UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS
EASTERN DIVISION

In re:	)	
	)	
ENUMERAL BIOMEDICAL	)	CHAPTER 11
HOLDINGS, INC., *et. al.*	)	CASE NO. 18-10280-FJB
	)	
Debtors.[1]	)	
	)	

DISCLOSURE STATEMENT FOR DEBTORS'
CHAPTER 11 PLAN DATED FEBRUARY 15, 2018

This Disclosure Statement has been submitted for approval to the United States Bankruptcy Court for the District of Massachusetts, but has not been approved. Unless and until approved by the Court, at which time this legend will be removed, this Disclosure Statement may not be used to solicit acceptances of the Plan, or used or relied upon for any other purpose. Brackets denote material that will be updated so that the final form of the Disclosure Statement reflects latest available information at the time of its approval.

I. INTRODUCTION

Enumeral Biomedical Holdings, Inc. ("EBHI"), Enumeral Biomedical Corp. ("EBC") and Enumeral Securities Corporation ("ESC"), each a Delaware corporation and debtor-in-possession in the above-captioned chapter 11 cases, provide this Disclosure Statement to all of their known creditors in order to supply the information you will need in exercising your right to vote upon the Debtors' Chapter 11 Plan dated February 15, 2018 (the "Plan").[2] A copy of the Plan is attached to this Disclosure Statement as Exhibit 1. All terms defined in the Plan have the same meaning in this Disclosure Statement unless otherwise noted.

EBHI, EBC and ESC – which will be referred to in this Disclosure Statement as "the Debtors" – each filed a petition under chapter 11 of the United States Bankruptcy Code on January 29, 2018 (the "Petition Date"). The purpose of the filing was to utilize the chapter 11 process to obtain greatest value from sale of the Debtors' only substantial assets, consisting of patent rights and related intellectual property related to its PD-1 antibody program (the "PD-1 Assets"), and to wrap up the Debtors' affairs in an orderly way. [On March __, 2018, the

[1] The debtors in these jointly administered chapter 11 cases, along with the last four digits of each debtors' federal tax identification number, are: Enumeral Biomedical Holdings, Inc. (6434), Enumeral Biomedical Corp. (9860), and Enumeral Securities Corporation (7157).

[2] This Disclosure Statement is also being supplied, as a matter of information, to creditors not entitled to vote, and to all persons that have requested notices in this Chapter 11 case.

bankruptcy court approved the sale of the PD-1 Assets to _____ for a price of $_____ (the "Sale").] The Plan is designed to accomplish distribution of the Sale proceeds to the Debtors' creditors, including to obtain determination as expeditiously as possible of claims against the Sale proceeds upon which distributions to creditors will depend.

A ballot for your use in voting to accept or reject the Plan is enclosed. Instructions for completing and returning the Ballot are printed on the Ballot itself. ***In order for your vote to count, the original signed ballot must be received by the Debtors' counsel at the address stated on the ballot no later than 4:00 p.m., Eastern Daylight Time, on April [ ], 2018.***

[TO BE ADDED WHEN DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT] THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. HOWEVER, EXCEPT WHERE SPECIFICALLY STATED OTHERWISE, THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BASED ON INFORMATION SUPPLIED BY THE DEBTORS. WHILE THE DEBTORS HAVE DONE THEIR BEST TO ASSURE THAT THE INFORMATION IS CORRECT AND COMPLETE, IT IS IMPOSSIBLE TO REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT ERROR.

No representations concerning the Debtors or the Plan are authorized other than as set forth in this Disclosure Statement. Although this Disclosure Statement describes the Plan in summary and in detail, it is recommended that you review the Plan itself for a definitive understanding of its terms.

THE DEBTORS RECOMMEND THAT ALL CREDITORS VOTE TO ACCEPT THE PLAN.

II. SUMMARY OF THE PLAN

The Plan provides that, subject to paying the expenses of the chapter 11 case as determined by the bankruptcy court, all funds of the Debtors will be paid to their creditors.[3] These funds are almost entirely attributable to proceeds of the Sale. Holders of convertible notes ("Noteholders") issued by EBHI in May 2017 ("Convertible Notes") assert claims in the aggregate amount of approximately $1,692,000 (the "Noteholder Claims"). Noteholders assert that the notes are secured by a lien on all Sale proceeds. The Debtors have objected to the Noteholder Claims on several grounds, explained in more detail below (see Section V(A)). If the Noteholders prevail in this dispute, no funds will be available for distribution to any creditor other than the Noteholders.

The Debtors' objection to the Noteholder Claims has not yet been heard by the bankruptcy court. Determination of the dispute by final order, with all rights of appeal exhausted, could take up to three years. The Plan provides a mechanism for the dispute to be

[3] In the unlikely event that, after paying in full all allowed claims of creditors, there are remaining funds of at least $100,000, such funds will be distributed *pro rata* to stockholders of record on March [__], 2018.

litigated to a conclusion, or resolved by compromise, with the greatest possible efficiency and treating as paramount the interests of holders of General Unsecured Claims. Instead of corporate managers and a board of directors, the Debtors will be under the control of a Plan Trustee – a fiduciary who acts for the benefit of creditors, under the supervision of the bankruptcy court.

The Plan provides for substantive consolidation of the bankruptcy estates of the three Debtors. This means that the three Debtors will be treated like a single legal entity for the purpose of allowing claims and distributing funds to creditors. Each creditor of any one (or more than one) Debtor will have a single claim against the combined bankruptcy estate. If the Noteholder Claims are resolved on terms that free up funds for general unsecured creditors, then each of those creditors will receive a *pro rata* distribution based on the Allowed Amount of its claim.

If you supplied goods or services to any of the Debtors before the Debtors filed their chapter 11 petitions on January 29, 2018, and you have not been paid, then the amount you are owed is likely a General Unsecured Claim. If you filed a proof of claim with the bankruptcy court not later than the Bar Date of March 15, 2018, the Allowed Amount of your claim will be the amount you stated in the proof of claim, so long as no party files an objection to your claim.[4] If you did not file a proof of claim, the Allowed Amount of your claim will be the amount (if any) that the Debtors listed in their schedules of liabilities as the correct amount of your claim (not contingent, disputed or unliquidated). For more on the process of claims allowance, please see Section VII below.

The Debtors believe that the Plan provides general unsecured creditors with the best opportunity to realize the highest possible return on account of their Claims, and that the Plan provides a fair and orderly process to resolve the Noteholder Claims. Accordingly, the Debtors urge all creditors to vote to accept the Plan.

III. DESCRIPTION OF THE DEBTORS

A. Debtors' Corporate Structure and Business

EBHI is a publicly traded biopharmaceutical company focused on discovering and developing novel antibody immunotherapies to help the human immune system fight cancer and other diseases. EBHI was originally incorporated in Nevada on February 27, 2012 as Cerulean Group, Inc., and converted to a Delaware corporation on July 10, 2014. EBC is a Delaware corporation founded in 2009 as Enumeral Technologies, Inc. ESC is a Delaware corporation that was founded in 2014 and is wholly owned by EBHI. ESC was solely used in capital raising transactions and has never conducted business operations.

On July 31, 2014, EBHI and EBC completed a reverse merger whereby EBHI's wholly owned subsidiary Enumeral Acquisition Corp. merged with and into EBC. EBC was the surviving corporation and became EBHI's wholly owned subsidiary. All of the outstanding EBC

[4] If an objection is filed, you will be sent a separate notice, and you will have an opportunity to respond. See Section VII(B) below.

stock was converted into EBHI common stock. EBHI completely discontinued its pre-merger business, instead conducting EBC's business operations as a publicly-traded company under the name Enumeral Biomedical Holdings, Inc. Also on July 31, 2014, EBHI closed a private placement offering of 21,549,510 units of securities at a purchase price of $1.00 per unit, with each unit consisting of one share of common stock and one five-year warrant to purchase a share of common stock at an exercise price of $2.00. EBHI has 300,000,000 authorized shares of common stock, of which 128,409,788 are issued and outstanding. EBHI's common stock is quoted on the over the counter markets under the symbol "ENUM."

Beginning in 2011, EBC (EBHI's predecessor operating company) exclusively licensed from the Massachusetts Institute of Technology ("MIT") a proprietary microwell array technology platform (the "Platform License") that could be used to detect secreted molecules (such as antibodies and cytokines) and cell surface markers, at the level of single, live cells, so as to enable recovery of single, live cells of interest. EBHI's lead program focused on discovering and developing anti-PD-1 antibodies. PD-1 is a protein found on T cells (a type of immune cell) that limits a body's immune response. When PD-1 is bound to another protein called PD-L1, T cells are inhibited from killing other cells, including cancer cells. By hindering PD-1, an anti-PD-1 cancer treatment allows the body's own immune system to attack cancer cells. Before EBHI discontinued its research and development activities in June, 2017, the PD-1 program yielded 25 families of PD-1 antibodies, resulting in several patent applications.

In June 2016, EBHI entered into a Definitive License and Transfer Agreement (the "Pieris Agreement") with Pieris Pharmaceuticals, Inc. and Pieris Pharmaceuticals GmbH (collectively "Pieris"). Pursuant to the terms of the Pieris Agreement, EBHI licenses to Pieris specified intellectual property related to the PD-1 program for Pieris's potential development and commercialization of novel multi-specific therapeutic proteins in the field of oncology. In return, Pieris is obligated to make payments to EBHI if and when certain milestones are achieved, and potentially to pay royalties based on product sales. No milestone payments or royalties have been paid to date.

In addition to its PD-1 program, in early 2015, EBHI initiated screening for antibodies against the "T Cell Immunoglobin and Mucin Protein 3" commonly known as TIM-3 (the "TIM-3 Program"). The TIM-3 Program yielded 42 families of TIM-3 antibodies, and EBHI filed a patent application in connection therewith. On October 27, 2017, EBHI sold the assets associated with its TIM-3 Program, including the TIM-3 patent application, to Elpiscience Biopharmaceuticals, Inc. for $300,000.

B. Events Leading to Chapter 11

Despite promising discoveries in its PD-1 Program, EBHI was unable to generate sufficient cash to finance operations. Its search for additional capital in the first half of 2017 led EBHI to pursue a range of potential transactions, including reverse merger opportunities and licensing arrangements. However, EBHI was unable to consummate a transaction that would allow it to continue as a going concern.

In June 2017, following collapse of negotiations for a prospective transaction, EBHI's

board of directors instituted cost-saving measures including elimination of EBHI's research and development function. EBHI netted $277,188 from an auction of its laboratory equipment completed June 21, 2017. Eight days later, having evaluated and pursued a range of potential strategic transactions, EBHI's board determined that it was in the best interests of EBHI's stakeholders to terminate its remaining operations and effect an orderly disposition of its remaining assets (the "Wind-Down Program"). In June 2017, the Debtors laid off all of their remaining employees except for Wael Fayad, Kevin G. Sarney, Matthew A. Ebert, Esq., and David Gelineau. Mr. Fayad resigned as President and CEO in connection with commencement of the Wind-Down Program. Mr. Sarney, the chief financial officer, was chartered as acting chief executive officer to effectuate the Wind-Down Program with assistance from Mr. Ebert, the general counsel. Mr. Gelineau, who reported to Mr. Sarney in the finance department, resigned in September 2017.

On August 23, 2017, MIT terminated the Platform License due to the Debtors inability to continue to fulfill their obligations thereunder. On or about August 23, 2017, the landlord of the Debtors' premises provided notice of default and termination of the lease. The Debtors vacated the leased premises and returned possession to the landlord. The landlord set off the security deposit against amounts owed by the Debtors. To the best of the Debtors' knowledge, the leased premises remain vacant even though located in one of the most desirable and sought-after rental markets in the country, the biotechnology hub of Cambridge, Massachusetts. It is possible that the landlord may assert a claim in this case for damages resulting from the Debtors' breach of the lease.

After EBHI adopted the Wind-Down Program in June 2017, EBHI's management team and board members began contacting industry participants and other parties that they believed might have an interest in acquiring EBHI's assets, including the PD-1 assets. From July 2017 to November 2017, EBHI also engaged in discussions concerning a possible reverse merger, with active discussions involving several separate potential partners. The discussions failed because each potential partner insisted on new capital which EBHI was unable to raise.

Meanwhile, the marketing of EBHI's assets bore fruit. As described above, EBHI sold its TIM-3 Program assets in October 2017. EBHI also received serious interest in the PD-1 related assets from three separate buyers. Further discussions resulted in offers from all three. After evaluating the merits of each proposal and engaging in further negotiations, EBHI executed an Asset Purchase Agreement dated January 26, 2018 (the "Purchase Agreement") with XOMA US LLC ("XOMA") and filed these chapter 11 cases in order to proceed with the transaction under section 363 of the Bankruptcy Code and take advantage of any higher or better offer that the chapter 11 sale process might produce.

C. The Debtors' Liabilities

1. The Noteholder Claims

On May 19, 2017, EBHI entered into a Subscription Agreement with the Noteholders, pursuant to which the Noteholders purchased 668 units of EBHI's securities for $1,000 per unit. Each unit consisted of: (i) a 12% Senior Secured Promissory Note with a face value of $1,150, and (ii) a warrant to purchase 11,500 shares of EBHI's common stock, exercisable within five

years after the date of the closing at an exercise price of $0.10 per share. The Notes have an aggregate face amount of $768,200. In exchange, the Noteholders provided EBHI with gross cash proceeds of $668,000, which after deducting placement agent fees and transaction expenses netted EBHI approximately $548,000.

An Intellectual Property Security Agreement (the "Security Agreement") by and between EBHI and EBC as debtors and Intuitive Venture Partners, LLC, as collateral agent for the Noteholders, purports to grant, as security for EBHI's obligations under the Notes, a first priority security interest in all now owned or after acquired "Intellectual Property" as that term is defined in the Security Agreement. This lien asserted by the Noteholders is the only lien known by the Debtors to be asserted against their assets. To permit the sale of assets related to EBHI's TIM-3 Program in October 2017, the Noteholders released their purported lien on those assets.

The Notes have a stated maturity date of 12 months, *i.e.*, May 19, 2018. Interest on the Notes is payable on the face amount of the Notes at the rate of 12% per annum, increasing to 15% upon default. Interest accrues and is payable in shares of EBHI's common stock. At the option of each Noteholder, the Notes are convertible into shares of EBHI's common stock at any time after November 19, 2017 (earlier if a registration statement is declared effective by the SEC, which did not happen). This option has not been exercised by any Noteholder. On a mandatory basis, the Notes are convertible into common stock if EBHI completes a qualified financing (as defined in the Notes). If conversion has not taken place by the maturity date of May 19, 2018, the Notes (together with all accrued and unpaid interest thereon) by their terms automatically convert into shares of EBHI's common stock.

The Notes also contain certain provisions whereby they would be payable in cash rather than common stock. The Notes are payable in cash if redeemed by EBHI prior to the maturity date (no Notes have been redeemed). In addition, in a "liquidation, dissolution or winding up of [EBHI], whether voluntary or involuntary," the Notes by their terms are payable at a 24% premium. Further, in the event of a sale of EBHI (as defined in the Notes and which includes a sale of "all or substantially all of [its] assets determined on a consolidated basis"), the terms of the Notes provide for a 100% premium, if so elected by the Noteholder, payable either in cash or in equivalent amount of securities of the acquiring entity at the acquiring entity's discretion. In each case, the premium is computed not only on the principal amount of the note but also on accrued interest. To the extent that the Noteholders assert that interest and/or any of the premiums just described would be payable in cash, it is evident that such requirement violates the Massachusetts usury law. The Noteholders have not filed the usury notification letter with the Massachusetts Attorney General's office that would have been necessary to exempt themselves from the law's restrictions.

While the Noteholders have yet to file proofs of claim against the Debtors' estates, in prepetition discussions they asserted entitlement, upon sale of EBHI's remaining assets, to the 100% premium just described, which they compute to yield a total payment of $1,691,776.42. EBHI disputes, *inter alia*, the amount of the Noteholders' claims, the interest rate applicable to the Notes, the applicability and enforceability of the sale and liquidation premiums described above, the validity of the purported lien on EBHI's assets, their entitlement to be paid in cash, and their purported character as debt rather than equity.

2. Employee Prepetition Priority Claims

As of January 1, 2018, the Debtor's two remaining employees, Mr. Sarney and Mr. Ebert, agreed to forgo current payment of their salary in order to preserve cash. The Debtors continued to pay for their health insurance and other benefits prior to and during these chapter 11 cases. As of the Petition Date, Mr. Sarney had a claim for accrued but unpaid salary (including vacation pay) of $40,907.53, of which $12,850 is entitled to priority treatment under Bankruptcy Code § 507(a)(4), and Mr. Ebert had a claim for accrued but unpaid salary (including vacation pay) of $43,118.02, of which $12,850 is entitled to priority treatment. Mr. Sarney and Mr. Ebert also assert general unsecured claims under their respective employment contracts which include provisions for severance pay.

3. General Unsecured Claims

On their Schedules the Debtors listed $752,400.59 in General Unsecured Claims that are not contingent, unliquidated or disputed. In addition, to date creditors have filed proofs of claim asserting General Unsecured Claims against the Debtors in the amount of $[_____]. Eliminating duplicates, it appears that creditors are asserting approximately [$_____] of General Unsecured Claims.[5] Some of these claims may be Allowed in a reduced amount, or Disallowed. The process of assertion, allowance and disallowance of claims is described in Section VII below.

IV. THE CHAPTER 11 CASES

The Debtors filed their chapter 11 petitions on January 29, 2018, to allow EBHI to consummate the Sale pursuant to section 363 of the Bankruptcy Code and wind up their business in an orderly way.

A. The Automatic Stay

Triggered by the Debtors' chapter 11 petition, the automatic stay is essentially an injunction against collection activity by creditors, interference with the Debtors' possession of their assets, and similar activities. At the same time that creditors are barred from collecting prepetition claims, the Debtors are barred from paying them.

The purpose of the automatic stay is to assure an orderly bankruptcy process centralized in the bankruptcy court. Instead of pursuing collection lawsuits, creditors file proofs of claim with the bankruptcy court. Instead of determining creditors' rights through a race to the courthouse, similarly situated creditors are treated *pro rata*. Instead of dismembering the Debtors through foreclosures and sheriffs' sales, disposition of the Debtors' assets is determined through bankruptcy court orders entered after notice and an opportunity for all parties to be heard, or through a chapter 11 plan voted on by impaired creditors.

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[5] This figure does not include any Noteholder Claims that might, through judgment entered or compromise reached in the Noteholder Litigation, be included in Class 3.

B. Cash Collateral Orders

Although the automatic stay has suspended demands on the Debtors' cash to pay prepetition claims, the Debtors have still needed to use cash to pay for post-petition expenses necessary to preserve the PD-1 Assets until the Sale is closed. The Bankruptcy Code permits a debtor to use cash, deposit accounts and other liquid assets that are subject to a creditor's lien only with the secured creditor's permission or an order of the bankruptcy court. Typically such agreement or order can be obtained only by providing the secured creditor with what is called "adequate protection" – essentially, reasonable assurance that the value of its collateral position will not decline because the debtor's use of cash collateral.

The Noteholders are the only creditors that have asserted an interest in the Debtors' cash collateral. The Debtors assert that the cash collateral is free of liens because the Debtors' cash is attributable to proceeds from sale of the TIM-3 assets, on which the Noteholders released their lien. On January 29, 2018 the Debtors filed their *Motion for Entry of Interim and Final Orders Authorizing Use of Cash Collateral* [Docket No. 9], requesting that the bankruptcy court allow them to use cash collateral. Through the Collateral Agent, the Noteholders assented to the Debtors' interim use of cash collateral and the bankruptcy court entered an interim order on February 6, 2018. The Debtors proposed [and following a final hearing on February 16, 2018, the bankruptcy court entered a final order] which allowed the Debtors to use cash collateral on substantially the following terms:

- The Debtors' may use cash collateral in accordance with an agreed Budget, for a time period through April [ ], 2018.

- The Debtors are required to provide monthly reports comparing their actual performance to the Budget.

- The Debtors are providing adequate protection to the Noteholders through a replacement lien on postpetition assets to the extent of any diminution in the value of the Noteholders' cash collateral resulting from the Debtors' use thereof, and only if such replacement liens are inadequate, a lien on the Debtors' contingent interest in the $160,000 deposit paid by XOMA in connection with the Sale.

- The liens granted under the cash collateral order will become null and void to the extent that the Noteholders are later determined not to have had a lien on cash collateral.

C. Sale of EBHI's PD-1 Assets to XOMA

The Debtors filed these chapter 11 cases to consummate the Sale – which includes substantially all of EBHI and the Debtors' remaining assets – free and clear of all liens, claims and other interests pursuant to section 363 of the Bankruptcy Code. The Debtors proposed to sell the assets to XOMA for $1,600,000, or such other buyer that submitted a higher or better offer following a Court-approved competitive bidding process. To effectuate this process, on January 29, 2018, EBHI filed: (1) the *Debtor's Motion to Authorize Sale of Property Free and Clear of All Liens, Claims and Other Interests* [Docket No. 7] (the "Sale Motion") seeking

bankruptcy court approval for the sale; and (2) the *Debtor's Motion for Approval of Bidding Procedures* [Docket No. 8] (the "Bidding Procedures Motion") seeking bankruptcy court approval of procedures governing the submission of competing bids for the PD-1 Assets (the "Bidding Procedures").

The Bidding Procedures Motion [was approved by the bankruptcy court on February __, 2018]. The approved Bidding Procedures provided a deadline for submission of additional offers for the PD-1 Assets, and for parties in interest to object to the Sale, and scheduled a final hearing to consider approval of the Sale on March [ ], 2018. The Bidding Procedures permitted offers for the PD-1 Assets to take the form of a purchase or commitment to the terms of a chapter 11 plan whereby, for example, the acquiring parties would obtain some or all of the stock of EBHI. Pursuant to the Bidding Procedures, in the event one or more bidders were to submit a qualified bid for the PD-1 Assets, XOMA and any such qualified bidder would have the opportunity to submit a final sealed bid for the PD-1 Assets.

[Outcome of the sale process to be described.]

V. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

The Debtors' liabilities and shareholder interests, and their treatment under the Plan, are described below in the following order:

A. **Secured Claims** of the Noteholders and/or Collateral Agent (Class 1).

B. **Claims Arising During the Chapter 11 Case** (Administrative Claims–Unclassified)

C. **Priority Non-Tax Claims** (Class 2)

D. **Priority Tax Claims** (Unclassified)

E. **General Unsecured Claims** (Class 3)

F. **Subordinated Claims** (Class 4)

G. **Equity Interests – Common Stock** (Class 5)

A. Secured Claims of Noteholders (Class 1)

A secured claim is a claim secured by property of the debtor (referred to as "collateral"), such that if the debtor defaults, the holder of the claim (the secured creditor) has the right under non-bankruptcy law to sell the collateral in order to pay the claim. In bankruptcy terminology, a secured claim is not necessarily the entire amount owed to the secured creditor. If a creditor is under-secured – that is, the value of the collateral falls short of the amount of the claim – the claim is considered a secured claim only to the extent of that value, and the balance will in most instances be treated as a general unsecured claim.

While Noteholders have yet to file proofs of claim, prepetition discussions between the Debtors and certain Noteholders indicate that they will assert claims totaling approximately $1,691,776.42, and will assert that those claims are secured to the full extent of the value of the PD-1 Assets or proceeds from selling those assets. The Debtors' dispute the amount of the Noteholders' claims, the interest rate claimed on the Notes, the applicability and enforceability of the premiums claimed by the Noteholders, the validity of the purported lien on EBHI's assets, the Noteholders' entitlement to be paid in cash, and the purported character of the Notes as debt rather than equity. The Debtors are open to discussions with the Noteholders concerning resolution of their asserted claims in a manner that is fair to all parties. Absent such resolution, the Debtors intend to file a Complaint against the Noteholders seeking, among other things, the disallowance, recharacterization and/or subordination of the Noteholder Claims (the "Noteholder Litigation").

The outcome of any Noteholder Litigation is uncertain and could lead to a range of possible outcomes, from (A) recharacterization of the Noteholder Claims to Equity Interests (Class 5) or Subordinated Claims (Class 4) to (B) allowance as Secured Claims (Class 1) for the full amount asserted by the Noteholders. Or the outcome might be somewhere between Scenario A and Scenario B. In Scenario A, where the Notes are recharacterized as equity or subordinated to other claims, General Unsecured Claims (Class 3) are likely to be paid in full. Under Scenario B, where the Noteholder Claims are allowed in full as secured claims, holders of General Unsecured Claims will likely receive no distribution on account of their claims. From the Debtors' perspective, as fiduciaries for all stakeholders, the optimal result would be a fair compromise between Scenario A and Scenario B – achieved speedily, with minimal litigation cost, and without placing at risk the cash value of the PD-1 Assets established by the Purchase Agreement with XOMA.

The Plan in structured in a way to account for the range of possible outcomes concerning the Noteholder Claims, to permit the Noteholder Litigation to be efficiently fought to a conclusion if necessary, and to permit the Plan Trustee to conclude a settlement if warranted. The Plan protects the Noteholders insofar as they assert that they are entitled to proceeds of their asserted security interest by establishing a fund (called the Secured Creditor Fund) consisting of Collateral Proceeds, that is, proceeds from disposition of the property in which the Noteholders claim a security interest. Noteholders' secured claims will be paid from the Secured Creditor Fund consisting of at any particular time of the lesser of (a) Collateral Proceeds held by the Estate as of the Effective Date, less such amounts as the bankruptcy court determines by Order to be chargeable against Collateral Proceeds pursuant to Code Section 506(c),[6] (b) the aggregate Allowed (but not yet paid) and Unresolved amounts of Class 1 Claims, and (c) such amount as the bankruptcy court estimates by Order as the maximum aggregate amount (i) of Allowed (but not yet paid) Class 1 Claims, and (ii) in which Unresolved Class 1 Claims will be Allowed. A Pro Rata Share of the Secured Creditor Fund shall be distributed to each holder of a Class 1 Claim on the Effective Date or, if later, the date when such claim is Allowed. A further distribution from the Secured Creditor Fund will be made when all Noteholder Claims have been Allowed or Disallowed, and there may be interim distributions as well, in each instance based on

[6] Section 506(c) of the Bankruptcy Code permits, under certain circumstances, proceeds of a secured creditor's collateral to be charged with the cost of preserving and/or selling the collateral.

the Pro Rata Share of the Secured Creditor Fund attributable to each Noteholder. To the extent that the terms of the Plan or any Order reduce the amount required to be held in the Secured Creditor Fund, any amounts in the Secured Creditor Fund exceeding such required amount shall be removed therefrom and thereafter shall irrevocably be, and be held or distributed by the Plan Trustee as, Unrestricted Funds.

Any portion of a Noteholder Claim that is Allowed in an amount exceeding its Pro Rata Share of the Secured Creditor Fund will be treated as a General Unsecured Claim (see Section V(E) below), except to the extent that the bankruptcy court directs that the Claim shall be subordinate in right of payment to other General Unsecured Claims, in other words, a Subordinated Claim (see Section V(F) below).

B. Claims Arising During the Chapter 11 Case (Unclassified)

Administrative Claims are liabilities incurred during the Chapter 11 cases, including operating expenses, quarterly fees payable to the Office of the United States Trustee, and professional charges of the Debtors' counsel. Under the Bankruptcy Code, Administrative Claims are entitled to priority payment over all unsecured claims arising before the Petition Date and to be paid in full as a condition of confirming the Plan. Accordingly, the Plan provides that Allowed Administrative Claims will be paid in full, in Cash, on the Effective Date, except to the extent that the holder of an Administrative Claim agrees to other treatment.

The Plan establishes a deadline by which Administrative Claims must be properly asserted. **Any claim entitled to priority under Section 507(a)(1) of the Bankruptcy Code shall be forever barred unless it is the subject of a proof of claim or request for payment (or, in the case of a professional person, a fee application) filed with the Court on or before the Postpetition Bar Date, which is the 20th day following entry of the Confirmation Order.** Any claim that would be allowable as an Administrative Claim but for the fact that it arises after entry of the Confirmation Order is ***not*** subject to the Postpetition Bar Date but will instead be treated as a Plan Expense, to be paid by the Plan Trustee if valid (see Section VI(C) below).

1. Suppliers of Goods and Services

The Debtors have been paying when due their suppliers' invoices for goods and services provided since the Petition Date. The Debtors believe they have received and paid substantially all invoices from suppliers.

2. Employees

The Debtors' sole remaining employees are Mr. Sarney and Mr. Ebert. Due to the Debtors' limited cash, both employees agreed to forgo payment of their regular salaries during the chapter 11 cases, with all amounts to be paid as an administrative claim under the Plan. Both Mr. Sarney and Mr. Ebert continue to be full-time employees of the Debtors and are expected to remain so until the Sale is closed. After the closing, Mr. Sarney and Mr. Ebert will provide services to the Debtors' estates on an as-needed basis, and be paid only for time actually spent on such services, subject to approval by EBHI's board of directors. The Plan provides for the payment in full on the Effective Date of amounts owed to Mr. Sarney and Mr. Ebert for their

services during the chapter 11 cases, which amounts are [estimated (based on a projected Sale closing date of March [ ], 2018) to be $[ ] and $[ ], respectively]. Although these salaries are due on the Effective Date, or as soon thereafter as the claims of Messrs. Sarney and Ebert are Allowed, they have agreed that to the extent that Unrestricted Funds (that is, funds not subject to the Noteholders' lien) are not available, they will defer payment until funds are available. This agreement does not preclude the Debtors from obtaining from the Secured Creditor Fund, by court order pursuant to Code Section 506(c), all or a portion of the Allowed Claims of Messrs. Sarney and Ebert.

3. Professional Persons

The Debtors estimate that the following amounts for fees of professionals (together with reimbursement of associated expenses) and quarterly fees to the United States Trustee will be due on the Effective Date[7]:

Murtha Cullina LLP Counsel to the Debtors	$[_____]
United States Trustee Quarterly Fees	$[_____]
TOTAL	$[_____]

Although Murtha Cullina's charges are due on the Effective Date, or as soon thereafter as the firm's fee application is Allowed, the firm has agreed that to the extent Unrestricted Funds are not available, the firm will defer payment until they are. This agreement does not preclude the Debtors from obtaining from the Secured Creditor Fund, by court order pursuant to Code Section 506(c), all or a portion of the Allowed Claim of Murtha Cullina.

4. [Breakup Fee

The Purchase Agreement for the PD-1 Assets provided for payment to XOMA of a breakup fee of $64,000 under certain circumstances. Although earned by XOMA under the terms of the Purchase Agreement, the breakup fee has not yet been paid and has the status of an Allowed Administrative Claim.]

C. <u>Priority Non-Tax Claims (Class 2)</u>

Claims entitled to priority under the Bankruptcy Code, other than claims for taxes, are placed in Class 2. The Debtors' books and records indicate that the only such claims are the salary claims of Mr. Sarney and Mr. Ebert. Section 507(a)(4) accords priority – but only to the extent of $12,850 for each individual[8] – to claims for wages, salaries or commissions earned

[7] Additional fees will be incurred to wrap up the Debtors' affairs and administer the Plan, which will be included as part of the Plan Expenses.

[8] This seemingly arbitrary figure is the result of a mechanism adopted by Congress for automatic adjustment, based

within 180 days prior to the Petition Date. As of the Petition Date, Mr. Sarney and Mr. Ebert had claims for accrued but unpaid prepetition salary (including vacation pay) within the prior 180 days, of $40,907.53 and $43,118.02, respectively. Thus, the Plan provides that Mr. Sarney and Mr. Ebert will each receive a payment of $12,850 on the Effective Date in satisfaction of their respective Allowed Non-Tax Priority Claims. Although these claims are due on the Effective Date, or as soon thereafter as the claims of Messrs. Sarney and Ebert are Allowed, they have agreed that to the extent that Unrestricted Funds are not available, they will defer payment until funds are available. This agreement does not preclude the Debtors from obtaining from the Secured Creditor Fund, by court order pursuant to Code Section 506(c), all or a portion of the Allowed Claims of Messrs. Sarney and Ebert.

The portion of their claims for unpaid prepetition salaries not entitled to priority will be treated as General Unsecured Claims under the Plan.

D. Priority Tax Claims (Unclassified)

Claims entitled to priority under Section 507(a)(8) of the Bankruptcy Code include most taxes arising before the chapter 11 case. The Debtors owe $957.48 to the Commonwealth of Massachusetts for corporate excise taxes assessed on June 29, 2017, which will be paid in full on the Effective Date. The Debtors' records indicate that no other taxes are owed. Consequently, even though governmental units have until July 28, 2018, to file proofs of claim, no such claims are expected.

E. General Unsecured Claims (Class 3)

Unsecured Claims not entitled to priority under the Bankruptcy Code are called "general unsecured claims." If you supplied goods or services to any of the Debtors before the Petition Date and you have not been paid, then the amount you are owed is probably a General Unsecured Claim. (The Petition Date, when the Debtors filed their respective petitions commencing their chapter 11 case, was January 29, 2018.) The Plan places General Unsecured Claims in Class 3.

In order to be Allowed, your General Unsecured Claim must either (1) be listed by the Debtors in their Schedules filed with the bankruptcy court as a liability that is not disputed, unliquidated or contingent, or (2) be set forth in a proof of claim that was properly filed with the bankruptcy court on or before the Bar Date, which [was] March 15, 2018.[9] Any such claim will be deemed Allowed unless an objection to the claim is filed – in which case you will receive notice and an opportunity to respond – and the Claim is then Disallowed by Order of the bankruptcy court. As noted above (see Section III(C)(3)), General Unsecured Claims of approximately [$_____] have been asserted. The process for allowance of Claims is described in greater detail below (see Section VII).

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on a cost-of-living index, of the priority ceiling for employee compensation and benefits.

[9] However, a bar date of July 28, 2018 applies solely to claims of governmental units.

If you hold an Allowed General Unsecured Claim, you will receive a Pro Rata Share of funds determined to be available for general unsecured creditors. The starting point for this determination is the amount of Unrestricted Funds, that is, funds determined not to be subject to the lien of the Noteholders. Unrestricted Funds are first used to pay Priority Claims arising before the Confirmation Order and expenses of the Plan Trustee in administering the case after the Confirmation Order ("Plan Expenses"). Remaining funds are to be distributed *pro rata* to holders of Allowed General Unsecured Claims. You will be entitled to payment as funds become available or, if later, when your claim is Allowed. Please note that your General Unsecured Claim will be treated the same no matter which of the Debtors (or more than one) is liable for your claim.[10]

The range of possible distributions on account of Allowed General Unsecured Claims could vary from zero to 100 percent. The available percentage is largely dependent on the outcome of the Noteholder Litigation, described in Section V(A) above. Although uncertainty exists, the Debtors believe the Noteholder Claims can and will be resolved in a manner that makes substantial funds available for distribution to general unsecured creditors under the Plan. If available funds prove sufficient to pay Allowed General Unsecured Claims in full and also any Allowed Subordinated Claims, then there will be a *pro rata* payment of interest on General Unsecured Claims and Subordinated Claims at the federal judgment rate.

General Unsecured Claims are "impaired," in bankruptcy terminology, because they are not assured of payment in full plus interest. As such, holders of General Unsecured Claims are entitled to vote to accept or reject the Plan. ***The Debtors urge general unsecured creditors to vote to accept the Plan as being the best means of providing the highest possible distribution on account of General Unsecured Claims.***

F. Subordinated Claims (Class 4)

In adjudicating the Noteholder Litigation, one of the remedies the Court may impose is to direct that the Noteholder Claims be subordinate in right of payment to the Allowed Claims of all other creditors. The Plan defines such claims as Subordinated Claims and places them in Class 4. The Plan provides that if there are sufficient Distributable Funds to pay General Unsecured Claims in full (without interest), then each Subordinated Claim will receive a Pro Rata Share of any remaining funds. If these remaining funds are sufficient to pay Subordinated Claims in full (without interest), then any left-over Distributable Funds will be used to pay interest, at the federal judgment rate, on the Allowed Amount of General Unsecured Claims and Subordinated Claims – each receiving a Pro Rata Share of the remaining funds if insufficient to pay the full amount of interest thus computed.

Subordinated Claims are "impaired" and thus entitled to vote to accept or reject the Plan. However, the Debtors do not expect that the Noteholder Litigation will have been resolved to the point that any Subordinated Claims will be determined to exist at the time creditors cast ballots to accept or reject the Plan.

[10] The reasons for this are explained in Section VI(B) below, concerning Substantive Consolidation.

G. Equity Interests – Common Stock (Class 5)

There are 128,409,788 outstanding shares of EBHI common stock which has traded on the over-the-counter markets under the symbol ENUM. There are also various outstanding warrants and stock options, which are "out of the money" in the sense that the exercise price exceeds any likely value that would be attributed to the stock. The Plan provides for EBHI's stock to be cancelled on the Effective Date.[11]

VI. MEANS OF IMPLEMENTATION

A. Effective Date

The day that the Plan will take effect is defined in the Plan as the "Effective Date." The Effective Date is scheduled to occur on the business day following the 30th day after entry of the Confirmation Order. Thus, if the Confirmation Order is entered on the date scheduled for the hearing on confirmation of the Plan, the Effective Date will occur on [May __, 2018] (provided that the Confirmation Order remains in full force and effect, not having been stayed, vacated or reversed by any court).

B. Substantive Consolidation

Although formed as separate and distinct legal entities, the Debtors generally operated as a single corporate enterprise. Thus, while EBHI owned the valuable intellectual property assets of the combined Debtors, EBC maintained the primary operating account used to pay employees and certain vendors, and was licensee under the Platform License from MIT. The Debtors do not know of any liabilities of any of the Debtors that could not plausibly be asserted as liabilities of the entire group. Thus, for reasons of fairness and to avoid the expense of establishing the particular Debtor or Debtors responsible for each claim, the Plan provides that the Debtors estates will be substantively consolidated. This means that they will be treated as a single legal entity for the purpose of allowing and paying creditors' claims.

C. Plan Trustee

The Plan provides for the Debtors' bankruptcy estates to continue as a single substantively consolidated estate, protected by the automatic stay, until the estate is fully administered and the Chapter 11 case is closed. For the fair, efficient and economic administration of the estate, the Plan provides for appointment of a Plan Trustee who will assume control of the Debtors upon entry of the Confirmation Order, supplanting the powers and duties of the directors and officers. The key functions of the Plan Trustee are to conduct or settle the Noteholder Litigation, make distributions to creditors, object to claims to the extent necessary, and wrap up the Debtors' affairs, including filing final tax returns and closing the chapter 11

[11] In order to respect the rights of shareholders, the Plan provides that if Distributable Funds exceeding $100,000 remain after paying all creditor claims plus interest, the funds will be distributed *pro rata* to stockholders of record on the Effective Date, disregarding warrants, options and the like. No shareholder should rely on this eventuality because it is very unlikely to occur.

cases. Keith D. Lowey of the accounting firm of Verdolino & Lowey, P.C., will serve as Plan Trustee. Mr. Lowey's extensive experience in insolvency matters, including winding down hundreds of businesses and serving as a court-approved professional in hundreds of bankruptcy cases, positions him to capably and efficiently serve as Plan Trustee.

The Plan Trustee will make distributions to holders of Allowed Claims on the Effective Date or as soon as practicable thereafter, while maintaining sufficient funds to pay in full, or a Pro Rata Share (as appropriate), on account of any claims then subject to an objection. To the extent that the Noteholder Litigation and/or objections to the allowance of other Claims are not resolved by the Debtors prior to the Effective Date, the Plan Trustee will litigate or settle such objections. The Plan Trustee may settle an Unresolved Claim without Court approval with one limitation: Any settlement of a Noteholder Claim that entails any portion thereof being an Allowed Class 1 Claim will require entry of an Order after notice and a hearing.

To assist in discharging his duties, the Plan Trustee will have the authority to engage professionals, such as lawyers or accountants. In his discretion, these professional persons may include those who have previously served the Debtors. The Plan Trustee and professional persons he employs will be entitled to reasonable compensation and reimbursement of customary expenses as provided in the Plan. These Plan Expenses, along with the Plan Trustee's own compensation, are expected to be the primary expenses of administering the Plan. Holders of unpaid claims will have the right to object to fees of the Plan Trustee and any professional persons he employs.

The Plan Trustee will have no personal liability for his acts or omissions except in the event of gross negligence or willful misconduct. The Plan provides that no bond will be required of the Plan Trustee.

VII. ASSERTION AND ALLOWANCE OF CLAIMS

A. How to Assert a Prepetition Claim

No Claim will be paid unless it is Allowed. In order to be Allowed, a Claim must first be asserted.

A Claim arising before the Petition Date, or for damages under a contract with the Debtors made before the Petition Date, is asserted in either of two ways. First, your claim has been deemed asserted if it was listed in the Schedules that the Debtors filed with the Court as an obligation that is not disputed, unliquidated or contingent. If your Claim was so listed and you agreed with the amount listed in the Schedules, then you needed to do nothing further to assert your Claim.

The second way of asserting a Claim was to file a proof of claim with the Bankruptcy Court before the deadline for filing proofs of claim, known as the Bar Date. The Debtors sought and obtained from the Bankruptcy Court an Order setting a Bar Date of March 15, 2018 for non-governmental claims and July 28, 2018 for claims of governmental units. The Debtors served upon all creditors a Notice of the Bar Date. The Bar Date was the deadline for filing a proof of claim if your claim was not listed in the Schedules, if you disagreed with the amount or any other

aspect of how your claim was listed in the Schedules, or if your claim was listed in the Schedules as disputed, unliquidated or contingent. If you were required to file a proof of claim on or before the Bar Date but did not do so, your Claim is forever barred as a Claim against the Debtors except under very special circumstances prescribed by the courts.

If you are a party to a contract or lease with the Debtors that was not performed or terminated before the Petition Date and has not been rejected by Order during the chapter 11 case, the Plan provides for that executory contract or unexpired lease to be rejected (see Section IX below). In that event, the deadline for filing your damage claim (if any) will be the Postpetition Bar Date.

B. Allowance of Prepetition Claims

No Claim will be entitled to payment under the Plan unless it is Allowed. The Debtors reserve the right to object to any Claim on any legal basis. This duty and authority to object to Claims will pass to the Plan Trustee when appointed.

Any Claim that has been properly asserted (as described in the preceding Section) will automatically be Allowed unless an objection is filed. If an objection is filed to your Claim, you will be sent a notice explaining the grounds for the objection and what you must do if you wish to contest the objection. The Allowed Amount of any Claim to which an objection and a timely response thereto are filed will be determined by the Court.

If you do not receive notice of an objection, your Claim has been or will be Allowed in its properly-asserted amount, and then paid in accordance with the Plan, provided that the Plan Trustee has your correct current mailing address (see Section VIII below).

C. Postpetition Claims

A Claim arising on or after the Petition Date through and including entry of the Confirmation Order is an Administrative Claim. Any Claim arising after entry of the Confirmation Order is a Plan Expense.

1. Administrative Claims

Administrative Claims for goods and services supplied to the Debtors during the Chapter 11 case through and including entry of the Confirmation Order are being paid by the Debtors in the ordinary course of their business. If you have received payment of such a Claim, there is nothing you need to do in order to retain the payment. However, the Plan provides that any Administrative Claim still outstanding on the Postpetition Bar Date will not be Allowed or eligible for payment unless it is the subject of a proof of claim or request for payment (or in the case of professional fees and reimbursement of professionals' expenses, an application) filed with the Court on or before the Postpetition Bar Date. ***The Postpetition Bar Date will be the first business day following the 25th business day after entry of the Confirmation Order.***

A properly filed Administrative Claim will automatically be Allowed (except for professional fees and expenses, which always require Court approval) unless it is objected to by the deadline established by the Plan: the first business day after the 30th business day following the Postpetition Bar Date. This deadline may be extended by the bankruptcy court.

2. Plan Expenses

Upon entry of the Confirmation Order, the Plan Trustee will take over responsibility for administering the Debtors. If you supply goods or services to the Plan Trustee, you will be paid by the Plan Trustee in the ordinary course. ***Please note, however, that in order to be a Plan Expense, the liability must actually be incurred by the Plan Trustee. The Plan Trustee must receive an invoice not later than 60 days after incurrence of any Plan Expense in order for it to be entitled to payment. Furthermore, only liabilities of a type payable under Code Section 503(b) can become liabilities of the Plan Trustee.***

D. <u>Amendments, Late-Filed Claims, Reconsideration, Unknown Claims</u>

Effective administration of the Plan requires that the Plan Trustee have certainty concerning the obligations of the bankruptcy estate. Accordingly, the Plan provides that:

- **Amendment of Claims.** In no event shall the Allowed Amount of any Claim exceed the amount set forth in a required proof of claim therefor filed on or before the Bar Date except to the extent that (i) the claimant, not later than five (5) business days before the Effective Date, files with the Court and serves on the Debtors so as to be received by Debtors' counsel on the same day, an amended proof of claim, and (ii) such amendment is not otherwise barred by law or by Order. In no event shall the Allowed Amount of any Administrative Claim exceed the amount set forth in a proof of claim or fee application therefor filed on or before the Postpetition Bar Date.

- **Late-Filed or Informal Claims.** Each Claim as to which a proof of claim was required to be filed on or before the Bar Date or the Postpetition Bar Date, as applicable, and as to which a proof of claim (or fee application) was not filed on or before such date shall not under any circumstances become an Allowed Claim. A proof of claim or fee application that has not been timely filed shall be of no force or effect whatsoever, including for purposes of any distribution made by the Plan Trustee, without the need for an Order so providing; nor shall any action (including giving notice to the Debtors or otherwise making an "informal" proof of claim) serve for purposes of the Plan and distributions required of the Plan Trustee as a substitute for timely filing a proof of claim.

- **Reconsideration.** No Order allowing or disallowing a Claim may be reconsidered, pursuant to Code Section 502(j) or otherwise, so as to increase the Allowed Amount thereof after the later of (i) five (5) business days before the Effective Date, (ii) fourteen (14) days after the date an Order allowing such Claim is first entered, or (iii) a date set by Order entered not later than the end of the period established by clause (i) or (ii).

- **Unknown Claims.** Notwithstanding anything to the contrary contained in the Plan, if a Claim is filed with the Court on or before the Bar Date or the Postpetition Bar Date, as applicable, but the proof of claim, fee application or other request for payment of administrative expense, as the case may, is not correctly maintained in the Court's records or otherwise does not come to the attention of the Plan Trustee, acting in good faith, in reviewing or making payment on account of Claims, or if the Court for any reason determines the Bar Date or Postpetition Bar Date to be inapplicable to a particular Claim filed or asserted thereafter, payment thereon shall be made as required by the Plan only to the extent such distribution can be made from the Secured Creditor Fund or Unrestricted Funds, as the case may be, without requiring disgorgement of any distribution already made from such funds.

VIII. DISTRIBUTIONS TO CREDITORS

If your Claim is Allowed, you will be entitled to receive a distribution on account of your Allowed Claim as provided by the Plan. No distribution will be made on account of any Claim unless and until it is Allowed as described above. Distributions to creditors will be made by check issued by the Plan Trustee.

A. Address for Distributions

If you filed a proof of claim, your distribution check will be sent to the address stated in the proof of claim. If you did not file a proof of claim, your check will be sent to the address listed in the Schedules, which the Debtors prepared based on its books and records. *If a distribution to a particular creditor is returned as undeliverable or if a distribution check remains uncashed ninety (90) days after the date of the check, the distribution will be cancelled. If the creditor does not provide a correct address prior to the point where the Plan Trustee still has funds to make the distribution without requiring disgorgement of any distribution previously made from the Secured Creditor Fund or from Unrestricted Funds, as the case may be, the creditor will lose the right to any future distributions*. For this reason, it is critical for you to make sure the Plan Trustee has your correct current address.

B. Incorrect Address; Change of Address

If your address has changed since you filed your proof of claim, please notify the Plan Trustee of your new address. Similarly, if you did not file a proof of claim and have any reason to believe that the Plan Trustee does not have your correct current address, please notify the Plan Trustee of your address. In addition, if you are the transferee of a Claim, you are required to comply with Fed. R. Bankr. P. 3001(e), and serve a copy of the transfer on the Plan Trustee, so that he may make distributions in accordance with the transfer.

The Plan Trustee's contact information is as follows:

Keith D. Lowey
Verdolino & Lowey, P.C.

Pine Brook Office Park
124 Washington Street
Foxborough, Massachusetts 02035
Tel: (508) 543-1720

Please note that while you are welcome to call the office of the Plan Trustee, *written notice sent to the Plan Trustee by mail is required to notify the Plan Trustee of your address.*

IX. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Rejection of All Remaining Contracts

The Bankruptcy Code provides the Debtors with two options concerning each executory contract and unexpired lease. The Debtors have the right to assume and assign contracts or leases, or else to reject the contract or lease. The Plan provides that all executory contracts or unexpired leases that were not disposed of prior to the Effective Date shall be deemed rejected by the Debtors on the Effective Date. Thus, unless you receive notice to the contrary, your contract will be rejected.

B. Damage Claims

In order to assert a claim for damages arising from rejection of an executory contract or unexpired lease, a proof of claim must be filed with the Court on or before the Postpetition Bar Date.

C. Landlord Claim

Subsections (A) and (B) immediately above are only applicable to contracts or leases that were not fully performed or terminated before the Petition Date. Since the lease of the Debtors' premises in Cambridge, Massachusetts, was terminated several months before the Petition Date, the Bar Date applies to any claim against the Debtors for damages. The Debtors do not expect that the landlord will have a valid claim for damages.

X. OTHER PROVISIONS OF THE PLAN

A. Binding and Immediate Effect of Confirmation Order

Once the Plan is confirmed, the provisions of the Plan will bind all holders of Claims and interests, whether or not they accept the Plan, and any successors or assigns of such holders. Provisions of the Plan are not severable, and all parties are conclusively presumed to have relied on each and every provision of the Plan. Accordingly, *if you have any objection to any provision of the Plan, you must object to confirmation in the manner and within the time described in the notice included with this Disclosure Statement*.

The Debtors have requested the Bankruptcy Court to specify that its order confirming the Plan (the "Confirmation Order") take effect immediately. Under the Federal Rules of

Bankruptcy Procedure, a confirmation order will ordinarily be subject to a stay of 14 days before it takes effect. If you object to the Confirmation Order becoming immediately effective, you should be sure to say so in a timely-filed written objection to the Plan.

The Debtors will file a proposed form of the Confirmation Order not later than [April __, 2018], which is ten business days before Voting/Objection Deadline. The Confirmation Order will bind all holders of Claims and interests, and any successors or assigns of such holders. *If you object to any provision of the Confirmation Order, you must file an objection to confirmation of the Plan in the manner and within the time described in the notice included with this Disclosure Statement*.

B. Causes of Action

The Plan expressly reserves the right of the Plan Trustee to bring any and all causes of action under Chapter 5 of the Bankruptcy Code, as well as any and all other causes of action and grounds for objection to Claims. This reservation of rights applies notwithstanding any action or omission of the Debtors or any statements made or not made in connection with the Plan or this Disclosure Statement. Accordingly, all parties must assume that the rights of the Plan Trustee to prosecute an action or objection to any Claim by or on behalf of the Debtors will not be limited by reason of *res judicata*, collateral estoppel or any other legal doctrine.

C. Discharge

Under the Bankruptcy Code, a corporate debtor that will not conduct business after the effective date of its plan may not receive a discharge of its debts. Accordingly, the Plan provides that the Debtors will not receive a discharge. In order to protect against disruption of the distribution and wind-down process, the automatic stay under Section 362 of the Bankruptcy Code will remain in effect until the chapter 11 case is closed.

D. Exculpation

The Plan provides:

1. **Exculpation. Neither the Debtors nor any of their current or former directors, officers, employees, agents, attorneys, other professionals, subsidiaries, other affiliated entities, successors and assigns shall have or incur any liability to any holder of a Claim or interest for any act or omission in connection with, related to, or arising out of the Plan, the disclosure statement therefor, the pursuit of confirmation of the Plan, or any other aspect of the Case, except for willful misconduct or gross negligence.**

2. **Injunction. The Debtors expect that the Confirmation Order will include an injunction against commencement or continuation of any litigation barred by the exculpation provision of the Plan.**

E. Explanation of Exculpation Clause

By filing an objection to the Plan, parties in interest have a full and complete remedy to object to any provisions of the Plan they think improper, or to the process by which the Plan has been proposed or its acceptance by creditors or confirmation by the Court has been sought. It is appropriate for such matters, and any other objections to relating to the conduct of the chapter 11 case, to be fully and finally adjudicated in conjunction with confirmation of the Plan. The exculpation clause reflects the finality of this adjudication by providing that once the Confirmation Order has been entered, there can be no liability for the Debtors or anyone acting on their behalf for any act or omission in connection with the chapter 11 case. (Of course, the Debtors will be liable for all Allowed Claims and obligated to comply with the terms of the confirmed Plan.) The exculpation clause of the Plan relates solely to the chapter 11 case. Such clauses are standard in chapter 11 plans. Please note that no exculpation, release or other protection is provided to any party on account of any act or omission before the Petition Date not connected with commencement of the chapter 11 case. The Plan does not adjudicate or otherwise affect claims (if any) in favor of any person or entity arising from such acts or omissions.

XI. ALTERNATIVES TO THE PLAN

[With the Sale having closed,[12] conversion to chapter 7 is the only available alternative to the Plan.] In chapter 7 the tasks for which the Plan Trustee has responsibility under the Plan – liquidating any remaining assets, pursuing and/or settling the Noteholder Litigation, resolving discrepancies in claim amounts (including by objection where warranted), making distributions to creditors, and wrapping up the Debtors' affairs, including final tax returns – would instead be delegated to a bankruptcy trustee appointed by the United States Trustee (a federal official with administrative responsibilities in bankruptcy cases) and the lawyers and accountants hired by the bankruptcy trustee. The Debtors believe that conversion to Chapter 7 has serious disadvantages to parties in interest, compared with the Plan. Under chapter 7 a new deadline to file claims would be set. The process of claims review and allowance – already far advanced in this case – would begin anew. In chapter 7, distributions to creditors require orders of the Court, and interim distributions (that is, distributions made to holders of Allowed Claims at a time when other claims remain unresolved and the case is not ready to be closed) are the exception rather than the rule. Under the Plan, by contrast, the Plan Trustee can make distributions as and when claims are Allowed and funds become available. The process for resolving disputes concerning the proper Allowed Amount of a claim is also more cumbersome in chapter 7 than under the Plan. In sum, the Debtors project that Chapter 7 would cost more money, take more time, and delay distributions to creditors compared with the Plan.

For the foregoing reasons, the Debtors have determined, and urge their creditors to conclude, that the Plan is a superior alternative to Chapter 7.

XII. RISK FACTORS

[Since the Sale has closed and the proceeds have been received by the Debtors, there are

[12] As part of the Sale process, the Debtors solicited bids not only for the purchase of the PD-1 Assets but for the restructuring of the Debtors through a chapter 11 plan different from this one.

no significant risk factors concerning the Debtors' ability to implement the Plan.] From the perspective of those who hold General Unsecured Claims, the receipt of any distribution under the Plan is dependent on the outcome of the Noteholder Litigation. It is the Debtors' belief that the Plan provides the best and most likely approach to resolving the Noteholder Litigation on such terms as to produce a substantial distribution on account of General Unsecured Claims.

XIII. TAX CONSEQUENCES

By reason of substantial net operating loss carryforwards and other tax attributes, the Debtors do not expect to be subject to any substantial taxation by reason of the closing of the Sale or any other transaction of the Debtors. Implementation of the Plan may result in federal, state or local tax consequences to creditors. Such consequences are beyond the scope of this Disclosure Statement, in that each creditor's situation is different. Creditors are urged to consult with their own tax advisors as to specific tax consequences to them resulting from the Plan.

XIV. ACCEPTANCE AND CONFIRMATION OF PLAN

A. Acceptance of the Plan

The Bankruptcy Code provides that any class of creditors whose rights are "impaired" (that is, not fully honored) under a proposed chapter 11 plan has the right, as a class, to accept or reject the plan. Each member of the class may vote on this decision. A class of creditors accepts the Plan if more than one-half of the ballots that are timely received from members of the class, representing at least two-thirds of the dollar amount of claims for which ballots are timely received, are voted in favor of the Plan.

Classes 1, 3 and 4 – consisting of, respectively, Noteholder Claims (to the extent Secured), General Unsecured Claims and Subordinated Claims – are impaired and may therefore vote to accept or reject the Plan. While generally claims to which an objection has been filed (such as the Noteholder Claims to which the Debtors will be objecting) are not entitled to vote on a plan, the Debtors [filed with the Court, and the Court allowed, a motion to temporarily allow the Noteholder Claims as Class 1 Claims for Plan voting purposes only.]

The Debtors will pay in full claims in Class 2 consisting of any Allowed Priority Tax Claims and Allowed Priority Non-Tax Claims. Class 5, the equity interests of the EBHI's shareholders, will likely receive nothing under the Plan and is therefore deemed to reject the Plan. Therefore, votes are not being solicited from Class 2 or Class 5.

If the Plan is accepted by one of the impaired classes of creditors, disregarding the votes of any insiders included in such class, then the Bankruptcy Code permits the Debtors to request confirmation of the Plan notwithstanding rejection of the Plan by one or more classes. Colloquially this is known as a "cramdown." The Debtors intend to seek confirmation of the Plan despite its deemed rejection by shareholders, and reserve the right to seek confirmation by means of cramdown if one or more classes of creditors should reject the Plan. The Debtors believe that they will be able to demonstrate that the Plan meets the standard for cramdown set forth in Section 1129(b) of the Bankruptcy Code as to the shareholders, because no class junior

to the shareholders (there is no such class) will receive or retain any property under the Plan and no class senior to the shareholders will be paid more than in full. Furthermore, the Debtors believe it is likely that the Plan would meet the required standards of Section 1129(b) for cramdown on a creditor class. Accordingly, any creditor voting against the Plan who wishes to assert that the Plan may not be confirmed if such creditor's class does not accept the Plan is hereby placed on notice of the need to file an objection to the Plan specifically asserting why the standards of Section 1129(b) have not been met (as well as any other ground for objection to confirmation of the Plan), and to appear at the Confirmation Hearing as required of any objector to the Plan (see Section XIV(C) below).

B. Voting Procedures

Included in the same envelope containing this Disclosure Statement is a ballot by which holders of Class 1, 3 or 4 Claims may vote to accept or reject the Plan. You should first review this Disclosure Statement and the Plan, and then complete the ballot. Instructions for completing and returning the ballot are found on the ballot itself but are summarized here.

The Voting Deadline is 4:00 p.m. on [April __, 2018].

IN ORDER FOR YOUR VOTE TO COUNT, IT MUST BE RECEIVED BY THE DEBTORS' COUNSEL NOT LATER THAN THE VOTING DEADLINE. Submission of ballots by electronic mail, telefacsimile, or any means not including an authorized signature in ink, is prohibited.

All votes to accept or reject the Plan must be cast by using the ballot provided, or a copy of the ballot provided. The ballot must be signed by the creditor, or an officer, partner or authorized agent of the creditor. Ballots signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity should indicate such capacity and be accompanied by proper evidence satisfactory to Debtors' counsel of their authority to so act. Please be sure to fill in the name of the creditor on whose behalf the ballot is being filed.

On each ballot there is a space in which to write the Class in which your claim belongs and the amount you believe is the amount of your claim. These figures are solely for reference. If the Class or amount you fill in differs from the correct Class or actual Allowed Amount of your Claim, then the correct Class and actual Allowed Amount will be used in tabulating your vote. Also, please be aware that **the amount of the Claim specified on your Ballot will not constitute, supersede or amend any proof of claim for your Claim.**

If an objection to your Claim is pending, your vote will not count unless you file, and the Court grants, a motion under Rule 3018 of the Federal Rules of Bankruptcy Procedure for your Claim to be temporarily allowed for voting purposes. Any such motion must be filed not later than the Voting Deadline, unless the Court determines otherwise.

C. Confirmation of the Plan

The Bankruptcy Court must hold a confirmation hearing before deciding whether to confirm the Plan. Upon entry of the Confirmation Order, the Effective Date of the Plan will occur on the business day after the 30th day following entry of the Confirmation Order. However, one aspect of the Plan will occur immediately: The Plan Trustee will take over the powers and duties of the Debtors' directors and officers as soon as the Confirmation Order is entered. This will permit the Plan Trustee to finish the process of reconciling claims and be ready to make distributions on the Effective Date (subject, of course, to funds being available). For this reason, the Debtors intend to request that the Confirmation Order take effect immediately, such that the otherwise-applicable 14-day stay supplied by Rule 3020(e) of the Federal Rules of Bankruptcy Procedure will not apply.

The hearing on confirmation of the Plan, and on any objections to the Plan, will be held on [April __, 2018 at __:__ _.m.], before the Honorable Frank J. Bailey, in Courtroom 3, 12th floor, John W. McCormack Post Office and Court House, 5 Post Office Square, Boston, Massachusetts (the "Confirmation Hearing"). The Confirmation Hearing may be adjourned from time to time by the Court without further notice except for an announcement made at the Confirmation Hearing or any adjournment of that hearing.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Objections to confirmation of the Plan are governed by Rule 9014 of the Federal Rules of Bankruptcy Procedure. Any objection to confirmation of the Plan must be in writing, and filed with

Clerk's Office
United States Bankruptcy Court
John W. McCormack Post Office and Court House
5 Post Office Square
Suite 1150
Boston, MA 02109-3945.

The objection must also be served on the parties below so that they actually receive it not later than the time it is filed with the Court:

Counsel to the Debtors:	Daniel C. Cohn, Esq. Murtha Cullina LLP 99 High Street Boston, MA 02110
United States Trustee:	Eric K. Bradford, Esq. Office of the United State Trustee 5 Post Office Square Suite 1000 Boston, MA 02109
All other parties requesting notice in these Chapter 11 cases	Addresses on file with the Court.

Objections must be filed and served by not later than **4:00 p.m. on [April __, 2018]** (same as the Voting Deadline).

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT. Furthermore, in order to pursue an objection, ***the objector must also attend the Confirmation Hearing***, either in person or through counsel, except that certain entities such as corporations may appear only through counsel. Otherwise, the objection will be deemed to have been waived even if it was timely filed and served.

The Debtors reserve the right, in order to resolve any objection to confirmation of the Plan or otherwise, to modify the Plan without further notice or disclosure, so long as the modification does not adversely change the treatment of any creditor who has not accepted the modification.

The Plan will be confirmed if it meets the requirements set forth in the bankruptcy law. The most significant of these requirements include:

- *Assenting Impaired Class.* The Plan must have been accepted by at least one impaired class of Claims, disregarding votes of insiders.

- *Acceptance and Cramdown.* All impaired classes must have accepted the Plan, except that if any class does not accept the Plan and any member of the class objects on the basis that the Plan does not meet the requirements for cramdown, the Debtors must persuade the Court to determine that the Plan does meet the cramdown requirements. The requirements for cramdown are that the Plan must be fair and equitable to, and not unfairly discriminate against, the objector's class.

- *Classification.* If the holder of a Claim objects to classification of such Claim, including that the Claim was placed in an impermissible class or that another Claim was impermissibly placed in the same class as such Claim, the Court must find that such Claim was permissibly classified. In general, a class may only include claims with the same legal rights.

- *Best Interests of Creditors.* If any creditor does not accept the Plan and objects on the basis that the Plan does not provide such creditor with at least as great a distribution as the creditor would receive in a Chapter 7 liquidation, the Court must find that the Plan does supply such creditor with at least as great a distribution as the creditor would receive in a Chapter 7 liquidation.

- *Feasibility.* If any creditor objects on the basis that confirmation of the Plan is likely to be followed by the need for liquidation or further reorganization, other than as contemplated by the Plan, then the Court must find that the Plan is not likely to be followed by the need for liquidation or for further reorganization except as contemplated by the Plan. In this regard, the Plan by its terms provides for the liquidation of the Debtors.

The Debtors believe that the foregoing requirements are or will be met. If the Court determines that all confirmation requirements are satisfied, it will enter an order confirming the Plan. The Debtors' proposed form of Confirmation Order will be on file with the Court not later than [April __, 2018]. You may obtain a copy by contacting Debtors' counsel; the best way is by email to jhorne@murthalaw.com.

XV. CONCLUSION

The Debtors urge all creditors to vote for and support the Plan, on the basis that the Plan is beneficial to all creditors. For holders of Noteholder Claims, the Plan provides for an orderly path for resolution of disputes concerning the extent, amount and priority of liens, and for the most expeditious possible distribution once those disputes are resolved. For priority creditors, the Plan provides what is most likely the quickest route to being paid in full. For general unsecured creditors, the Plan provides the best opportunity for a meaningful recovery.

Respectfully submitted,

ENUMERAL BIOMEDICAL HOLDINGS, INC.,
ENUMERAL BIOMEDICAL CORP. and
ENUMERAL SECURITIES CORPORATION,

Dated: February 15, 2018

By _____
Kevin G. Sarney,
Interim President & CEO

EXHIBIT 1

Debtor's Chapter 11 Plan Dated February 15, 2018

[*To be inserted*]