UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT
NEW HAVEN DIVISION

In re:	:	CHAPTER 11
	:	
NEOPS HOLDINGS, LLC,	:	CASE NO. 17-31017
NEW ENGLAND ORTHOTIC & PROSTHETIC SYSTEMS, LLC,	:	CASE NO. 17-31018
NEW ENGLAND O&P NEW YORK, INC.,	:	CASE NO. 17-31019
BERGMAN ORTHOTICS & PROSTHETIC, LLC,	:	CASE NO. 17-31020
SPINAL ORTHOTIC SYSTEMS, LLC,	:	CASE NO. 17-31021
AND CARLOW ORTHOPEDIC & PROSTHETIC, INC.	:	CASE NO. 17-31022
	:	Jointly Administered under
Debtors	:	CASE NO. 17-31017

SECOND AMENDED DISCLOSURE STATEMENT RELATING TO DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

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

COUNSEL TO THE DEBTORS-IN-POSSESSION

James Berman, Esq.
Joanna M. Kornafel, Esq.
10 Middle Street, 15th Floor
Bridgeport, CT 06604
(203) 368-4234

I. INTRODUCTION

NEOPS Holdings LLC ("NEOPS") and its Affiliates[1], New England Prosthetic and Orthotics Systems, LLC, New England O&P New York, Inc, Bergman Orthotics & Prosthetics LLC, Spinal Orthotic Systems, LLC and Carlow Orthotic Systems LLC, Debtors-in-Possession (collectively, the "Debtors"), are soliciting acceptances of their joint plan of reorganization (the "Plan") attached as Exhibit 1 to this Disclosure Statement. This solicitation is being conducted to obtain sufficient votes to enable the Plan to be confirmed by the Bankruptcy Court.

WHO IS ENTITLED TO VOTE: Prepetition Senior Secured Claims (Class 3). A ballot for the acceptance or rejection of the Plan is enclosed with the Disclosure Statement submitted to the holders of claims in classes that are entitled to vote.

THE DEBTORS RECOMMEND THAT CREDITORS IN CLASS 3 VOTE TO ACCEPT THE PLAN. The Plan reflects the agreement reach among the Debtors and AHM NEOPS Acquisition LLC ("AHM"), in its capacity as DIP Lender and Prepetition Senior Secured Lender, to reorganize the Debtors as a going concern and to implement a consensual deleveraging of the Debtors that will leave them with a significantly improved capital structure. The Debtors and AHM believe that if the Plan is confirmed, then the Debtors will emerge from the reorganization process well positioned to succeed, continuing to provide the best of care to their patients and, once again, becoming a valued customer to their venders.

The following table summarizes the treatment of Claims and Equity Interests under the Plan. For a complete explanation, please refer to the discussion in section V below, entitled "THE PLAN OF REORGANIZATION" and to the Plan itself.

[1] Unless otherwise noted, capitalized terms in the Disclosure Statement have the meanings set forth in the Plan.

II. SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN[1]

Class	Type of Claim or Equity Interest	Treatment	Approximate Allowed Amount	Approximate Percentage Recovery
1	Non-Tax Priority Claims	Unimpaired. Except to the extent that the Holder of an Allowed Non-Tax Priority Claim agrees to less favorable treatment, each Holder of a Class 1 Claims shall be paid in full in Cash, on the later of (x) when the Claim is Allowed or (y) the due date in the ordinary course of business giving rise to such Claim.	$	100%
2	Miscellaneous Secured Claims	Unimpaired. Except to the extent that the holder of an Allowed Miscellaneous Secured Claim agrees to less favorable treatment, each Holder of a Class 2 Claims shall receive Cash in the amount of their Allowed Claims when Allowed, or a the election of the Debtors or the Reorganized Debtors, either (x) Reinstatement (with the Holder, as applicable, as of the Effective Date until full and final payment thereof); or (y) return of the Collateral securing the Miscellaneous Secured Claim on the date on which such Claim becomes an Allowed Miscellaneous Secured Claim. If the Allowed Claim of a holder of a Miscellaneous Secured Claim is greater than the amount of the Miscellaneous Secured Claim, the difference shall be treated in Class 5.	$	100%
3	Prepetition Senior Lien Claims	Impaired. On the Effective Date, each Holder of an Allowed Prepetition Unsecured Lien Claim shall receive in full settlement, and in exchange for, such Claim, all New Common Shares not issued to satisfy the DIP Facility Claims.	$4,820,000	50%

[2] This table is only a summary of the classification and treatment of claims and equity interests

Class	Type of Claim or Equity Interest	Treatment	Approximate Allowed Amount[2]	Approximate Percentage Recovery
4	Prepetition Junior Lien Claim	Holders of Prepetition Junior Lien Claims shall receive no consideration in satisfaction of their Claims and are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Thus, they are not entitled to vote to accept or to reject the Plan and will not receive Ballots.		0
5	General Unsecured Claims	Impaired. Holders of General Unsecured Claims shall receive no consideration in satisfaction of their Claims and are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Thus, they are not entitled to vote to accept or to reject the Plan and will not receive Ballots.	$ 6,533,500.58	0
6	Equity Interests in the Debtors	Impaired. All Equity Interests in the Debtors shall be cancelled on the Effective Date. The Holders of Equity Interests shall receive no consideration for their Equity Interests and are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Thus, they are not entitled to vote to accept or to reject the Plan and will not receive Ballots.		0
7	Intercompany Interests	Unimpaired. Each Allowed Intercompany Interest shall be Reinstated for purposes of the Subsidiary Maintenance. The Holders of Intercompany Interests are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Thus, they are not entitled to vote to accept or to reject the Plan and will not receive ballots.	N/A	100%

A. Summary of Voting Procedures

If you are entitled to vote to accept or reject the Plan, a ballot is enclosed for voting purposes. If you hold claims in more than one class and you are entitled to vote claims in more than one class, you will receive separate ballots that must be used for each separate class of claims. Please vote and return your ballot(s) in accordance with the instructions set forth herein.

TO BE COUNTED, YOUR VOTE INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE PROPERLY COMPLETED IN ACCORDANCE WITH THE INSTRUCTIONS ON THE BALLOT, AND MUST BE **ACTUALLY RECEIVED** BY THE DEBTORS' VOTING AGENT, ZEISLER & ZEISLER, PC, **NO LATER THAN 4:00 P.M., PREVAILING EASTERN TIME, ON [XXX], 2017 (THE "VOTING DEADLINE")**. PLEASE RETURN YOUR PROPERLY COMPLETED BALLOT TO THE VOTING AGENT AT THE FOLLOWING ADDRESS:

ZEISLER & ZEISLER, PC
Attorneys for Debtors and Debtors In Possession
10 Middle Street, 15th Floor
Bridgeport, CT 06604
(203) 368-4234
Attn: James Berman, Esq. or Joanna M. Kornafel, Esq.

BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL **NOT** BE COUNTED. FAXED COPIES OF BALLOTS WILL **NOT** BE COUNTED.

ANY PROPERLY EXECUTED, TIMELY RECEIVED BALLOT THAT DOES NOT INDICATE EITHER ACCEPTANCE OR REJECTION OF THE PLAN WILL BE COUNTED AS A VOTE TO ACCEPT THE PLAN. ANY PROPERLY EXECUTED, TIMELY RECEIVED BALLOT THAT INDICATES BOTH ACCEPTANCE AND REJECTION OF THE PLAN WILL BE COUNTED AS A VOTE TO ACCEPT THE PLAN. **BALLOTS SHOULD NOT BE DELIVERED DIRECTLY TO THE DEBTORS, THE COURT OR THE COMMITTEE.**

If you are a holder of a Claim entitled to vote on the Plan and did not receive a ballot, received a damaged ballot, or lost your ballot, or if you have any questions concerning the procedures for voting on the Plan, please contact the Debtors' Voting Agent, ZEISLER & ZEISLER, PC, Attorneys for the Debtors, Attn: James Berman, Esq., 10 Middle Street, 15th Floor, Bridgeport, CT 06604, (203) 368-4234.

SUMMARIES OF CERTAIN PROVISIONS OF DOCUMENTS 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 DOCUMENT, INCLUDING THE DEFINITIONS OF TERMS CONTAINED IN SUCH DOCUMENT.

1) IF YOU HAVE THE FULL POWER TO VOTE A PREPETITON SENIOR LIEN CLAIM (CLASS 3):

Please complete the information requested on the Ballot, sign, date, and indicate your vote on the Ballot, and return your completed Ballot in the enclosed pre-addressed envelope so that it is actually received by the Voting Agent before the Voting Deadline.

B. Overview of Chapter 11 Process

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business for the benefit of itself and all economic parties in interest.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The confirmation of a plan of reorganization is the major objective of a chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan binding upon a debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor of, or holder of an equity interest in, a debtor. Subject to certain limited exceptions, the confirmation order discharges a debtor from any debt that arose prior to the date of confirmation of the plan with the obligations specified under the confirmed plan, the debtor's only obligations with respect to claim or interests arising prior to the commencement of the chapter 11 case.

In order to solicit acceptances of a proposed plan, section 1126 of the Bankruptcy Code requires a debtor to conduct such solicitation, pursuant to a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. The Debtors are submitting this Disclosure Statement in accordance with the Disclosure Statement Order and the requirements of sections 1125 and 1126 of the Bankruptcy Code.

III.

DESCRIPTION OF THE BUSINESS

A. Description of Operating Businesses

NEOPS is a leading provider of state-of-the -at orthotic and prosthetic ("O&P") patient care and services. It was founded in 1998 with the purpose of creating a more "practitioner and patient friendly" O&P company in the underpenetrated New England market. NEOPS focuses on the custom O&P market rather than on generic, off the shelf products and provides numerous patient services including orthotics, prosthetics, compression therapy, cranial orthosis and in-service presentations.

NEOPS is headquartered in Branford, Connecticut and operates out of approximately 21 leased locations across Connecticut, Massachusetts, New York and Rhode Island with additional supply service cabinets at hospitals and physician clinic locations. Each branch is typically staffed with a lad practitioner (orthotist and/or prosthetist, supporting clinicians, which depends on the

branch size, and an officer manager or office administrator. NEOPS has approximately 130 employees in its workforce.

NEOPS also has a fabrication facility where it manufactures some of the custom O&P products. The remaining products are made by approved suppliers.

B. Prepetition Indebtedness

1. Prepetition Senior Lien Claim

Pursuant to that certain Revolving Credit and Term Loan Agreement Loan Agreement dated as of May 4, 2012, First Niagara Bank, N.A. ("***First Niagara***") provided New England Orthotics & Prosthetics Systems, LLC and NEOPS a Revolving Credit Loan in the maximum principal amount up to $4,000,000 and a Term Loan in the original principal amount of $8,000,000. As of the Petition Date, the principal amount outstanding on the revolving loan is $3,900,000, and the principal amount on the term loan is $920,000 (plus any interest, fees, expenses, and disbursements (including, without limitation, attorneys' fees, related expenses, and disbursements), indemnification obligations and other charges of whatever nature, whether or not contingent, whenever arising, due or owing in respect thereof. In the fall of 2016, KeyBank, National Association ("***KeyBank***") succeeded to First Niagara's interest in the First Lien Obligations as a result of KeyBank's acquisition of First Niagara. The debtors, New England O&P New York, Inc., Carlow Orthopedic & Prosthetic, Inc., and Bergman Orthotics & Prosthetics, LLC guaranteed the Prepetition Senior Lien Claim.

2. Prepetition Junior Lien Claim

On November 6, 2013, F.N.B. Capital Partners, L.P., now known as Tecum Capital Partners ("***Tecum***") loaned $4,000,000 to Holdings and NEOPS, as evidenced by that certain Senior Subordinated Promissory Note dated November 6, 2013. As of the Petition Date, the principal amount outstanding to Tecum is $5,112,380 (plus any interest, fees, expenses, and disbursements (including, without limitation, attorneys' fees, related expenses and disbursements), indemnification obligations, and other charges of whatever nature, whether or not contingent, whenever arising, due or owing in respect thereof).

On November 6, 2013, Edward Epstein ("Epstein") loaned $1,000,000 to Holdings and NEOPS. As of the Petition Date the principal amount outstanding is $1,278,095 (plus any interest, fees, expenses, and disbursements (including, without limitation, attorneys' fees, related expenses, and disbursements), indemnification obligations, and other charges of whatever nature, whether or not contingent, whenever arising, due or owing in respect thereof.

3. Prepetition Liens and Prepetition Collateral

Prior to the Petition Date, NEOPS and New England Orthotics and Prosthetics Systems LLC granted (a) first priority security interests in and liens on substantially all of their prepetition assets to First Niagara and (b) second priority security interests in and liens on substantially all of their prepetition assets Collateral to Tecum and Epstein. Tecum and Epstein share their second position security interest *pari passu*.

Pursuant to that certain Intercreditor Agreement and Subordination Agreement dated November 6, 2013 (as amended, supplemented, or modified prior to the Petition Date, the "***Intercreditor Agreement***"), the Prepetition Junior Lien Claim is subordinate to the Prepetition Senior Lien Claim.

4. Transfer of Prepetition Senior Lien Claim

Prior to the Petition Date, pursuant to that certain Loan Purchase Agreement dated July 10, 2017, by and among KeyBank and AHM, KeyBank, sold, assigned, transferred, and conveyed to AHM and AHM purchased and accepted from KeyBank, all of KeyBank's right, title, and interest in, under and to the Prepetition Senior Lien Claim and the collateral therefor.

5. Pre-Petition General Unsecured Claim

As of the Petition Date, the Debtors also had outstanding trade payables, accrued expenses, and other general unsecured obligations of approximately $5,303,691.12, excluding disputed claims in their entirety and any General Unsecured Claims that may arise as the result of the rejection of executory contracts.

6. Miscellaneous Secured Claims

7. Allocation of Assets and Liabilities Among the Debtors.

All purchase orders were issued by New England Orthotics and Prosthetic Systems, LLC. NEOPS and New England Orthotics and Prosthetics, LLC are the principal obligors on all financings. The latter was the recipient of the proceeds from all financings. NEOPS owns only the Equity Interests of New England Orthotics and Prosthetics Systems, LLC and New England O&P New York, Inc. All other material assets are owned solely by New England Orthotics and Prosthetics Systems, LLC. The Debtors do not maintain separate books and records. Though some billing is done through Carlow Orthopedic and Prosthetic, Inc for historical reasons, all accounts receivable for the Debtors are recorded as assets of New England Orthotic and Prosthetic Systems, LLC. No intercompany claims are reflected in the Debtors' records.

III.
EVENTS LEADING TO THE COMMENCEMENT OF THE REORGANIZATION CASES

While varying events may have contributed to the Debtors' seeking to reorganize in bankruptcy, the precipitating cause was the lack of working capital and the inability to borrow any funds to allow for continued operation outside the Chapter 11 process.

The Pre-Petition Sales Process

From December 2016 to February 2017, the Debtors' availability under its loan facility decreased by approximately $500,000 and went from positive to negative during that time. The loan facility itself was terminated effective February 28, 2017. During the Spring of 2017, NEOPS experienced a liquidity crisis, was out of cash, and concerned about making payroll. As a result, CR3 Partners was retained to assess the Debtors' business.

CR3 issued a projection on March 23 that projected NEOPS would not have availability starting the week ended April 8 and continuing from that date on. The shortfall increased dramatically the week ended May 6. The Debtors concluded that they required funding and the prospect that a Chapter 11 filing might be necessary. The Debtors initially approached KeyBank to provide a $1,500,000 advance most likely in the form of debtor-in-possession financing.

Due to its impending liquidity crisis, the Debtors also attempted to raise funds internally from the largest stakeholders: Tecum, which as noted, holds a second position secured claim against the Debtors' assets, Summer Street, which is a creditor and the Debtors' largest equity security holder, and the two founders of the business who are also directors and creditors. The discussions also contemplated KeyBank possibly participating in the loan. The loan under discussion would have primed the existing secured creditors, called for a "risk premium" of 20 percent, and would have been advanced on a first out basis.

Other than Summer Street, these stakeholders, notwithstanding that the survival of the business was at stake, either were not interested or, in the case of Tecum, did not commit. Tecum would not provide Debtor-in-Possession financing. It offered that under certain conditions it might consider a loan with everyone else prior to bankruptcy. Tecum's share of the loan would have been about $200,000.00.

In any event, KeyBank ultimately decided that it did not want to loan any further funds to the Debtors, and it did not want anyone else to prime it. Like the other stakeholders, KeyBank had concluded that the risk outweighed any potential upside that may have been derived from providing more working capital to the Debtors. It was about that time that the Debtors engaged in a sale process in order to avoid what would have otherwise been a liquidation by KeyBank.

In March of 2017, Matt Harnett of Tecum met representatives of SSG at an industry conference. SSG is an independent boutique investment bank that assists middle market companies, as well as their stakeholders, in completing special situation transactions. SSG is a specialist in mergers and acquisitions, financial advisory, private placements of debt and equity, financial restructurings and valuations, with expertise in distressed, complex and fast-moving financial markets. Since 2001, SSG has successfully completed over 350 special situation investment banking assignments on behalf of clients in North America and Europe and is a leader in the industry. SSG favorably impressed Tecum.

Tecum then urged the Debtors to retain SSG to sell the Debtors' business. Tecum believed that a sale was the only way it might be able to recover anything and recognized, like the Debtors, that in liquidation, not even KeyBank could expect anything like a full recovery: "They [KeyBank] would be crazy to do the non-sale option. They wouldn't get as close to a recovery. . . .." April 18, 2017 email from Tecum's Matt Hartnett.

The Debtors agreed to retain SSG on April 25, 2017 to evaluate strategic alternatives, including a sale of the Company in whole or in parts, or finding a "white knight" buyer for the KeyBank claim who would be willing to make the advance that both KeyBank and parties with the largest economic interest in the Debtors, such as Tecum, were unwilling to do. SSG visited the Company on May 2nd and 3rd to meet with management and conduct initial due diligence on NEOPS.

Following the initial management meeting, SSG populated an online data room and drafted a Confidential Information Memorandum ("CIM") which articulated the strengths of the Company, its distinct advantages and historical & projected financial performance. Concurrent with performing due diligence and preparing the CIM, SSG worked with the Company and its financial advisor to create a list of strategic and financial investors that were likely to consider acquiring the Company as a whole or in parts, and have the financial wherewithal to consummate a transaction in an expeditious manner. Unlike many similar situations, the Debtors did not attempt to limit the universe of buyers, for example, by instructing SSG to avoid competitors. The buyers list consisted of the following categories: Orthotic and Prosthetic Companies, Strategic Parties in Related Industries, & Opportunistic Financial Sponsors. SSG began its marketing process during the week of May 16, 2017. SSG contacted 122 parties, received 34 signed NDAs and received four Letters of Intent. During the course of the process, SSG conducted weekly update conference calls which included the Debtors, KeyBank, and Tecum.

Otto Bock Healthcare LP ("Otto Bock"), one of the three members on the Committee, did extensive due diligence which involved the visit of a six man "swat team" to pour over the information furnished by SSG. The Debtors were hopeful that Otto Bock would make an offer; but instead of an offer, they received a email that as a result of its due diligence, it was dropping out. Argosy Credit Partner also signed a letter of intent but also dropped out when it could not reach a deal with KeyBank. The Center of Orthotic & Prosthetic Care (COPC) was the third party that signed an LOI and was ultimately outbid by AHM's affiliate. Hanger Inc., which is the parent of Southern Prosthetic Supply, Inc., another member of the three member Committee signed an NDA for the SSG process. Hanger, however, did not meaningfully pursue the opportunity further.

The SSG process was in itself sufficient to elicit the highest and best offer for the business; however, there were serious efforts by the Debtors to sell the business to Hanger and/or Otto Bock since 2014, which were unsuccessful. In short, , the NEOPS opportunity was well known in the industry before SSG was engaged.

Finally, every major stakeholder had the opportunity to purchase the KeyBank debt. Tecum signed an NDA for the SSG process and said it would look hard at buying the KeyBank debt. Notwithstanding that Tecum knew it could have bought the debt from KeyBank and was an active participant in the process it made no offer.

IV.
THE REORGANIZATION CASES

On July 11, 2017, the Debtors filed their voluntary petitions for the relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). In accordance with the sections 1107 and 1108 of the Bankruptcy Code, the Debtors are authorized to continue to operate their businesses as a debtors-in-possession. No trustee or examiner has been appointed in these proceedings.

A. Use of Cash Collateral and Borrowing

To enable the continued operation of their business, avoid short-term liquidity concerns, and

preserve the going concern value of their estates, the Debtors obtained approval to borrow from AHM and to use cash collateral as defined by the Bankruptcy Code.

B. Creditors' Committee

Pursuant to section 1102(a) and (b) of the Bankruptcy Code, on July 21, 2017, the U.S. Trustee appointed a Committee to represent the interests of unsecured creditors in the Reorganization Cases. The current members of the Committee are:

Creditors' Committee Members	
Southern Prosthetic Supply, Inc. Attention: Chuck Talley, VP of Finance 6025 Shiloh Road, Suite A Alpharetta, GA 30005 Telephone: (512) 777-3952 Email: ctalley@hanger.com	Cascade Orthopedic Supply, Inc. Attention: Kimberly M. Wagenman, Credit and Collections Manager 2636 Aztec Drive Chico, CA 95928-8249 Telephone: (530) 762-1505 Email:kwagenamn@cascade-usa.com
Otto Bock Healthcare, LP Attention: Kathy Schuerman, VP of Finance 11501 Alterra Parkway, Suite 600 Austin, TX 78758 Telephone: (512) 806-2660 Email: al.li@ottobock.com	

C. Retention of Professionals. The Debtors have retained a series of professionals to assist with the reorganization process, including attorneys, accountants, financial and real estate advisors.

D. Refunds to Patients. The Debtors obtained permission to refund any payments due patients outside of the plan process before a plan of reorganization is confirmed and have made all such refunds and will continue to pay such claims that arise Post-petition in the ordinary course.

E. Bar Date.

The Bankruptcy Court issued an order (the "Bar Date Order") establishing October 30, 2017 as the date by which proofs of claims (of parties other than governmental units) against the Debtors were to be filed in the Reorganization Cases (the "Bar Date"). A notice of the Bar Date was sent to all creditors as part of the Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors, and Deadlines dated July 12, 2017.

V.

THE PLAN OF REORGANIZATION

A. Introduction

The Plan provides for a restructuring of the Debtors' financial obligations which will result in a significant deleveraging of the Debtors. The Debtors believe that the proposed restructuring will provide them with the necessary liquidity to compete effectively and grow their operations.

The following is a general discussion of the provisions of the Plan. In the event of any discrepancies, the terms of the Plan will govern.

One of the key concepts under the Bankruptcy Code is that only claims and equity interests that are "allowed" may receive distributions under a chapter 11 plan. This term is used throughout the Plan and the descriptions below. In general, an "allowed" claim or "allowed" equity interest simply means that the debtor agrees, or in the event of a dispute, that the Bankruptcy Court determines, that the claim or equity interest, and the amount thereof, is in fact a valid obligation of the debtor. Section 502(a) of the Bankruptcy Code provides that a timely filed claim or equity interest is automatically "allowed" unless the debtor or other party in interest objects. However, section 502(b) of the Bankruptcy Code specifies certain claims that may not be "allowed" in bankruptcy even if a proof of claim is filed. These include, but are not limited to, claims that are unenforceable under the governing agreement between a debtor and the claimant or applicable non-bankruptcy law, claims for unmatured interest, property tax claims in excess of the debtor's equity in the property, claims for services that exceed their reasonable value, real property lease and employment contract rejection damage claims in excess of specified amounts, late-filed claims, and contingent claims for contribution and reimbursement. Additionally, Bankruptcy Rule 3003(c)(2) prohibits the allowance of any claim or equity interest that either is not listed on the debtor's schedules or is listed as disputed, contingent, or unliquidated, if the holder has not filed a proof of claim or equity interest before the established deadline.

The Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan divide the different claims against, and equity interests in, the debtor into separate classes based upon their legal nature. Claims of a substantially similar legal nature are usually classified together, as are equity interests of a substantially similar legal nature. Because an entity may hold multiple claims and/or equity interests which give rise to different legal rights, the "claims" and "equity interests" themselves, rather than their holders, are classified.

Under a chapter 11 plan, the separate classes of claims and equity interests must be designated either as "impaired" (affected by the plan) or "unimpaired" (unaffected by the plan). If a class of claims is "impaired," the Bankruptcy Code affords certain rights to the holders of such claims, such as the right to vote on the plan, and the right to receive, under the chapter 11 plan, no less value than the holder would receive if the debtor were liquidated in a case under chapter 7 of the Bankruptcy Code. Under section 1124 of the Bankruptcy Code, a class of claims or interests is "impaired" unless the plan (i) does not alter the legal, equitable and contractual rights of the holders or (ii) irrespective of the holders' acceleration rights, cures all defaults (other than those arising from the debtor's insolvency, the commencement of the case or nonperformance of a nonmonetary obligation), reinstates the maturity of the claims or interests in the class, compensates the holders

for actual damages incurred as a result of their reasonable reliance upon any acceleration rights, and does not otherwise alter their legal, equitable and contractual rights. Typically, this means that the holder of an unimpaired claim will receive on the later of the consummation date or the date on which amounts owing are actually due and payable, payment in full, in Cash, with post-petition interest to the extent appropriate and provided for under the governing agreement (or if there is no agreement, under applicable non-bankruptcy law), and the remainder of the debtor's obligations, if any, will be performed as they come due in accordance with their terms. Thus, other than its right to accelerate the debtor's obligations, the holder of an unimpaired claim will be placed in the position it would have been in had the debtor's case not been commenced. Pursuant to 1126(f) of the Bankruptcy Code, holders of unimpaired claims or interests are "conclusively presumed" to have accepted the plan. Accordingly, their votes are not solicited. Under the Debtors' Plan, there is no class of claims which are unimpaired, and, therefore, there are no holders of claims who are "conclusively presumed" to have voted to accept the Plan.

Under certain circumstances, a class of claims or equity interests may be deemed to reject a plan of reorganization. For a more detailed description of the requirements for confirmation, see section VIII below, entitled "CONFIRMATION OF THE PLAN OF REORGANIZATION -- Requirements for Confirmation of the Plan of Reorganization."

B. UNCLASSIFED CLAIMS UNDER THE PLAN

1. Administrative Expense Claims

On the later of the Effective Date or the date on which an Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or, in each such case, as soon as practicable thereafter, each Holder of an Allowed Administrative Expense Claim, subject to the treatment of Professional Fee Claims and DIP Facility Claims, described immediately below, will receive, in full satisfaction, settlement, discharge and release of, and in exchange for, such Claim either (i) payment in full in Cash for the unpaid portion of such Allowed Administrative Expense Claim; or (ii) such other less favorable treatment as agreed to in writing by the Debtors or Reorganized Debtors, as applicable, and such Holder; provided, however, that Administrative Expense Claims incurred by the Debtors in the ordinary course of business may be paid in the ordinary course of business in the discretion of the Debtors or Reorganized Debtors in accordance with such applicable terms and conditions relating thereto without further notice to or order of the Bankruptcy Court; provided, further, however, that other than Holders of (i) DIP Facility Claims, (ii) Professional Fee Claims, (iii) Administrative Expense Claims Allowed by an order of the Bankruptcy Court on or before the Effective Date, or (iv) Administrative Claims that are not Disputed and arose in the ordinary course of business and were paid or are to be paid in accordance with the terms and conditions of the particular transaction giving rise to such Administrative Expense Claim, the Holder of any Administrative Expense Claim shall have filed a Proof of Claim by no later than the Administrative Claims Bar Date. After the Effective Date, the Reorganized Debtors may settle an Administrative Expense Claim without further Bankruptcy Court approval. In the event that the Reorganized Debtors object to an Administrative Expense Claim and there is no settlement, the Bankruptcy Court shall determine the Allowed amount of such Administrative Expense Claim. All statutory fees payable under 28 U.S.C. § 1930(a) shall be paid as such fees become due.

2. **Professional Fee Claims**

Professionals or other Entities asserting a Professional Fee Claim for services rendered through the Effective Date must File, within thirty (30) days after the Effective Date, and serve on the Reorganized Debtors and such other Entities who are designated by the Bankruptcy Rules, the Confirmation Order or other order of the Bankruptcy Court an application for final allowance of such Professional Fee Claim.

Objections to any Professional Fee Claim must be Filed and served on the Reorganized Debtors and the requesting party by the later of (a) sixty (60) days after the Effective Date and (b) thirty (30) days after the Filing of the applicable request for payment of the Professional Fee Claim. Each Holder of an Allowed Professional Fee Claim will be paid by the Reorganized Debtors in Cash within five (5) Business Days of entry of the order approving such Allowed Professional Fee Claim.

3. **DIP Facility Claims**

On the Effective Date, in full satisfaction, settlement, discharge and release of, and in exchange for, such DIP Facility Claims, all DIP Facility Claims will be indefeasibly paid and satisfied in full in New Common Shares. Except as otherwise expressly provided in the DIP Facility, upon indefeasible payment and satisfaction in full of all DIP Facility Claims, the DIP Facility Loan Documents and all related loan documents, and all Liens and security interests granted to secure the DIP Facility Claims, will be immediately terminated, extinguished and released, and the DIP Lender will promptly execute and deliver to the Reorganized Debtors such instruments of termination, release, satisfaction and/or assignment (in recordable form) as may be reasonably requested by the Reorganized Debtors to effectuate the foregoing. Notwithstanding the foregoing, the DIP Facility Loan Documents shall continue in effect solely for the purpose of preserving the DIP Lender's right to any contingent or indemnification obligations of the Debtors pursuant and subject to the terms of the DIP Facility Loan Documents or DIP Orders.

4. **Priority Tax Claims**

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to less favorable treatment, in exchange for full and final satisfaction, settlement release and discharge of each Allowed Priority Tax Claim, on the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim will receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Priority Tax Claim, at the election of the Debtors or Reorganized Debtors: (1) Cash in an amount equal to the amount of such Allowed Priority Tax Claim; (2) Cash in an amount agreed to by such Holder and the Debtors or Reorganized Debtors, as applicable; provided, however, that such parties may further agree for the payment of such Allowed Priority Tax Claim at a later date; or (3) at the option of the Debtors, Cash in an aggregate amount of such Allowed Priority Tax Claim payable in installment payments over a period not more than five years after the Petition Date, pursuant to section 1129(a)(9)(C) of the Bankruptcy Code. Payment of statutory fees due pursuant to 28 U.S.C. § 1930(a)(6) will be made at all appropriate times until the entry of a final decree; provided, however, that the Debtors or Reorganized Debtors, as applicable, may prepay any or all such Claims at any time, without premium or penalty.

C. SUMMARY OF CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

Class	Claim	Status	Voting Rights
1	Non-Tax Priority Claims	Unimpaired	Deemed to Accept
2	Miscellaneous Secured Claims	Unimpaired	Deemed to Accept
3	Prepetition Senior Lien Claims	Impaired	Entitled to Vote
4	Prepetition Junior Lien Claims	Impaired	Deemed to Reject
5	General Unsecured Claims	Impaired	Deemed to Reject
6	Equity Interests in the Debtors	Impaired	Deemed to Reject
7	Intercompany Interests	Unimpaired	Deemed to Accept

Elimination of Vacant Classes

Any Class that, as of the commencement of the Confirmation Hearing, does not have at least one Holder of a Claim or Equity Interest that is Allowed, or Claims or Equity Interests temporarily allowed for voting purposes under Bankruptcy Rule 3018(a), in an amount greater than zero for voting purposes shall be considered vacant, deemed eliminated from this Plan for purposes of voting to accept or reject this Plan, and disregarded for purposes of determining whether this Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to such Class.

D. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

1) **Class 1 – Non-Tax Priority Claims**

   a) Classification: Class 1 consists of the Non-Tax Priority Claims.

   b) Treatment: Each Holder of an Allowed Non-Tax Priority Claim will receive in full satisfaction, settlement, discharge and release of, and in exchange for, its Allowed Non-Tax Priority.

      i) Cash equal to the amount of such Allowed Non-Tax Priority Claim on the later of: or, in each case, as soon as reasonably practicable thereafter, (x) the date on which such Non-Tax Priority Claim becomes an Allowed Non-Tax Priority Claim or (y) the date due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Non-Tax Priority Claim; or

      ii) At the election of the Debtors, such other less favorable treatment as to which the Holder of such Allowed Non-Tax Priority Claim and the Debtors or Reorganized Debtors, as applicable, agree in writing.

   c) Impairment and Voting: Class 1 is Unimpaired, and the Holders of Non-Tax Priority Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Non-Tax Priority Claims are not entitled to vote to accept or reject the Plan and will not receive Ballots.

2) **Class 2 – Miscellaneous Secured Claims**

a) Classification: Class 2 consists of the Miscellaneous Secured Claims.

b) Treatment: Each Holder of an Allowed Miscellaneous Secured Claim will receive in full satisfaction, settlement, discharge and release of, and in exchange for, its Allowed Miscellaneous Secured Claim:

i) Cash equal to the amount of such Allowed Miscellaneous Secured Claim on the date on which such Miscellaneous Secured Claim becomes an Allowed Miscellaneous Secured Claim; or

ii) At the election of the Debtors or Reorganized Debtors, as applicable, either: (x) Reinstatement (with the Holder, as applicable, retaining the Liens securing its Allowed Miscellaneous Secured Claim as of the Effective Date until full and final payment thereof); (y) return of the Collateral securing such Allowed Miscellaneous Secured Claim by the date on which such Miscellaneous Secured Claim becomes and Allowed Miscellaneous Secured Claim; or (z) such other less favorable treatment as to which the Holder of such Allowed Miscellaneous Secured Claim and the Debtors or Reorganized Debtors, as applicable, will have agreed upon in writing.

iii) Impairment and Voting: Class 2 is Unimpaired, and the Holders of such Miscellaneous Secured Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders of Miscellaneous Secured Claims are not entitled to vote to accept or reject the Plan and may not receive Ballots.

3) **Class 3 – Prepetition Senior Lien Claims**

a) Classification: Class 3 consists of the Prepetition Senior Lien Claims

b) Allowance: Notwithstanding any provisions of the Plan to the contrary the Prepetition Senior Lien Claims will be deemed Allowed Claims in the aggregate amount of $4,820,000, plus accrued and unpaid interest, fees and expenses.

c) Treatment: On the Effective Date each Holder of an Allowed Prepetition Senior Lien Claim will receive, in full satisfaction, settlement, discharge and release of: and in exchange for, such Allowed Prepetition Senior Lien Claim, all New Common Shares not issued to satisfy the DIP Facility Claims.

d) Impairment and Voting: Class 3 is Impaired, and Holders of Class 3 Claims are entitled to vote to accept or reject the Plan and will receive Ballots.

4) **Class 4 – Prepetition Junior Lien Claims**

a) Classification: Class 4 consists of the Prepetition Junior Lien Claims.

b) Treatment: Holders of Prepetition Junior Lien Claims will receive no payment in satisfaction of their Claims.

c) Impairment and Voting: Class 4 is Impaired, and Holders of Prepetition Junior Lien Claims are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Thus, Holders of General Unsecured Claims are not entitled to vote to accept or reject the Plan and will not receive Ballots.

5) **Class 5—General Unsecured Claims**

a) Classification: Class 5 consists of the General Unsecured Claims.

b) Treatment: Holders of General Unsecured Claims will receive no payment in satisfaction of their Claims.

c) Impairment and Voting: Class 5 is Impaired. Holders of General Unsecured Claims are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Thus, Holders of General Unsecured Claims are not entitled to vote to accept or reject the Plan and will not receive Ballots.

6) **Class 6 – Equity Interests in the Debtors**

a) Classification: Class 6 consists of the Equity Interests in the Debtors.

b) Treatment: All Equity Interests in the Debtors shall be cancelled upon the occurrence of the Effective Date. Holders of Equity Interests in the Debtors shall receive no payment in satisfaction of their Equity Interests.

c) Impairment and Voting: Class 6 is Impaired. Holders of Equity Interests are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Thus, Holders of Equity Interests in the Debtors are not entitled to vote to accept or reject the Plan and will not receive Ballots.

7) **Class 7 – Intercompany Interests**

a) Classification: Class 7 consists of the Intercompany Interests.

b) Treatment: Each Allowed Intercompany Interest shall be Reinstated for purposes of the Subsidiary Structure Maintenance.

c) Impairment and Voting: Class 7 is Unimpaired, and Holders of Intercompany Interests are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Thus, the Holders of the Intercompany Interests are not entitled to vote to accept or reject the Plan and will not receive Ballots.

V. MEANS FOR IMPLEMENTTAION OF THE PLAN

1) Payments by the Reorganized Debtors

Except as otherwise provided in the Plan or the Confirmation Order, all Cash necessary for the Reorganized Debtors to make payments required under the Plan will be obtained from the Reorganized Debtors' Cash Balances, including Cash from operations. Cash payments to be made pursuant to the Plan will be made by and be the responsibility of the Reorganized Debtors.

2) Substantive Consolidation

Through the Plan, the Debtors are requesting substantive consolidation for voting and distribution purposes only. Notwithstanding the foregoing, each Reorganized Debtor shall retain its separate and independent corporate or company existence post Effective Date.

3) Corporate Existence and Governance

A. *Organizational Documents*

The Debtors all will continue to exist after the Effective Date as separate legal entities, with all of the powers of corporations, limited liability companies, memberships and partnerships pursuant to the applicable law in their states of incorporation or organization subject to the terms of, and except as otherwise provided in or by, the Plan and the Alternative Structures. The respective limited liability company agreements, articles or certificate of incorporation and bylaws (or other applicable formation documents) in effect prior to the Effective Date for each Debtor shall continue to be in effect after the Effective Date, except (i) with respect to Reorganized NEOPS, as to which there shall be amended and restated limited liability company agreement or other applicable organizational documents as set forth in the Amended Organization Documents Filed as an exhibit with the Plan Supplement without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date and (ii) as any other Debtor's limited liability company agreements, articles or certificate of incorporation or by-laws (or other formation documents) may be amended or amended and restated pursuant to this Plan without any further notice to or action, order, or approval of the Bankruptcy Court or any other court of competent jurisdiction (other than the requisite filings required under applicable state, provincial, or federal law).

B. *Officers and Boards of the Reorganized Debtors*

As of the Effective Date, the only officer and director/manager of the Reorganized Debtors shall be Andrew Meyers. Andrew Meyers shall not receive compensation as an officer or director/manager.

As of the Effective Date, the operation of the Reorganized Debtors shall become the general responsibility of their respective Boards, subject to, and in accordance with, their respective amended organizational documents or existing organizational documents. Biographical information regarding Andrew Meyers will be contained in the Plan Supplement. If any other officers and directors/managers are identified prior to the Confirmation Hearing, they will be set forth, together with biographical information, in the Plan Supplement.

Except as set forth in the Plan, all other officers and directors of the Debtors shall be deemed removed as of the Effective Date.

4) Issuance of New Common Shares --Securities Law Matters - Exemptions from Registration

From and after the Effective Date, Reorganized NEOPS will be authorized to and will issue the New Common Shares to the Holders of Claims, as applicable, as set forth in this Plan without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity. On the Effective Date one hundred percent (100%) of the Exchange Common Shares are to be distributed (or issuable under the Amended Organizational Documents), as provided in the Plan, to Holders of Allowed DIP Facility Claims and Prepetition Senior Lien Claims. The issuance of New Common Shares by Reorganized NEOPS is authorized without the need for any further corporate action or without any further action by the Debtors or the Reorganized Debtors, as applicable. All of the shares of New Common Shares issued pursuant to the Plan shall be duly authorized and validly issued.

On the Effective Date, Reorganized NEOPS and all the Holders of the Exchange Common Shares shall be deemed to be parties to the Amended Organizational Documents, substantially in the form contained in the Plan Supplement, without the need for execution by any such Holder. The Amended Organizational Documents shall be binding on Reorganized NEOPS and all parties receiving, and all holders of, New Common Shares; provided, that regardless of whether such parties execute the Amended Organizational Documents, such parties will be deemed to have signed the Amended Organizational Documents, which shall be binding on such parties as if they had actually signed it.

As of the Petition Date, no class of Equity Securities of NEOPS was registered under the Securities Exchange Act, and NEOPS was not subject to any of the periodic reporting obligations of such Act. Except as otherwise provided under the Amended Organizational Documents, or unless otherwise determined by the New Board in accordance with applicable non-bankruptcy law, it is not intended that, from or after the Effective Date, Reorganized NEOPS will have any class of its Equity Securities registered under or become subject to any of the periodic reporting obligations of such Act.

To the extent that any such instruments constitute "securities" under applicable securities laws, the offer of Exchange Common Shares pursuant to the Plan shall be effected without registration under Section 5 of the Securities Act, and without registration under any applicable state securities or "blue sky" law, in reliance upon the exemption from such registration requirements afforded by section 1145 of the Bankruptcy Code. Section 1145(a) of the Bankruptcy Code generally exempts from such registration requirements the issuance of securities if the following conditions are satisfied: (i) the securities are issued or sold under a chapter 11 plan by (A) a debtor, (B) one of its affiliates participating in a joint plan with the debtor, or (C) a successor to a debtor under the plan; and (ii) are satisfied: (i) the securities are issued or sold under a chapter 11 plan by (A) a debtor, (B) one of its affiliates participating in a joint plan with the debtor, or (C) a successor to a debtor under the plan; and (ii) the securities are issued entirely in exchange for a claim against or interest in the debtor or such affiliate, or are issued principally in such exchange and partly for cash or property. The Debtors believe that the exchange of 1145 Securities for Claims against the Debtors under the

circumstances provided in the Plan will satisfy the requirements of section 1145(a) of the Bankruptcy Code. The 1145 Securities will be "restricted securities" under applicable federal securities laws upon issuance on the Effective Date.

The New Common Shares of Reorganized NEOPS shall constitute a single class of Equity Security in Reorganized NEOPS, and there shall exist no other Equity Securities, warrants, options, or other agreements to acquire any equity interest in Reorganized NEOPS. From and after the Effective Date, after giving effect to the transactions contemplated hereby, the authorized capital stock or other equity securities of Reorganized NEOPS will be that number of shares of New Common Shares as may be designated in the Amended Organizational Documents.

VI. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption and Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, all Executory Contracts and Unexpired Leases of the Debtors will be deemed assumed by the applicable Reorganized Debtor in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, except for those Executory Contracts (including, without limitation, employment agreements) and Unexpired Leases that:

- have previously expired or terminated pursuant to their own terms or by agreement of the parties thereto;
- have been rejected by order of the Bankruptcy Court;
- are the subject of a motion to reject pending on the Effective Date;
- are identified in the Rejected Executory Contract/Unexpired Lease List; or
- are rejected pursuant to the terms of the Plan.

Without amending or altering any prior order of the Bankruptcy Court approving the assumption or rejection of any Executory Contract or Unexpired Lease, entry of the Confirmation Order by the Bankruptcy Court will constitute approval of such assumptions and rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code. To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed or assumed and assigned pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the Reorganized Debtors' assumption or assumption and assignment of such Executory Contract or Unexpired Lease, then such provision will be deemed modified such that the transactions contemplated by the Plan will not entitle the non-debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Each Executory Contract and Unexpired Lease assumed pursuant to this Article of the Plan will revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable law.

B. Assignment of Executory Contracts or Unexpired Leases

In the event of an assignment of an Executory Contract or Unexpired Lease to an Entity other than a Debtor or its successor, at least ten (10) days prior to the Confirmation Hearing, the Debtors will serve upon counterparties to such Executory Contracts and Unexpired Leases a notice of the proposed assumption and assignment that will: (a) list the applicable monetary cure amount, if any; (b) identify the party to which the Executory Contact or Unexpired Lease will be assigned; (c) describe the procedures for filing objections thereto; and (d) explain the process by which related disputes will be resolved by the Bankruptcy Court. Additionally, the Debtors will file with the Bankruptcy Court a list of such Executory Contracts and Unexpired Leases to be assigned and the proposed monetary cure amounts. Any applicable cure will be satisfied as set forth in ARTICLE VI.D.

C. Rejection of Executory Contracts or Unexpired Leases

All Executory Contracts and Unexpired Leases identified in the Rejected Executory Contract/Unexpired Lease List shall be deemed rejected as of the Effective Date. The Confirmation Order will constitute an order of the Bankruptcy Court approving the rejections identified in the Rejected Executory Contract/Unexpired Lease List and this Article of the Plan pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date.

All Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Bankruptcy Court within twenty-one (21) days after the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection or such other time as may be set by such order (the "*Rejection Claim Bar Date*"). The Debtors or Reorganized Debtors, as the case may be, will provide notice of such rejection and specify the appropriate deadline for the filing of such Proof of Claim. The deadline for filing a Proof of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases pursuant to a prior order of the Bankruptcy Court shall be as set forth in such order; provided, however if such order does not set such a deadline, the deadline shall the Rejection Claim Bar Date. Each Claim arising from the rejection of any Executory Contract or Unexpired Lease shall be treated as a General Unsecured Claim subject to any applicable limitation or defense under the Bankruptcy Code and applicable law.

Any Entity that is required to File a Proof of Claim arising from the rejection of an Executory Contract or an Unexpired Lease that fails to timely do so will be forever barred, estopped and enjoined from asserting such Claim, and such Claim will not be enforceable, against the Debtors, the Reorganized Debtors or the Estates, and the Debtors, the Reorganized Debtors and their Estates and property will be forever discharged from any and all indebtedness and liability with respect to such Claim unless otherwise ordered by the Bankruptcy Court or as otherwise provided in the Plan. All such Claims will, as of the Effective Date, be subject to the permanent injunction set forth in ARTICLE X.E.2 of the Plan.

Notwithstanding anything to the contrary herein, all rights of the Debtors, the Reorganized Debtors, and any counterparty to any Executory Contract or Unexpired Lease are reserved in the event that the Debtors or the Reorganized Debtors, as applicable, amend their decision with respect to the rejection of any Executory Contract or Unexpired Lease.

D. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases

Any monetary amounts by which any Executory Contract or Unexpired Lease to be assumed hereunder is in default shall be satisfied, under section 365(b)(l) of the Bankruptcy Code, by the Debtors or Reorganized Debtors, as applicable, upon assumption thereof, by payment of the default amount in Cash on the later of the Effective Date, or the date as and when such amount is due in the ordinary course, or on such other terms as the parties to such Executory Contract or Unexpired Lease may otherwise agree, subject to ARTICLE VI.E of the Plan.. Following the Petition Date, the Debtors may serve a notice on parties to Executory Contracts and Unexpired Leases to be assumed reflecting the Debtors' intention to assume the Executory Contract or Unexpired Lease in connection with this Plan and setting forth the proposed cure (if any). If a counter party to any Executory Contract or Unexpired Lease, that the Debtors or Reorganized Debtors, as applicable, intend to assume, does not receive such a notice, the proposed cure for such Executory Contract or Unexpired Lease shall be deemed to be zero dollars ($0).

E. Objections to Assumption, Assignment or Cure of Executory Contracts or Unexpired Leases

Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or assignment or any related monetary cure amount must be Filed, served and actually received by the Debtors at least five (5) Business Days prior to the Confirmation Hearing. Any counterparty to an Executory Contract and Unexpired Lease that fails to object timely to the proposed assumption, assignment or cure amount will be deemed to have consented to such assumption or assumption and assignment, and to such cure, of its Executory Contract or Unexpired Lease. The Confirmation Order will constitute an order of the Bankruptcy Court approving any proposed assignments of Executory Contracts or Unexpired Leases pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. In the event of a dispute regarding assumption, assumption and assignment, or cure of any Executory Contract or Unexpired Lease, any applicable cure payments will be made following the entry of a Final Order or orders resolving the dispute and approving the assumption or assumption and assignment, and cure. The Reorganized Debtors reserve the right to reject any Executory Contract or Unexpired Lease at any time in lieu of assuming or assuming and assigning it.

F. Compensation and Benefit Programs

The Debtors shall file, as part of the Plan Supplement, the Schedule of Assumed Compensation and Benefit Programs. Except as otherwise provided in the Plan or in the Existing Senior Leadership Employment Agreements (as amended, if applicable), all employment and severance policies, and all compensation and benefit plans, policies, and programs of the Debtors applicable to its employees, retirees, and non-employee directors and the employees and retirees of its subsidiaries, including, without limitation, all savings plans, retirement plans, healthcare plans, disability plans, vacation and paid time off programs, severance benefit plans, incentive plans, life, and accidental death and dismemberment insurance plans, are treated as Executory Contracts under the Plan and on the Effective Date will be assumed pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code, in each case to the extent listed on the Schedule of Assumed Compensation and Benefit Programs. Any payment obligations under any assumed employment contracts and benefit plans that have been or purport to have been accelerated as a result of the

commencement of the Chapter 11 Cases or the consummation of any transactions contemplated by the Plan will be Reinstated and such acceleration will be rescinded and deemed not to have occurred.

G. Workers' Compensation Benefits

Except as otherwise provided in the Plan, as of the Effective Date, the Debtors and the Reorganized Debtors will continue to honor their obligations under: (i) all applicable workers' compensation laws in states in which the Reorganized Debtors operate; and (ii) the Debtors' written contracts, agreements, agreements of indemnity, self-insurer workers' compensation bonds, and any other policies, programs, and plans regarding or relating to workers' compensation and workers' compensation insurance. All such contracts and agreements are treated as Executory Contracts under the Plan and on the Effective Date will be assumed pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan will not impair or otherwise modify any rights of the Reorganized Debtors under any such contracts, agreements, policies, programs or plans regarding or relating to workers' compensation or workers' compensation insurance.

H. Insurance Policies

Other than the insurance policies otherwise discussed herein, all other insurance policies to which any Debtor is a party as of the Effective Date shall be deemed to be and treated as Executory Contracts and shall be assumed by the applicable Debtor or Reorganized Debtor and shall continue in full force and effect thereafter in accordance with their respective terms.

I. Severance

The Debtors' severance policy of two weeks of compensation for all employees with at least three years of service shall continue post-Effective Date.

VII. RELEASES, EXCULPATION, AND INJUNCTIONS

A. Mutual Release by the Debtors and Released Parties

Except as otherwise provided in this Plan, on the Confirmation Date and effective as of the Effective Date, for good and valuable consideration provided by each of the Debtors, Reorganized Debtors, and Estates, on the one hand, and AHM, on the other hand, to the fullest extent permissible under applicable law, the Debtors, Reorganized Debtors, and Estates, on the one hand, and the AHM, on the other hand, shall, and shall be deemed to, conclusively, absolutely, unconditionally, irrevocably, and forever release, waive, void, extinguish and discharge each other, their predecessors, successors, assigns, managed accounts or funds, and present and former Affiliates (whether by operation of law or otherwise) and subsidiaries, and each of their respective current and former officers, directors, principals, employees, shareholders, members (including *ex officio* members), partners, agents, managers, managing members, advisory board members, financial advisors, attorneys, accountants, investment bankers, investment advisors, consultants, representatives, management companies, fund advisors, and other professionals, and any Person claiming by or through any of them, in each case acting in such capacity as such relates to the Debtors or the Reorganized Debtors and not as it relates to any other matter, and their respective property from any and all Claims, Equity Interests, obligations, debts, rights, suits, damages, Causes of Action, remedies, judgments, defenses, counterclaims, and liabilities of any nature whatsoever, including

any derivative Claims asserted or which could be asserted on behalf of a Debtor and/or a Reorganized Debtor, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, the Estates, on the one hand, and AHM on the other hand, would have been legally entitled to assert against the other, their predecessors, successors, assigns, managed accounts or funds, and present and former Affiliates (whether by operation of law or otherwise) and subsidiaries, and each of their respective current and former officers, directors, principals, employees, shareholders, members (including *ex officio* members), partners, agents, managers, managing members, advisory board members, financial advisors, attorneys, accountants, investment bankers, investment advisors, consultants, representatives, management companies, fund advisors, and other professionals, and any Person claiming by or through any of them, in each case acting in such capacity as such relates to the Debtors or the Reorganized Debtors and not as it relates to any other matter, or their property in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Equity Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, any transactions contemplated by the Plan, the Chapter 11 Cases, the Prepetition Senior Lien Loan Agreements, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, any payments, distributions, or dividends any Debtor or Affiliate paid to or received from any Released Party, fraudulent or preferential transfer or conveyance, tort, contract, breach of fiduciary duty, violation of state or federal laws, including securities laws, negligence, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments, or other documents; provided, however, that the foregoing release shall not operate to waive or release any Claims, obligations, debts, rights, suits, damages, remedies, Causes of Action, and liabilities in respect of any Debtor, Reorganized Debtor or Estate, on the one hand, or Released Party, on the other hand, solely to the extent: (1) arising out of or relating to any act or omission of such purportedly released Entity that constitutes fraud, gross negligence, bad faith, or willful misconduct as determined by Final Order of a court of competent jurisdiction; or (2) arising under the Plan or the Plan Documents.

B. Releases by Holders of Claims and Interests

Except as otherwise provided in this Plan, on the Confirmation Date and effective as of the Effective Date, for good and valuable consideration, to the fullest extent permissible under applicable law, each of the Releasing Parties shall, and shall be deemed to, conclusively, absolutely, unconditionally, irrevocably, and forever release, waive, void, extinguish, and discharge each Released Party (and each such Released Party so discharged and released shall be deemed discharged and released by the Releasing Parties) and their respective property from any and all Claims, Equity Interests, obligations, debts, rights, suits, damages, Causes of Action, remedies, judgments, defenses, counterclaims, and liabilities of any nature whatsoever, including any derivative Claims asserted or which could be asserted on behalf of a Debtor and/or a Reorganized Debtor, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, that such Releasing Party would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Equity Interest or other Entity, based on

or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, any transactions contemplated by the Plan, the Chapter 11 Cases, the Prepetition Senior Lien Loan Agreements, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, any payments, distributions, or dividends any Debtor or Affiliate paid to or received from any Released Party, fraudulent or preferential transfer or conveyance, tort, contract, breach of fiduciary duty, violation of state or federal laws, inc1uding securities laws, negligence, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments, or other documents; provided, however, that the foregoing release shall not operate to waive or release any Claims, obligations, debts, rights, suits, damages, remedies, Causes of Action, and liabilities in respect of any Released Party, solely to the extent: (1) arising out of or relating to any act or omission of such Released Party that constitutes fraud, gross negligence, bad faith or willful misconduct as determined by Final Order of a court of competent jurisdiction or (2) arising under the Plan or the Plan Documents.

C. Exculpation

Notwithstanding anything contained herein to the contrary, the Debtors, Reorganized Debtors, Estates, and AHM shall neither have, nor incur any liability to any Entity for any act on or after the Petition Date and on or before the Effective Date taken or omitted to be taken in connection with, or related to, the Chapter 11 Cases, the formulation, negotiation, solicitation, preparation, dissemination, confirmation, or implementation of the Plan, or consummation of the Plan, the Disclosure Statement, the Plan Supplement, the Amended Organizational Documents, or other new corporate governance documents, any transactions contemplated by the Plan, the issuance, distribution, and/or sale of any shares of the New Common Shares or any other Security offered, issued, or distributed in connection with the Plan, the Chapter 11 Cases, or any contract, instrument, release or other agreement, or document created or entered into in connection with the Plan or Alternative Structures or any other prepetition or post-petition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; provided, however, that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement; provided, further, that the foregoing "Exculpation" shall have no effect on the liability of any Entity solely to the extent resulting from any such act or omission that is determined in a Final Order to have constituted fraud, gross negligence, bad faith, or willful misconduct.

VIII. CONDITION PRECEDENT TO CONSUMMATION OF THE PLAN

The failure to satisfy or waive a condition to Consummation may be asserted, as applicable, by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied.

A. Conditions Precedent to Consummation

Consummation of the Plan shall occur on the Business Day as determined by the Debtors after they reasonably determine that the following conditions have been met or waived pursuant to the provisions of ARTICLE IX of the Plan:

- The Bankruptcy Court has entered the Confirmation Order and it is a Final Order, and such order is in form and substance acceptable to the Debtors.

- The Confirmation Order provides that, among other things, the Debtors or the Reorganized Debtors, as appropriate, are authorized and directed to take all actions necessary or appropriate to consummate the Plan, including, without limitation, entering into, implementing and consummating the contracts, instruments, releases, leases, indentures and other agreements or documents or Alternative Structures created in connection with or described in the Plan.

- All actions, documents, certificates and agreements necessary to implement this Plan have been effected or executed and delivered to the required parties and, to the extent required, Filed with the applicable Governmental Units in accordance with applicable laws.

- All documents and agreements necessary to implement the Plan, including, without limitation, the Amended Organizational Documents, have (a) all conditions precedent to such documents and agreements satisfied or waived pursuant to the terms of such documents or agreements, (b) been tendered for delivery and/or (c) been effected or executed, as applicable.

- The New Board and senior management shall have been selected as contemplated by this Plan.

- All governmental and third-party approvals and consents, including Bankruptcy Court approval, necessary in connection with the transactions provided for in this Plan have been obtained, are not subject to unfulfilled conditions, and are in full force and effect, and all applicable waiting periods have expired without any action having been taken by any competent authority that would restrain, prevent, or otherwise impose materially adverse conditions on such transactions.

- All statutory fees and obligations then due and payable to the Office of the United States Trustee shall have been paid and satisfied in full.

B. Waiver of Conditions

The conditions to Consummation of the Plan set forth in this Article, other than the condition that the Bankruptcy Court has entered a Confirmation Order in form and substance acceptable to the Debtors, may be waived, in whole or in part, by the Debtors, in each case without further notice, leave, hearing or order of the Bankruptcy Court or any formal action and, thereupon, Consummation may occur.

C. Notice of Effective Date

The Debtors shall file with the Bankruptcy Court a notice of the occurrence of the Effective Date within a reasonable period of time after the conditions in ARTICLE VII.A of this Plan have been satisfied or waived pursuant to ARTICLE VII.B of this Plan.

D. Effect of Non-Occurrence of Conditions to Consummation

If prior to Consummation of the Plan, the Confirmation Order is vacated pursuant to a Final Order, then except as provided in any order of the Bankruptcy Court vacating the Confirmation Order, (1) this Plan shall be null and void in all respects; (2) any settlement or compromise embodied in this Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by this Plan and any document or agreement executed pursuant hereto shall be deemed null and void except as may be set forth in a separate order entered by the Bankruptcy Court; and (3) nothing contained in this Plan shall: (a) constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtors or any other Entity, or Causes of Action; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Debtors or any other entity.

IX. EFFECT OF CONFIRMATION

A. Revesting of Assets

On the Effective Date, the Debtors, their properties and interests in property, and their operations will be released from the custody and jurisdiction of the Bankruptcy Court, and all property of the Estates of the Debtors, including and pre-paid expenses or deposits with vendors, will vest in the Reorganized Debtors. From and after the Effective Date, the Reorganized Debtors may operate their business and may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, subject to the terms and conditions of the Plan.

B. Binding Effect

Subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan will bind any holder of a Claim against, or Equity Interest in, the Debtors and such holder's respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under the Plan, whether or not such holder has accepted the Plan, and whether or not such holder is entitled to distribution under the Plan.

C. Discharge of Debtors

Except to the extent otherwise provided in the Plan or in the Confirmation Order, the rights afforded in the Plan and the treatment of all Claims against or Equity Interests in the Debtors thereunder shall be in exchange for and in complete satisfaction, discharge, and release of all debts of, Claims against, and Equity Interests in, the Debtors of any nature whatsoever, known or unknown, including, without limitation, any interest accrued or expenses incurred thereon from and after the Petition Date, or against their Estates, the Reorganized Debtors, or their properties or interests in property. Except as otherwise provided in the Plan or in the Confirmation Order, upon the Effective Date, all Claims against the Debtors will be satisfied, discharged and released in full in exchange for the consideration, if any, provided in the Plan.

Except as otherwise provided in the Plan or in the Confirmation Order, all entities will be precluded from asserting against the Debtors or the Reorganized Debtors or their respective properties or interests in property, any other Claims based upon any act or omission, transaction,

or other activity of any kind or nature that occurred prior to the Effective Date.

D. Term of Injunctions or Stays Against All Entities

Except as otherwise expressly provided in the Plan or in the Confirmation Order, all Entities who have held, hold or may hold Claims or Equity Interests will be permanently enjoined, from and after the Effective Date, (i) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against any of the Debtors or Reorganized Debtors, or their respective Affiliates or Representatives, (ii) the enforcement, attachment, collection, or recovery by any manner or means of any judgment, award, decree, or order against any Debtor or Reorganized Debtor, or their respective Affiliates or Representatives, with respect to such Claim or Equity Interest, (iii) creating, perfecting, or enforcing any encumbrance of any kind against any Debtor or Reorganized Debtor, or their respective Affiliates or Representatives, or against the property or interests in property of any Debtor or Reorganized Debtor, or their respective Affiliates or Representatives, with respect to such Claim or Equity Interest, and (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due to any Debtor or Reorganized Debtor, or their respective Affiliates or Representatives, or against the property or interests in property of any Debtor or Reorganized Debtor, with respect to such Claim or Equity Interests

Unless otherwise provided in the Confirmation Order, all injunctions or stays arising under or entered during the Reorganization Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, will remain in full force and effect until the Effective Date.

E. Injunction Against Holders of Released, Discharge or Exculpated Claims.

Except as otherwise expressly provided in the Plan or Confirmation Order, all Entities that have held, hold or may hold Claims or Equity Interests that are released pursuant to ARTICLE VIII.B or ARTICLE VIII.C of the Plan, discharged pursuant to ARTICLE VIII.A of the Plan, or are subject to exculpation pursuant to ARTICLE VIII.D of the Plan will be permanently enjoined from and after the Effective Date, from taking any of the of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Released Parties, or the Exculpated Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Equity Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Equity Interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Equity Interests; (d) asserting any right of setoff (except for setoffs asserted prior to the Petition Date), subrogation, or of any kind against any obligation due from such Entities or against the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Equity Interests; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Equity Interests released, exculpated, or settled pursuant to the Plan.

F. Indemnification Obligations

Each Debtor's obligations under the Corporate Indemnities to indemnify any Indemnified Person with respect to Claims arising prior to the Effective Date will be deemed and treated as executory contracts that are assumed by the Reorganized Debtors pursuant to the Plan and sections 365 and 1123(b) of the Bankruptcy Code as of the Effective Date and the occurrence of the Effective Date shall be the only condition necessary to such assumption and all requirements for Cure and/or adequate assurance of future performance under section 365 for such assumption shall be deemed satisfied.

G. Maintenance of Causes of Action

Except as otherwise provided in in the Plan or the Confirmation Order, after the Effective Date, the Reorganized Debtors will retain all rights to commence, pursue, litigate or settle, as appropriate, any and all Causes of Action and Litigation Claims, whether existing as of the Petition Date or thereafter arising, and Avoidance Actions, in any court or other tribunal including, without limitation, in an adversary proceeding Filed in the Chapter 11 Cases. The Reorganized Debtors, as the successors in interest to the Debtors and the Estates, may, and will have the exclusive right to, enforce, sue on, settle, compromise, transfer or assign (or decline to do any of the foregoing) any or all of the Litigation Claims without notice to or approval from the Bankruptcy Court. In accordance with the provisions of this Plan, and pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors may compromise and settle Litigation Claims

IX. MISCELLANEOUS PROVISIONS

A. Retention of Jurisdiction

The Bankruptcy Court will have exclusive jurisdiction of all matters, except as expressly noted herein, arising out of, or related to, the Reorganization Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things.

B. Payment of Statutory Fees

All fees payable under section 1930, chapter 123, title 28, United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, will be paid on the Effective Date.

C. Modification of Plan

The Plan may be modified by the Debtors in accordance with section 1127 of the Bankruptcy Code with the consent of AHM.

D. Revocation of Plan

The Debtors reserve the right, at any time prior to the entry of the Confirmation Order, to revoke and withdraw the Plan.

E. Dissolution of the Committee

On date the Confirmation Order becomes a Final Order, the Committee will be dissolved and the members thereof will be released and discharged of and from all further authority, duties, responsibilities, and obligations related to and arising from and in connection with the Reorganization Cases, and the retention or employment of the Committee's attorneys, accountants, and other agents, if any, shall terminate other than for purposes of filing and prosecuting applications for final allowances of compensation for professional services rendered and reimbursement of expenses incurred in connection therewith.

F. Severability of Plan Provisions

In the event that, prior to the Confirmation Date, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable in accordance with its terms.

G. Governing Law

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an exhibit to the Plan or Plan Supplement provides otherwise (in which case the governing law specified therein will be applicable to such exhibit), the rights, duties, and obligations arising under the Plan will be governed by, and construed and enforced in accordance with, the laws of the State of Connecticut without giving effect to the principles of conflict of laws.

H. Compliance with Tax Requirements

In connection with the consummation of the Plan, any party issuing any instrument or making any distribution under the Plan, including any party described in section 6.2 of the Plan, is to comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions under the Plan will be subject to any such withholding or reporting requirements. Notwithstanding the above, each holder of an Allowed Claim that is to receive a distribution under the Plan will have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution. Any party issuing any instrument or making any distribution under the Plan has the right, but not the obligation, to not make a distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

I. Expedited Tax Determination

The Debtors and the Reorganized Debtors are authorized to request an expedited

determination of taxes under section 505(b) of the Bankruptcy Code for any or all returns filed for, or on behalf of, the Debtors for any and all taxable periods (or portions thereof) ending after the Petition Date through, and including, the Effective Date.

J. Exemption from Certain Transfer Taxes Pursuant to Section 1146(a) of the Bankruptcy Co

To the fullest extent permitted by section 1146(a) of the Bankruptcy Code, any transfer from a Debtor to a Reorganized Debtor or to any entity pursuant to, in contemplation of, or in connection with this Plan or pursuant to: (1) the issuance, distribution, transfer, or exchange of any debt, securities, or other interest (including the New Common Shares) in the Debtors or the Reorganized Debtors; (2) the creation, modification, consolidation, or recording of any mortgage, deed of trust or other security interest, or the securing of additional indebtedness by such or other means; (3) the making, assignment, or recording of any lea se or sublease; or (4) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, this Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to this Plan, shall not be subject to any Stamp or Similar Tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate federal, state or local governmental officials or agents or taxing authority to forgo the collection of any such Stamp or Similar Tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such Stamp or Similar Tax or governmental assessment. Such exemption specifically applies, without limitation, to (i) all actions, agreements and documents necessary to evidence and implement the provisions of and the distributions to be made under this Plan; (ii) the issuance of the New Common Shares; (iii) the maintenance or creation of security or any Lien; and (iv) assignments executed in connection with any transaction occurring under the Plan.

VI.

CERTAIN FACTORS AFFECTING THE DEBTORS

A. Certain Bankruptcy Law Considerations

1. Risk of Non-Confirmation of the Plan of Reorganization

Although the Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate re-solicitation of votes. For example, certain parties disagree with the Debtors' valuation of their business. Confirmation of the Plan depends on, among other things, the Bankruptcy Court's determination of the value of the Debtors' business.

2. Non-Consensual Confirmation

In the event any impaired class of claims or equity interests does not accept a plan of reorganization, a bankruptcy court may nevertheless confirm such plan at the proponent's request if at least one impaired class has accepted the plan (with such acceptance being determined without

including the vote of any "insider" in such class), and as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. See section VIII.B.2 below, entitled Requirements of Section 1129(b) of the Bankruptcy Code." The Debtors believe that the Plan satisfies these requirements, however, there can be no guarantee that the Bankruptcy Court will make such a finding. The Debtors intend to invoke these provisions at the Confirmation Hearing.

3. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to such timing.

B. Additional Factors To Be Considered

1. The Debtors Have No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Debtors have no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

2. No Representations Outside This Disclosure Statement Are Authorized

No representations concerning or related to the Debtors, the Reorganization Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance, or rejection, of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision.

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

Certain of the information contained in this Disclosure Statement is, by nature, forward looking, and contains estimates and assumptions which might ultimately prove to be incorrect, and contains projections which may be materially different from actual future experiences. There are uncertainties associated with any projections and estimates, and they should not be considered assurances or guarantees of the amount of funds or the amount of Claims in the various classes that might be allowed.

4. No Legal or Tax Advice is Provided to You by this Disclosure Statement

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each creditor or Equity Interest holder should consult his, her, or its own legal counsel and accountant as to legal, tax and other matters concerning his, her, or its Claim or Equity Interest.

This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation

of the Plan.

5. **No Admission Made**

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

6. **Business Factors and Competitive Conditions**

VII.

VOTING PROCEDURES AND REQUIREMENTS

A. Voting Deadline

IT IS IMPORTANT THAT THE HOLDERS OF CLAIMS IN CLASS 3 (PREPTITION SENIOR LIEN CLAIM) TIMELY EXERCISE THEIR RIGHT TO VOTE TO ACCEPT OR REJECT THE PLAN OF REORGANIZATION. Such holders should read the ballot carefully and follow the instructions contained therein. Please use only the ballot that accompanies this Disclosure Statement.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE RECEIVED BY THE VOTING AGENT AT THE ADDRESS SET FORTH BELOW BEFORE THE VOTING DEADLINE OF 4:00 P.M., EASTERN TIME, ON _____, 2017..

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

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

ANY PROPERLY EXECUTED, TIMELY RECEIVED BALLOT THAT INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN WILL BE COUNTED AS A VOTE TO ACCEPT THE PLAN.

FAXED COPIES OF BALLOTS WILL NOT BE ACCEPTED.

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

ZEISLER & ZEISLER P.C.
10 Middle Street, 15th Floor
Bridgeport, CT 06604
Attn: James Berman, Esq. (203) 368-4234
Joanna M. Kornafel, Esq.

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

B. Vote Required for Acceptance by a Class

Under the Bankruptcy Code, acceptance of a plan of reorganization by a class of claims occurs when holders of at least two-thirds in dollar amount and more than one half in number of the allowed claims of that class that cast ballots for acceptance or rejection of the plan of reorganization vote to accept the plan. Thus, acceptance of the Plan by Class 3 (PREPETITION SENIOR LIEN CLAIM) will occur only if at least two-thirds in dollar amount and a majority in number of the holders of the Claims in the respective class that cast their ballots vote in favor of acceptance.

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

C. Voting Procedures

1. Holders of Class 3 Claims (PREPETITION SENIOR LIEN CLAIM)

All holders of Allowed Secured Claims as of the Record Date should complete the enclosed ballot. To be counted, properly executed ballots must be returned to the Voting Agent so that they are received by the Voting Agent before the Voting Deadline.

2. Withdrawal of Ballot

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

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

VIII.

CONFIRMATION OF THE PLAN OF REORGANIZATION

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a plan of reorganization. As set forth in the Disclosure Statement Order, the Bankruptcy Court has scheduled the confirmation hearing for **__, 2017]**. The confirmation hearing may be adjourned from time-to-time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the confirmation

hearing or any subsequent adjourned confirmation hearing.

Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of claims or interests held or asserted by the objector against the Debtors' estate or property, the basis for the objection and the specific grounds therefor, and must be filed with the Bankruptcy Court, together with proof of service thereof, and served upon (i) Zeisler & Zeisler P.C.,10 Middle Street, 15th floor, Bridgeport, CT 06604, Attorneys for the Debtors (Attention: James Berman, Esq.), and (ii) Office of the United States Trustee, District of Connecticut, 150 Court Street, Suite 302, New Haven, CT 06510 so as to be received no later than 4:00 p.m. (Eastern Time) on **[____, 2017.]**

Objections to confirmation of the Plan of Reorganization are governed by Bankruptcy Rule 9014. **UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

B. Requirements for Confirmation of the Plan of Reorganization

1. Requirements of Section 1129(a) of the Bankruptcy Code

(a) General Requirements

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

(1) The Plan complies with the applicable provisions of the Bankruptcy Code.

(2) The Debtors have complied with the applicable provisions of the Bankruptcy Code.

(3) Plan has been proposed in good faith and not by any means proscribed by law.

(4) Any payment made or promised by the Debtors or by a Person issuing securities or acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Reorganization Cases, or in connection with the Plan and incident to the Reorganization Cases, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

(5) The Debtors have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director or officer of the Debtors, an affiliate of the Debtors participating in a Plan with the Debtors, or a successor to the Debtors under the Plan of Reorganization, and the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and equity holders and with public policy, and the Debtors have disclosed the identity of any insider that will be employed or retained by the Debtors, and the nature of any compensation for such

insider. With respect to each class of claims or equity interests, each holder of an impaired claim or impaired equity interest either has accepted the Plan or will receive or retain under the Plan on account of such holder's claim or equity interest, property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if the Debtors were liquidated on the Effective Date under chapter 7 of the Bankruptcy Code. See discussion of "Best Interests Test" below.

(6) Except to the extent the Plan meets the requirements of section 1129(b) of the Bankruptcy Code (discussed below), each class of claims or equity interests has either accepted the Plan or is not impaired under the Plan.

(7) Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the Plan provides that administrative expenses and priority claims other than priority tax claims will be paid in full on the Effective Date and that priority tax claims will receive on account of such claims deferred Cash payments, over a period not exceeding six years after the date of assessment of such claims, of a value, as of the Effective Date, equal to the allowed amount of such claims.

(8) At least one class of impaired claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a claim in such class.

(9) Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan. See discussion of "Feasibility" below.

(b) Best Interests Test and Liquidation Analysis

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

The first step in meeting this test is to determine the dollar amount that would be generated from the liquidation of the Debtors' assets and properties in the context of a chapter 7 liquidation case. The gross amount of cash available would be the sum of the proceeds from the disposition of the Debtors' assets and the cash held by the Debtors at the time of the commencement of the chapter 7 case. The next step, is to reduce that total by the amount of any claims secured by such assets, the costs and expenses of the liquidation, and such additional administrative expenses and priority claims that may result from the termination of the Debtors' business and the use of chapter 7 for the purposes of liquidation. Any remaining net cash would be allocated to creditors and shareholders in strict priority in accordance with section 726 of the Bankruptcy Code (see discussion below). Finally, taking into account the time necessary to accomplish the liquidation, the present value of

such allocations may be compared to the value of the property that is proposed to be distributed under the Plan on the Effective Date.

Attached as Exhibit 2 is the Debtors' liquidation analysis. It is readily apparent that the Prepetition Senior Lien Claim would exceed the amount recovered were the Debtors' assets liquidated under Chapter 7. Accordingly, no holder of junior claim or interest would receive any distribution were the Debtors' assets so liquidated. The Debtors believe that under Chapter 7 claims against the Estate would increase as the result of the rejection of executory contracts and leases, potential claims of customers who were unable to receive finished goods from the Debtors and similar claims that would result from the cessation of operations. It is more than likely that a Chapter 7 Trustee would abandon the Estates assets.

Liquidation under chapter 7 within the meaning of Section 1129(a)(7) of the Bankruptcy Code is different than a sale on a going concern basis. See In re DBSD N. Am., Inc., No. 09-13061 (REG), 2009 Bankr, LEXIS 5260, at *178 (Bankr. S.D.N. Y. Oct. 26, 2009) "… in a hypothetical chapter 7 liquidation . . . the Debtor's assets would not be sold as a going concern and, thus, would lose all going concern value of the business such as intangible assets and goodwill. Similarly, proceeds received in a chapter 11 liquidation would likely be significantly discounted due to the distressed nature of the sales of the Debtors' assets."

In a chapter 7 liquidation in this case, among other things, AHM would assert an event of default under the DIP facility and refuse to lend additional amounts; and AHM would not consent to the use of cash collateral other than in a fast-paced liquidation; so, the Estate would have no access to funding for operating the business.

Moreover, in the light of the absence of any interest from parties to consummate a purchase on a going concern basis when NEOPS was not in bankruptcy and not in liquidation, there is no possibility of a going concern sale after conversion to case under chapter 7.

The adjustments to book value reflected in the analysis are premised on the foregoing assumptions and also take into consideration that the statement of intangible value on the Debtor's financial statements relate to the value attributed to these assets for accounting purposes at the time Summer Street made its original investment in the Debtors. (In the insolvency analysis context, courts are reluctant to attribute any value to intangible assets such as goodwill. Thus, [i]ntangible balance sheet assets, such as goodwill, which may have no market value (either on liquidation or going concern basis) generally should be excluded from the calculation. Stadtmueller v. Fitzgerald (In re Epic Cycle Interactive, Inc), Nos. 08-02289-CL7, 11-90111-CL, 2014 Bankr. LEXIS 2622, at *30-31 (Bankr. S.D. Cal. June 6, 2014)(internal citations and quotation marks omitted)).

The Debtors' liquidation analysis is an estimate of the proceeds that may be generated as a result of a hypothetical chapter 7 liquidation of the assets of the Debtors. The analysis is based upon a number of significant assumptions which are described. The liquidation analysis does not purport to be a valuation of the Debtors' assets and is not necessarily indicative of the values that may be realized in an actual liquidation.

(c) Feasibility

The Bankruptcy Code requires a debtor to demonstrate that confirmation of a plan of

reorganization is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor unless so provided by the plan of reorganization. For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their financial obligations upon emergence from Chapter 11. Based upon their analysis, the Debtors believe they will be able to make all payments required to be made pursuant to the Plan and that they will need no further financial reorganization. Attached as Exhibit 3 are the Debtors' income statement projections for the years ending December 31, 2018 and 2019.

2. Requirements of Section 1129(b) of the Bankruptcy Code

The Bankruptcy Court may confirm the Plan over the rejection or deemed rejection of the Plan by a class of claims or equity interests if the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such class.

(a) No Unfair Discrimination

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

(b) Fair and Equitable Test

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

(c) Secured Claims

Each holder of an impaired secured claim either (i) retains its liens on the property (or if sold, on the proceeds thereof) to the extent of the allowed amount of its secured claim and receives deferred Cash payments having a value, as of the effective date of the plan, of at least the allowed amount of such claim or (ii) receives the "indubitable equivalent" of its allowed secured claim.

(d) Unsecured Claims

Either (i) each holder of an impaired unsecured claim receives or retains under the plan property of a value equal to the amount of its allowed unsecured claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive or retain any property under the plan of reorganization.

(e) Equity Interests

Either (i) each equity interest holder will receive or retain under the plan of reorganization property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock and (b) the value of the stock, or (ii) the holders of interests that are junior to the equity interests of the dissenting class will not receive or retain any property under the plan of

reorganization.

IX.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN OF REORGANIZATION

If the Plan is not confirmed and consummated, the alternatives to the Plan include (i) liquidation of the Debtors under chapter 7 of the Bankruptcy Code and (ii) an alternative chapter 11 plan of reorganization.

A. Liquidation Under Chapter 7

A discussion of the effects that a chapter 7 liquidation would have on the recovery of holders of claims and equity interests and the Debtors' liquidation analysis are set forth in section VIII.B.1(b) Best Interest Test and Liquidation Analysis above, entitled "CONFIRMATION OF THE PLAN OF REORGANIZATION -- Requirements for Confirmation of the Plan of Reorganization -- Requirements of Section 1129(a) of the Bankruptcy Code -- Best Interests Test." In summary, there would likely be no distribution to any party other than AHM and claims against the Estates would increase as a result of a conversion to cases under Chapter 7.

B. Alternative Plan of Reorganization

If the Plan of Reorganization is not confirmed, the Debtors or any other party in interest could attempt to formulate a different chapter 11 plan of reorganization. Such a plan of reorganization might involve either a reorganization or continuation of the Debtors' business or an orderly liquidation of its assets. The latter, except possibly for AHM, would be unlikely to produce any better results than conversion to a case under Chapter 7.

Based on the Debtors' efforts to locate both buyers of the business and lenders prior to the filing of their Chapter 11 case and given their balance sheet, they do not believe that a confirmable alternative plan of reorganization could be proposed over the objection of AHM. Since AHM acquired the Prepetition Senior Lien Claim with the goal of saving, owning and growing the Debtors' business and based upon the value other parties appeared that they might be willing to pay for the Debtors' business, the Debtor do not believe that anyone would sponsor an alternative plan to which AHM would consent.

X.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and to the holders of Class 3 Claims. The following summary does not address the U.S. federal income tax consequences to holders whose Claims are unimpaired or otherwise entitled to payment in full in Cash under the Plan (*e.g.*, Administrative Expense Claims, Priority Non-Tax Claims, and certain Secured Claims).

The following summary is based on the Internal Revenue Code of 1986, as amended (the

"Tax Code"), Treasury Regulations promulgated thereunder, judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date hereof. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below.

The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors have not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this summary generally does not address foreign, state or local tax consequences of the Plan, nor does it address the U.S. federal income tax consequences of the Plan to special classes of taxpayers (such as foreign taxpayers, broker-dealers, persons not holding their Claims as capital assets, financial institutions, tax-exempt organizations, persons holding Claims who are not the original holders of those Claims or who acquired such Claims at an acquisition premium, and persons who have claimed a bad debt deduction in respect of any Claims).

Accordingly, the following summary of certain U.S. federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of a Claim.

IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, holders of Claims and Equity Interests are hereby notified that: (A) any discussion of federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by holders of Claims or Equity Interests for the purpose of avoiding penalties that may be imposed on them under the Tax Code; (b) such discussion is written in connection with the promotion or marketing by the Debtors of the transactions or matters addressed herein; and (c) holders of Claims and Equity Interests should seek advice based on their particular circumstances from an independent tax advisor.

A. Tax Consequences to Holders of Class 3 Claims

Pursuant to the Plan, the holders of Allowed General Unsecured Claims (Class 3) will receive nothing.

Each holder of an Allowed General Unsecured Claim, should recognize gain or loss in an amount equal to the difference between (x) $0.00 and (y) the holder's adjusted tax basis in its Claim (other than any basis attributable to accrued but unpaid interest). A holder will generally recognize a loss to the extent any accrued interest was previously included in its gross income and is not paid in full. Each holder is urged to consult its tax advisor regarding the allocation of consideration and the deductibility of losses realized in respect of Allowed General Unsecured Claims for federal income tax purposes.

Where gain or loss is recognized by a holder of an Allowed General Unsecured Claim, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the Claim constitutes a capital asset in the hands of the holder and how long it has been held, whether the Claim was originally issued at a discount or a premium, whether the Claim was acquired at a market discount, and whether and to what extent the holder previously had claimed a bad debt

deduction in respect of that Claim.

B. Information Reporting and Withholding

All distributions to holders of Claims under the Plan are subject to any applicable tax withholding, including employment tax withholding. Under U.S. federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate (currently 28%). Backup withholding generally applies if the holder (a) fails to furnish its social security number or other taxpayer identification number ("TIN"), (b) furnishes an incorrect TIN, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is a United States person that is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax and the appropriate information is supplied to the IRS. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

In addition, from an information reporting perspective, Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, the following: (1) certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds; and (2) certain transactions in which the taxpayer's book-tax differences exceed a specified threshold in any tax year. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

THE FOREGOING SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY. ALL HOLDERS OF CLAIMS RECEIVING A DISTRIBUTION UNDER THE PLAN ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

XI.

CONCLUSION

The Debtors believe that confirmation and implementation of the Plan is in the best interests of creditors, patients and employees and urge holders of impaired Claims in Class 3 entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by returning their ballots so that they will be received no later than 4:00 p.m. (Eastern Time) on the Voting Deadline**.**

Dated: November 27, 2017

THE DEBTORS,

NEOPS HOLDINGS, LLC,
NEW ENGLAND ORTHOTIC AND PROSTHETICS SYSTEMS, LLC,
NEW ENGLAND O&P NEW YORK, INC.,
BERGMAN ORTHOTICS & PROSTHETIC, LLC, SPINAL ORTHOTIC SYSTEMS, LLC, and CARLOW ORTHOPEDIC & PROSTHETIC, INC.

By: /s/James Berman
James Berman (ct06027)
Joanna M. Kornafel (ct29199)
ZEISLER & ZEISLER, P.C.
10 Middle Street
15th Floor
Bridgeport, CT 06604
Tel. 203-368-4234
Fax 203-367-9678
Email: jberman@zeislaw.com
jkornafel@zeislaw.com

Their Attorneys