due to poverty, lack of insurance, under-insurance, or being undocumented; (iii) behavioral medicine, which includes a full continuum of services from acute care Psychiatric Emergency, Inpatient, and Consultation, to a very large Outpatient Department; (iv) inpatient pediatric services, which is vital to Hudson County since other hospitals in the area have either reduced or eliminated their pediatric services; and (v) cardiology services, including cardiac catheterization and emergency angioplasty, where doctors continue to treat both uninsured and underinsured patients (in 2011, 32% of primary angioplasty cases and 20% of cardiac catheterization patients were uninsured or underinsured).

As of December 31, 2011, the Debtor had total assets of $38,000,000 and liabilities of $115,000,000, at book value. A CBRE Valuation and Advisory Services ("CBRE") appraisal shortly before the Petition Date set the value of the Debtor's real estate as low as $24,000,000 or as high as $42,000,000, depending upon the assumptions used.

In 2011, the Debtor had operating revenue totaling approximately $144,000,000 and an operating loss of approximately $3,058,000. For the first 6 months entering 2012, the Debtor anticipated an operating cash deficit of approximately $7 million on monthly operating revenues of approximately $11,000,000.[2] As a result of the projected 2012 deficit and uncertainty in future State funding, the Debtor implemented approximately $8,000,000 in budget changes at the end of 2011 and the beginning of 2012. These budget changes, primarily driven by improved clinical efficiency, included the elimination of approximately 50 full time equivalent ("FTE") positions, and the distressed termination, under ERISA law, of the Debtor's pension plan.

Previously, in 2010, the Debtor had reduced operating expenses by 7%. That reduction was achieved through a combination of staff elimination (i.e. approximately 70 FTE positions) and a reduction in various forms of compensation.

Throughout the operating period of its Chapter 11, the Debtor maintained a practice of regular disclosure of financial data to the DOHSS, and even though the Debtor had no public debt, the Debtor regularly held detailed briefings with the New Jersey Health Care Facilities Financing Authority ("HCFFA").

B. Business Operations Since the Petition Date

From the Petition Date through the Closing Date (defined below), the Debtor remained in possession of its assets and continued management of its business as debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

[2] These operating losses were entirely offset by a Stabilization Grant from the State of New Jersey.

IV. EVENTS LEADING UP TO AND REASONS FOR THE DEBTOR'S CHAPTER 11 FILING[3]

A. Introduction

The causes of the Debtor's financial crises were many. They included, *inter alia*: multiple years of disproportionately-low reimbursement for a growing Charity Care population; the challenge of high pension costs; and an increasing population covered by Medicaid. In addition, many of the Debtor's managed care agreements with insurers were financially oppressive. As just one example, the Debtor calculates that it lost approximately $400/day on every Horizon Blue Cross admission.[4]

As stated in the Final Report of the New Jersey Commission on Rationalizing Health Care Resources, published by the Office of Governor Jon S. Corzine on January 24, 2008, New Jersey's hospitals are imbedded in a healthcare delivery system being "buffeted by numerous forces largely or wholly outside of their control, including . . . growing labor shortages, especially of nurses and other highly skilled health workers; a gradual but inexorable erosion of the employment-based health insurance system, especially among low-wage workers, without a replacement system in sight; the associated growing number of low-income residents without health insurance and ability to pay for costly care, whom hospitals must serve nevertheless; and fiscal pressures from the federal and state governments seeking to control their budgets in part by reimbursing hospitals at fees far below the cost of caring for publicly insured patients."

More recently, on July 27, 2011, the Hudson County Hospital Services Consolidation/Regionalization Assessment Report, commissioned by the HCFFA, noted that the "unaligned" general acute care community hospitals with limited geographic reach and largely undifferentiated service compliments, like Christ Hospital, Jersey City Medical Center and Hoboken University Medical Center are at a competitive disadvantage. The report noted a strong national trend towards consolidation among healthcare providers, with the percentage of hospitals in systems increasing from less than 40% in 1990 to more than 60% today. The report stated that "there has been a growing gap between high-performing organizations and financially stressed facilities, with the high performing organizations tending to be the larger systems."

[3] The statements and representations contained in Article IV of the Disclosure Statement are those of the Debtor, with which the Committee may or may not concur. Neither the Committee nor the Liquidating Trustee shall be bound by the Debtor's statements and representations made in Article IV herein.

[4] Indeed, the Debtor filed two relevant motions in its Chapter 11 case: (i) Motion to Reject Executory Contract with Horizon Blue Cross Blue Shield of New Jersey Pursuant to 11 U.S.C. §§ 105(a) and 365(a) nunc pro tunc to the Petition Date (the "Horizon Rejection Motion") *[Doc. No. 366]*; and (ii) Motion to Reject Executory Contract With Aetna Health, Inc. Pursuant To 11 U.S.C. §§ 105(a) and 365(a) (the "Aetna Rejection Motion") *[Doc. No. 333]*. On May 25, 2012, the Court entered the Order Authorizing the Debtor to Reject Executory Contract with Aetna Health, Inc. Pursuant to 11 U.S.C. §§ 105(a) and 365(a) [*Doc. No. 444*]. Additionally, on June 13, 2012, after two objections were filed to the Debtor's Horizon Rejection Motion, the Debtor and Horizon entered into a stipulation and consent order that permitted rejection of the Horizon contract as of the Closing Date on the sale of its assets [*Doc. No. 491*].

B. Christ's Response – The Prepetition Restructuring Effort

In early 2011, the Debtor retained Porzio, Bromberg & Newman, P.C., to conduct an out-of-court restructuring of the Debtor's debt. An out-of-court effort was deemed most desirable, recognizing that the many mostly urban hospital bankruptcies in northern New Jersey in recent years had resulted in tremendous costs and losses for employees, vendors, patients, communities and the State. Many hospitals have closed in bankruptcy proceedings and the required professional fees and costs that could otherwise have been used for stakeholders and for medical care have been enormous.

Thus, the Debtor committed itself to completing a successful restructuring transaction outside of bankruptcy. Recognizing the long-term importance of aligning with a large system in March of 2011, the Debtor entered into discussions with the St. Barnabas Healthcare System to explore the potential acquisition of the Hospital. A confidentiality agreement was signed between St. Barnabas and the Debtor on March 23, 2011. This agreement was to be followed by an exclusive due diligence period to consider the acquisition. However, two weeks later, St. Barnabas withdrew from the discussions. Other discussions took place with a number of potential suitors including preliminary discussions with Hackensack University Hospital and a formal proposal to acquire Hoboken University Medical Center. These discussions and proposal did not come to any positive conclusion, in large part due to the Debtor's precarious financial position.

In June of 2011, the Debtor's leadership was introduced to the leadership of Prime Healthcare Services of California ("Prime"). Prime, which successfully operates twelve (12) for-profit and two (2) for not-for-profit acute care hospitals in California, expressed an interest in expanding into other markets, including New Jersey. After appropriate due diligence, including site visits by Prime's senior administrative and clinical management, the Debtor entered into a Letter of Intent on August 12, 2011 (the "LOI") with Prime Healthcare Services followed by a December 2, 2011 asset purchase agreement (the "Prime APA").

As of the date the Debtor executed the LOI with Prime, and given the Debtor's application to terminate the pension plan, the Debtor owed approximately $90,000,000 to the Pension Benefit Guaranty Corporation ("PBGC") and the Internal Revenue Service ("IRS"), $12,700,000 to Bon Secours Health System ("Bon Secours"), and $20,000,000 to other unsecured creditors, for total balance sheet liabilities on these three items alone of $122,700,000, not counting employee accruals and other miscellaneous items.

With Prime's support, the Debtor was able to borrow an additional $5,600,000 on its line of credit with HFG (defined below) because of Prime's agreement to participate in that transaction. As part of this, the Debtor resolved the Bon Secours claim of $12,700,000 for $1,100,000, which was funded by Prime through the HFG line and paid on September 1, 2011.

In connection with the anticipated closure of the Prime APA with Prime, and after extensive negotiations with the PBGC, the Debtor and the PBGC thereafter agreed to resolve the Debtor's termination liability underfunding claim for a payment of $10,500,000 to be delivered at the closing of the Prime transaction. However, the PBGC conditioned such reduction on actual receipt of the Prime payment, noting in its draft settlement agreement that until such time as said

payment is received, the PBGC's outstanding liens in the amount of $25,964,520 "shall remain outstanding and in full force and effect."

C. Request For State Approvals

On September 14, 2011, while the PBGC negotiations were ongoing, but before they were concluded, the Debtor filed its notice under the Community Healthcare Asset Protection Act ("CHAPA") with the Attorney General. On September 30, 2011, Prime filed its Certificate of Need ("CON") Application with the DOH. Due to projected losses for the Debtor in 2012, Prime had initially insisted upon a closing on or before December 31, 2011, but recognizing the time required for appropriate State review and approvals, agreed to extend that date to February 15, 2012.

In connection with Charity Care advances made by the DOH in the 4th quarter of 2011, the DOH had required that the Debtor present the executed Prime APA prior to the December, 2011 advance, which the Debtor did on December 2, 2011. Thereafter, the State released the requested Charity Care advance.

D. Discussions With Unsecured Creditors

Following the Debtor's success in entering into the Prime APA, and settling with Bon Secours and the PBGC (with respect to the Prime transaction), the Debtor proceeded to address the final leg of the Debtor's creditor group: the unsecured creditors. In mid-October, the Debtor forwarded a detailed packet of financial information to the Debtor's creditors, and on November 9, 2011 the Debtor convened a meeting (the "Creditor Meeting"), in which the Debtor rolled out a proposal to pay the Debtor's unsecured creditors $4,900,000 on account of their $20,000,000 in claims as of September 30, 2011, resulting in a distribution of approximately 25%.

The Debtor invited the unsecured creditors to form an unofficial committee, which they did, consisting of 10 of the Debtor's largest vendors plus the nurses union, Health Professionals & Allied Employees ("HPAE", and together with the 10 largest vendors, the "Unofficial Committee"). The Unofficial Committee retained its own restructuring attorneys and financial advisors, and in the spirit of cooperation, the Debtor funded those advisors an initial retainer of $150,000. At the Creditor Meeting, the Debtor committed to remain current with all of the unsecured creditors, such that the $20,000,000 the Debtor owed to the creditor body as of September 30, 2011 would not grow. In other words, the Debtor committed to operate on a break even basis by keeping current on all post-September 30, 2011 invoices.

During November, December and January, the Debtor worked closely with the Unofficial Committee, even setting up a desk in the Debtor's financial department from which the Unofficial Committee's financial advisors could work in order to remain fully up to speed as to the Debtor's finances and projections. During October, November and December, 2011, and with the assistance of Charity Care advances from the State and the support of Prime, the Debtor met its commitment, as monitored by the Unofficial Committee, to keep current on post-September 30th Unsecured Creditor obligations, such that as of December 31, 2011, the Debtor's $20,000,000 owed to unsecured creditors had not increased.

E. Cash Flow Crisis

On December 23, 2011, and despite the fact that it was under an exclusive agreement with Prime, the Debtor received an unsolicited offer to purchase its assets from Hudson Hospital Holdco, LLC ("Hudson"), an affiliate of the entity that had purchased both Bayonne Medical Center and Hoboken University Medical Center out of bankruptcy.

On January 20, 2012, the Debtor received an unsolicited offer to purchase its assets from Community Healthcare Associates ("CHA"), the entity that had purchased Barnert Hospital out of bankruptcy. CHA's proposal was joined in by Jersey City Medical Center/Liberty Health, who would become a tenant for a portion of the Hospital premises if CHA was selected as the successful purchaser.

Following these two expressions of interest, a significant amount of "public opinion" arose over who would be the best suitor for the Hospital. Notwithstanding, the Debtor and its Board remained committed, not just contractually, but in accordance with its best business judgment, to proceed forward to close on the Prime APA.

Similarly, following a meeting of the Unofficial Committee in mid-January, 2012, the Debtor received word that the Unofficial Committee, which compromised some 70% to 80% in amount of the unsecured creditor debt, would recommend support of the Prime transaction to all creditors and the $4.9 million creditor payment at closing, so long as the Debtor continued in its commitment to keep its unsecured creditors current; that is, to not permit the $20 million in unsecured claims on the Debtor's balance sheet as of September 30, 2011, to grow.

The Debtor's cash flow projections for 2012, even despite the budget cuts, had included a $6,200,000 million shortfall through March 31, 2012, increasing to $7,400,000 million through June 30, 2012. The first quarter 2012 gap, the Debtor had projected, would be met by $3,600,000 million in second quarter 2012 Charity Care advances being distributed by the State in the first quarter, and hopefully, although the Debtor had not yet received the commitment, another $2,600,000 million from Prime on top of the $5,600,000 million Prime had already invested. With a closing on or before March 31, 2012, these funds would be sufficient to permit the Debtor to survive through to a closing with Prime.

On or about January 12, 2012, the Debtor received two discouraging pieces of news: first, that the State's second quarter Charity Care advance would not be forthcoming in the first Quarter, and second, that it did not seem likely that the Debtor's CHAPA or Prime's CON applications, commenced in September of 2011 would be finalized until May or June, well into the second Quarter of 2012, and well beyond Prime's then desired closing date of March 31, 2012.

Prime interpreted this news (rightly or wrongly) to mean that the State was not supporting the Prime transaction. Between January 12 and January 25, the Debtor worked extensively with State and local officials to attempt to reverse the decision to withhold the second Quarter Charity Care funds, particularly the first installment of $1.25 million, which had been expected during the week ending January 21, 2012.

On January 25, the Debtor received word that its request for reconsideration by DOH had been denied. On January 26, 2012, despite Prime's disappointment in all of this news, and notice that it would likely withdraw its bid, Prime advanced the Debtor an additional $1 million through the HFG line, which enabled the Debtor to meet its January 27 payroll.

On Tuesday, January 31, 2012, Prime advised the Debtor that it would withdraw its bid and no longer finance the Debtor's operations by backstopping the HFG line.

F. CHA and Hudson Holdco

As discussed above, since executing the Prime contract on December 2, 2011, the Debtor was approached by both Hudson and CHA. While each of these bidders presented financing proposals, along with their interests in purchasing the Hospital, the Debtor chose to seek Chapter 11 relief without a strategic partnership with either one of them.

During the days preceding the petition, the Hospital's President and CEO, Peter Kelly, met with representatives of both CHA (along with Jersey City Medical Center representatives) and Hudson Holdco, along with bankruptcy counsel, and numerous discussions took place about how one or both of these interested parties would finance the Debtor's ongoing operations during this period of time.

It became clear through these discussions that the Debtor had two prospective buyers with a high level of interest in acquiring the Hospital with proposals at least as expressed in their Letters of Intent, that exceeded the value of the Prime offer. At a meeting with the Board of Trustees (the "Board") on February 1, 2012, the Board voted unanimously to file a petition for reorganization under Chapter 11 of the Bankruptcy Code. The Board determined that all prospective bidders and their bona fides would be evaluated through the prism of the public scrutiny of the Court, the parties, and the State in order to select the best possible asset purchaser/successor to the Hospital.

The Debtor filed for Chapter 11 protection on February 6, 2012. The Debtor filed with the intention that it would successfully negotiate and close a transaction with CHA, Hudson, Prime, or another qualified bidder for its assets, and at the same time preserve the Hospital and the important role it served in the delivery of care to the citizens of Hudson County.

V. THE CHAPTER 11 CASE

The following is a brief description of certain major events that have occurred during this Chapter 11 case**.**

A. Stabilization of the Debtor's Business

i. Use of Cash Collateral and Debtor-in-Possession Financing

As of the Petition Date, the Debtor required the use of cash collateral and a debtor-in-possession loan to pay its ordinary and necessary business expenses including, but not limited to, payroll and related obligations, taxes, rent, utilities, amounts owed to vendors and other suppliers of goods and services, insurance, and professionals. Therefore, on the Petition Date, the Debtor

filed a motion for an interim order pursuant to sections 105(a), 361, 362, 363, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1), 364(e) and 507 of the Bankruptcy Code and Rules 2002, 4001, 6004 and 9014 of the Federal Rules of Bankruptcy Procedure (i) approving post-petition financing (ii) authorizing the use of cash collateral; (iii) providing adequate protection for use of cash collateral; (iv) authorizing the assumption and payment of certain prepetition obligations and (v) scheduling a final hearing. The motion contemplated that the Debtor would receive debtor-in-possession financing from HFG Healthco-4 LLC ("HF-4"), as revolving lender and Healthcare Finance Group, LLC ("HFG LLC", and together with HF-4, "HFG"), as agent.

The Debtor was successful in obtaining entry of an interim order authorizing, among other things, its use of cash collateral and approving post-petition financing, pending a final hearing on the matter *[Doc. No. 29]*. Subsequent to the final hearing on March 5, 2012, the Court approved a final order (i) authorizing the Debtor to obtain post-petition financing, (ii) authorizing the Debtor to use prepetition collateral, (iii) authorizing assumption of prepetition obligations, and (iv) granting adequate protection to prepetition lenders *[Doc. No. 161]*.

ii. Other First Day Orders

On the Petition Date or shortly thereafter, the Court entered several "first day" orders to enable the Debtor to stabilize its operations and ease its transition into Chapter 11: (i) designating the case as a complex Chapter 11 case *[Doc. No. 24]*; (ii) extending time to file schedules *[Doc. No. 25]*; (iii) authorizing the Debtor to pay certain prepetition claims of critical vendors and granting related relief *[Doc. No. 26]*; (iv) authorizing Debtor to pay prepetition wages, salaries, and related taxes for prepetition periods; directing all banks to honor prepetition checks for payment of prepetition employee obligations; authorizing Debtor to honor Workers' Compensation and certain employee benefit obligations; and authorizing Debtor to pay critical prepetition debts of physicians and physician groups performing essential patient services *[Doc. No. 27]*; and (v) approving adequate assurance of payment for post-petition utility services *[Doc. No. 28]*.

iii. Debtor's Retention of Professionals

On February 9, 2012, the Debtor moved for an order authorizing it to retain a claims and noticing agent (specifically, Logan & Company, Inc.) in its Chapter 11 case. Similarly, on February 21, 2012, the Debtor moved to retain Porzio, Bromberg & Newman, P.C. as bankruptcy counsel, Alvarez & Marsal North America LLC as financial advisors, Tarter Krinsky & Drogin LLP as special counsel, and Genova, Burns & Giantomasi as special corporate counsel.

On March 2, 2012, the Court entered orders: (i) authorizing the employment and retention of Tarter Krinsky & Drogin LLP as special counsel to the Debtor; and (ii) authorizing the employment and retention of Genova, Burns & Giantomasi as special corporate counsel to the Debtor. Then, on March 5, 2012, the Court entered an order approving the Debtor's retention of Logan & Company, Inc. as claims and noticing agent pursuant to 28 U.S.C. § 156. On March 6, 2012, the Court entered an order authorizing the retention of Porzio, Bromberg & Newman, P.C. as bankruptcy counsel for the Debtor. On March 16, 2012, the Court entered an order authorizing the retention of Alvarez & Marsal as financial advisors to the Debtor.

See below for information regarding the Debtor's professionals in its Chapter 11 case:

Name	Title	Contact Information
Porzio, Bromberg & Newman, P.C.	Bankruptcy Counsel	100 Southgate Parkway P.O. Box 1997 Morristown, NJ 07962-1997 (973) 538-4006 (973) 538-5147 Facsimile Attn: Warren J. Martin, Jr., Esq.
Alvarez & Marsal North America, LLC	Financial Advisor	600 Lexington Avenue 6th Floor New York, NY 10022 (212) 759-4433 (212) 759-6302 Facsimile Attn: Wayne D. Ziemann
Tarter Krinsky & Drogin LLP	Special Counsel	1350 Broadway New York, New York 10018 (212) 216-8000 (212) 216-8001 Facsimile Attn: Stephen L. Ferszt, Esq.
Genova, Burns & Giantomasi	Special Corporate Counsel	494 Broad Street Newark, NJ 07102 (973) 533-0777 (973) 533-1112 Facsimile Attn: James M. Burns, Esq.
Logan & Company, Inc.	Claims and Noticing Agent	546 Valley Road Upper Montclair, NJ 07043 (973) 509-3190 (973) 509-3191 Facsimile Attn: Kate Logan

iv. Appointment of the Committee

On February 16, 2012, the US Trustee appointed the following creditors to the Committee:

Chairperson:			
Janice Klostermeier **Emergency Medical Associates** 651 West Mount Pleasant Ave. Livingston, NJ 07039 Tel: 973-251-1083 Fax: 973-740-9895	Ann Twomey **Health Professionals & Allied Employees AFT-AFL/CIO** 110 Kinderkamack Rd. Emerson, NJ 07630 Tel: 201-262-5005 x 113 Fax: 201-262-4335	Peter Young **McKesson Technologies, Inc.** 5995 Windward Parkway Alpharetta, GA 30005 Tel: 404-338-3221 Fax: 866-455-5123	Brad Hamman **Wood Dining Services Sodexo Operations, LLC** 283 Cranes Roost Blvd. Suite 260 Altamonte Springs, FL 32701 Tel: 407-339-3230 x 35204 Fax: 407-260-2305

Jeff Sutton **CBIZ-KA Consulting Services, LLC** 50 Millstone Rd. Bldg. 200, Suite 230 East Windsor, NJ 08520 Tel: 609-918-0990 Fax: 609-918-0930	Suzanne M. Klar, Esq. **PSE&G** 80 Park Plaza, T5D Newark, NJ 07102 Tel: 973-430-6483 Fax: 973-645-1103	Arnab Sen **Apollo Health Street, Inc.** 2 Brighton Rd. Suite 300 Clifton, NJ 07012 Tel: 973-405-5908 Fax: 973-860-0992	

On February 23, 2012, the Committee filed an application to retain Sills Cummis & Gross, One Riverfront Plaza, The Legal Center, Newark, NJ 07102, as its counsel and J.H. Cohn LLP n/k/a CohnReznick LLP as financial advisors. By orders entered on March 5, 2012, the Court granted the Committee's applications to retain counsel and financial advisors, effective as of February 15, 2012.

B. Claims and Bar Dates

i. Section 341(a) Meeting of Creditors

The US Trustee held the section 341(a) meeting of creditors in this Chapter 11 case on March 14, 2012, at 9:00 a.m. at the Office of the United States Trustee, 1085 Raymond Blvd., One Newark Center, Suite 1401, Newark, NJ 07102-5504.

ii. Schedules and Statements

The Debtor filed with the Court its Schedules of Assets and Liabilities (collectively, the "Schedules") and Statement of Financial Affairs ("SOFA") on March 5, 2012 *[Doc. Nos. 171, 172]*, as well as Amended Schedules and an Amended SOFA on October 25, 2012 *[Doc. Nos. 872, 873]*. Copies of the Schedules can be reviewed by contacting the Debtor's counsel at the address listed above, or by visiting http://www.loganandco.com.

iii. Bar Dates

The Court fixed June 12, 2012 (the "Bar Date") as the date by which most Creditors were required to file proofs of claim in this Chapter 11 case. The Court fixed July 31, 2012 as the date by which an employee of the Hospital must file a proof of claim *[Doc. No. 364]*, which was later extended to August 30, 2012 (the "Employee Claims Bar Date") *[Doc. No. 608]*. The deadline for filing a proof of claim for an administrative expense was fixed at September 14, 2012 (the "Administrative Expense Bar Date") *[Doc. 659]*. Any Holder of a Claim against the Debtor who was required to, but who failed to file a Proof of Claim on or before the Bar Date, the Employee Claims Bar Date, or the Administrative Expense Bar Date, as applicable, is forever barred from asserting such a Claim against the Debtor.

C. Other Chapter 11 Matters

i. The Sale of the Debtor's Assets

On February 8, 2012, just two days after filing for bankruptcy, the Debtor filed a motion seeking orders: (i) approving procedures related to the Debtor's sale of substantially all of its assets and assumption and assignment of certain related executory contracts and unexpired leases pursuant to 11 U.S.C. §§ 363 and 365 and Fed. R. Bankr. P. 6004, 6006 and 9014; (ii) scheduling (a) auction sale with respect to the Debtor's assets and (b) hearing date to confirm sale; (iii) approving the form, manner and sufficiency of notice; (iv) authorizing the Debtor's sale of substantially all of its assets to successful bidder; and (v) granting related relief (the "Bid Procedures Motion") *[Doc. No. 39]*. The Bid Procedures Motion included a model asset purchase agreement in preparation for the proposed auction of the Debtor's assets. On February 22, 2012, the Court entered an order approving the Bid Procedures Motion (the "Bid Procedures Order").

a. The Auction

Pursuant to the Bid Procedures Order, the Court set March 15, 2012 at 12:00 p.m. as the deadline for submitting bids to purchase the Debtor's assets (the "Bid Deadline"). Upon receipt of more than one bid deemed "qualified", the Bid Procedures Order contemplated an auction sale, which was scheduled for March 19, 2012 at 10:00 a.m. at the offices of Porzio, Bromberg & Newman, P.C. ("Porzio").

Two qualified bids were ultimately submitted to the Debtor by the Bid Deadline: one from CHA and the other from Hudson. The opening bids were, as presented by the bidders: $35 million for CHA, and $30.5 million for Hudson. Because there were two qualified bids, the auction commenced on March 19, 2012 and continued on March 20, 2012. After two days of auction, the Debtor's Board of Trustees selected Hudson as the "highest and best" bid with a bid of $39,451,000. Although CHA had made a bid that was $1 million higher than Hudson's bid, the Debtor's Board of Trustees determined that certain non-monetary factors weighed in favor of acceptance of Hudson's bid.

b. The Sale Hearing

On March 23, 2012, the Debtor appeared before the Honorable Morris Stern to advise the Court that Hudson had been selected by the Hospital's Board as the winning bidder. However, CHA advised that it was prepared to make a considerably higher bid and the Committee requested that the Court reopen the bidding in open Court. The Court then asked counsel whether the Board would consider reopening the bidding, given CHA's announcement. Pursuant to an emergency telephonic meeting of the Board, conducted during a recess in the proceedings, the Board passed a resolution reopening the bidding and the auction continued live on the record in open court. *[Doc. No. 288]*. At the conclusion of the reopened bidding, CHA's final bid stood at $44,651,000 and Hudson's bid at $45,271,000. Following a subsequent Board meeting on March 26, 2012, the Debtor selected Hudson's amended bid as the "highest and best" bid.

On March 27, 2012, all parties in interest reconvened before the Court seeking confirmation of the sale. Judge Stern accepted the Debtor's designation of Hudson's bid as the

winning bid, and approved the sale of the Hospital's assets to Hudson, finding: (i) the process had been noticed adequately; (ii) Hudson's bid, at $45,271,000, was $620,000 higher than CHA's final bid; (iii) the parties involved in the sale process exercised good faith so as to preclude any allegation of fraud or collusion; (iv) the benefit and sound justification of having a sale of assets as distinguished from a reorganization plan, since here, the Judge noted that "[t]o wait for the reorganization process would have been the death knell of the existence of a hospital in the place now operated by Christ Hospital"; (v) the lack of any higher or better offers; and (vi) the sale of assets to Hudson was not a "sub rosa" plan *[Doc. No. 288]*. On the same day, the Debtor and Hudson entered into an asset purchase agreement (the "Purchase Agreement"), pursuant to which the Debtor agreed to sell, transfer and deliver to Hudson certain assets used in the operation of the Hospital and its other businesses *[Doc. No. 290]*. The APA is attached as Exhibit “C” hereto.

c. Post-Petition Financing Subsequent to Sale of Assets

Subsequent to the Court's approval of the sale to Hudson, the Debtor filed a motion for entry of an interim order authorizing the Debtor to obtain post-petition financing and granting adequate protection to Deposit DIP Lender (defined in motion) *[Doc. No. 295]*. The motion contemplated the Debtor borrowing against Hudson's $5 million good faith deposit under the Purchase Agreement in order to fund operations pending the closing on the sale. The interim deposit DIP post-petition financing order was entered by the Court on March 30, 2012, and after a final hearing on the matter on April 16, 2012, the Court also entered the final order authorizing the Debtor to obtain post-petition financing by way of Hudson's $5 million good faith deposit.

d. Closing on the Sale of the Hospital

Following all required regulatory approvals, including CHAPA and CON, the sale of the Debtor's assets to the Purchaser was consummated and closed on July 13, 2012 (the "Closing Date"). The Hospital continues to operate under the ownership of Hudson as a full service hospital and a vital part of Hudson County's healthcare delivery system.

e. US Trustee’s Motion to Appoint an Examiner

On September 28, 2012, the US Trustee filed a motion for the appointment of an examiner to “investigate the conduct of [the Debtor], its retained professionals, and the parties that participated in the bidding and sale process, in connection with the sale of substantially all of the Debtor’s assets, including but not limited to (i) whether the sale process was fair, open, and competitive resulting in fair and valuable consideration in exchange for the Debtor’s assets, (ii) whether any party acted improperly in connection with the sale process, and (iii) whether any professional retained in this case developed any conflict of interest, or failed to report misconduct, in connection with the sale process.” The stated reason for the motion was the existence of allegations that one of the bidders in the sale attempted, unsuccessfully, to prevail upon the Debtor’s professionals to influence the sale in its favor. The US Trustee’s motion was denied without prejudice on October 17, 2012. The Court indicated that, upon the present record, there was no evidence that the price paid for the Hospital was diminished or that the Debtor’s bankruptcy estate was harmed. If such evidence is later discovered, the Court advised

that it would permit the US Trustee to renew the motion for appointment of an examiner. The US Trustee's investigation in this matter is ongoing.

f. The Debtor's COBRA Obligation

Section 5.4(f) of the APA provides that the Debtor shall be responsible for providing health, prescription and dental insurance continuation coverage required by COBRA to all employees and former employees of the Debtor who were not hired by OPCO and elect COBRA coverage, as well as to those former employees of the Debtor already on COBRA at the time of the closing of the sale to the Purchaser (the "COBRA Employees"). In order to secure its fulfillment of this obligation, the Debtor and Purchaser entered into a written agreement on April 22, 2013 (the "COBRA Administration Agreement") memorializing the current status whereby Purchaser has agreed to administer the COBRA coverage for the COBRA Employees funded by Purchaser which establishes an account in the amount of $600,000 (the "COBRA Account") to secure and reimburse the Purchaser for any COBRA expenses paid on behalf of these employees which exceed any COBRA premiums collected by the Purchaser, as further described in the agreement. Excess funds after payment of all appropriate COBRA expenses under the COBRA Administration Agreement will be returned to the GUC Account.

g. Cy Pres Motion

The Debtor holds cash investments in the amount of approximately $100,000 that resulted from certain restricted donations, some of which are decades old. Because these donations are restricted for use by a non-profit entity, they could not be included among the assets sold to the Purchaser, a for profit buyer. Indeed, state law requires the transfer of these funds to another charity. Thus, the Debtor has been working with the New Jersey Attorney General's Office in an effort to have these charitable funds transferred to the Diocesan Investment Trust, an arm of the Episcopal Diocese of Newark. The Diocese and the New Jersey Attorney General's Office have been actively negotiating the terms of the turnover of these funds in a way that ensures that in accordance with state law, the funds will be used as consistently as possible with the original trust instruments and the donative intent. The Debtor expects that a cy pres motion, *i.e.*, the mechanism to achieve the transfer of the funds to the Diocesan Investment Trust, will be filed shortly before the Hudson County Superior Court, Chancery Division.

h. Proposed Settlement with the PBGC

The Plan is premised upon a settlement reached by the Debtor, Committee and PBGC which was negotiated subsequent to the Petition Date (the "PBGC Settlement").

PBGC filed claims against the Debtor's estate in excess of $160 million based on the Debtor's failure to make contributions to its pension plan and the liabilities assumed by PBGC as a result of the Debtor's termination of its pension plan pursuant to 26 U.S.C. §§ 412 and 430 and 29 U.S.C. §§ 1082, 1307, 1362, and 1368. PBGC asserted that approximately $33 million of its claims was secured based on the pre-petition liens on all of the Debtor's assets filed by PBGC. Pursuant to a Subordination Agreement, entered as of March 27, 2008, as subsequently amended, by and among PBGC, HFG and the Debtor, PBGC subordinated its rights and claims to those of HFG - the Debtor's pre-petition and DIP lender - up to $22.3 million.

The sale of the Debtor's assets generated approximately $38.4 million of cash proceeds. After payment of HFG's first lien of approximately $21 million, the estate was left with approximately $17.4 million. Because PBGC's asserted secured claim of approximately $33 million far exceeded the remainder of the sale proceeds, PBGC's consent was required to allow the payment of at least administrative and certain priority claims and to enable the Debtor to remain in chapter 11 and have an opportunity to propose a plan of liquidation. PBGC provided such consent and received a payment of $3.5 million to PBGC at the time of the sale closing in partial satisfaction of its Claims.

Following the sale, the Committee's professionals conducted an analysis of PBGC's claims and presented PBGC with several legal theories upon which PBGC's claims could be challenged. Following extensive negotiations among counsel for PBGC, the Committee and the Debtor, PBGC agreed to accept $4 million, in addition to $3.5 million paid at the sale closing, in full and final satisfaction of all of PBGC's claims.

The advantages of such resolution are numerous. Most significantly, the settlement resolves the claims of the PBGC – a creditor whose claims by far dwarf all other General Unsecured Claims, while leaving funds in the estate to assure a distribution to holders of allowed general unsecured claims. Moreover, because PBGC will not share in any future recoveries, the holders of allowed general unsecured claims will be the sole beneficiaries of any potential reductions of the total pool of administrative, priority and general unsecured claims, as well as any avoidance action proceeds and other potential assets of the estate that may be discovered. Based on the preliminary analyses and estimates, which are subject to material change, the resolution of PBGC's claims as described herein creates a possibility of a distribution of approximately 5% to holders of allowed general unsecured claims, whereas at the beginning of this bankruptcy case, general unsecured claims were vastly out of the money and General Unsecured Creditors would receive no distribution.

The Debtor and the Committee urge all Creditors to support the Plan based upon the above-described settlement with the PBGC.

VI. VOTING PROCEDURES AND CONFIRMATION REQUIREMENTS

A. Voting Procedures and Requirements

i. Ballots and Voting Deadlines

Accompanying this Disclosure Statement is a Ballot for acceptance or rejection of the Plan. You may hold Claims in multiple classes. When you vote and return your Ballot, please indicate the Class or Classes in which your Claims are classified by marking the appropriate space provided on your Ballot for such purpose.

The Court has directed that, to be counted for voting purposes, Ballots for the acceptance or rejection of the Plan must be executed and mailed via first class mail, overnight courier service, or hand delivery to Logan & Company, Inc., Attn: Christ Hospital Ballot Processing, 546 Valley Road, Upper Montclair, NJ 07043, so as to be received by no later than **5:00 p.m.**

prevailing Eastern Time on [_____], 2013. Ballots not received by the Voting Deadline may not be counted.

If you have any questions regarding the procedure for voting, please contact:

Logan & Company
546 Valley Road
Upper Montclair, NJ 07043
(973) 509-3190

It is important for all Creditors that are entitled to vote on the Plan to exercise their right to vote to accept or reject the Plan. Even if you do not vote to accept the Plan, you may be bound by the Plan if it is accepted by the requisite Holders of Claims and confirmed by the Court.

ii. Holders of Claims Entitled to Vote

Any Holder of a Claim against the Debtor whose Claim has not been disallowed previously by the Court is entitled to vote to accept or reject the Plan, if such Claim is impaired under the Plan and either (i) such Holder has filed a proof of Claim before the applicable bar date, or (ii) such Holder's Claim has been scheduled by the Debtor and is not scheduled as disputed, contingent or unliquidated. Any Claim to which an objection has been filed is not entitled to vote, unless the Court, upon application of the Holder to whose Claim an objection has been made, temporarily allows such Claim in an amount that it deems proper for the purpose of accepting or rejecting the Plan. Any such application must be heard and determined by the Court before the Confirmation Hearing. A vote may be disregarded if the Court determines, after notice and a hearing, that such vote was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

iii. Definition of Impairment

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

- leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or equity interest; or
- notwithstanding any contractual provision or applicable law that entitles the holder of a claim or equity interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default:
    - 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 or of a kind that section 365(b)(2) expressly does not require to be cured;

- reinstates the maturity of such claim or interest as it existed before such default;
- compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance on such contractual provision or such applicable law;
- 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), 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
- does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest.

iv. Classes Under the Plan and Voting Rights

The Holders of Allowed Class 1 Claims (Priority Non-Tax Claims) are unimpaired and conclusively presumed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

The Holders of Allowed Class 2 Claims (Claims of the PBGC) are impaired and shall be entitled to vote to accept or reject the Plan.

The Holders of Allowed Class 3 Claims (Secured Claims of Other Lienholders) are unimpaired and shall not be entitled to vote to accept or reject the Plan.

The Holders of Allowed Class 4 Claims (General Unsecured Claims) are impaired and shall be entitled to vote to accept or reject the Plan.

v. Modification of Treatment of Claims and Interests

The Debtor reserves the right to modify the treatment of any Allowed Claim in any manner adverse only to the Holder of such Claim at any time after the Effective Date upon the consent of the Holder of the Claim whose Allowed Claim is being adversely affected.

vi. Acceptance of the Plan

As a condition to confirmation of the Plan, the Bankruptcy Code requires each class of "impaired" Claims entitled to vote on the Plan to vote to accept the Plan. The Bankruptcy Code defines acceptance of a plan by a class of creditors as acceptance by holders of two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of those claims actually voting. Holders of claims who fail to vote will not be counted as either accepting or rejecting the plan. A vote, moreover, may be disregarded if the Court determines, after notice and a hearing, that it was not made or solicited in good faith.

vii. The Record Date

The record date for purposes of determining which Holders of Claims are entitled to vote on the Plan is _____, 2013, at __:__ _.m., prevailing Eastern Time ("Record Date"). As of at __:__ _.m. on the Record Date, the claims register shall be closed, and there shall be no further changes in the record Holders of any Claims. The Debtor shall have no obligation to recognize any transfer of any Claims occurring after the Record Date. The Debtor shall instead be entitled to recognize and deal for all purposes under the Plan with only those record Holders stated on the claims register as of the close of business on the Record Date.

B. Confirmation Procedure

i. Confirmation Hearing

A hearing before the Honorable Morris Stern, United States Bankruptcy Judge, has been scheduled for **[_____], 2013, at __:__ _.m., prevailing Eastern Time**, at the United States Bankruptcy Court, Martin Luther King, Jr. Federal Building, 50 Walnut Street, Third Floor, Newark, New Jersey 07102, to consider confirmation of the Plan. The Confirmation Hearing may be adjourned from time to time by the Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing.

ii. Procedure for Objections

Any objection to confirmation of the Plan must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim held by the objector. Any such objection must be filed with the Court and served on the Debtor's counsel and all parties who have filed a notice of appearance by 5:00 p.m. prevailing Eastern Time [_____], 2013. Unless an objection is timely filed and served, it may not be considered by the Court.

iii. Requirements for Confirmation

The Court will confirm the Plan only if it meets all the requirements of section 1129 of the Bankruptcy Code. Among the requirements for confirmation are that the Plan be: (i) accepted by all impaired classes of claims and equity interests or, if rejected by an impaired class, that the Plan "does not discriminate unfairly" against and is "fair and equitable" with respect to such class; (ii) feasible; and (iii) in the "best interests" of creditors who are impaired under the Plan. The Court must also find that:

- The Plan has classified claims in a permissible manner;
- The Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code; and
- The Plan has been proposed in good faith.

iv. Classification of Claims

Section 1122 of the Bankruptcy Code requires the Plan to place a claim in a particular class only if such claim is substantially similar to the other claims in such class. The Plan creates

separate classes to deal respectively with various classes of secured claims and unsecured claims. The Debtor believes that the Plan's classifications place substantially similar claims in the same class and thus, meet the requirements of section 1122 of the Bankruptcy Code.

v. Best Interests Test

The "best interests" of creditors test requires that each Holder of a Claim receive or retain under the Plan property of a value that is not less than the value such Holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code. To determine what members of each impaired Class of Claims would receive if the Debtor were liquidated, the Court must determine the dollar amount that a liquidation of the Debtor's assets would generate in the context of a Chapter 7 liquidation sale. The amount available for satisfaction of Claims would consist of the proceeds resulting from the sale, reduced by the Claims of secured creditors, to the extent of the value of their collateral, and the costs and expenses of the liquidation.

Because the Plan is a plan of orderly liquidation, each Class of Creditors will receive the same treatment it would receive if the Debtor's Assets were liquidated pursuant to Chapter 7 of the Bankruptcy Code, except that the additional expenses and commissions of a trustee will not be required.

Annexed as Exhibit ___ to the Plan Supplement is a liquidation analysis prepared by the Debtor's accountants, reflecting a slightly greater distribution to creditors pursuant to the Plan than creditors would receive in a hypothetical Chapter 7 case. Accordingly, the Debtor believes the Plan satisfies the "best interests" of creditors test.

vi. The Feasibility Test

The "feasibility" test requires the Court to find that confirmation of the Plan is not likely to be followed by the liquidation or the need for further reorganization of the Debtor. Because the Plan contemplates an orderly liquidation of the Debtor's assets, confirmation of the Plan will not be followed by a liquidation or further reorganization.

vii. The Fair and Equitable Test

If any impaired Class of Claims does not accept the Plan, the Court may still confirm the Plan despite such non-acceptance under the "cram down" provisions set forth in section 1129(b) of the Bankruptcy Code. To obtain such confirmation, the Debtor and the Committee must show, among other things, that the Plan "does not discriminate unfairly" against and is "fair and equitable" with respect to each impaired Class of Claims that has rejected the plan.

Under section 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" to a class if, among other things, the plan provides: (i) with respect to secured claims, that each holder of a claim included in the rejecting class will receive or retain, on account of its claim, property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; and (ii) with respect to unsecured claims, that the holder of any claim or equity interest, that is junior to the claims or equity interests of such class, will not receive or retain, on account of such junior claim or equity interest, any property unless the senior class is paid in full.

viii. Other Requirements of Section 1129

The Debtor believes that the Plan meets all the other technical requirements of section 1129 of the Bankruptcy Code, including that the Plan has been proposed in good faith.

THE DEBTOR AND THE COMMITTEE SHALL SEEK CONFIRMATION OF THE PLAN IF LESS THAN THE REQUISITE AMOUNTS OF CLAIMS IN ANY ONE OR MORE CLASSES VOTE TO ACCEPT THE PLAN.

VII. SUMMARY OF THE PLAN

THE FOLLOWING IS A SUMMARY OF THE MATTERS CONTEMPLATED TO OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH THE PLAN. THIS SUMMARY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE PLAN AND IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE DESCRIPTION OF, OR A SUBSTITUTE FOR, THE PLAN. CAPITALIZED TERMS USED BUT NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANING SET FORTH IN THE PLAN.

A. Overview

Pursuant to the Plan, the Debtor proposes an orderly liquidation of its remaining Assets premised, in part, upon the PBGC Settlement. Based upon the PBGC Settlement, the Plan provides that the proceeds from the liquidation of the Debtor's Assets will be distributed to Creditors in accordance with the distributive provisions and priority scheme of the Bankruptcy Code. The Plan will be implemented by establishing a Liquidating Trust that will be administered by the Liquidating Trustee. On the Effective Date, the PBGC will be paid $4 million and the Debtor's Assets will be transferred to the Liquidating Trust for the benefit of Creditors. Thereafter, the Liquidating Trustee will be responsible for liquidating the Assets and making distributions to Creditors in accordance with the terms of the Plan. Unless otherwise provided in the Plan, all rights and obligations of the Debtor at law or otherwise will pass to and reside in the Liquidating Trustee.

B. Classification of Claims and Their Treatment Under the Plan

The Plan classifies Claims into four (4) Classes, and also provides for payment of Allowed Administrative Expenses, Professional Compensation and Reimbursement Claims, and Priority Tax Claims. For each Class, the Plan states whether the Claims are impaired and whether Holders of the Claims will receive various types of distributions under the Plan. The Class and payments to be made and treatment proposed to be accorded to Allowed Claims of each Class under the Plan are summarized and described below. After Confirmation and upon the occurrence of the Effective Date, the Plan binds the Debtor, any creditor whether or not such creditor has accepted the Plan.

i. Unclassified Claims

Pursuant to section 1123(a)(1) of the Bankruptcy Code, Claims of a kind specified in sections 507(a)(2) or (a)(8) of the Bankruptcy Code are not to be designated in a class. Thus,

Administrative Expense Claims, Professional Compensation and Reimbursement Claims, and Priority Tax Claims against the Debtor shall be treated separately as unclassified Claims.

- Administrative Expense Claims. Except to the extent that any entity entitled to payment of an Allowed Administrative Claim agrees to a different treatment, each Holder of an Allowed Administrative Claim shall receive Cash in an amount equal to such Allowed Administrative Claim on the later of (a) ten (10) Business Days after the Effective Date or (b) ten (10) Business Days after the date of entry of a Final Order determining and allowing such Claim as an Allowed Administrative Expense Claim, or as soon thereafter as is practicable.

    - Claims for Employee Benefits. All Employee Benefit Claims which have not been paid as of the Effective Date, and for which no Proof of Claim has been filed, shall be Disallowed and expunged as of the Effective Date. Not later than the Effective Date, any and all of the Debtor's obligations relating to employee benefits (including any self-funding obligations) shall be terminated and of no further force or effect, other than the obligation to satisfy any Allowed Employee Benefit Claims under the Plan.

- Professional Compensation and Reimbursement Claims. Any Person seeking payment on account of a Professional Compensation and Reimbursement Claim through and including the Effective Date shall file its respective final Fee Application no later than sixty (60) days following the Effective Date. All Professional Compensation and Reimbursement Claims for this time period shall be treated as Administrative Claims as set forth above and paid by the Debtor or the Liquidating Trustee, as the case may be. Failure to timely file a final Fee Application for fees incurred through and including the Effective Date shall result in any Professional Compensation and Reimbursement Claim being forever barred and discharged.

  From and after the Effective Date, the Debtor or the Liquidating Trustee, as applicable, shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable compensation and expenses incurred by the Professionals of the Debtor, its Estate, the Committee, and the Liquidating Trust, as applicable, related to the consummation and implementation of the Plan, which post-confirmation compensation and expenses shall be paid by the Liquidating Trustee in accordance with the procedures provided in section 8.8 of the Plan.

- Priority Tax Claims. Each Holder of an Allowed Priority Tax Claim, if any, shall receive Cash in an amount equal to such Allowed Priority Tax Claim on the later of (i) ten (10) Business Days after the Effective Date, and (ii) ten (10) Business Days after entry of a Final Order allowing such Priority Tax Claim, or as soon thereafter as is practicable.

ii. Classified Claims

- Class 1 (Priority Non-Tax Claims). Each Holder of an Allowed Class 1 Priority Non-Tax Claim, if any, will receive Cash in an amount equal to such Allowed Priority Non-Tax Claim on the later of (i) ten (10) Business Days after the Effective Date and (ii) ten (10)

Business Days after entry of a Final Order allowing such Claim, or as soon thereafter as is practicable.

- Class 2 (Claims of the PBGC). The PBGC received the PBGC Initial Payment on the Closing Date and shall receive the PBGC Subsequent Payment on the Effective Date or as otherwise agreed by the PBGC and the Liquidating Trustee. The PBGC will retain its Liens, if any, against the Debtor's assets until such time as it receives the Subsequent PBGC Payment. Upon receipt of the PBGC Subsequent Payment, the PBGC shall be deemed to release and discharge the Debtor, the Estate, and the Liquidating Trustee and conclusively accept the terms and conditions of this Plan Notwithstanding the foregoing, nothing contained in the Plan shall release any party from its duties under ERISA or release any claim the PBGC may have relating to fiduciary breach.

- Class 3 (Secured Claims of Other Lienholders). Allowed Secured Claims of Other Lienholders will be treated in one of the following says, at the discretion of the Liquidating Trustee:

  (i) on the Effective Date, the legal, equitable, and contractual rights of the Holder of an Allowed Secured Claim will be reinstated notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the Holder of an Allowed Secured Claim to demand or receive payment of such Allowed Secured Claim before the stated maturity of such Allowed Secured Claim from and after the occurrence of a default, provided, however, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based shall not be enforceable as to any breach that occurred on or prior to the Effective Date or any breach determined by reference back to a date preceding the Effective Date;

  (ii) the Holder of an Allowed Class 3 Secured Claim will (a) retain a Lien securing such Allowed Secured Claim on the Effective Date and (b) receive deferred Cash payments from the Liquidating Trust totaling at least the value of such Allowed Secured Claim as of the Effective Date;

  (iii) on the Effective Date, the collateral securing an Allowed Class 3 Secured Claim will be surrendered to the Holder of the Allowed Secured Claim in full satisfaction of all Claims related to the Collateral; or

  (iv) the Holder of an Allowed Class 3 Secured Claim will be paid, in Cash, an amount equal to the Holder's Allowed Secured Claim, on the later of (a) ten (10) Business Days after the Effective Date, or (b) ten (10) Business Days after the date of entry of a Final Order allowing such Class 3 Claim as a Secured Claim, or as soon thereafter as is practicable. To the extent the collateral securing an Allowed Secured Claim has been or is to be sold pursuant to an Order of the Bankruptcy Court, the amount to be paid to the Holder of such Allowed Secured Claim pursuant to the preceding sentence shall be net of the costs of sale of such collateral.

- Class 4 (General Unsecured Claims). Each Holder of an Allowed Class 4 Claim shall receive, in full and final satisfaction of its Allowed Class 4 Claim, a *Pro Rata* share of the

monies to be distributed from the GUC Account on account of Allowed Class 4 Claims by the Liquidating Trust (subject to appropriate reserves described in the Plan).

The Liquidating Trustee will make the initial distribution to Holders of Allowed Class 4 Claims on the initial GUC Distribution Date or as soon thereafter as practicable, and only to the extent that sufficient funds exist. The timing of additional distributions to Holders of Allowed Class 4 Claims will be in the exercise of the Liquidating Trustee's sound discretion, based on the amount of Liquidation Proceeds on hand and the terms of the Plan, whether there remain any unpaid Administrative Expense Claims or Priority Claims, the amount of Class 4 Claims that have been Allowed at the time, and the status of pending litigation, if any, affecting such distributions.

VIII. MEANS FOR EXECUTION OF THE PLAN

A. Establishment of Liquidating Trust and Transfer of Assets

Prior to the Effective Date, the Debtor will execute the Liquidating Trust Agreement, which shall be in substantially the same form annexed to the Plan Supplement. On the Effective Date, the Estate's title to all of the Assets (including Chapter 5 Actions) except the D&O Claims and Tort Claims and rights in and proceeds of any Insurance Policies, automatically will pass to the Liquidating Trust, free and clear of all Claims and interests. The Assets will be held in trust for the benefit of all Holders of Allowed Claims pursuant to the terms of the Plan and the Liquidating Trust Agreement.

B. Appointment of Liquidating Trustee and Termination of the Committee

The Liquidating Trustee will be appointed prior to the Effective Date, with such appointment to be effective as of the Effective Date. On the Effective Date and upon the creation of the Liquidating Trust (and, contemporaneously, the Post-Effective Date Committee), the Committee shall cease to exist and its powers and duties will terminate.

Except as to the D&O and Tort Claims and rights in and proceeds of any Insurance Policies, the Liquidating Trustee is the successor in interest to the Debtor and the Committee, and thus, after the Effective Date, to the extent the Plan requires an action by the Debtor (and except as it relates to the D&O and Tort Claims and rights in and proceeds of Insurance Policies), the action shall be taken by the Liquidating Trustee on behalf of the Debtor and the Committee, as applicable.

C. Income Tax Status

For federal income tax purposes, all parties (including, without limitation, the Debtor, the Liquidating Trustee, and the Beneficiaries of the Liquidating Trust Estate) shall treat the Liquidating Trust as a liquidating trust within the meaning of Treasury Income Tax Regulation section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 124. For federal income tax purposes, the transfer of Assets to the Liquidating Trust under the Plan shall be treated as a deemed transfer to the Beneficiaries of the Liquidating Trust Estate in satisfaction of their Claims followed by a deemed transfer of the Assets by the Beneficiaries to the Liquidating Trust. For federal income tax purposes, the Beneficiaries will be deemed to be the grantors and owners

of the Liquidating Trust and its assets. For federal income tax purposes, the Liquidating Trust will be taxed as a grantor trust within the meaning of IRC sections 671-677 (a non-taxable pass-through tax entity) owned by the Beneficiaries. The Liquidating Trust will file federal income tax returns as a grantor trust under IRC section 671 and Treasury Income Tax Regulation section 1.671-4 and report, but not pay tax on, the Liquidating Trust's tax items of income, gain, loss deductions and credits ("Tax Items"). The Beneficiaries will report such Tax Items on their federal income tax returns and pay any resulting federal income tax liability. All parties will use consistent valuations of the assets transferred to the Liquidating Trust for all federal income tax purposes. The assets shall be valued based on the Liquidating Trustee's good faith determination of their fair market value.

D. Establishment of the GUC Account

On the Effective Date or as soon as practicable thereafter, the Liquidating Trustee shall create the GUC Account into which the Debtor shall transfer all Cash belonging to the Debtor's Estate (but not including the COBRA Account), less a reserve for anticipated Professional Compensation and Reimbursement Claims under section 4.1.3 of the Plan (the "Professional Fee Reserve"). To the extent that any monies held after the Closing pursuant to the side letter between the Debtor and Purchaser dated July 13, 2012 continue to be held by the Debtor, such monies shall be transferred to the Liquidating Trustee and held under the same terms and conditions as under the escrow agreement between the Debtor and Purchaser dated July 13, 2012.

Once the court awards all final Professional Compensation and Reimbursement Claims, the Debtor shall make payment of same from the Professional Fee Reserve and immediately deliver any excess cash to the Liquidating Trustee. If the Professional fee reserve is not sufficient to pay all Allowed Professional Compensation and Reimbursement Claims, the Liquidating Trustee shall pay any remaining claims from the GUC Account.

E. Establishment of the Reserve

The Liquidating Trustee will establish a reserve (the "Reserve") from the GUC Account in an amount sufficient to pay the post-Effective Date expenses of the Liquidating Trust (including compensation to the Liquidating Trustee and his professionals) and all Allowed Administrative Expense Claims and Allowed Priority Claims other than Professional Compensation and Reimbursement Claims. The Liquidating Trustee may include in the Reserve funds to pay Disputed Claims and claims that have not otherwise been Allowed. The Liquidating Trustee shall be permitted to increase or replenish the Liquidating Trust Reserve during his administration of the Liquidating Trust in his discretion.

F. Appointment of the Debtor Representative

On the Effective Date, the Debtor Representative shall be appointed pursuant to section 1123(b)(3) of the Bankruptcy Code. On and after the Effective Date, the Debtor Representative will have full and complete authority to act on behalf of and bind the Debtor without further action or approval of the Bankruptcy Court or the board of trustees of the Debtor, including the power to pursue Tort Claims and D&O Claims and to effectuate the dissolution of the Debtor.

G. Revesting of D&O and Tort Claims in the Debtor

On the Effective Date, the D&O and Tort Claims and rights in and proceeds of any Insurance Policies will revest in the Debtor. The Debtor Representative will be authorized to institute and to prosecute through final judgment or settlement the D&O and Tort Claims. Upon the entry of a final judgment or settlement, the relevant proceeds of the D&O and Tort Claims will be transferred to the Liquidating Trust for the benefit of the Holders of Allowed Claims.

H. Preservation/Vesting of the Debtor's Claims, Rights, Demands and Causes of Action

Except as set forth herein and in the Plan, pursuant to Bankruptcy Code section 1123(b), the Liquidating Trustee and the Debtor Representative, as applicable, shall be vested with and shall retain and may enforce any and all claims, rights, demands and causes of action of any kind or nature whatsoever held by, through, or on behalf of the Debtor, the Committee and/or the Estate against any other Person, arising before the Effective Date that have not been fully resolved or disposed of prior to the Effective Date whether or not such claims or causes of action are specifically identified in the Disclosure Statement accompanying the Plan and whether or not litigation with respect to same has been commenced prior to the Effective Date, including:

- any and all Chapter 5 Actions, including, without limitation, all Chapter 5 Actions against present or former creditors, or insiders of the Debtor who received payments or transfers of property from the Debtor at any time, and the proceeds thereof;
- any and all legal or equitable rights to subordinate or disallow Claims, including, without limitation, any Administrative Expense Claims, Priority Claims, and General Unsecured Claims;
- any and all D&O Claims and Tort Claims.

I. Procedure for Determination of Claims

i. Objections to Administrative Expense Claims and Priority Claims

The Liquidating Trustee shall have standing, right, and authority to object to the allowance of Administrative Expense Claims and Priority Claims and no distribution shall be made to a Holder of an Administrative Expense Claim or Priority Claim unless and until such Claim becomes an Allowed Claim.

The Liquidating Trustee shall have until one hundred and twenty (120) days after later of the Effective Date or the date an Administrative Expense Claim or Priority Claim is filed to object to each filed Administrative Expense Claim or Priority Claim, subject to extensions by the Bankruptcy Court of by agreement. If an objection has not been filed to a proof of Claim for an Administrative Expense Claim or Priority Claim on or before such deadline or the extension of such deadline, the Administrative Expense Claim or Priority Claim to which the proof of Claim relates shall be treated as an Allowed Claim; provided, however, that if the Holder of the Administrative Expense Claim or Priority Claim is a debtor under any chapter of the Bankruptcy Code, the deadline shall be thirty (30) days after the Liquidating Trustee obtains relief from stay

or other relief that will permit the filing of an objection to such Claim. Any deadline to object to Administrative Expense Claims or Priority Claim shall be extended automatically upon the filing of a motion seeking such extension through and including the entry of a final order resolving any such motion.

ii. Disputed Administrative Expense Claims and Priority Claims

The Liquidating Trustee shall have the right to settle or otherwise compromise any Administrative Expense Claim and any Priority Claim. Until such time as an unliquidated Administrative Expense Claim or Priority Claim, contingent Administrative Expense Claim or Priority Claim, or a contingent portion of an Administrative Expense Claim or Priority Claim becomes Allowed or is Disallowed, such Claim will be treated as a Disputed Claim for all purposes related to distributions under the Plan. The Holder of an unliquidated or contingent Administrative Expense Claim or Priority Claim will be entitled to a distribution under the Plan only when and if such unliquidated or contingent Claim becomes an Allowed Claim.

iii. Objections to Other Claims

The Liquidating Trustee shall have the right and standing to (i) object to and contest the allowance of all Claims that are not Administrative Expense Claims or Priority Claims (the "Other Claims"); (ii) compromise and settle any Disputed Other Claim or Other Claim that has not otherwise been Allowed without Bankruptcy Court approval; and (iii) litigate to final resolution objections to Other Claims. No distribution shall be made pursuant to the Plan to a Holder of an Other Claim, Disputed or otherwise, unless and until such Other Claim becomes an Allowed Claim.

All objections to Other Claims must be filed with the Bankruptcy Court, and served upon the Holders of such Claims, on or before the one hundred eightieth (180th) day after the Effective Date, except as extended by an agreement between the claimant and the Liquidating Trustee, or by Order of the Bankruptcy Court. If an objection has not been filed to a proof of Claim for an Other Claim within this 180-day period or the extension of such period, the Other Claim to which the proof of Claim relates shall be treated as an Allowed Claim; provided, however, that if the Holder of the Other Claim is a debtor under any chapter of the Bankruptcy Code, the deadline shall be thirty (30) days after the Liquidating Trustee obtains relief from stay or other relief that will permit the filing of an objection to such Claim. Any deadline to object to Other Claims shall be extended automatically upon the filing of a motion seeking such extension through and including the entry of a final order resolving any such motion.

iv. Disputed Other Claims

The Liquidating Trustee shall have the right to settle or otherwise compromise any Other Claim and shall use reasonable best efforts to resolve disputes regarding such Claims. Until such time as an unliquidated Other Claim, contingent Other Claim, or a contingent portion of an Other Claim becomes Allowed or is Disallowed, such Claim will be treated as a Disputed Claim for all purposes related to distributions under the Plan. The Holder of an unliquidated or contingent Other Claim will be entitled to a distribution under the Plan only when and if such unliquidated or contingent Claim becomes an Allowed Claim.

v. Objections Based on Late Filed Claims

EXCEPT AS OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE DEADLINE FOR FILING SUCH PROOFS OF CLAIM SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO THE AFFECTED CREDITOR, OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS SHALL NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A FINAL ORDER OF THE BANKRUPTCY COURT.

J. Dissolution of Debtor and Limited Release of Board

i. Dissolution of Debtor/Termination of Service of Corporate Officers and Directors

On the Effective Date, the Debtor's board of trustees shall be dissolved and the then-current members of the board of trustees and officers of the Debtor including the Liquidating Officer shall be relieved of their positions and corresponding duties and obligations, and all such obligations, rights and duties shall vest in the Debtor Representative, who shall be responsible for effectuating transfers of Assets in accordance with the Plan and otherwise satisfying the Debtor's obligations under terms of the Plan. The Debtor Representative shall have full and complete authority to act on behalf of and bind the Debtor without further action or approval of the Bankruptcy Court or the board of trustees of the Debtor, including the power, but not the obligation to pursue Tort Claims and D&O Claims and to effectuate the dissolution of the Debtor in accordance with the laws of the State of New Jersey.

ii. Releases and Discharge

Pursuant to that certain Stipulation and Order Approving Purchase of Professional Liability Tail Policy entered by the Bankruptcy Court on August 15, 2012, the Debtor's officers, directors, and trustees, both present and former, shall be and hereby are released and discharged from any and all claims of the Liquidating Trustee, the Debtor Representative, Creditors, Employees or any other Persons, for acts and/or omissions taken at any time, effective only upon the occurrence of the D&O Claims Bar Date (18 months after the entry of the Confirmation Order). For the avoidance of doubt, this discharge and release does not discharge or release any D&O Claims filed with a court of appropriate jurisdiction and pending as of the D&O Claims Bar Date. To the extent that any such claims are filed against any of the Debtor's present or former officers, directors or trustees, the recoveries against such persons on such claims shall be solely limited to amounts recovered under the applicable Insurance Policies.

IX. THE LIQUIDATING TRUSTEE

A. Powers and Duties of Liquidating Trustee

The Liquidating Trustee will pay or otherwise make distributions on account of all Allowed Claims against the Debtor in accordance with the terms of the Plan.

The powers of the Liquidating Trustee are set forth in full in the Liquidating Trust Agreement and shall include, among other things: (a) the power to sell, lease, license, abandon or otherwise dispose of all remaining assets of the Liquidating Trust Estate subject to the terms of the Plan; (b) the power to effect distributions under the Plan to the Holders of Allowed Claims; (c) the authority to pay all costs and expenses of administering the Liquidating Trust Estate after the Effective Date, including the power to employ and compensate Persons to assist the Liquidating Trustee in carrying out the duties hereunder, and to obtain and pay premiums for insurance and any other powers necessary or incidental thereto; (d) the power to implement the Plan including any other powers necessary or incidental thereto; (e) the authority to settle Claims, Chapter 5 Actions, Causes of Action, or disputes as to amounts owing to the Estate (except as otherwise set forth in the Plan); (f) the authority to participate in any post-Effective Date motions to amend or modify the Plan or the Liquidating Trust Agreement, or appeals from the Confirmation Order; (g) the authority to participate in actions to enforce or interpret the Plan; and (h) the power to bind the Liquidation Trust. Each of the foregoing powers may be exercised by the Liquidating Trustee without further order of the Bankruptcy Court.

The Liquidating Trustee shall serve without bond and shall receive compensation for serving as Trustee as set forth in the Liquidating Trust Agreement. At any time after the Effective Date and without the need to obtain an Order of the Bankruptcy Court, the Liquidating Trustee may employ Persons or Entities, including professionals (which may, but need not, include Professionals previously or currently employed in the Chapter 11 Case) reasonably necessary to assist the Liquidating Trust Agreement and the Plan. Such Persons or Entities shall be compensated and reimbursed by the Liquidating Trustee for their reasonable and necessary fees and out of pocket expenses on a monthly basis in arrears and there shall be no requirement to seek approval of such fees and expenses by Order of the Bankruptcy Court or to comply with section 330 of the Bankruptcy Code. All fees and expenses of administration of the Liquidating Trust Estate and representation of the Liquidating Trustee shall be paid from the Reserve and the GUC Account, as applicable.

B. Limitation on Liability of the Liquidating Trustee

The Liquidating Trustee will not be liable for any act he may do or omit to do as Liquidating Trustee under the Plan and the Liquidating Trust Agreement while acting in good faith and in the exercise of his reasonable business judgment; nor will the Liquidating Trustee be liable in any event except for gross negligence, willful fraud or willful misconduct. The foregoing limitation on liability also will apply to any Person (including any Liquidating Trustee Professional) employed by the Liquidating Trustee and acting on behalf of the Liquidating Trustee in the fulfillment of the Liquidating Trustee's duties under the Plan or under the Liquidating Trust Agreement. Also, the Liquidating Trustee and all Liquidating Trustee Professionals shall be entitled to indemnification out of the assets of the Liquidating Trust

against any losses, liabilities, expenses (including attorneys' fees and disbursements), damages, taxes, suits or claims that the Liquidating Trustee may incur or sustain by reason of being or having been a Liquidating Trustee of the Liquidating Trust for performing any functions incidental to such service; provided, however, that the foregoing shall not relieve the Liquidating Trustee and the Liquidating Trustee's Professionals from liability for bad faith, willful misfeasance, reckless disregard of duty, gross negligence, fraud, self-dealing or breach of fiduciary duty. This limitation on liability shall extend to the Debtor Representative in addition to the Liquidating Trustee.

The Liquidating Trust is deemed to release each Person and Entity exculpated under Section 12.3 of the Plan from any liability arising from any act or omission occurring after the Petition Date and in connection with, relating to or arising out of the Chapter 11 Case, except as provided in the Plan.

C. Tenure, Removal, and Replacement of Liquidating Trustee

The authority of the Liquidating Trustee will commence as of the Effective Date, and will remain and continue in full force and effect until the earlier of (a) the date on which all of the Assets are liquidated in accordance with the Plan, the funds in the Liquidating Trust have been completely distributed in accordance with the Plan, all tax returns and any other filings or reports have been filed with the appropriate state or federal regulatory authorities and the Order closing the Chapter 11 Case is a Final Order or (b) five (5) years from the date of creation of the Liquidating Trust, unless extended by the Bankruptcy Court as provided in the Liquidating Trust Agreement.

At such time as the Liquidating Trust has been fully administered (i.e., when all things requiring action by the Liquidating Trustee have been done, and the Plan has been substantially consummated) and in all events within sixty (60) days after the Final Distribution Date, the Liquidating Trustee will file an application for approval of his final report and the entry of the final decree by the Bankruptcy Court.

D. Post-Effective Date Creditors Committee

On the Effective Date, the Committee shall be replaced by the PEDCC that shall consist of not less than three (3) Persons or Entities that are Beneficiaries of the Liquidating Trust. The PEDCC may also include such other Persons or Entities (including *ex officio* members) as may be requested by the PEDCC, which Persons or Entities shall have agreed to participate in the performance of the PEDCC's functions as set forth in the Plan. The PEDCC's sole function and responsibility shall be to advise the Liquidating Trustee in the performance of the Liquidating Trustee's duties and obligations under the Plan with respect to the liquidation of Assets for the benefit of the Holders of Allowed Claims in Class 3 of the Plan. The members of the PEDCC shall serve without compensation, but may be reimbursed for reasonable expenses incurred in the performance of their duties as members of the PEDCC. If vacancies occur on the PEDCC, the Liquidating Trustee shall have the authority to make appointments to fill such vacancies.

X. TREATMENT OF EXECUTORY CONTRACTS

A. Rejection of Executory Contracts

On the Effective Date, all Executory Contracts and unexpired leases of the Debtor will be deemed rejected, other than: (i) Executory Contracts and unexpired leases that were previously assumed, assumed and assigned or rejected by Final Order of the Bankruptcy Court (which contracts will be treated in accordance with such Final Order); (ii) Designated Contracts under the Debtor APA; and (iii) Insurance Policies, to the extent same qualify as executory contracts. The Confirmation Order will constitute an order approving: (i) rejection of all Executory Contracts and unexpired leases other than Designated Contracts as of the Effective Date; (ii) rejection of Designated Contracts not assumed by the Purchaser effective as of July 13, 2013; and (iii) assumption of Insurance Policies, to the extent same qualify as executory contracts.

The Confirmation Order shall constitute a determination that no default by the Debtor exists with respect to any of the Insurance Policies requiring Cure and that nothing in the Sale Order, any underlying agreements or the Plan shall be construed or applied to modify, impair or otherwise affect the enforceability of the Insurance Policies or any coverage thereunder with regard to any Claims, including the D&O and Tort Claims.

To the extent that an Equipment Lease or Executory Contract is rejected by the Purchaser, but the Purchaser retains any equipment or property subject to such lease or contract, any contract counterparty shall not have the right to file a Claim in this Case based on the rejection of such lease or contract and any such claim shall be Disallowed.

B. Rejection Claims Bar Date

Except with respect to Designated Contracts, all proofs of claim with respect to Claims arising from the rejection of Executory Contracts or unexpired leases under the Plan, if any, must be filed with the Bankruptcy Court within thirty (30) days after the Confirmation Date.

All Executory Contracts and unexpired leases that are Designated Contracts but are not assumed by the Purchaser on or before July 13, 2013 shall be deemed rejected as of July 13, 2013. All proofs of Claim arising from the rejection of a Designated Contract must be filed with the Bankruptcy Court by August 15, 2013.

Any Claims arising from the rejection of an Executory Contract or unexpired lease under the Plan not timely filed will be forever barred from assertion against the Debtor, the Debtor Representative, the Estate, the Liquidating Trust, the Liquidating Trust Estate, the Liquidating Trustee, and their respective property. All Claims arising from the rejection of any Executory Contract shall be treated as Class 4 General Unsecured Claims in accordance with the terms of the Plan.

Consistent with the terms of the APA, the Purchaser shall satisfy all Cure obligations and Cure Amounts related to Assumed Contracts and all costs and charges in connection with any Designated Contracts from the Closing through and including the rejection of any such contract.

XI. MODIFICATION OF THE PLAN

The Plan and any exhibits thereto may be modified jointly by the Plan Proponents, or by the Liquidating Trustee, as applicable, from time to time in accordance with Bankruptcy Code section 1127 and Bankruptcy Rule 3019. The Plan and any exhibits thereto may be modified at any time before the entry of the Confirmation Order pursuant to section 1127(a) of the Bankruptcy Code; and after the entry of the Confirmation Order, the Plan Proponents, or the Liquidating Trustee, as applicable may, upon Order of the Bankruptcy Court, amend or modify the Plan and any exhibits thereto in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

Objections with respect to any amendments or modifications to the Plan (as and to the extent permitted thereby) filed after the deadline for objections to the Plan, as set by the Bankruptcy Court, may be brought at the Confirmation Hearing.

The documents annexed to the Disclosure Statement, the Plan Supplement or contained in any modification or supplement to the Plan or the Disclosure Statement are an integral part of the Plan and shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

XII. CONDITIONS TO THE EFFECTIVE DATE

The Plan will become effective on the first Business Day after the Confirmation Order becomes a Final Order (unless the requirement of a Final Order is waived by the Debtor and the Committee) and the conditions set forth below have been met. The Liquidating Trustee will file a notice of Effective Date with the Court as soon as practicable after the Effective Date and shall serve such notice on all parties entitled to notice under Bankruptcy Rule 2002.

A. Conditions to Occurrence of Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or jointly waived by the Debtor and the Committee:

- the Confirmation Order, authorizing and directing that the Debtor take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, and other agreements or documents created in connection with the Plan and the transactions contemplated thereby, including, without limitation, the transactions contemplated by the Liquidating Trust Agreement, shall have been entered and become a Final Order;

- the statutory fees owing to the US Trustee as of the Confirmation Date shall have been paid in full;

- the Liquidating Trustee shall have accepted, in writing, the terms of his service and compensation, and such terms and compensation shall have been approved by the Bankruptcy Court in the Confirmation Order or otherwise;

- the Liquidating Trust shall have been established; and

- all other actions, authorizations, consents and regulatory approvals required (if any) and necessary to implement the provisions of the Plan shall have been obtained, effected or executed in a manner acceptable to the Debtor and the Committee or, if waivable, waived by the Person or Persons entitled to the benefit thereof.

B. Waiver of Conditions

The Plan Proponents, in their sole discretion, may waive any or all of the conditions to the Effective Date, in whole or in part, at any time, without notice or an Order of the Bankruptcy Court, provided however, that in order for any such waiver to be effective to eliminate a condition, it must be joint. In the event of a joint waiver, the Plan Proponents will be entitled to render any or all of their performance under the Plan prior to what otherwise would be the Effective Date if the above-referenced conditions were not waived, including, but not limited to, the right to perform under any circumstances which would moot any appeal, review, or other challenge of any kind to the Confirmation Order if the Confirmation Order is not stayed pending such appeal, review, or other challenge. The failure of the Plan Proponents to exercise any of the foregoing rights will not be deemed a waiver of any other rights, and each such right will be deemed an ongoing right that may be asserted at any time.

XIII. RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over the Chapter 11 Case until the Chapter 11 Case is closed, including jurisdiction to issue any other Order necessary to administer the Estate or the Liquidating Trust Estate and to enforce the terms of the Plan, and/or the Liquidating Trust Agreement pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- To determine the type, allowance and payment of any Claims upon any objections thereto (or other appropriate proceedings) by the Liquidating Trustee or any other party-in-interest entitled to proceed in that manner;

- Except as otherwise limited herein, to recover all Assets of the Debtor and property of the Debtor's Estate, wherever located;

- To hear and determine any issue arising under of the Plan;

- To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

- To hear any other matter not inconsistent with the Bankruptcy Code;

- To enter a final decree closing the Chapter 11 Case;

- To ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

- To decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and to grant or deny any application involving the Debtor that may be pending on or instituted by the Liquidating Trustee after the Effective Date;

- To issue injunctions, enter and implement other Orders or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the occurrence of the Effective Date or enforcement of the Plan, except as otherwise provided herein;

- To determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan or the Disclosure Statement;

- To enforce, interpret, and determine any disputes arising in connection with any stipulations, Orders, judgments, injunctions, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Case including in accordance with Articles 2.2, 3.4, and 5.9 of the COBRA Administration Agreement (whether or not the Chapter 11 Case has been closed);

- To adjudicate any adversary proceeding or other proceeding which may be commenced against any Person or Entity arising from, related to, or in connection with any Chapter 5 Action, D&O Claim, or Tort Claim;

- To resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof; and

- To resolve any disputes concerning whether a Person or Entity had sufficient notice of the Chapter 11 Case, any applicable bar date, the hearing on the approval of the Disclosure Statement as containing adequate information, or the hearing on the confirmation of the Plan for the purpose of determining whether a Claim is discharged hereunder or for any other purpose.

In addition to the foregoing:

ALL CREDITORS WHO HAVE FILED CLAIMS IN THE BANKRUPTCY CASE SHALL BE DEEMED TO HAVE CONSENTED TO THE JURISDICTION OF THE BANKRUPTCY COURT FOR PURPOSES OF CAUSES OF ACTION ARISING UNDER CHAPTER V OF THE BANKRUPTCY CODE.

XIV. RISK FACTORS

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS AGAINST THE DEBTOR SHOULD READ AND CAREFULLY CONSIDER THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, THE DOCUMENTS DELIVERED TOGETHER WITH THIS DISCLOSURE STATEMENT, INCLUDING ANY AMENDMENTS AND PLAN SUPPLEMENTS THERETO. THE RISK FACTORS SET FORTH BELOW SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A. Risk of Non-Confirmation of the Plan

In order for the Debtor to successfully conclude the Chapter 11 Case, the Debtor, like any other chapter 11 debtor, must obtain approval of the Plan from its creditors and confirmation of the Plan through the Bankruptcy Court, and then successfully implement the Plan. The foregoing process requires the Debtor to (a) meet certain statutory requirements with respect to the adequacy of this Disclosure Statement; (b) solicit and obtain creditor acceptances of the Plan; and (c) fulfill other statutory conditions with respect to the confirmation of the Plan.

The Debtor and the Committee may or may not receive the requisite acceptances to confirm the Plan. If the requisite acceptances of the Plan are received, the Debtor and the Committee will seek confirmation of the Plan by the Bankruptcy Court. If the requisite acceptances are not received, the Debtor and the Committee nevertheless may seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code as long as at least one Impaired Class has accepted the Plan (determined without including the acceptance of any "insider" in such Impaired Class).

Even if the requisite acceptances of the Plan are received, or the Debtor and Committee ares able to seek a "cramdown" confirmation, the Bankruptcy Court may not confirm the Plan as proposed. A holder of a Claim in a Non-Accepting Class could challenge the balloting procedures and results as not being in compliance with the Bankruptcy Code. Even if the Bankruptcy Court determined that the balloting procedures and results were appropriate, the Bankruptcy Court could decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met. Specifically, section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, a finding by the Bankruptcy Court that: (a) confirmation of the plan is not likely to be followed by a liquidation or a need for further financial reorganization of the Debtor; (b) the value of distributions to holders of Claims within an Impaired Class will not be less than the value such holders would receive if the Debtor was liquidated under chapter 7 of the Bankruptcy Code; and (c) in the event of a "cramdown" confirmation, the Plan "does not unfairly discriminate" and is "fair and equitable" with respect to Non-Accepting Classes. The Bankruptcy Court may determine that the Plan does not satisfy one or more of these applicable requirements, in which case the Plan could not be confirmed by the Bankruptcy Court.

B. Risk of Non-Occurrence of Effective Date

Although the Debtor and the Committee anticipate that the Effective Date will occur soon after the Confirmation Date, if any, there can be no assurance as to such timing. The Debtor and the Committee, jointly and in their sole discretion, may waive the Final Order condition at any time from and after the Confirmation Date. If the condition is not waived and the Effective Date does not occur, the Confirmation Order may be vacated and the Plan may become null and void.

C. Risk that Claims Will Be Higher Than Estimated

The projected distributions and recoveries set forth in this Disclosure Statement and the Liquidation Analysis are based on the Debtor's and the Committee's initial estimate of Allowed Claims, without having undertaken a substantive review of all filed Claims. The Debtor and the Committee reserve the right to seek estimation of Disputed Claims pursuant to section 502(c) of the Bankruptcy Code. The actual amount at which such Disputed Claims are ultimately allowed

may differ from the estimates. If insufficient Plan consideration is available for distribution at the time of allowance of a Disputed Claim, the distributions on account of such Allowed Claim will be limited to such available amounts and the holder of such Allowed Claim will have no recourse against the Debtor for any deficiency that may arise. The Debtor projects that the Claims asserted against it will be resolved in and reduced to an amount that approximates its estimates. There can be no assurance, however, that these estimates will prove accurate. If claims are ultimately allowed in amounts higher than estimated, for example, distributions and recoveries on account of claims may be lower than estimated.

D. Inherent Uncertainty of Financial Projections

Certain statements contained in this Disclosure Statement, by nature, are forward-looking and contain estimates and assumptions. Although the financial projections, estimates and assumptions are believed to be accurate at the time made, the actual results achieved throughout the periods covered by the financial projections may vary from the projected results. The financial projections, estimates and assumptions should not be relied upon as a guaranty, representation, or other assurance of the actual results that will occur.

XV. GENERAL PROVISIONS

A. Plan Supplement

The Liquidating Trust Agreement and any other appropriate documents shall be contained in the Plan Supplement and filed with the Clerk of the Bankruptcy Court prior to the Voting Deadline, as modified or supplemented prior to the Confirmation Hearing. The Plan Proponents may amend each of the documents contained in the Plan Supplement, subject to Section 13.3 of the Plan, through and including the Effective Date in a manner consistent with the Plan and Disclosure Statement. Upon its filing with the Bankruptcy Court, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal business hours. Holders of Claims may obtain a copy of the Plan Supplement at: http://www.loganandco.com.

B. Settlement of Claims

Pursuant to Bankruptcy Rule 9019 and section 1123(b)(3) of the Bankruptcy Code and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of claims or controversies relating to the contractual and legal rights that a Holder of a Claim may have with respect to any Allowed Claim, or to any distribution to be made on account of such an Allowed Claim.

C. Bankruptcy Injunctions and Stays

All injunctions or stays provided for in the Chapter 11 Case under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. All injunctions and released contained in the Sale Order and APA shall remain in full force and effect and binding on all parties and Creditors.

Except as otherwise expressly provided in the Plan or to the extent necessary to enforce the terms and conditions of the Plan, the Confirmation Order or a separate Order of the Bankruptcy Court, as of the Effective Date, all entities who have held, hold, or may hold Claims against the Debtor, are permanently restrained and enjoined, on and after the Confirmation Date, from (A) commencing or continuing in any manner any action or other proceeding of any kind with respect to any Claim or taking any act to recover any Claim outside of the claims allowance procedure set forth in the Plan and the Bankruptcy Code and Bankruptcy Rules, (B) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or Order against the Debtor, the Liquidating Trust or the Liquidating Trustee on account of any such Claim, (C) creating, perfecting or enforcing any encumbrance of any kind against the Debtor or against the property or interests in property of the Debtor on account of any Claim and (D) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtor or against the property or interests in property of the Debtor on account of any Claim. Such injunction shall extend to and for the benefit of the Liquidating Officer, the Debtor as fiduciary under the Debtor's 403(b) plans in connection with its wind-down and termination of such 403(b) plans and any other pension plans, the Debtor Representative, the Liquidating Trustee and any successors of the Debtor, and to any property and interests in property subject to the Plan.

D. Exculpation

Neither the Debtor or its officers, or trustees, or the Liquidating Officer, nor the Committee or its members, nor the PEDCC or its members, nor the Patient Care Ombudsman, nor any of their respective Professionals or post-Effective Date professionals will have or incur any liability to any Holder of a Claim or interest, or any other party-in-interest, Person or Entity or any of their respective agents, employees, representatives, financial advisors, attorneys, affiliates or any of their successors or assigns, for any act or omission occurring after the Petition Date and in connection with, relating to, or arising out of the filing or prosecution of any and all pleadings and motions in the Chapter 11 Case, the wind-down and termination of the 403(b) plans in which the Debtor serves as fiduciary, the formulation, negotiation or implementation of the Plan, solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan except for their bad faith, willful malfeasance, reckless disregard of duty, gross negligence, willful fraud, willful misconduct, self-dealing or breach of fiduciary duty as determined by a Final Order of the Bankruptcy Court. For the avoidance of doubt, this exculpation shall not apply to disputes in connection with sections 327, 328, 329, 330, 331, and 1103 of the Bankruptcy Code and Rules 2014 and 2016 of the Bankruptcy Rules.

E. Extension of Time

For cause shown, any deadlines herein which are applicable to the Debtor or the Liquidating Trust Estate and which are not otherwise extendable, may be extended by the Bankruptcy Court.

F. Notices

Because certain Persons may not desire to continue to receive notices after the Effective Date, the Plan provides for the establishment of a Post-Effective Date Notice List. Persons on such Post-Effective Date Notice List will be given certain notices and in some cases an opportunity to object to certain matters under the Plan (as described herein). Any Person desiring to be included in the Post-Effective Date Notice List must (i) file a request to be included on the Post-Effective Date Notice List and include thereon its name, contact person, address, telephone number and facsimile number, within thirty (30) days after the Effective Date, and (ii) concurrently serve a copy of its request to be included on the Post-Effective Date Notice List on the Liquidating Trustee and his counsel. On or before sixty (60) days after the Effective Date, the Liquidating Trustee shall compile a list of all Persons on the Post-Effective Date Notice List and file such list with the Bankruptcy Court. Those parties set forth in section 13.9 of the Plan shall be included in the Post-Effective Date Notice List without the necessity of filing a request.

G. Service of Documents

Any pleading, notice or other document required or permitted to be made in accordance with the Plan shall be made in writing and shall be delivered personally, by facsimile transmission, electronic mail or by first class U.S. mail, postage prepaid, as follows:

To the Debtor:	Porzio, Bromberg & Newman, P.C. 100 Southgate Parkway, P.O. Box 1997 Morristown, New Jersey 07962 *Attn: Warren J. Martin, Jr., Esq.* Facsimile: (973) 538-5146
To the Debtor Representative or to the Liquidating Trustee:	CohnReznick 333 Thornall Street Edison, NJ 08837 *Attn: Bernard A. Katz, CPA* Facsimile: (732) 549-7016
To the Creditors' Committee:	Sills Cummis & Gross, P.C. One Riverfront Plaza Newark, New Jersey 07102 *Attn: Andrew H. Sherman, Esq.* Facsimile: (973) 643-6500
To the Office of the United States Trustee:	Office of the United States Trustee One Newark Center, Suite 2100 Newark, New Jersey 07102 *Attn: Donald F. MacMaster, Esq.* Facsimile: (973) 645-5993

H. Closing of the Case

The Liquidating Trustee shall promptly, upon the full administration of the Chapter 11 Case, file with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable Order of the Bankruptcy Court to close the Chapter 11 Case.

I. Interest

Unless otherwise specifically provided for in the Plan or the Confirmation Order, post-petition interest shall not accrue or be paid on Claims, and no Holder of a Claim will be entitled to interest accruing on or after the Petition Date on any Claim.

J. Confirmation by Non-Acceptance Method

The Debtor hereby requests, if necessary, confirmation of the Plan pursuant to Bankruptcy Code section 1129(b) with respect to any impaired Class of Claims which does not vote to accept the Plan.

K. Severability

The provisions of the Plan shall not be severable unless the Debtor and the Committee agree to such severance and such severance would constitute a permissible modification of the Plan pursuant to section 1127 of the Bankruptcy Code.

L. Governing Law

Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit to the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New Jersey, without giving effect to the principles of conflicts of law of such jurisdiction.

M. No Admissions

Nothing in this Disclosure Statement shall be deemed or construed as an admission of any fact or liability by any party, or be admissible in any proceeding involving the Debtor or any other party, or be deemed conclusive evidence of the tax or other legal effects of the Plan on the Debtor or Holders of Claims.

N. Successors and Assigns

The rights, benefits and obligations of any Person or Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, and lawful successor or assign of such Person or Entity.

O. Delivery of Distributions

Distributions to Holders of Allowed Claims shall be made (a) to the signatory set forth on any of the Proofs of Claim filed by such holder or other representative identified therein (or at

the last known address of such holder if no Proof of Claim is filed or if the Debtor has been notified in writing of a change of address); (b) at the address set forth in any written notices of address changes delivered to the Claims Agent after the date of any related Proof of Claim; (c) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004 if no Proof of Claim has been filed and the Claims Agent has not received a written notice of a change of address; (d) at the address reflected in the Schedules if no Proof of Claim has been filed and the Claims Agent has not received a written notice of a change of address; or (e) on any counsel that has appeared in the Chapter 11 Case on the Holder's behalf. The Liquidating Trustee shall not incur any liability whatsoever on account of any distributions under the Plan.

P. Undeliverable Distributions

If any Allowed Claim Holder's distribution is returned as undeliverable, no further distributions shall be made to such Holder unless and until the Liquidating Trustee is notified in writing of such Holder's then-current address. Undeliverable distributions shall remain in the possession of the Liquidating Trustee until such time as a distribution becomes deliverable. Undeliverable distributions shall not be entitled to any interest, dividends or other accruals of any kind. Within 21 days after the end of each quarter following the Effective Date, the Liquidating Trustee shall make all distributions that become deliverable during the preceding Quarter, except as otherwise provided herein. Any check that is not cashed or otherwise deposited within three months after the check's date shall be deemed an undeliverable distribution under the Plan.

Q. Failure to Claim Undeliverable Distributions

In an effort to ensure that all Holders of valid Claims receive their allocated distributions, the Liquidating Trustee will file with the Bankruptcy Court a listing of unclaimed distribution Holders. This list will be maintained and updated as needed for as long as the Chapter 11 Case stays open. Any Holder of an Allowed Claim that does not assert a Claim pursuant to the Plan for an undeliverable distribution within four months after the first attempted delivery shall have its Claim for such undeliverable distribution discharged and shall be forever barred from asserting any such Claim against the Debtor, the Liquidating Trust Estate, the Reserve, or the Liquidating Trustee, or their respective property. In such cases, any Cash held for distribution on account of such Claims shall be property of the Liquidating Trust Estate, free of any restrictions thereon, and shall revert to the account from which such payment was originally issued to be distributed pursuant to the Plan. Nothing contained in the Plan shall require the Liquidating Trustee to attempt to locate any Holder of an Allowed Claim and the Liquidating Trustee may rely on the Schedules or any filed Proof of Claim for addresses for any distribution under the Plan.

R. Minimum Distributions

If the amount of Cash to be distributed to the Holder of an Allowed Claim is less than $25 on a particular GUC Distribution Date, the Liquidating Trustee may hold the Cash distributions to be made to such Holder until the aggregate amount of Cash to be distributed to such Holder is in an amount equal to or greater than $25. Notwithstanding the preceding sentence, if the amount of Cash distribution to any Holder of an Allowed Claim never aggregates

more than $25, then the Liquidating Trustee shall not be required to distribute Cash to any such Holder, and the resultant savings shall revert to the GUC Account to be distributed *Pro Rata* to other Holders of Allowed Claims.

S. Rounding

Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole cent, with one-half cent being rounded up to the nearest whole cent.

T. Setoffs and Recoupments

The Liquidating Trustee may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, exercise the right of setoff or recoupment against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before distribution is made on account of such Claim) the claims, rights and causes of action of any nature that the Debtor may hold against the Holder of such Allowed Claim; provided, however, that neither the failure to effect such a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by the Liquidating Trustee of any such claims, rights and causes of action that the Liquidating Trust may possess against such Holder.

U. Payment of Statutory Fees and Filing of Quarterly Reports

All fees pursuant to 28 U.S.C. § 1930 due and payable as of the Effective Date will be paid by the Liquidating Trustee from the Administrative Expense Claim Reserve or the GUC Account, as necessary, within ten (10) Business Days of the Effective Date. All quarterly reports of disbursements required to be filed shall be filed in accordance with applicable bankruptcy law. Any United States Trustee quarterly fees incurred pursuant to 28 U.S.C. § 1930(a)(6) shall continue to be paid from the Liquidating Trust until entry of a final decree, or until conversion or dismissal of the Bankruptcy Case. Any and all fees due and payable after the Effective Date shall be the sole and exclusive liability of the Liquidating Trust.

XVI. RECOMMENDATION AND CONCLUSION

The Debtor and the Committee believe the Plan provides the best available alternative for maximizing the recoveries that creditors may receive from the Estate. Therefore, the Debtor and the Committee recommend that all creditors that are entitled to vote on the Plan vote to accept the Plan.

Respectfully submitted,

CHRIST HOSPITAL

By: _____
Name: George Popko
Title: Liquidating Officer

OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF CHRIST HOSPITAL

By:_____
Name: Janice Klostermeier
Title: Chair

Dated: April 22, 2013