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Kenneth P. Silverman
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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re:

NRAD MEDICAL ASSOCIATES, P.C., f/k/a NASSAU RADIOLOGIC GROUP, P.C., f/d/b/a LONG ISLAND RADIATION THERAPY, f/d/b/a LONG ISLAND PET IMAGING, f/d/b/a LAKEVILLE NUCLEAR ASSOCIATES, f/d/b/a MANHASSET DIAGNOSTIC IMAGING, P.C., f/d/b/a HILLCREST RADIOLOGY ASSOCIATES, f/d/b/a IMAGING FOR HEALTH, f/d/b/a LAKEVILLE IMAGING, f/d/b/a LAKEVILLE NASSAU CT,

Debtor.

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Chapter 11

Case No. 15-72898 (LAS)

DISCLOSURE STATEMENT WITH RESPECT TO DEBTOR'S
SECOND AMENDED CHAPTER 11 PLAN OF REORGANIZATION

THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THE DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THE DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL TO THE BANKRUPTCY COURT BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT AT THIS TIME. THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE BANKRUPTCY COURT THAT THIS DISCLOSURE STATEMENT CONTAINS "ADEQUATE INFORMATION" WITHIN THE MEANING OF BANKRUPTCY CODE §1125.

DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY MAKE ANY REPRESENTATIONS, OTHER THAN THE REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETIES BY REFERENCE TO THE PLAN. IN THE CASE OF ANY INCONSISTENCY BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE PROVISIONS OF THE PLAN SHALL GOVERN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF APRIL 6, 2017 UNLESS ANOTHER TIME IS SPECIFIED HEREIN. THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE APRIL 6, 2017.

THE SOLICITATION PURSUANT TO THIS DISCLOSURE STATEMENT WILL EXPIRE AT 5:00 P.M. EASTERN TIME ON MAY 16, 2017 (THE "**VOTING DEADLINE**"). TO BE COUNTED, BALLOTS MUST BE ACTUALLY RECEIVED BY THE DEBTOR'S ATTORNEYS IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON OR BEFORE THE VOTING DEADLINE. PLEASE SEE ARTICLE II OF THIS DISCLOSURE STATEMENT FOR THE VOTING INSTRUCTIONS. BALLOTS WILL NOT BE ACCEPTED VIA FACSIMILE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE (DEFINED HEREIN) AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NONBANKRUPTCY LAW.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, AS A STIPULATION OR AS A WAIVER BUT, RATHER, AS A STATEMENT MADE IN COMPROMISE AND/OR SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NONBANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE REORGANIZATION AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTOR.

THE DEBTOR AND ITS RETAINED PROFESSIONAL PERSONS HAVE ATTEMPTED TO PROVIDE ACCURATE INFORMATION IN THIS DISCLOSURE STATEMENT. HOWEVER, NO SUCH PERSON CAN PROVIDE COMPLETE ASSURANCE THAT ALL SUCH INFORMATION IS ACCURATE. ACCORDINGLY, SUCH PERSONS DO NOT WARRANT OR GUARANTEE THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT, INCLUDING THE FINANCIAL INFORMATION CONTAINED THEREIN.

IF THE PLAN IS CONFIRMED BY THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF NEW YORK (THE "**BANKRUPTCY COURT**") AND BECOMES EFFECTIVE, ALL HOLDERS OF CLAIMS AND INTERESTS (INCLUDING THOSE WHO REJECTED OR WHO ARE DEEMED TO HAVE REJECTED OR ACCEPTED THE PLAN AND

THOSE WHO DID NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN. WHILE THE DEBTOR BELIEVES THAT THE PLAN WILL BECOME EFFECTIVE IF IT IS CONFIRMED BY THE BANKRUPTCY COURT, THERE IS NO ASSURANCE THAT THE PLAN WILL, IN FACT, BECOME EFFECTIVE OR THAT CREDITORS WILL RECEIVE THE DISTRIBUTIONS PROVIDED FOR THEREUNDER.

DISCLOSURE STATEMENT WITH RESPECT
TO THE DEBTOR'S PLAN OF REORGANIZATION

I. Introduction

NRAD Medical Associates, P.C., f/k/a Nassau Radiologic Group, P.C., f/d/b/a Long Island Radiation Therapy, f/d/b/a Long Island Pet Imaging, f/d/b/a Lakeville Nuclear Associates, f/d/b/a Manhasset Diagnostic Imaging, P.C., f/d/b/a Hillcrest Radiology Associates, f/d/b/a Imaging For Health, f/d/b/a Lakeville Imaging, f/d/b/a Lakeville Nassau CT (the "**Debtor**") submits this disclosure statement (the "**Disclosure Statement**") pursuant to section 1125 of title 11, United States Code (the "**Bankruptcy Code**") for use in the solicitation of votes on the Debtor's second amended plan of reorganization (the "**Plan**"), which was filed with the United States Bankruptcy Court for the Eastern District of New York on April __, 2017. A copy of the Plan is annexed to this Disclosure Statement as **Exhibit A**.

This Disclosure Statement sets forth certain information regarding the Debtor's prepetition history, its need to seek chapter 11 protection, its financial condition, and the terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of confirmation of the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims against and Interests in the Debtor must follow for their votes to be counted.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATED TO THE PLAN, CERTAIN EVENTS IN THE CHAPTER 11 CASE, AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE PLAN PROPONENTS BELIEVE THAT THE SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE

EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS.

II. Voting Instructions and Procedures

A. Definitions

Capitalized terms not otherwise defined in this Disclosure Statement have the meanings given to them in the Plan.

B. Notice to Holders of Claims and Holders of Interests

This Disclosure Statement is being transmitted to certain holders of Claims against the Debtor. The purpose of this Disclosure Statement is to provide adequate information to enable the holders of Claims against the Debtor to make reasonably informed decisions with respect to the Plan prior to exercising their right to accept or reject the Plan.

On April __, 2017, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind, and in sufficient detail, that would enable the holders of Claims against the Debtor to make an informed judgment with respect to acceptance or rejection of the Plan. The Bankruptcy Court's approval of this Disclosure Statement does not constitute either a guaranty of the accuracy or completeness of the information contained herein or an endorsement of the Plan by the Bankruptcy Court. In addition, this Disclosure Statement has not been approved or disapproved by the Securities and Exchange Commission, nor has the Securities and Exchange Commission passed upon the accuracy, adequacy or completeness of the statements contained herein.

All holders of Claims against or Interests in the Debtor are encouraged to read this Disclosure Statement and its appendices carefully and in their entireties before deciding to vote either to accept or to reject the Plan. This Disclosure Statement contains important information about the Plan, considerations pertinent to acceptance or rejection of the Plan, and developments concerning the Chapter 11 Case.

CERTAIN INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS, AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS.

THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTING FIRM AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

C. Solicitation Package

Accompanying this Disclosure Statement are copies of (i) the Plan; (ii) a notice fixing the time for filing of acceptances or rejections of the Plan, fixing the date, time, and place of the hearing to consider confirmation of the Plan, and fixing the time for filing objections to the Plan; and (iii) if you are the holder of Claim(s) or Interest(s) entitled to vote on the Plan, one or more ballots to be used by you in voting to accept or to reject the Plan.

D. Voting Procedures, Ballots and Voting Deadline

Pursuant to the provisions of the Bankruptcy Code, only classes of Claims and Interests that are impaired under the terms and provisions of the Plan are entitled to vote to accept or reject the Plan. Therefore, the only classes entitled to vote on the Plan are Classes 2, 5, 6, and 7 (the "**Voting Classes**"). Ballots for acceptance or rejection of the Plan are being provided only to members of the Voting Classes. Other forms of ballot are not acceptable and will not be counted.

Each holder of a Claim or Interest in the Voting Classes should read this Disclosure Statement and the Plan in their entireties. After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot. Please complete and sign your original Ballot (copies will not be accepted) and return it

to the Debtor's counsel, SilvermanAcampora LLP, 100 Jericho Quadrangle, Suite 300, Jericho, New York, 11753, Attn: Kenneth P. Silverman, Esq. For a description of the treatment of each Class, see Articles III and IV of the Plan.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED NOT LATER THAN THE VOTING DEADLINE, MAY 16, 2017 AT 5:00 P.M. EASTERN TIME, BY THE DEBTOR'S COUNSEL. ANY EXECUTED BALLOT RECEIVED THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN OR INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN SHALL BE DEEMED TO CONSTITUTE AN ACCEPTANCE OF THE PLAN.

PLEASE NOTE THAT THE PLAN INCLUDES CERTAIN RELEASES OF CLAIMS HELD BY THE DEBTOR AND OTHERS IN FAVOR OF CERTAIN PARTIES IN INTEREST THAT HAVE RESOLVED THEIR DISPUTES WITH THE DEBTOR. THE PLAN ALSO CONTAINS PROVISIONS EXCULPATING THE DEBTOR'S OFFICERS, DIRECTORS AND SHAREHOLDERS, THE COMMITTEE AND ITS MEMBERS (IN THEIR CAPACITY AS COMMITTEE MEMBERS), AND THE FORMER SHAREHOLDERS IN CONNECTION WITH THEIR EFFORTS TOWARDS THE NEGOTIATIONS AND DRAFTING OF THE PLAN. BY VOTING IN FAVOR OF THE PLAN, YOU WILL BE CONSENTING TO THESE PROVISIONS. IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT, THEN ALL CREDITORS AND HOLDERS OF INTERESTS WILL BE BOUND BY SUCH PROVISIONS, REGARDLESS OF THEIR VOTES FOR ACCEPTANCE OR REJECTION OF THE PLAN.

E. Questions

If you are a Holder of a Claim entitled to vote on the Plan and (i) did not receive a Ballot, (ii) received a damaged Ballot, (iii) lost your Ballot, or (iv) have any question about the

procedure for voting or with respect to the packet of materials that you have received, or (v) if you wish to obtain, at your own expense, unless otherwise specifically required by Federal Rule of Bankruptcy Procedure 3017(d), an additional copy of the Plan or this Disclosure Statement, please contact:

SILVERMANACAMPORA LLP
100 Jericho Quadrangle, Suite 300
New York, New York 10281
Attn: Brian Powers, Esq.

F. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to Section 1128 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 3017(c), the Bankruptcy Court has scheduled the hearing to consider confirmation of the Plan (the "**Confirmation Hearing**") for May 23, 2017, at 11:00 a.m. before the Honorable Louis A. Scarcella, Alfonse M. D'Amato Federal Courthouse, 290 Federal Plaza, Central Islip, New York 11722, Courtroom 970. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan both be filed with the Clerk of the Bankruptcy Court and served so that they are received on or before May 16, 2017, at 5:00 p.m. Eastern Time by:

Counsel for the Debtor:

SilvermanAcampora, LLP
100 Jericho Quadrangle, Suite 300
Jericho, NY 11753
Attn: Kenneth P. Silverman, Esq.

Counsel for the Committee:

Farrell Fritz, P.C.
1320 RXR Plaza
Uniondale, New York 11556
Attn: Patrick Collins, Esq.

Counsel for Certain of the Debtor's Former Shareholders

Meyer, Suozzi, English & Klein, P.C.
990 Stewart Avenue, Suite 300
Garden City, New York 11530
Attn: Howard B. Kleinberg, Esq.

United States Trustee:

Office of the United States Trustee
Alfonse D'Amato Federal Courthouse
560 Federal Plaza
Central Islip, New York 11722-4456
Attn: Alfred M. Dimino, Esq.

III. History of the Debtor and Events Leading to Chapter 11

Until June 1, 2015, the Debtor operated a regional radiology imaging medical practice (the "**Imaging Practice**") and a regional radiation therapy practice (the "**RT Practice**") with sixteen (16) locations throughout Long Island and Queens, New York, which employed approximately 450 individuals. In addition, the Debtor and certain multi-specialty practitioners (*e.g*. gynecologists, internists, surgeons) (collectively, the "**MSP's**") were parties to agreements (collectively, the "**MSP Agreements**"), pursuant to which the MSP's were employed by the Debtor, certain assets were acquired, certain obligations were assumed, and the Debtor fulfilled the imaging needs of the MSP's practice (the "**MSP Practice**").

Over several years prior to the Petition Date the RT Practice and MSP Practice became a financial burden that, when coupled with unfortunate circumstances including, but not limited to, a loss of referrals and reduced reimbursement rates from insurance companies and third-party payors, created a downward financial spiral that the Debtor could not overcome under its former corporate structure. The Debtor's financial issues were further exacerbated by the Debtor's legacy debt to former shareholders (the "**Former Shareholder Debt**") who redeemed their shares and terminated their employment agreements when the Debtor's financial problems arose. The departure of eighteen (18) shareholders within two years gave rise to increased debt

in the form of redemption payments and severance obligations required under the Debtor's shareholders' agreement, while at the same time removing the revenue that such former shareholders may have generated.

The Alignment Transaction

On June 1, 2015, following notice to and consent of Sterling National Bank ("**Sterling**") the Debtor closed an alignment transaction (the "**Alignment Transaction**") pursuant to which the Debtor transferred substantially all of the assets of its Imaging Practice, subject to Sterling's lien, the Shareholders' Lien (defined below), and the Vincoff Lien (defined below), to Blue Dot Holdings, LLC ("**Blue Dot**"), a wholly owned subsidiary of the Debtor. Blue Dot in turn transferred those assets to Meridian Imaging Group, LLC ("**Meridian**"), a newly formed management services organization ("**MSO**"), in exchange for an ownership interest in Meridian, pursuant to a certain Contribution Agreement effective as of June 1, 2015, by and between Blue Dot and Affiliated Imaging Group, LLC ("**Affiliated**").

Affiliated is an unrelated MSO which provided management services to radiologic imaging practices pursuant to a pre-existing licensing agreement with NYU (defined below). Affiliated simultaneously transferred substantially all of its assets to Meridian in exchange for an ownership interest in Meridian.

Pursuant to the Contribution Agreement and the agreements entered into therewith, Blue Dot has a 52.8875% ownership interest in Meridian, and Affiliated has a 47.1125% ownership interest in Meridian. Meridian licenses those transferred assets and certain leasehold interests, and provides certain services to New York University School of Medicine, an administrative unit of New York University, a New York education corporation ("**NYU**") in exchange for, among other things, a usage fee, pursuant to an Exclusive License Agreement (the "**License Agreement**") by and between Meridian and NYU effective as of June 1, 2015.

Pursuant to the License Agreement, Meridian licenses to NYU certain leasehold

interests previously owned by the Debtor and/or Affiliated, furnishes to NYU the services of nurses, certain non-physician and clerical personnel, and provides clinical services and radiology services to patients at those leasehold locations.

In addition, Meridian executed a Promissory Note in favor of Blue Dot for the amount of $600,000 to be paid with interest over four (4) years, and granted Blue Dot a security interest in certain equipment previously transferred from NRAD to Blue Dot, and then in turn from Blue Dot to Meridian pursuant to a Secured Promissory Note dated July 2, 2015. As a result, Sterling assigned to Blue Dot its interest in the UCC-1 financing statement attached to that collateral. Blue Dot subsequently assigned its interest in that Secured Promissory Note to the Debtor, and provided Meridian with a direction letter to make all payments due under that note to the Debtor.

The Debtor's Post Alignment Transaction Obligations

As of the Petition Date, the Debtor employed eleven (11) cardiologists, and seven (7) nurses, all of whom provided services to NYU's radiology imaging patients as part of the Alignment Transaction. The Debtor continued to employ those individuals because, as Meridian is an MSO and, it cannot employ those professionals. As a result, the Debtor is a party to a contract with NYU to provide the cardiologists' services, for which NYU pays the Debtor.

Also as part of the Alignment Transaction, the Debtor agreed to contribute certain of its leasehold interests for the practice sites of its Imaging Practice, subject to the applicable landlords' consent, which leasehold interests would then be licensed to NYU. Prior to and during the Chapter 11 Case, the Debtor assigned those leasehold interests to Meridian.

The Debtor's Current Shareholders

The Debtor is owned by eight (8) shareholders (collectively, the "**Current Shareholders**") as follows: Robert V. Blake, M.D.; Paul D. Cayea, M.D.; Paul S. Lang, M.D.; Robin Ehrenpreis, M.D.; Daniel Benjamin, M.D.; Gene Berkovich, M.D.; Eric Schnipper, M.D.; and Paul Schorr, M.D. The Current Shareholders are not equal owners, but rather own either a

full share or some percentage of a share. Drs. Lang, Benjamin, and Ehrenpreis comprise the Debtor's Board of Directors and are expected to remain as the Reorganized Debtor's Board of Directors for purposes of implementing the Plan.[1]

All of the Debtor's shareholders are medical doctors and are no longer employed by the Debtor, but rather, as of the effective date of the Alignment Transaction, are employed by NYU and work at sites formerly operated by the Debtor. None of the Debtor's shareholders draw a salary or any other compensation from the Debtor, with the exception of the members of the Debtor's Board of Directors who receive board fees. The total board fees paid by the Debtor per year are $66,000, which the Debtor expects will continue to be paid by the Reorganized Debtor.

Sterling National Bank Debt

On or about September 11, 2013, the Debtor entered into a term loan with Sterling National Bank ("**Sterling**") for the amount of approximately $1.7 million (the "**Sterling 2013 Term Loan**") pursuant to a promissory note. That promissory note was secured by the cash surrender value of certain life insurance policies, and the proceeds of the loan were used to satisfy a portion of secured debt due to Signature Bank then in default.[2] On December 27, 2013, the Debtor entered into a revolving credit facility with Sterling (the "**Sterling 2013 Credit Facility**") for a maximum borrowing amount of $5,811,500, secured by a first priority lien on substantially all of the Debtor's assets,[3] pursuant to a Loan and Security Agreement, the

[1] In addition, Lindenwood Associates, LLC, the Debtor's Chief Restructuring Consultant, shall remain in that position to assist the Reorganized Debtor in its implementation of the Plan.

[2] In or about 2012, the Debtor was a party to a revolving credit commitment with Signature Bank with a maximum borrowing amount of approximately $5.3 million. There were no personal guarantees required for the Signature Bank debt. In or about December 2013, Signature Bank notified the Debtor that it was in default, and began charging an eighteen (18%) percent default rate on the debt. Shortly thereafter, Signature Bank commenced an action against the Debtor in the Supreme Court of New York, County of Nassau, Index No. 601744/13.

[3] Sterling holds a subordinate lien on those assets that serve as collateral for the Current Shareholders' first priority lien. As stated below, the Debtor granted the Current Shareholders a first-priority lien on certain assets in exchange for the Shareholders' Additional Collateral (defined below) provided by the Current Shareholders to Sterling.

proceeds of which were used in part to satisfy the remaining secured debt due to Signature Bank.

The Sterling 2013 Term Loan and the Sterling 2013 Credit Facility were further secured by $2 million of cash and securities pledged by the Current Shareholders (the "**Shareholders' Additional Collateral**"), to be returned upon the Debtor's ability to reach certain financial ratios under the loan documents. In exchange, the Debtor granted the Current Shareholders a first-priority lien (the "**Shareholders' Lien**") upon certain equipment up to a value of $2 million, pursuant to a Security Agreement dated as of December 27, 2013 (the "**Shareholders' Security Agreement**"). The Current Shareholders filed a UCC-1 financing statement against the Debtor to perfect their interest.

In addition, Meridian executed a Promissory Note in favor of Blue Dot for the amount of $600,000 to be paid with interest over four (4) years, and granted Blue Dot a security interest in certain equipment previously transferred from NRAD to Blue Dot, and then in turn from Blue Dot to Meridian pursuant to a Secured Promissory Note dated July 2, 2015. As a result, Sterling assigned to Blue Dot its interest in the UCC-1 financing statement attached to that collateral. Blue Dot subsequently assigned its interest in that Secured Promissory Note to the Debtor, and provided Meridian with a direction letter to make all payments due under that note to the Debtor.

The Current Shareholders further committed themselves to the future of the Debtor by executing limited personal guarantees (the "**Shareholder Personal Guaranties**") in favor of Sterling in connection with the Sterling 2013 Term Loan and the Sterling 2013 Credit Facility.

In or about January 2015, the Debtor and Sterling entered into an Amendment to Loan and Security Agreement (the "**Sterling Amendment**"), pursuant to which Sterling required that the Debtor refinance $1,997,000 of the maximum facility amount of the Sterling 2013 Credit Facility on or before February 27, 2015. Sterling's request for the Sterling Amendment was in response to the Debtor's non-monetary default under the Sterling 2013 Credit Facility, including

failure to be in compliance with certain financial covenants including, but not limited to, the debt service coverage ratio and net loss for the fiscal year ending December 31, 2013, and the fiscal period ending September 30, 2014.

The Debtor's inability to satisfy certain financial covenants was caused, at least in part, by the failure of the Debtor's third party billing agent to adequately perform billing services on behalf of the Debtor. As a result, the Debtor's accounts receivable over 120 days exceeded 18% of total accounts receivable. As a result of the inadequate services, approximately $4 million of the Debtor's receivables were not eligible to be considered in the calculation of maximum borrowing availability under the Sterling 2013 Credit Facility.

Between February and June 2015, Sterling cooperated with the Debtor to extend the deadline by which the Debtor was required to refinance a portion of the Sterling 2013 Credit Facility. During that time, the Debtor explored various alternative financing alternatives through a broker which were not successful.

In May 2015, Sterling consented to the Alignment Transaction. On July 2, 2015, the Debtor restructured the Sterling 2013 Credit Facility and Sterling 2013 Term Loan into two (2) term loans (the "**Sterling Term Loans**") pursuant to an Amended and Restated Loan and Security Agreement (collectively and together with other ancillary documents, the "**Sterling Documents**") by and among Sterling, as lender, and NRAD, Blue Dot, and Red Dot Holdings, LLC,[4] as borrowers. "Term Loan 1" is in the amount of $3,688,500, and refinanced the Sterling 2013 Term Loan and a portion of the Sterling 2013 Credit Facility. "Term Loan 2" is in the amount of $3,053,365, and refinanced a portion of the Sterling 2013 Credit Facility. The Sterling Term Loans are secured by a lien on: (i) substantially all of the Debtor's assets; (ii) the

[4] Red Dot Holdings, LLC was formed in the event that the Debtor was able to negotiate an alignment transaction between NYU and the Debtor's RT Practice. Those negotiations were unsuccessful.

Shareholders' Additional Collateral;[5] (iii) Blue Dot's membership interest in Meridian; (iv) the income stream due from Meridian to Blue Dot and (v) the products and proceeds thereof. As part of the consideration for the Sterling Term Loans, the Current Shareholders executed Certifications agreeing to reaffirm the Shareholder Personal Guaranties and pledge and/or control agreements with respect to the Shareholders' Additional Collateral.

As of February 1, 2017, the Debtor is indebted to Sterling in the approximate amount of $3,592,969 plus interest, costs and fees which continue to accrue in accordance with the terms of the Sterling Documents (the "**Sterling Debt**"). Subsequent to the Petition Date, and on consent of the Creditors Committee and the Debtor, the Bankruptcy Court entered a Final Order Authorizing the Debtor's Use of Sterling's Cash Collateral (ECF Doc. No. 209) (the "**Cash Collateral Order**"). The Cash Collateral Order granted to Sterling, effective and perfected as of the Petition Date and without the necessity of the execution of mortgages, security agreements, pledge agreements, financing statements or other agreements, a first-priority security interest in and lien on all the pre- and post- petition property of the Debtor subject and subordinate only to (i) any valid, enforceable, perfected and unavoidable liens on such assets and property in existence as of the Petition Date (other than the Sterling Security Interest); and (ii) the Carve-Out. In addition, Sterling was granted a super priority administrative claim as provided for in section 507(b) of the Bankruptcy Code with priority over any and all administrative expenses and all other claims against the Debtor, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all other administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code, and over any and all other administrative expenses or other claims arising under any other provision of the Bankruptcy Code, including, without limitation, sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b) or 726 of the

[5] As a direct result of the Debtor's financial status leading up to the Alignment Transaction, Sterling has not returned any of the Shareholders' Additional Collateral.

Bankruptcy Code.

In connection with obtaining Sterling's consent for the Debtor's use of its cash collateral to fund operations, the Debtor has made considerable payments to Sterling during the pendency of its chapter 11 case.

Prepetition Litigation with the Debtor's Former Shareholders

On November 12, 2014, the Debtor commenced an action in the Supreme Court, Nassau County (Driscoll, J.) titled *NRAD Medical Associates, P.C. v. David Ebling, M.D., et al.,* under Index No. 606028/14 (the "**BCL Action**"), seeking entry of a declaratory judgment pursuant to CPLR §3301 and N.Y. Business Corporations Law ("**BCL**") that the Debtor does not have sufficient "surplus" to make redemption payments due to its former shareholders, and is insolvent, or would be rendered insolvent, if required to make such redemption payments.

The Debtor commenced the BCL Action after careful consideration and deliberation amongst the Current Shareholders and the Debtor's retained professionals regarding the Debtor's lack of "surplus." The Debtor recognized that (i) it was unable to continue making payments due to its former shareholders for the portion of the Former Shareholder Debt related to redemption of shares, (ii) continuing to make such payments in its financial state would be a violation of BCL § 513, and (iii) each of the Former Shareholders would likely take legal action to recover amounts owed. Thus, rather than waiting and defending eighteen (18) identical litigations, the Debtor commenced the BCL Action to have the issue affecting all Former Shareholders determined in one forum, simultaneously.

Vincoff I

On November 5, 2014, seven (7) days before the Debtor commenced the BCL Action, Nina S. Vincoff, M.D. ("**Vincoff**"), one of the Debtor's former shareholders, commenced an action in the Supreme Court, Nassau County (Distefano, J.) (the "**Nassau State Court**") titled *Nina S. Vincoff v. NRAD Medical Associates, P.C.,* under Index No. 605872/2014 ("**Vincoff I**")

by filing a motion for summary judgment in lieu of a complaint, seeking entry of a judgment for the full amount due to her under the note issued by the Debtor for the redemption of her shares (a "**Redemption Note**"). Specifically, Vincoff argued that the Debtor defaulted under her Redemption Note and, therefore, regardless of BCL §513, and the fact that seventeen (17) other Former Shareholders were in the same position, she was entitled to a judgment for the full amount owed.

On February 9, 2015, notwithstanding the Debtor's opposition and cross motion to dismiss, or in the alternative stay or consolidate Vincoff I with the BCL Action, the Nassau State Court entered an order granting Vincoff's motion for summary judgment pursuant to CPLR §3213, and directing entry of a judgment in the amount of $318,994.09. On April 10, 2015, the Debtor and Vincoff entered into a Security Agreement (the "**Vincoff Security Agreement**") pursuant to which the Debtor granted Vincoff a security interest and lien, subordinate to all prior liens, upon substantially all of the Debtor's assets up to the amount of $318,994.09, plus interest, costs, and fees (including reasonable attorney's fees) (the "**Vincoff Lien**"). On May 1, 2015, Vincoff filed a UCC-1 financing statement against the Debtor perfecting her security interest granted under the Vincoff Security Agreement. On May 5, 2015, a judgment was entered in the office of the Clerk of the Nassau State Court, and on June 1, 2015, the Debtor filed and served a notice of entry of that judgment. The Debtor appealed the Judgment.

Vincoff II

On June 16, 2015, Vincoff commenced an action against Meridian, Blue Dot, and the Debtor in the Nassau State Court titled *Nina Vincoff, M.D. v. Meridian Imaging Group, LLC, Blue Dot Holdings, LLC and NRAD Medical Associates, P.C.,* under Index No. 603887/2015 ("**Vincoff II**"), (i) bringing a claim for replevin against Meridian to seize the transferred collateral in the Alignment Transaction for the purpose of selling it to satisfy the obligations secured by her subordinate security interest, (ii) seeking a declaratory judgment against Meridian, Blue Dot,

and the Debtor that BCL §513 does not prevent her from enforcing her security interest in the transferred collateral, (iii) asserting claims against the Debtor for breach of the settlement stipulation and the Vincoff Security Agreement, and (iv) as an alternative to her claim for replevin, seeking to set aside the transfer from the Debtor to Blue Dot to Meridian, subject to the Vincoff Lien, as a fraudulent conveyance and to recover money damages. Meridian, Blue Dot, and the Debtor filed a motion to dismiss *Vincoff II*, which was pending as of the Petition Date (defined below).

IV. The Chapter 11 Case

On July 7, 2015 (the "**Petition Date**"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Shortly after the Petition Date, the Debtor obtained Bankruptcy Court authority to retain SilvermanAcampora, LLP as its bankruptcy counsel, Ruskin Moscou Faltischek, P.C., as its special counsel for healthcare and corporate purposes, Margolin, Winer & Evens LLP, as its accountants, and Lindenwood Associates LLC, as its Chief Restructuring Consultant.

On August 13, 2015, the United States Trustee appointed an Official Committee of Unsecured Creditors, which is comprised of David Kaplan, M.D., Henry Schein, Julian Safir, M.D., Nuclear Diagnostic Products and 415 Northern Boulevard Realty. Thereafter, the Committee obtained Bankruptcy Court authority to retain Farrell Fritz, P.C. as its counsel and PricewaterhouseCoopers LLP, as its financial advisor.

Bar Date for Filing Claims and Filing of Claims Objections

Pursuant to an Order of the Bankruptcy Court, dated August 27, 2015, all persons and entities asserting prepetition Claims against the Debtor, with certain exceptions as set forth in that Order, were required to file with the Clerk of the Bankruptcy Court proofs of claim against the Debtor, on or before October 30, 2015.

Claims in excess of $100 million were filed against the Debtor, although the Debtor believes this amount to be grossly overstated. The Debtor has resolved approximately $74.5 million of claims relating to medical malpractice actions by obtaining the Claimant's agreement to waive their claims against the Debtor's estate and to proceed solely against insurance proceeds. In addition, the Debtor has filed objections to eighteen (18) Claims, seeking to either reduce the amount claimed to conform to the Debtor's books and records, or to disallow the Claim in its entirety. On May 17, 2016, the Bankruptcy Court entered an order reducing thirteen (13) Claims to conform to the Debtor's books and records. The remaining objections to Claims are outstanding as of the date hereof, and the Debtor reserves the right to file and prosecute additional objections to Claims.

The Debtor intends to seek an order from the Bankruptcy Court establishing that any and all persons asserting post-petition and/or administrative priority claims against the Debtor shall file proofs of such claim or requests for payment no later than 60 days of the entry of the order confirming the Plan (the "Administrative Expense Claim Bar Date Order"). In addition, the Debtor intends to seek an order from the Bankruptcy Court requiring Professional Persons to file applications for compensation and for reimbursement of expenses incurred prior to the Effective Date no later than thirty (30) days after the Effective Date. Any Administrative Expense Claim, including a Claim or request for compensation and/or for reimbursement of expenses, not filed and served by the date prescribed in the Administrative Expense Claim Bar Date Order shall be forever barred and no distribution will be made on account of such Claim.

The RT Practice Sale

As of the Petition Date, the Debtor intended to terminate the operations of the RT Practice on or before September 1, 2015 because the RT Practice was operating at a significant loss. However, shortly after the filing of the Debtor's chapter 11 case, the Debtor entered into

discussions with St. Francis Hospital ("**St. Francis**") for St. Francis to purchase the assets of the RT Practice (the "**RT Assets**").

On August 3, 2015, the Debtor filed a motion to approve the sale of the RT Assets (the "**RT Sale**") as a private sale to St. Francis (ECF Doc. No. 61) (the "**RT Sale Motion**"). After consultation with counsel to the Committee, the United States Trustee, and the Court at the hearing held to consider the RT Sale Motion, and after a third party expressed interest in purchasing the RT Assets, the Debtor conducted a short marketing process in order to achieve the best possible value for the RT Assets. Ultimately, no additional offers to purchase the RT Assets were made, and the Court entered an order (ECF Doc. No. 123) approving the sale to St. Francis.

During the extensive negotiations required to finalize the RT Sale, several unforeseen issues arose, including a requirement imposed by St. Francis on the Debtor's landlords with respect to certain religious directives to which St. Francis was required to adhere. Accordingly, the closing of the RT Sale was delayed and at risk of not occurring. Ultimately, due to the Debtor's mounting losses arising from the delayed closing and St. Francis' concern that any further delay may have rendered the Debtor unable to close on the RT Sale, St. Francis increased the sale price by $70,000 to permit the Debtor to continue operations for an additional week while it worked through its issues with the landlords.

The RT Sale closed on October 13, 2016. As a result of the RT Sale, the Debtor received $1.45 million in cash, and shed approximately $1.45 million in unsecured claims through the payment of cure claims at closing. Of the cash received by the Debtor as proceeds from the RT Sale, $1 million was paid to Sterling to reduce the Sterling Debt.

Litigation with the Former Shareholders

In the six (6) years prior to the Petition Date, the Debtor made payments to certain of its former shareholders on account of the Former Shareholder Debt totaling approximately $17.6

million (the "**Former Shareholder Payments**"), which includes approximately $11 million on account of redemption of shares and $6.6 million on account of severance due under the former shareholders' employment contracts. In addition, certain of the Debtor's former and current shareholders filed claims in the Debtor's case in a total amount of approximately $14.7 million for unpaid severance and redemption obligations (the "**Shareholder Claims**").

On June 2, 2016, the Debtor commenced sixteen (16) adversary proceedings against certain of its former shareholders (the "**Former Shareholder Adversary Proceedings**") to, among other things, (i) avoid and recover the Former Shareholder Payments pursuant to Bankruptcy Code §§544, 548, and 550, under New York Debtor and Creditor Law §§273, 274, and 275, and New York common law; (ii) disallow any claims filed by the Debtor's former shareholders in the Debtor's chapter 11 case pursuant to Bankruptcy Code §502(d); and (iii) subordinate any claim filed by the Debtor's former shareholders to the claims of the Debtor's other creditors pursuant to Bankruptcy Code §§510(b) and (c). Thirteen of the Former Shareholders answered or moved to dismiss the Former Shareholder Adversary Proceedings commenced against them.

The Vincoff Settlement

During the pendency of the Chapter 11 Case, the Debtor and Vincoff entered into negotiations regarding release of the Vincoff Lien and the treatment of Vincoff's claim under any confirmed plan. The Debtor and Vincoff entered into a stipulation of settlement whereby the parties agreed that Vincoff would release the Vincoff Lien, the Debtor would not commence any action to avoid and recover any transfers made to Vincoff similar to those commenced in the Former Shareholder Adversary Proceedings, and Vincoff's Claim against the Debtor would be treated no worse than the Claims of the Former Shareholders.

The Court has not yet entered an order approving the Debtor's settlement with Vincoff.

The Tax Motion

Due to the nature of the Debtor's business and its current tax structure as a cash basis, subchapter S corporation, the Debtor's income is taxed at the shareholder level. Because the Debtor created value in the Chapter 11 Case by selling the RT Practice and entering into the Alignment Transaction, the Debtor has realized significant taxable income during the Chapter 11 Case and will continue to realize taxable income even under the Plan.

The Debtor's counsel recognized the Debtor's tax challenges resulting from the sale of the RT Practice and the income stream created by the Alignment Transaction, and met with the Committee's counsel, tax counsel, and accountants to address those issues and seek a way to minimize the tax burden to the Debtor's estate so that more funds could be available to pay creditors. The Debtor's counsel also consulted an expert in the field for guidance on the tax issues facing the Debtor. Despite all best efforts, no alternative for shielding the income from taxation was identified by the parties.

Accordingly, during the Chapter 11 Case the Debtor made certain distributions to the Current Shareholders for the purposes of paying their post-petition tax obligations arising from the Debtor's income. Notably, the Current Shareholders do not work for the Debtor or receive any of the income earned by the Debtor. On June 29, 2016, the Committee sent a letter to the Debtor's counsel demanding that it take all appropriate steps to have those distributions returned to the Debtor's estate by the Current Shareholders.

As a result of the Committee's demand, the Debtor filed a motion (the "**Tax Motion**") with the Bankruptcy Court seeking the entry of an order, pursuant to Bankruptcy Code §§ 105(a), 363(b)(1), 503(b)(1), and 503(b)(3)(D) and Bankruptcy Rule 6004, authorizing the prior tax distributions and allowing the Debtor to make further distributions to the Current Shareholders for the purposes of satisfying postpetition tax liabilities. Both the Committee and

the Former Shareholders advised the Debtor that they opposed the Tax Motion, and requested the adjournment of the hearing to consider the Tax Motion.

As part of the Global Settlement, the parties agreed that the Plan will provide for distributions to be made to the Current Shareholders to allow them to pay tax liability arising from the Debtor's income. Accordingly, at the hearing held on the Tax Motion on September 28, 2016, the Committee and the Former Shareholders informed the Bankruptcy Court that, subject to a reservation of the Committee's right to challenge the distributions already made to the Current Shareholders if the Plan is not confirmed, the Committee and the Former Shareholders did not object to the granting of the Tax Motion. The Court has approved the Tax Motion on an interim basis, pending the submission of an order agreed upon by the parties.

Negotiations Regarding the Plan and the Global Settlement

The Debtor, the Committee, and counsel to eleven (11) of the Debtor's former shareholders (the "**Former Shareholders**") engaged in considerable negotiations regarding the terms of a consensual chapter 11 plan in the Debtor's case, including two (2) lengthy sessions during which the Committee's counsel mediated between the Debtor and the Former Shareholders. As a result of those negotiations, the Debtor, the Committee, the Current Shareholders, and the Former Shareholders have each executed a plan support agreement, a copy of which is annexed to the *Joint Motion of the Debtor and the Committee for an Order Authorizing the Debtor to Enter into Plan Support Agreement* (ECF Doc. No. 447) (the "**Global Settlement**").

The Global Settlement provides for, among other terms contained in the Plan and described in this Disclosure Statement, the parties to support a plan that provides for the treatment of Classes of Claims and Interests in the manner set forth herein and in the Plan, the dismissal of the Former Shareholder Adversary Proceedings, and the exchange of mutual releases between the parties to the Global Settlement. The Debtor intends to seek approval of

the Global Settlement, pursuant to Bankruptcy Rule 9019, in connection with confirmation of the Plan.

V. The Plan

The terms of the Plan, as more fully described hereinafter, reflect and incorporate the statutory requirements for confirmation of a Plan under Bankruptcy Code §1129 and are consistent with the priorities for payment of Claims under Bankruptcy Code §507.

This Disclosure Statement is qualified in its entirety by reference to the operative provision set forth in the Plan, which is included as Exhibit A to this Disclosure Statement. The Plan itself will control the treatment of Creditors and Interest Holders under the Plan and will, upon the Effective Date, be binding upon holders of Claims against, or Interests in, the Debtor.

THE FOLLOWING IS A SUMMARY OF THE PROVISIONS OF THE PLAN. ACCORDINGLY, IT IS NOT AS COMPLETE AS THE FULL TEXT OF THE PLAN. THE PLAN ITSELF SHOULD BE READ IN ITS ENTIRETY. TO THE EXTENT THAT THERE ARE ANY INCONSISTENCIES BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN, THE PROVISIONS OF THE PLAN SHALL CONTROL.

A. General Description

The Plan provides for the payment of the Debtor's creditors, over time, from the Available Cash, as well as the liquidation of any of the Debtor's other assets. Pursuant to the Plan, the Debtor will pay all Secured Claims, Administrative Expense Claims, Priority Claims, and General Unsecured Claims in full. In addition, the Plan provides that, after payment in full to General Unsecured Claims, the Debtor shall pay seventy-five (75%) of its Available Cash to Shareholder Claims, until June 1, 2025, the stated date of expiration of the term of Meridian's license agreement with NYU. The Plan contemplates that the Debtor will emerge from bankruptcy as the Reorganized Debtor and retain all of its assets, free and clear of all liens, claims, and encumbrances, except for such liens, claims, and encumbrances related to the

Sterling Debt, and will continue to own Blue Dot. The Effective Date of the Plan is defined in the Plan at Section 1.43. The Debtor expects to go effective under the Plan as soon as practicable. Once the Confirmation Order becomes a final order, the Reorganized Debtor expects to commence distribution in accordance with the Plan. Distributions will commence not later than ninety (90) days after the Confirmation Order becomes final.

The primary sources of the Available Cash used to fund the Plan are profits the Debtor intends to earn from its ownership of Blue Dot, which in turn owns 52.8875% of Meridian, and recoveries from the Life Insurance Policies the Debtor holds on certain of its former and current shareholders.

B. Classification of Claims and Interests

Section 1122 of the Bankruptcy Code requires that a plan classify the claims of a debtor's creditors and the interests of its equity holders. The Bankruptcy Code also provides that a plan may place a claim of a creditor or an interest of an equity holder in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class.

The Bankruptcy Code requires that a plan provide the same treatment for each claim or interest of a particular class unless the holder of a particular claim or interest agrees to a less favorable treatment of its claim or interest. The Debtor believes that the Plan complies with this standard. If the Bankruptcy Court finds otherwise, it could deny confirmation of the Plan if the holders of Claims and Interests affected do not consent to the treatment afforded them under the Plan.

In accordance with Bankruptcy Code §1123(a)(1), Administrative Expense Claims of the kinds specified in Bankruptcy Code §507(a)(1) have not been classified. Administrative Expense Claims include, but are not limited to, the actual, necessary costs and expenses of preserving the estate and operating the business of the Debtor during the Chapter 11 Case, including any unpaid wages and salaries accrued after the commencement of the Chapter 11

Case, Claims of professionals retained by the Debtor's Estate, and all fees and charges assessed against the estate under Chapter 123 of Title 28, United States Code.

C. Treatment of Claims and Interests

1. Administrative Expense Claims.

All Allowed Administrative Expense Claims shall be paid in full, in cash, within thirty (30) days of the Effective Date, or at such other dates and upon such other terms as may be agreed upon by the holder of the Administrative Expense Claim and the Debtor. The Debtor believes that the only significant Administrative Expense Claims are those of the professionals retained in the Debtor's chapter 11 case. Holders of Administrative Expense Claims shall not be entitled to vote on the Plan and shall be deemed to have accepted the Plan. Each professional retained in the Debtor's Chapter 11 Case shall submit an estimate of such professional's Administrative Expense Claim prior to the Confirmation Date. The Debtor estimates that such claims will not exceed $300,000. The Reorganized Debtor shall reserve from Distributions funds sufficient to pay all such estimated amounts. Any excess from such reserve after payment of the Allowed Administrative Expense Claims of the professionals shall be deposited into the Distribution Fund.

2. U.S. Trustee Fees.

U.S. Trustee Fees will accrue and be timely paid until the Case is closed, dismissed, or converted to another chapter under the Bankruptcy Code. Any U.S. Trustee Fees owed on or before the Effective Date of this Plan will be paid in full on the Effective Date of the Plan.

3. Priority Tax Claims.

Priority Tax Claims are not impaired. The Debtor estimates that there are approximately $43,375 of Priority Tax Claims. All Allowed Priority Tax Claims shall be paid in full, in cash as soon as practicable, after the Effective Date, but in no event later than within thirty (30) days of the Effective Date of the Plan. Holders of Priority Tax Claims shall not be entitled to vote on the Plan and shall be deemed to have accepted the Plan.

4. Class 1 – Allowed Priority Claims.

Class 1 Claims are unimpaired. Allowed Priority Claims shall be paid in full, in Cash, as soon as practicable on or after the Effective Date, but in no event later than within thirty (30) days of the Effective Date of the Plan. Holders of Class 1 Claims shall not be entitled to vote on the Plan and shall be deemed to have accepted the Plan.

The Debtor estimates that there are approximately $169,077 of Class 1 Claims.

5. Class 2 – The Sterling Claim.

Class 2 shall be comprised of the Sterling Claim, which shall be deemed Allowed by operation of the Plan as a Secured Claim in the amount remaining due under the Sterling Documents, plus interest, costs and fees as continue to accrue under the Sterling Documents. The Reorganized Debtor reaffirms, consents and acknowledges the Sterling Documents which shall be fully enforceable and binding upon the Reorganized Debtor upon the Effective Date in accordance with their terms, except as may be expressly modified by the Plan. Sterling shall continue to have a first priority security interest in all assets of the Reorganized Debtor to the extent provided in the Sterling Documents and the Cash Collateral Order. Sterling shall retain its lien on the assets of the Reorganized Debtor and Blue Dot, as well as the Shareholder Collateral. Sterling is authorized (but not required) to file and record financing statements with respect to such security interests and liens. The Reorganized Debtor is authorized to do and perform all acts, to make, execute, and deliver any and all agreements, assignments, instruments and documents and to pay all filing fees and recording fees to give effect to any of the terms and conditions of the Sterling Documents as modified and supplemented herein.

Until the Sterling Claim is paid in full, the Reorganized Debtor is authorized to use Sterling's cash collateral only in accordance with the Plan and expense budgets pre-approved by Sterling and the Creditor Representative.

On the Effective Date of the Plan, Sterling shall be paid sixty (60%) percent of the Effective Date Proceeds which shall be not less than enough to cover its monthly interest payments until Sterling receives its first Quarterly Distribution. Thereafter, the Reorganized Debtor shall pay Sterling Quarterly Distributions of 60% of Available Cash. The Reorganized Debtor and the Creditor Representative shall consult on the anticipated amount of Available Cash for Quarterly Distributions. If, when and to the extent that they determine the Quarterly Distributions to Sterling in a given calendar year are expected to be less than 60% of the amount the projections annexed to the Disclosure Statement (the "**Projections**") indicate should be paid to Sterling during that year (the "**Threshold Amount**"), Distributions to holders of Class 5 Claims shall be deferred and the funds that would otherwise be paid to holders of Class 5 Claims during that calendar year shall instead be paid to Sterling until such time as Sterling receives the Threshold Amount for that calendar year.

If the Reorganized Debtor does not have sufficient Available Cash to pay Sterling the Threshold Amount, Sterling shall be paid 100% of Available Cash during that Calendar Year, but (i) in no event shall Sterling receive less than the sum of One Hundred Thousand ($100,000) Dollars per quarter and (ii) the aggregate required minimum payment to Sterling in 2018 shall be sixty (60%) percent of the amount the Projections indicate should be paid to Sterling during that year (the "**2018 Threshold Amount**"). A Sterling Event of Default (as defined in Section 7.15 of the Plan) under the Plan and Sterling Documents shall occur if the Reorganized Debtor has not paid the 2018 Threshold Amount to Sterling by January 31, 2019. If it appears the Reorganized Debtor will be unable to pay Sterling the 2018 Threshold Amount by January 31, 2019, Sterling shall confer with the Reorganized Debtor and the Creditor Representative regarding steps to be taken to prevent a Sterling Event of Default. However, in no event shall Sterling be required to obtain the agreement or consent of the Reorganized

Debtor or the Creditor Representative with respect to its actions or delay or defer enforcement of any of its rights or remedies, which shall be in the sole and absolute discretion of Sterling.

In consideration for the Reorganized Debtor's agreement to pay the 2018 Threshold Amount, Sterling agrees to extend the loan maturity date set forth in the Sterling Documents through December 31, 2019 (the "**Maturity Date**"), it being understood that on the Maturity Date the entire Sterling Secured Claim shall be due and payable. Notwithstanding this, to the extent that the entire Sterling Secured Claim is not paid in full by the Maturity Date, Sterling agrees to forbear until January 31, 2020 from exercising remedies solely on account of the occurrence of the default arising from the Maturity Date, provided the Reorganized Debtor is not otherwise in default under the Plan or the Sterling Documents. Nothing herein shall restrict or prohibit Sterling from enforcing any other rights or remedies Sterling may have under the Sterling Documents or the Plan.

The Reorganized Debtor may borrow against the Life Insurance Policies as necessary to make the payments to Sterling required under the Plan.

All payments made under the Plan except for the initial payment shall be made as Quarterly Distributions as provided in the Plan. In addition to the payments as set forth above, one hundred (100%) percent of the proceeds received on account of any of the Debtor's Life Insurance Policies shall be paid to Sterling and applied against the Sterling Claim. All distributions to Sterling, including those with respect to the Life Insurance Policies, shall be made until the Sterling Secured Claim is paid in full.

The Sterling Documents shall be deemed amended by this Plan to (i) omit any covenants by the Reorganized Debtor or events of default concerning solvency, financial condition and continued operation of the Debtor's business, and (ii) provide that any financial reports required to be provided by the Debtor thereunder shall be provided only if and when reasonably requested by Sterling. Other than the revisions stated in this paragraph, and the

extension of the Maturity Date as provided for herein, in the event of any inconsistency between the Sterling Documents and this Plan, the Sterling Documents shall control.

Concomitantly with Sterling's consent to the Plan, the Current Shareholders shall reaffirm, renew, and ratify their continuing guarantees to Sterling of the Sterling Debt, which guarantees shall continue in full force and effect, unaffected by the terms of this Plan.

6. Class 3 – Other Secured Claims.

Class 3 shall consist of all Allowed Secured Claims against the Debtor other than the Sterling Claim. Class 3 Claims are unimpaired under the Plan. Each holder of a Class 3 Other Secured Claim against the Debtor shall receive the following treatment, at the option of the Debtor: (a) payment in full (in cash) of such Claim on the Effective Date or as soon thereafter as practicable to the extent secured; (b) delivery of Collateral securing any such Claim and payment of any interest required under Bankruptcy Code §506(b) with such creditor having thirty (30) days from the return of such Collateral to file an unsecured Claim for any deficiency; or (c) other treatment rendering such Claim unimpaired.

The Debtor believes that there is only one Claim in Class 3, the Claim of KeyBank National Association, filed in the amount of $489,961.29. The Debtor believes that the secured amount of that Claim is overstated and, if the dispute regarding the Claim is not settled, the Debtor intends to object to that Claim to reclassify a portion as a General Unsecured Claim.

7. Class 4 – Convenience Class Claims.

Class 4 consists of all Allowed Convenience Class Claims. Class 4 Claims are unimpaired under the Plan. On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Convenience Class Claim shall receive payment in full, in Cash, of its Allowed Convenience Class Claim.

The Plan provides all holders of Claims in Classes 5 and 6 the opportunity to elect, by marking the relevant section on their ballot voting in favor of the Plan, to receive the lesser of (i) the

filed amount of their Claim, or (ii) $2,000. If the holder of a Claim elects to be treated in Class 4, the Debtor will not object to such Claim, and the Claim will receive payment in full on the Effective Date, or as soon thereafter as reasonably practicable, rather than receiving payments over time under the Plan.

8. Class 5 – General Unsecured Claims.

Class 5 consists of all Allowed General Unsecured Claims. Class 5 Claims are impaired under the Plan. On the Effective Date, or as soon thereafter as is reasonably practicable, the Reorganized Debtor shall make the Initial Unsecured Creditor Distribution to the holders of Allowed Class 5 Claims, which shall be distributed on a *pro rata* basis to such holders. Beginning on the last business day of the first full quarter following confirmation of the Plan, subject to the treatment of Class 2 Claims, holders of Allowed Class 5 Claims shall receive Quarterly Distributions of their Pro Rata share of forty (40%) of the Available Cash on account of their claims. After the Class 2 Claim has been paid in full, holders of Class 5 Claims shall receive Quarterly Distributions of one hundred (100%) percent of the Available Cash and any recoveries on the Life Insurance Policies until all Allowed Class 5 Claims are paid in full. If all Allowed Class 5 Claims have not been paid in full by June 1, 2025, one hundred (100%) percent of Blue Dot Proceeds received by the Reorganized Debtor after June 1, 2025 but paid on account of revenue earned by Meridian prior to June 1, 2025 shall be distributed to Holders of Allowed Class 5 Claims. If any of the Life Insurance Policies are still open as of June 1, 2025, and to the extent that Allowed Class 5 Claims have not been paid in full by that date, the Reorganized Debtor will obtain “cash surrender value,” or take a loan against such policies for the equivalent of “cash surrender value,” and make a final Distribution on account of Allowed Class 5 Claims under the Plan. To the extent the foregoing treatment is sufficient to permit all Allowed Class 5 Claims to be paid in full, the Reorganized Debtor shall have no further obligation to make Distributions on account of Class 5 Claims. To the extent that the

foregoing treatment is insufficient to permit Allowed Class 5 Claims to be paid in full, Allowed Class 5 Claims shall be paid from Available Cash until all Allowed Class 5 Claims have been paid in full.

The Debtor believes there are approximately $6,700,000 of Class 5 Claims.

9. Class 6 – Shareholder Claims.

Class 6 consists of all Allowed Shareholder Claims. Class 6 Claims are impaired under the Plan. As of the Effective Date (i) Class 6 Claims shall be Allowed in the aggregate of $7.5 million for the Claims of the Former Shareholders, with each such Claim reduced proportionately from the face amount stated in the filed proofs of Claim to an amount that, in the aggregate, totals $7.5 million, and (ii) $3.5 million for the persons who were Current Shareholders as of the Petition Date. The Allowed amount of each Class 6 Claim, as well as the maximum Distribution on account of each Class 6 Claim, is set forth on **Schedule 1** to the Plan. Beginning on the last business day of the first full quarter following payment in full of Allowed Class 5 Claims, holders of Allowed Class 6 Claims shall receive, until June 1, 2025 or such time as Class 6 Claims have been paid in full, whichever is sooner, Quarterly Distributions on account of their claims, on a *pro rata* basis, of seventy-five (75%) percent of the Available Cash, and seventy-five (75%) percent of the recoveries or cash surrender value of the Life Insurance Policies. In addition, seventy-five (75%) percent of Blue Dot Proceeds received by the Reorganized Debtor after June 1, 2025 but paid on account of revenue earned by Meridian prior to June 1, 2025 shall be distributed on account of Allowed Class 6 Claims. If any of the Life Insurance Policies are still open as of June 1, 2025, and to the extent that Allowed Class 6 Claims have not been paid in full, the Reorganized Debtor will obtain "cash surrender value," or take a loan against such policies for the equivalent of "cash surrender value," and make a final Distribution on account of Allowed Class 6 Claims under the Plan. Thereafter, the Reorganized Debtor shall have no further obligation to make Distributions on account of Class 6 Claims.

10. Class 7 – Interests.

Class 7 consists of all Interests. On the Effective Date, equity interests in the Debtor shall be reinstated and otherwise unaffected by the Plan; provided, however, that holders of Class 7 Interests will not receive any distributions on account of their Interests, other than Tax Distributions, until after Class 5 Claims have been paid in full.

D. Execution and Implementation of the Plan

The Plan is to be implemented in a manner consistent with Bankruptcy Code §1123.

The Establishment of the Distribution Fund

The Reorganized Debtor will establish the Distribution Fund and will deposit from the estate the Funds for such account. The Distribution Fund shall be used to pay the post-Confirmation Date expenses of the estate, including the fees and expenses of the Reorganized Debtor (for implementing and administering the Plan), the Creditor Representative, and their respective professionals. The Creditor Representative or the professional requesting payment shall serve a copy of such request on counsel to the Reorganized Debtor, the Creditor Representative, and counsel to the Post-Confirmation Committee, each of which shall then have ten (10) business days to object in writing to such payment. Provided that a final decree closing this chapter 11 case (the "**Final Decree**") has not yet been entered, any objection which cannot be resolved among the parties shall be submitted to the Bankruptcy Court for approval before payment. After entry of the Final Decree, any such objection may be submitted to an appropriate forum for resolution.

All assets transferred to the Reorganized Debtor reduced to Cash shall be invested in accordance with Bankruptcy Code § 345. No holder of a Claim shall be entitled to any payment out of the Distribution Fund, except as is provided for under the Plan.

Appointment of a Creditor Representative

Pursuant to the Plan, a Creditor Representative shall be appointed by the Committee, on or prior to the Effective Date. The Creditor Representative will act subject to the provisions of Article

VII of the Plan, and shall provide regular reports to the Post-Confirmation Committee. The Creditor Representative shall be the party responsible for overseeing the Reorganized Debtor's implementation of the Plan, and distributions thereunder, on behalf of the Post-Confirmation Committee.

The Creditor Representative shall have oversight rights with respect to the financial affairs of the Reorganized Debtor following the Effective Date. The Reorganized Debtor shall consult with the Creditor Representative and/or the Creditor Representative's professionals regarding, among other things, the Reorganized Debtor's financial performance, including its interest in Meridian, and in advance of all decisions to be made by the representative of the Reorganized Debtor that serves as co-manager of Meridian, that reasonably could be expected to have a material effect on the Reorganized Debtor's ability to meet the projections set forth in the Disclosure Statement for Distributions under this Plan. If the Creditor Representative and the Reorganized Debtor do not agree on action or inaction the Reorganized Debtor intends to make concerning its financial affairs, then the Creditor Representative may seek appropriate relief as against the Reorganized Debtor and/or its officers and directors from the Bankruptcy Court until a final decree has been entered, or thereafter if the Bankruptcy Case is reopened, or any court of competent jurisdiction. The Reorganized Debtor agrees that the Creditor Representative has standing to seek such relief for the benefit of holders of Claims. The Reorganized Debtor agrees that it shall cause its representative that serves as a co-manager of Meridian to, in accordance with applicable law and Meridian's governing documents, carry out his/her responsibilities in such a way as to maximize Meridian's profitability and financial well-being.

In addition, the Creditor Representative shall have the following oversight rights, among others:

a. Right to review the allowability of the proofs of claim filed against the Debtor and to object to any proposed resolution by the Debtor to such claims.

b. In the event that the Reorganized Debtor does not honor its obligations under the Plan, and is thereby in default, the Creditor Representative shall have standing to seek appropriate relief from the Bankruptcy Court or any other court of competent jurisdiction for the benefit of holders of Claims. Such standing shall not impair any rights of any creditor to also seek appropriate relief, in connection with such default, in the Bankruptcy Court or any other court of competent jurisdiction.

c. Right to review Blue Dot's and the Reorganized Debtor's books and records, including any books and records of Meridian to which Blue Dot is entitled to receive under Meridian's operating agreement, and request ongoing updates from Blue Dot and the Reorganized Debtor on the operations of all entities.

d. Right to obtain information from the Debtor and the Current Shareholders to permit the computation of the amount of Tax Distributions.

The Creditor Representative shall make certain information available to all creditors on a quarterly basis, including the: (i) amount distributed to each Class during that quarter; (ii) amount remaining to be distributed to such Class; and (iii) extent to which the amount distributed varies from the Debtor's projections. Creditors may make arrangements with the Creditor Representative to have such information automatically provided to such Creditor. This provision shall not be construed to limit or expand the information the Creditor Representative or any party may request to be provided by the Reorganized Debtor, including information relating to Distributions, subject to confidentiality and privilege restrictions.

Until Class 5 Claims are paid in full, the Post Confirmation Committee shall have the exclusive right to appoint a replacement Creditor Representative. Once Class 5 Claims are paid in full, any replacement Creditor Representative shall be appointed by a majority in number of holders of Class 6 Claims. Any replacement Creditor Representative shall be an attorney, accountant, or other financial advisor, and cannot be a holder of a Class 6 Claim or any other medical doctor.

Payment of Fees of the Creditor Representative

The fees and expenses of the Creditor Representative shall be subject to a budget

developed by the Committee and the Debtor in the first instance which will be reviewed and updated on an annual basis following the Effective Date by the Reorganized Debtor and the Creditor Representative and/or the Post-Confirmation Committee. Such fees and expenses shall be calculated and paid before Quarterly Distributions are made to holders of Allowed Claims under the Plan.

The Distribution Fund shall be used to pay the post-Confirmation Date expenses of the estate, including the fees and expenses of the Reorganized Debtor (for implementing and administering the Plan), the Creditor Representative, and their respective professionals. The Creditor Representative or the professional requesting payment shall serve a copy of such request on counsel to the Reorganized Debtor, the Creditor Representative, and counsel to the Committee or the Post-Confirmation Committee, as the case may be, each of which shall then have ten (10) business days to object in writing to such payment. Any objection which cannot be resolved among the parties shall be submitted to: (i) if the Final Decree has not been entered, the Bankruptcy Court; or (ii) if the Final Decree has been entered and as agreed by the parties, to any other appropriate forum or process for approval before payment.

Tax Distributions

The Reorganized Debtor shall make an Estimated Tax Distribution to the Current Shareholders on April 10 (with respect to the period January 1 through March 31); June 10 (with respect to the period April 1 through May 31); and September 10 (with respect to the period 1 through August 31), and shall make the Annual Tax Distribution to the Current Shareholders on January 10 (with respect to the preceding taxable year).

As soon as reasonably practicable after such information is received, but in no event less than five (5) business days prior to making a Tax Distribution, the Reorganized Debtor shall provide a notice (a "**Notice of Proposed Tax Distribution**"), by electronic mail or overnight delivery, to the Creditor Representative of its intention to make such Tax Distribution, which Notice

of Proposed Tax Distribution shall include the Debtor's computation of the underlying tax liabilities and of the corresponding proposed distributions to Current Shareholders. Thereafter, the Reorganized Debtor shall also promptly provide to the Creditor Representative such additional documents concerning the Reorganized Debtor's computation of such tax liabilities and Tax Distributions as the Creditor Representative may reasonably request. If the Creditor Representative disagrees with computation of tax liabilities and Tax Distributions set forth in the Notice of Proposed Tax Distribution or determines that it has not been provided with sufficient information to perform an evaluation, it may serve a written objection to the proposed tax distribution upon the Reorganized Debtor. If the Reorganized Debtor does not receive a written objection from the Creditor Representative within ten (10) business days of the Creditor Representative's receipt of the Notice of Proposed Tax Distribution, the Reorganized Debtor may make the Tax Distributions indicated in the Notice of Proposed Tax Distribution to Current Shareholders for the purposes of allowing them to satisfy their income tax liabilities incurred on account of S Income allocated to them. If the Creditor Representative timely serves an objection, the Reorganized Debtor and the Creditor Representative shall confer in good faith to attempt to resolve the dispute raised by the Creditor Representative and the Reorganized Debtor may only distribute the undisputed portion of the Tax Distribution until such dispute is resolved. In the event the Debtor and the Creditor Representative are unable to resolve such dispute consensually, either party may seek intervention of the Court to resolve such dispute on notice to the Current Shareholders and parties having filed a notice of appearance in the Chapter 11 Case.

If an Annual Tax Distribution for a given taxable year is less than the total of Estimated Tax Distributions made in said year then the Creditor Representative may direct the Reorganized Debtor to offset against the amount to be distributed on account of each Current Shareholder's Allowed Class 6 Claim (pro rata, in accordance with his or her percentage ownership in the Debtor) an amount by which the aggregate Estimated Tax Distributions for any taxable year exceeded the

Annual Tax Distribution for such taxable year.

The Current Shareholders shall cause the Shareholder Agreement to be amended to incorporate the provisions of this Section 7.06 of the Plan, including the obligation of Current Shareholders to submit Tax Certifications.

Dismissal of Shareholder Adversary Proceedings

On the Effective Date, or as soon thereafter as reasonably practicable, and in exchange for the consent of the Former Shareholders for the reduction, treatment, and classification of their Claims as provided herein, the Debtor shall take all necessary actions to dismiss, with prejudice, the Former Shareholder Litigation.

Claims Objections

The Reorganized Debtor shall, in consultation with the Creditor Representative, have the right to prosecute objections to Claims using the Debtor's or the Committee's retained professionals. Objections to Claims, to the extent not already commenced by the Debtor, shall be filed by the Debtor or the Reorganized Debtor, as the case may be, with the Bankruptcy Court and served upon each holder of each of the Claims to which objections are made, not later than ninety (90) days subsequent to the Effective Date or within such other time period as may be fixed by the Bankruptcy Court; provided, however, that for cause shown the Bankruptcy Court may extend such time upon request of the Debtor or the Reorganized Debtor, as the case may be, which request may be made on an *ex parte* basis.

Continuing Existence

From and after the Confirmation Date, the Debtor shall continue in existence as the Reorganized Debtor and shall consult with the Creditor Representative as provided for in this Plan for the purpose of, among other things: (i) assisting the Reorganized Debtor in connection with prosecuting Causes of Action, (ii) resolving Disputed Claims, (iii) administering this Plan, and (iv) filing appropriate tax returns.

The Committee shall continue in existence until the Effective Date. On the Effective Date, the Committee shall dissolve and the respective members shall be released of their duties, responsibilities and obligations. On the Effective Date, the Post-Confirmation Committee will come into existence.

Restriction on Transfers of Interests

Prior to the final Distribution to be made under the Plan, the Reorganized Debtor shall not transfer its interest in Blue Dot or cause Blue Dot to transfer its interest in Meridian unless the proceeds of such transfer will permit the Debtor to pay all Allowed Claims in full on or immediately after the effective date of such transfer.

In addition, the Current Shareholders shall not transfer their respective interests in the Reorganized Debtor in any manner which would impair recoveries of profits from the Reorganized Debtor's interest in Blue Dot and Blue Dot's interest in Meridian and or the amount of Quarterly Distributions by the Reorganized Debtor to holders of Allowed Claims, including any transfer (i) triggering a change of control or other default under the Meridian operating agreement, Meridian's license agreement with NYU, or any other agreement with Meridian or NYU or (ii) that would cause the Reorganized Debtor to not be in compliance with applicable law. The Reorganized Debtor and the Current Shareholders shall amend the Shareholder Agreement to include such a provision, effective as of the Effective Date. For the avoidance of doubt, this restriction does not impair the ability of the Current Shareholders to transfer their Interests in the Reorganized Debtor or the Reorganized Debtor to transfer its remaining medical practice, with the written consent of Sterling (until the Sterling Claim is paid in full) and the Creditor Representative, which consent shall not be unreasonably withheld, conditioned or delayed, to an entity or entities that are wholly owned by one or more of the Current Shareholders, provided that such transfer and resulting ownership complies with applicable law and does not trigger a change of control or other default under the Meridian operating agreement, Meridian's license agreement with NYU, or any other agreement with

Meridian or NYU, and any such entity or entities shall agree in advance and in writing to fund the obligations under the Plan as if such entities were the Reorganized Debtor as of the Effective Date. The Reorganized Debtor and Current Shareholders shall amend the Shareholder Agreement, effective as of the Effective Date, to address the obligation of the Reorganized Debtor to purchase the Interests of Current Shareholders upon the cessation of their affiliation with the Reorganized Debtor. Specifically, the section of the Shareholder Agreement providing for the buyout of the Interests of a Current Shareholder (each a "**Terminating Shareholder**") shall be amended to provide that, until the Reorganized Debtor has satisfied all of its obligations under the Plan, the Reorganized Debtor shall not make buyout payments on account of a Terminating Shareholder in excess of, or in addition to, the Distributions the Terminating Shareholder would otherwise receive under this Plan as if such Terminating Shareholder was not a Terminating Shareholder and remained a shareholder of the Reorganized Debtor; provided that, after all Class 5 Claims have been paid in full, the Reorganized Debtor may use the twenty-five percent (25%) of Available Cash not required to be used to make distributions to holders of Allowed Class 6 Claims to make buyout payments. The Shareholder Agreement may be further amended to provide that, to the extent permitted under applicable law, in the event of a liquidation of the Reorganized Debtor or its interest in Blue Dot or Blue Dot's assets which either (i) yields sufficient funds to the Reorganized Debtor to satisfy its obligations under the Plan or (ii) occurs after the Reorganized Debtor has satisfied its obligations under the Plan, such Terminating Shareholder shall receive a portion of such net proceeds to the extent provided in the Shareholder Agreement, as amended. Until the Reorganized Debtor has satisfied its obligations under the Plan, no further amendments to the Shareholder Agreement may be entered into without the written consent of the Creditor Representative, which consent shall not be unreasonably withheld, conditioned, or delayed. Such treatment provided to such Terminating Shareholder shall be in full satisfaction of the Debtor's obligations to such Terminating Shareholder on account of his or her Interests in the Reorganized

Debtor. As a further condition precedent to a transfer by the Current Shareholders of their Interests in the Reorganized Debtor or a transfer by the Reorganized Debtor of the Reorganized Debtor's remaining medical practice, the Current Shareholders shall adopt an agreement in a form reasonably satisfactory to the Creditor Representative whereby the Current Shareholders agree to the same restrictions and provisions required under section 7.09 of the Plan with respect to their interests in the entity or entities receiving (x) the Interests in the Reorganized Debtor or (y) the Reorganized Debtor's remaining medical practice. Section 7.09 of the Plan does not affect any rights of a Current Shareholder as a Class 6 Creditor under the Plan.

No Modification of Meridian Operating Agreement

It is the Reorganized Debtor's intent to honor the Debtor's obligations under its agreements with NYU, Meridian, and Blue Dot. Nothing in the Plan shall be construed to alter, modify, revise, supplant, or supersede the Reorganized Debtor's or Blue Dot's rights and obligations concerning Meridian (including the management of Meridian) from those set forth in the Meridian Operating Agreement and the documents executed in connection therewith.

Rights of Sterling

Subsequent to the Effective Date, reasonable fees and expenses of Sterling (including legal fees) incurred in connection with implementation and monitoring of the Plan shall be paid by the Reorganized Debtor within 10 days of submission of invoice to counsel to the Reorganized Debtor and the Creditor Representative. In the event of an objection, such objection, the Reorganized Debtor shall pay the non-objected portion of fees and expenses, with such objection to be determined by Order of the Bankruptcy Court.

Subsequent to the Effective Date, Sterling shall continue to be considered a party in interest entitled to receive notice, including notice of requests for payment of post Effective Date professional fees and expenses.

Prior to payment in full of the Sterling Claim, a "Sterling Event of Default" on the

Reorganized Debtor's obligations to Sterling under the Plan shall be deemed to occur in the event that:

a. the Reorganized Debtor fails to make a payment as required herein or fails to comply in any material way with provisions of the Plan in a manner adversely affecting Sterling;

b. the Reorganized Debtor exceeds the expenditure limits of its budget without Sterling's consent, subject to the permitted variances as agreed between the Debtor, the Creditor Representative, and Sterling;

c. a material adverse change occurs to (i) the condition (financial or otherwise), operations, assets, business or business prospects of Blue Dot, (ii) the Reorganized Debtor's ability to pay the Sterling Claim, and/or (iii) the value of the Sterling Collateral; in each case as determined by the Court upon not less than five (5) days notice and a hearing; or

d. the Reorganized Debtor does not comply with or is in default of any of the material terms and provisions of the Plan or the Sterling Documents as modified by the Plan; provided, however, that said non-compliance or default shall not be deemed a Sterling Event of Default if curable and cured by the Reorganized Debtor within seven (7) business days after notice of such non-compliance or default is given to the Reorganized Debtor by Sterling.

Sterling may waive any Sterling Event of Default at any time. In the event of a Sterling Event of Default, Sterling may serve a notice of default (a "**Default Notice**") upon the Reorganized Debtor and the Creditor Representative in accordance with the notice provisions of this Plan. In the event of a Sterling Event of Default and service of a Default Notice: (i) the right to continue to use the Sterling Collateral shall terminate with regard to payment of fees to the Reorganized Debtor's professionals and further Distributions to be made under the Plan; and (ii) Sterling shall be free to enforce any and all rights and remedies it may have in law and equity, including but not limited to the rights and remedies as set forth in the Sterling Documents.

Rights of Creditors Upon an Event of Default

If the Reorganized Debtor fails to honor its obligations as provided in the Plan, Creditors shall have the right to seek appropriate relief in any court of competent jurisdiction to enforce the Plan. Prior to the commencement of any such court proceeding with respect to the Reorganized

Debtor's default under the Plan arising from an alleged failure to pay amounts due or provide information required to be provided, such Creditor shall provide the Reorganized Debtor and the Creditor Representative with ten (10) days' written notice of such default, and the Reorganized Debtor may cure any such default within that time. The foregoing requirement for service of a notice of default shall not apply to Sterling or the Creditor Representative.

E. Source of Funds

The source of funds to consummate the Plan will be the Debtor's Cash as of the Effective Date, the Available Cash, the proceeds of the Life Insurance Policies, the proceeds of the liquidation of any of the Debtor's assets, and Causes of Action, other than the Former Shareholder Adversary Proceedings. Projections prepared by the Committee's financial advisors regarding the Blue Dot Proceeds, the primary anticipated source of the Available Cash, and the application of the Blue Dot Proceeds to make Distributions under the Plan and pay expenses relating to the Plan's implementation are annexed hereto as Exhibit B. Depending on (i) the aggregate amount in which General Unsecured Claims are allowed, (ii) the financial performance of Meridian, and (iii) if and when any of the Life Insurance Policies mature, Allowed General Unsecured Claims could be paid in full by 2021, and holders of Allowed Shareholder Claims thereafter can obtain a substantial recovery on their Claims through Quarterly Distributions that could continue through June 1, 2025.

F. Certain Provisions Relating to Distributions

Except as otherwise provided in the Plan, in the event any Claimant fails to present to the drawee bank within 120 days from the date thereof a check drawn on an account of the Debtor or Estate and payable to such Claimant, such Claimant will forfeit all rights both to the Cash represented by such check and to any and all future payments or distributions. The Claim for which such check had been distributed will be treated as disallowed.

Distributions to each Claimant entitled thereto will be sent to each such Claimant's last known address as set forth on a proof of claim filed with the Court or, if no proof of claim has been

filed, in the schedules of liabilities filed by the Debtor or to such other address as may be designated by a Claimant in accordance with the Plan or as may be contained in the records of the Debtor or the Reorganized Debtor. In the case of distributions which are returned because of an incorrect, incomplete, or out-of-date address, the Reorganized Debtor will make reasonable attempts to ascertain a correct or new address. If, after such attempts, a correct or new address is not found, then such Claimant will forfeit all rights both to the Cash represented by that distribution and to any and all future distributions or rights under the Plan and the Claim for which such distribution was issued shall be treated as disallowed.

The Reorganized Debtor may, but is not required to, set off against any payment to be made to a Claimant the amount or amounts of any claims, causes of action, avoidance actions or rights or rights to payment of any nature whatsoever that the Debtor or Estate may have against such Claimant on the Effective Date, but neither the failure to do so nor the allowance of any Claim will constitute a waiver or release of any such claim, Cause of Action or right to payment which the Debtor or Estate may have against the Claimant.

Except in certain circumstances, the Debtor or the Reorganized Debtor will withhold any and all applicable federal, state and local withholding taxes from payments or distributions made upon Claims for wages and similar matters and shall make any and all other payments required of employers, including payments under the Federal Insurance Contributions Act and Federal Unemployment Tax Act with respect to the payments or distributions made on account of Claims for wages or similar matters. For this purpose, Claims for wages will not include Claims for breach or termination of employment contracts. The Debtor will also withhold taxes from other payments or distributions (on account of Claims other than those for wages or similar matters) to the extent, if any, required by any applicable law. The Debtor and, after the Effective Date, the Reorganized Debtor will be permitted to adjust any and all dollar amounts and computations provided for in this Plan in order to give effect to such requirements.

G. Approval of the Global Settlement Pursuant to Bankruptcy Rule 9019

Notwithstanding anything contained in the Plan to the contrary, and except as agreed by such parties pursuant to the Global Settlement, the allowance, classification and treatment of all Allowed Claims and their respective distributions and treatments hereunder takes into account and conforms to the relative priority and rights of the Claims and the Interests in each Class in connection with any contractual, legal and equitable rights relating thereto. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised and released pursuant hereto.

The Debtor believes that the Global Settlement is in the best interests of the Debtor, the Debtor's estate, and all Holders of Claims. Although the Debtor strongly believes in its claims in the Former Shareholder Adversary Proceedings, including the affirmative recovery of payments made to the Debtor's former shareholders as well as the disallowance of their claims, the Former Shareholders have moved to dismiss the Former Shareholder Adversary Proceedings and are expected to vigorously defend such litigation and assert numerous affirmative defenses. The continuation of the Former Shareholder Adversary Proceedings would be expensive and time consuming, and several factual issues exist, including the Debtor's insolvency at various times over the six year prior to the Petition Date, which the Debtor would need to prove in order to be successful. Although the Debtor believes it would be successful in the Former Shareholder Adversary Proceedings, there are no guarantees. Moreover, if Debtor were to obtain money judgments against Former Shareholders for the value of their prepetition redemption of severance payments, there are no assurances that the Debtor would actually be able to collect on such judgments.

The Global Settlement resolves all of the issues between the Debtor and the Former Shareholders, ends what could otherwise be long and protracted litigation, and is in the best interests of the estate. In addition, the Global Settlement includes the consensual subordination of

the Shareholder Claims, which will allow the Reorganized Debtor to pay General Unsecured Claims substantially more quickly under a Plan than if the Shareholder Claims were paid simultaneously therewith. Based on the foregoing, the Debtor believes that the settlement is fair and equitable and in the best interest of the estate.

Entry of the Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements and releases reflected in the Global Settlement and the Plan are (1) in the best interests of the Debtor, the Debtor's estate, and all Holders of Claims, (2) fair, equitable and reasonable, (3) made in good faith, and (4) approved by the Bankruptcy Court pursuant to Bankruptcy Rule 9019.

H. Discharge, Releases and Similar Matters

Except as specifically provided in the Plan, as of the Effective Date, the rights afforded in the Plan, and the treatment of all Claims and Interests thereunder, are in exchange for, and in complete satisfaction, discharge, and release of all Claims, (including without limitation, all Administrative Expense Claims, Secured Claims, Priority Tax Claims, Priority Claims, and Unsecured Claims (including any interest accrued on such Claims from and after the Petition Date)), against the Debtor or its estate, and the Debtor is discharged and released, to the fullest extent permitted by Bankruptcy Code § 1141, from all Claims or Interests that arose prior to the Confirmation Date against the Debtor or its estate, and all debts of the kind specified in Bankruptcy Code §§ 502(g), 502(h), or 502(i). This discharge and release is effective whether or not: (i) a proof of claim or proof of interest based on such Claim, Administrative Expense Claim, or Interest is filed or deemed filed pursuant to Bankruptcy Code § 501, (ii) a Claim, Administrative Expense Claim, or Interest is Allowed, or (iii) the holder of a Claim, Administrative Expense Claim or Interest has accepted the Plan.

Except as otherwise provided in the Plan or the Confirmation Order, from and after the Confirmation Date, all persons are permanently enjoined from commencing or continuing in any

manner any action or proceeding (whether directly, indirectly, derivatively or otherwise) against the Debtor, the Reorganized Debtor, the Debtor's property, or the estate based on any act, omission, transaction, or other activity of any kind or nature that occurred on or before the Confirmation Date, including any claims that are property of the Debtor's bankruptcy estate; provided, however, that such injunction shall not preclude the United States of America, any state or any of their respective police or regulatory agencies from enforcing their police or regulatory powers.

In accordance with the Global Settlement, and except as otherwise specifically provided in the Plan, upon the Effective Date, the Debtor, the Debtor's officers and directors, the Debtor's Chief Restructuring Consultant, the Current Shareholders, and the Former Shareholders shall be deemed to release unconditionally, and hereby are deemed to forever release unconditionally: (a) the Debtor's Chief Restructuring Consultant; (b) the Debtor's officers and directors; (c) the Current Shareholders; and (d) the Former Shareholders, as well as, in the case of the persons and entities identified in the foregoing subsections (a) – (c), any of their respective agents, members, employees, directors, officers, stockholders, representatives, advisors, attorneys, subsidiaries or affiliates (the "Released Parties"); from any and all claims, obligations, suits, judgments, damages, rights, causes of action and liabilities whatsoever (except for the right to enforce the performance of their respective obligations, if any, under the Plan), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, or other occurrence taking place on or prior to the Effective Date, arising out of the prepetition affairs of the Debtor, the Chapter 11 Case, and/or the negotiation or preparation of the Plan.

On the Effective Date of the Plan, the Reorganized Debtor shall be deemed to release and waive any claims, debts, or causes of action against Sterling and its directors, officers, employees, agents, attorneys and other professionals including, but not limited to; (a)

claims arising prior to the Effective Date (including but not limited to claims arising subsequent to the Petition Date), (b) claims pursuant to Section 506 of the Bankruptcy Code, (c) seeking damages or equitable relief against Sterling arising from or related to the pre-petition business relationship between the Debtor and Sterling including without limitation "equitable subordination," "improvement of position," or "lender liability" claims and causes of action, or (d) claims or challenges of the validity, amount, perfection, priority, extent, or enforceability of the Sterling Claim and the Sterling's security interest in the Debtor's assets.

In addition, none of the of the Debtor, the Reorganized Debtor, the Committee, members of the Committee (in their capacity as Committee members), the Current Shareholders, or the Former Shareholders, or their respective professionals, agents, 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 Chapter 11 Case or the pursuit of confirmation of the Plan, except for willful misconduct, gross negligence, criminal conduct, or *ultra vires* acts. Nothing in this Section shall (i) be construed as a release of any entity's fraud, gross negligence, or willful misconduct with respect to matters in connection with the Plan (ii) limit the liability of the professionals of the Reorganized Debtor, the Reorganized Debtor, the Committee, the Post-Confirmation Committee to their respective clients pursuant to DR 6-102 of the Code of Professional Responsibility.

VI. Miscellaneous

Rejection of Executory Contracts. Any executory contract or unexpired lease of the Debtor which has not expressly been assumed or rejected by motion, or which is not the subject of a pending application to assume or reject on the Confirmation Date shall be deemed rejected by the Debtor on the Effective Date, with the exception of (a) all executory contracts or unexpired leases between the Debtor and (i) New York University, a New York education corporation, (ii) Meridian, and (iii) Blue Dot, and (b) the Life Insurance Policies and any other insurance policies,

each of which shall be assumed to the extent they are executory. Nothing herein or in the Plan shall be deemed to be a repudiation or breach of the Debtor's obligations under its agreements with NYU, Meridian, or Blue Dot.

Proofs of Claim alleging contract or lease rejection damages from such rejection must be filed, if at all, no later than thirty (30) days after the Confirmation Date and shall be served at such time on the Debtor, c/o SilvermanAcampora, LLP, 100 Jericho Quadrangle, Suite 300, Jericho, New York 11753, Attn: Kenneth P. Silverman, Esq., with a copy to Farrell Fritz, P.C., 1320 RXR Plaza, Uniondale, New York 11556, Patrick Collins, Esq.

Modification of the Plan. The Debtor reserves the right, in accordance with the Bankruptcy Code to amend or modify the Plan prior to the Confirmation Date or as soon as practicable thereafter. After the Confirmation Date, the Debtor, with consent of the Committee or the Post-Confirmation Committee, such consent to not be withheld unreasonably may (i) upon order of the Bankruptcy Court, in accordance with Bankruptcy Code §1127(b), remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purposes and intent of the Plan, or (ii) without further order of the Bankruptcy Court, amend or modify the Plan, provided that such modification does not materially and adversely affect any Creditor.

Notices. All notices, requests or demands described in or required to be made in accordance with the Plan shall be in writing and shall be delivered personally, by registered or certified mail, return receipt requested, or by electronic mail:

(a) If to the Reorganized Debtor:

NRAD Medical Associates, P.C.
c/o SilvermanAcampora LLP
100 Jericho Quadrangle - Suite 300
Jericho, New York 11753
Attention: Kenneth P. Silverman, Esq.
KSilverman@SilvermanAcampora.com

(b) If to the Committee or Post-Confirmation Committee:

Farrell Fritz, P.C.
1320 RXR Plaza
Uniondale, NY 11553
Attention: Patrick Collins, Esq.
PCollins@FarrellFritz.com

(c) If to a holder of a Claim or Interest, at the address set forth in its proof of Claim or proof of Interest filed with and allowed by the Court, or, if none, at its address set forth in the Schedules prepared and filed by the Debtor with the Bankruptcy Court pursuant to Bankruptcy Rule 1007(b).

VII. Liquidation Analysis, and Alternatives to the Plan

Distribution of the Debtor's assets under the Plan is preferable to conversion of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code and attendant liquidation and distribution by a chapter 7 trustee thereafter. Among other factors, it is unlikely that a chapter 7 liquidation case would increase the amount or value of assets available for distribution. A chapter 7 case would entail additional costs and expense and could occasion further delays in the making of distributions to creditors. In addition, due to provisions in the Meridian operating agreement and Meridian's license agreement with NYU, the transfer of the Debtor's interest in Blue Dot to a chapter 7 trustee could trigger certain "change of control" provisions, and either force a sale of Blue Dot's interest in Meridian or materially and adversely affect the value of such interest.

Additionally, the Debtor could propose a plan that does not provide for the Global Settlement, and provides for the continuation of the Former Shareholder Adversary Proceedings. As discussed herein, although the Debtor believes that the continuation of the Former Shareholder Adversary Proceedings would yield recoveries and decrease the amount of Allowed Claims against the Debtor, such litigation would be costly and time consuming. The Debtor believes that confirmation of any plan that does not provide for the settlement of the

Debtor's disputes with the Former Shareholders would result in significant delays to distributions to General Unsecured Creditors due to the costs associated with such litigation.

Based on the foregoing, the Debtor does not believe a chapter 7 liquidation is a desirable alternative to the Plan.

VIII. Litigation Brought by the Debtor

Under the Plan, the Debtor and its estate waive all preference actions except as against any of the Debtor's former shareholders who are not a party to the Global Settlement, and otherwise retains all of its other claims and Causes of Action, against all persons and entities, persons and entities with whom the Debtor did business, claims and causes of action for insurance coverage, claims for tax refunds, if any, and otherwise, except with respect to the Released Parties. The Reorganized Debtor will have full authority to pursue all of these claims and Causes of Action on behalf of, and in the name of, the Debtor. The Reorganized Debtor will also retain the right to collect and to pursue litigation with respect to any remaining accounts receivable. Unless otherwise released by the Plan, all claims and causes of action which are presently available to the Debtor will expressly survive Confirmation.

Any reference in the Plan or in this Disclosure Statement to claims or Causes of Action against any one or more possible defendants will not require the Reorganized Debtor to commence litigation against such possible defendant or defendants. The Reorganized Debtor may, in consultation with the Creditor Representative, decline to prosecute claims and/or Causes of Action.

The Debtor does not know at the present time if there are any further litigation matters to be commenced and does not know with any certainty what the outcome will be as to those litigation matters which are, in fact, commenced. Accordingly, creditors should make no assumptions that the Debtor and/or Reorganized Debtor will recover additional monies from litigation for distribution to them.

IX. Certain Bankruptcy Considerations and Risks of the Plan

General Risk of Non-Confirmation of the Plan

If the Plan is not confirmed and consummated, there can be no assurance that the Chapter 11 Case will continue rather than be converted to a liquidation case under chapter 7 of the Bankruptcy Code or that any alternative chapter 11 plan would be as favorable to the Holders of Claims. If a chapter 7 liquidation were to occur, there is a substantial risk that the holders of Claims and Interests in Classes 5, 6, and 7 would receive less money than they will receive under the Plan.

Meridian's Performance

The largest portion of the Available Cash to be distributed under the Plan on account of Allowed Claims is derived from distributions from Meridian to Blue Dot, which are then distributed to the Reorganized Debtor. Meridian faces similar challenges that are confronted by all companies in its line of business, including increasing competition, uncertainty over reimbursement rates from insurance companies, and increases in overhead costs.

Accordingly, there can be no assurance that Meridian will meet the projections contained herein in Exhibit B, and therefore payments on account of Claims may be delayed or, in the case of Class 6 Shareholder Claims, not made. However, as of the date hereof, Meridian has met or exceeded all projections that is has provided the Debtor.

X. Federal Tax Consequences

The Debtor and its professionals are not making any representations regarding the particular tax consequences of Confirmation and consummation of the Plan, with respect to the Debtor, Holders of Claims, or Holders of Interests, nor are they rendering any form of legal opinion or tax advice on such tax consequences. The tax laws applicable to corporations or limited liability companies in bankruptcy are extremely complex, and Holders of Claims and

Holders of Interests are strongly urged to consult their own tax advisors regarding tax consequences of the Plan, including federal, foreign, state and local tax consequences.

XI. Confirmation Procedure

The Court will confirm the Plan only if it finds that all of the requirements of Section 1129 of the Bankruptcy Code have been met. Among the requirements for confirmation of a plan are that the plan: (i) is accepted by all impaired classes of claims and equity interests or, if rejected or deemed rejected by an impaired class, "does not discriminate unfairly" and is "fair and equitable" as to each rejecting impaired class, and (ii) is feasible.

Solicitation of Votes

Any holder of a Claim or Interest in the Voting Classes is entitled to vote if either (i) their Claim or Interest has been scheduled by the Debtor in its schedule of assets and liabilities and has not been scheduled as disputed, contingent or unliquidated or (ii) such Holder has filed a proof of claim, unless such Claim has been disallowed by the Bankruptcy Court.

Acceptance

Only Classes that are impaired under the Plan and that are not deemed to have rejected the Plan are entitled to vote to accept or reject the Plan. In this case, Classes 2, 5, 6 and 7 are entitled to vote. Claimants in other classes who receive ballots together with this Disclosure Statement should disregard and not return such ballots.

The Voting Classes will each be determined to have accepted the Plan if the eligible holders of Claims in that class who cast votes in favor of the Plan (i) hold at least two-thirds of the eligible amount of the Claims of such class which are voted and (ii) comprise more than one-half of the number of eligible holders of Claims in such class who vote on the Plan.

Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court to hold a hearing on Confirmation after the ballots have been cast. The hearing may be adjourned by the Bankruptcy Court

without further notice except for an announcement of the adjournment made at the hearing. At the hearing, the Bankruptcy Court will, *inter alia*, (i) determine whether the Plan has been accepted by the requisite majority of the voting class, (ii) hear and determine any objections to Confirmation, (iii) determine whether the Plan meets the requirements of the Bankruptcy Code, and (iv) confirm or refuse to confirm the Plan.

Non-Consensual Confirmation

Pursuant to the "cram-down" provisions of Section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may grant Confirmation as to Classes 2, 5, 6 and 7, even if any of those Classes vote to reject the Plan, if the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such Class.

XII. Recommendation

The Debtor requests and recommends that holders of Claims and Interests in the Voting Classes accept the Plan. Holders of Claims and Interests in Classes 2, 5, 6 and 7 are encouraged to return their ballots accepting the Plan so that the Debtor receives them on or before May 16, 2017, at 5:00 p.m., Eastern Time.

PLEASE COMPLETE THE ENCLOSED BALLOT AND RETURN IT IN ACCORDANCE WITH THE INSTRUCTIONS SET FORTH ON THE BALLOT.

[ONE SIGNATURE PAGE TO FOLLOW]

Dated: Upper Nyack, New York
April 6, 2017

NRAD MEDICAL ASSOCIATES, P.C.

By: *s/ Nat Wasserstein*
Nat Wasserstein
Managing Member, Lindenwood Associates, LLC,
Chief Restructuring Consultant

Dated: Jericho, New York
April 6, 2017

SILVERMANACAMPORA LLP
Attorneys for Debtor and Debtor-in-Possession

By: *s/ Kenneth P. Silverman*
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