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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re:	§	Chapter 11 Case
	§	
FOREST PARK MEDICAL CENTER AT FORT WORTH, LLC	§	Case No. 16-40198-rfn-11
	§	
Debtor	§	

**DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE UNITED STATES
BANKRUPTCY CODE WITH RESPECT TO THE PLAN OF LIQUIDATION FOR FOREST
PARK MEDICAL CENTER AT FORT WORTH, LLC**

Dated: February 16, 2017.

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Forest Park Medical Center at Fort Worth, LLC (the "Debtor"), the debtor in the above-captioned chapter 11 case, hereby submits this Disclosure Statement Pursuant to Section 1125 of the United States Bankruptcy Code with Respect to the Plan of Liquidation for Forest Park Medical Center at Fort Worth, LLC (the "Disclosure Statement"). This Disclosure Statement is to be used in connection with the solicitation of votes on the Plan of Liquidation for Forest Park Medical Center at Fort Worth, LLC, dated _____, 2017 (the "Plan"). A copy of the Plan is attached hereto as **Exhibit "A"**. Unless otherwise defined herein, terms used herein have the meanings ascribed thereto in the Plan (see Article I of the Plan). Consequently, parties-in-interest are urged to carefully review the Plan in conjunction with this Disclosure Statement.

For a general summary of the proposed treatment of Claims or Interests under the Plan, please see the chart below.

I. NOTICE TO HOLDERS OF CLAIMS

A. Generally

The purpose of this Disclosure Statement is to enable Creditors whose Claims are impaired to make an informed decision in exercising their right to vote to accept or reject the Plan.

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN. PLEASE READ THIS DOCUMENT WITH CARE.

On _____, 2017, the Bankruptcy Court entered an order pursuant to section 105(d) of the Bankruptcy Code and Rule 3017 of the Federal Rules of Bankruptcy Procedure (I) approving this Disclosure Statement, (II) approving materials for solicitation of the Plan, and (III) establishing a deadline for creditors and parties-in-interest to object to final approval of the Disclosure Statement (the "Conditional Approval Order") [Docket No. ____]. In accordance with the Conditional Approval Order, the Court conditionally approved the Disclosure Statement subject to a combined hearing to consider the final approval of the Disclosure Statement and the confirmation of the Plan, which is set for hearing on _____, 2017, at ____:____.m. (the "Combined Hearing").

The statements contained in the Disclosure Statement are made as of the date hereof unless another time is specified, and neither delivery of the Disclosure Statement nor any exchange of rights made in connection with the Plan shall, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date the Disclosure Statement and the materials relied on in preparation of the Disclosure Statement were compiled.

For the convenience of Creditors and parties-in-interest, this Disclosure Statement summarizes the terms of the Plan, but the Plan itself qualifies all summaries. This Disclosure Statement is qualified in its entirety by the terms of the Plan. If any inconsistency exists between the Plan and the Disclosure Statement, the terms of the Plan are controlling. In the event of conflict between the Plan and Confirmation Order, the Confirmation Order will control.

Each Claimant should consult the Claimant's individual attorney, accountant and/or financial advisor as to the effect of the Plan on such Claimant.

Each holder of a Claim or Interest entitled to vote to accept or reject the Plan should read this Disclosure Statement and the Plan in their entirety before voting. No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. Except for the Debtor's estate and its professionals, no person has been authorized to use or promulgate any information concerning the Debtor, the Debtor's business, or the Plan, other than the information contained herein, in connection with the solicitation of votes to accept or reject the Plan. No holder of a Claim entitled to vote on the Plan should rely upon any information relating to the Debtor, the Debtor's business, or the Plan other than that contained in this Disclosure Statement and the exhibits hereto. Unless otherwise indicated, the source of all information set forth herein was the Debtor.

The Disclosure Statement may not be relied on for any purpose other than to determine whether to vote in favor of or against the Plan and related options and elections, and nothing contained herein shall constitute an offer to sell or purchase a security as defined by state or Federal securities law or an admission of any fact or liability by any party, or be admissible in any proceeding involving the Debtor or any other party, or be deemed conclusive evidence of the tax or other legal effects of the reorganization of the Debtor on holders of Claims or Interests. Certain of the information contained in the Disclosure Statement, by its nature, is forward looking, contains estimates and assumptions which may prove to be wrong, and contains forecasts which may prove to be wrong or which may be materially different from actual results.

After carefully reviewing this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot and returning the same to the address set forth on the Ballot, in the enclosed return envelope so that it will be received by no later than 5:00 P.M., CENTRAL TIME, ON _____, 2017.

If you do not vote to accept the Plan, or if you are the holder of an unimpaired Claim or Interest, you may be bound by the Plan if it is accepted by the requisite holders of Claims or Interests. See "Confirmation of the Plan – Solicitation of Votes; Vote Required for Class Acceptance" beginning on page ___ and "Cramdown" beginning on page ___ of this Disclosure Statement.

TO BE SURE YOUR BALLOT IS COUNTED, YOUR BALLOT MUST BE RECEIVED NO LATER THAN 5:00 P.M., CENTRAL TIME, ON _____, 2017. For detailed voting instructions and the name, address, and phone number of the person you may contact if you have questions regarding the voting procedures, see "Confirmation of the Plan – Solicitation of Votes; Voting Procedures – Parties-In-Interest Entitled to Vote" beginning on page ___ of this Disclosure Statement.

Pursuant to section 105(d) of the Bankruptcy Code and Rule 3017 of the Bankruptcy Rules, the Bankruptcy Court has scheduled the Combined Hearing to consider final approval of the Disclosure Statement and confirmation of the Plan on _____, 2017 at _____.m., Central Time, in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed and served on or before _____, 2017, in the manner described under the caption, "Confirmation of the Plan – Confirmation Hearing" beginning on page ___ of this Disclosure Statement.

THE DEBTOR SUPPORTS CONFIRMATION OF THE PLAN AND URGES ALL HOLDERS OF IMPAIRED CLAIMS AND INTERESTS TO VOTE TO ACCEPT THE PLAN.

B. Summary of Treatment under the Plan

The following is an estimate of the numbers and amounts of classified Claims and Interests to receive treatment under the Plan, and a summary of the proposed treatment of such Claims and Interests under the Plan. Reference should be made to the entire Disclosure Statement and to the Plan for a complete description of the classification and treatment of Claims and Interests.

The Bar Date for filing proofs of Claim was May 26, 2016. The table below is drawn from the Debtor's Schedules and filed proofs of Claim. The final universe of Claims, as actually Allowed, may differ from this table.

Class	Treatment
<p>Class 1 – General Unsecured Claims</p> <p>Estimated Amount: \$8,050,087.30</p> <p>Estimated Number of Holders: 112</p>	<p>Impaired</p> <p>Holders of Allowed Class 1 Claims shall be treated as follows:</p> <p>Class 1 shall consist of holders of Allowed General Unsecured Claims other than the holders of Class 3 Insider Claims.</p> <p>Unless otherwise provided by order of the Bankruptcy Court, holders of Allowed Class 1 Claims shall receive on account of such Allowed Class 1 Claims a beneficial interest in the Liquidating Trust. This beneficial interest shall entitle the holders of Allowed Class 1 Claims to receive a Pro Rata Share of any Distribution allocable to holders of General Unsecured Claims <i>pari passu</i> with holders of Allowed Class 3 Insider Claims and Jefe Plover in the event that Jefe Plover is determined to have an Allowed General Unsecured Claim. Subject to the provisions of Articles VI and VII of the Plan and the Liquidating Trust Agreement, holders of Allowed Class 1 Claims will be generally entitled to a Pro Rata Share of Distributions from the Liquidating Trust attributable to holders of Allowed General Unsecured Claims (which also includes Allowed Class 3 Insider Claims and any General Unsecured Claim Allowed in favor of Jefe Plover) after the satisfaction of, or allocation of an appropriate Reserve for, the following: (i) Allowed Administrative Expense Claims and Priority Claims treated under Article III of the Plan, (ii) Allowed Class 2 Property Tax Claims, and (iii) the</p>

Class	Treatment
<p>* The Estimated Amount reflects the unsecured claim amount provided in the Proofs of Claim filed prior to the Claims Bar Date and the scheduled unsecured debt amounts of creditors that did not submit a Proof of Claim. To the extent a scheduled creditor filed a Proof of Claim, the amount of such Proof of Claim, and not the scheduled amount, was considered for purposes of the estimation. Including any Claim in the Estimated Amount above does not in any way waive, impair or affect the right of the Debtor or the Liquidating Trustee to object to any Proof of Claim.</p>	<p>Trust Expenses.</p> <p>Any right by the FP Equipment Lessors to receive any Distribution pursuant to the Plan, including as an Allowed Class 1 Claim, shall be subject to, and limited by, the terms of the Forest Park Stipulation, including the subordination provisions found at pages 5 and 6, paragraph K.b.i. and ii.</p> <p>Any right by Centennial to receive any Distribution pursuant to the Plan, including as an Allowed Class 1 Claim, shall be subject to, and limited by, the terms of the Centennial Stipulation, including the subordination provisions found at pages 3 and 4, paragraph H.(ii).</p> <p>In determining the Pro Rata Share of any Distribution to be made to the holders of any Allowed Class 1 Claims, the Liquidating Trustee shall also take into account any equitable subordination or recharacterization applicable to all or any portion of any Allowed Class 1 Claim, Allowed Class 3 Claim and Allowed Class 4 Claim, either by contract or based on an order of the Bankruptcy Court.</p>
<p>Class 2 – Property Tax Claims</p> <p>Estimated Amount: \$1,299,443.74</p> <p>Estimated Number of Holders: 1</p> <p>* As described below, no Distributions are to be made on account of the above Tax Claim which, pursuant to the Forest Park Stipulation and Centennial Stipulation, is to be paid by the FP Equipment Lessors and Centennial.</p>	<p>Impaired</p> <p>Holders of Allowed Class 2 Claims shall be treated as follows:</p> <p>Holders of Allowed Class 2 Property Tax Claims, other than Taxing Authorities holding Claims based upon the FP Lessor Property Taxes and the Centennial Property Taxes, shall be paid in full through a single Distribution from the Liquidating Trust no later than sixty (60) days after each such Class 2 Claim becomes Allowed. The Liens securing such Class 2 Claims shall remain unimpaired and unaffected until each such Class 2 Claim is paid in full. The treatment of Claims based on the FP Lessor Property Taxes and the Centennial Property Taxes are set forth below.</p> <p>Pursuant to the Forest Park Stipulation, the FP</p>

Class	Treatment
	<p>Equipment Lessors assumed responsibility for the satisfaction of the FP Lessor Property Taxes assessed against FP Lessor Assets. Consequently, no Distribution will be made pursuant to the Plan to any Taxing Authority on account of the FP Lessor Property Taxes.</p> <p>Pursuant to the Centennial Stipulation, Centennial assumed responsibility for the satisfaction of the Centennial Property Taxes assessed against the Centennial Assets. Consequently, no Distribution shall be made pursuant to the Plan to any Taxing Authority on account of the Centennial Property Taxes.</p> <p>Each Allowed Class 2 Claim shall bear interest at the rate and in the manner prescribed by applicable state law from the later of the Petition Date or the first day after the last day on which such Property Taxes may be paid without penalty.</p> <p>Estimated Recovery: 100%</p>
<p><u>Class 3 – Insider Claims</u></p> <p>Estimated Amount: \$4,181,000</p> <p>Estimated Number of Holders: 4</p>	<p>Impaired</p> <p>Class 3 shall consist of Insider Claims which constitute General Unsecured Claims and shall specifically include any General Unsecured Claim by Jefe Plover, FPMC Services, Vibrant FW or Vibrant Holdings.</p> <p>Class 3 Claims shall be divided into two (2) subclasses. Subclass 3A shall consist of all Allowed Class 3 claims which are not subject to Equitable Subordination. Subclass 3B shall consist of all Class 3 claims which are determined by the Bankruptcy Court to be subject to Equitable Subordination. If only a part of a Class 3 Claim is subject to Equitable Subordination, then the portion of such claim subject to Equitable Subordination shall be included in Subclass 3B and the remainder not subject to Equitable Subordination shall be included in Subclass 3A.</p> <p>All Class 3 Claims (regardless of which subclass) shall be and remain subject to all Estate Defenses and all Estate Claims, both as offsets and for an affirmative recovery against the Holder of any Class 3 Claim.</p>

Class	Treatment
	<p>Unless otherwise provided by order of the Bankruptcy Court, holders of Allowed Subclass 3A Claims shall receive on account of such Allowed Claims a beneficial interest in the Liquidating Trust. This beneficial interest shall entitle the holders of Allowed Subclass 3A Claims to receive a Pro Rata Share of any Distributions on account of Allowed General Unsecured Claims <i>pari passu</i> with holders of Allowed Class 1 Claims. Subject to Articles VI and VII below and the Liquidating Trust Agreement, holders of Allowed Subclass 3A Claims will be generally entitled to a Pro Rata Share of Distributions from the Liquidating Trust attributable to holders of Allowed General Unsecured claims, which includes both Allowed Subclass 3A Claims and Allowed Class 1 Claims, but only after satisfaction of, or allocation of an appropriate Reserve for, the following: (i) Allowed Administrative Expense Claims and Priority Claims treated under Article III above, (ii) Allowed Class 2 Property Tax Claims, and (iii) Trust Expenses.</p> <p>Unless otherwise provided by Order of the Bankruptcy Court, holders of Subclass 3B claims shall not be entitled to any Distribution from the Liquidating Trust until all Allowed Claims included in Class 1, Class 2 and Subclass 3A have been paid in full.</p> <p>To the extent that any Claim asserted by Vibrant FW is determined to constitute an Allowed General Unsecured Claim, such Allowed Claim shall be treated as a part of Class 3. However, as to any alleged Class 3 Claim in favor of Vibrant FW, the Debtor and Estate reserve for the benefit of the Estate and Liquidating Trust: (i) all Estate Claims both as counterclaims and offsets to any Claim asserted by Vibrant FW, (ii) all Estate Defenses to any Claim asserted by Vibrant FW, and (iii) all rights and remedies for Equitable Subordination.</p> <p>To the extent that any Claim asserted by FPMC Services is determined to constitute an Allowed General Unsecured Claim, such Allowed Claim shall be treated as a part of Class 3. However, as to any alleged Class 3 Claim in favor of FPMC Services, the Debtor and Estate reserve for the benefit of the Estate and Liquidating Trust: (i) all</p>

Class	Treatment
	<p>Estate Claims both as counterclaims and offsets to any Claim asserted by FPMC Services, (ii) all Estate Defenses to any Claim asserted by FPMC Services, and (iii) all rights and remedies for Equitable Subordination.</p> <p>To the extent that any Claim asserted by Jefe Plover is determined to constitute an Allowed Claim, such Allowed Claim shall be treated as a part of Class 3. However, as to any alleged Class 3 Claim in favor of Jefe Plover, the Debtor and the Estate hereby reserved for the benefit of the Estate and the Liquidating Trust: (i) all Estate Claims both as counterclaims and offsets to any claim asserted by Jefe Plover; (ii) all Estate Defenses to any claim asserted by Jefe Plover; and (iii) all rights and remedies to Equitable Subordination.</p> <p>The Claims asserted by Vibrant FW and Jefe Plover are, or have been, the subject to the Vibrant Adversary and the Jefe Plover Adversary. Consequently, any Claim by Vibrant FW or Jefe Plover shall be considered as Contested without the necessity of filing any other or further Objection by any Person.</p> <p>The Liquidating Trustee may establish appropriate Reserves as to any Contested Claim included in Class 3.</p> <p>Estimated Recovery: unknown</p>
<p><u>Class 4 – Interests</u></p>	<p>Impaired</p> <p>All Interests shall be cancelled as of the Effective Date. Holders of Class 4 Interests will receive no Distributions under the Plan. Class 4 is impaired. Class 4 is also deemed to have rejected the Plan pursuant to section 1126(c) of the Bankruptcy Code.</p> <p>Estimated Recovery: none</p>

The total universe of Claims, as ultimately Allowed, may be greater or smaller than as reflected in the above analysis.

II. EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to chapter 11, the debtor-in-possession attempts to reorganize its business for the benefit of the debtor, its creditors, and other parties-in-interest. The Debtor's Chapter 11 case commenced with the filing of a voluntary chapter 11 petition on January 10, 2016.

The commencement of a chapter 11 case creates an estate comprising all the legal and equitable interests of the debtor in property as of the date the petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a "debtor in possession" unless the bankruptcy court orders the appointment of a trustee. In the present chapter 11 case, the Debtor remained in possession of its property and continued to operate its business as a debtor-in-possession.

The filing of a chapter 11 petition also triggers the automatic stay provisions of the Bankruptcy Code. Section 362 of the Bankruptcy Code provides, *inter alia*, for an automatic stay of all attempts to collect pre-petition claims from the debtor or otherwise interfere with its property or business. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the effective date of a confirmed plan of reorganization.

The formulation of a plan of reorganization is the principal purpose of a chapter 11 case. The plan sets forth the means for satisfying the claims against and interests in the debtor. Generally, unless a trustee is appointed, only the debtor may file a plan during the first 120 days of a chapter 11 case (the "Exclusive Period"). However, section 1121(d) of the Bankruptcy Code permits the court to extend or reduce the Exclusive Period upon a showing of "cause." After the Exclusive Period has expired, a creditor or any other party in interest may file a plan, unless the debtor has filed a plan within the Exclusive Period, in which case, the debtor is generally given 60 additional days (the "Solicitation Period") during which it may solicit acceptances of its plan. The Solicitation Period may also be extended or reduced by the court upon a showing of "cause."

B. Plan of Reorganization

Although referred to as a plan of reorganization, a plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of the debtor's assets. In the Debtor's chapter 11 case, the Plan provides that the Assets of the Debtor will vest in the Liquidating Trust for purposes of implementing the Plan, and the Liquidating Trustee shall liquidate the Trust Assets, wind-down the Debtor's affairs and undertake the dissolution of the Debtor.

After a plan of reorganization has been filed, the holders of impaired claims against or interests in a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires the debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. This Disclosure Statement is presented to holders of Claims against and Interests in the Debtor to satisfy the requirements of section 1125 of the Bankruptcy Code.

If all classes of claims and interests accept a plan of reorganization, the bankruptcy court may nonetheless still not confirm the plan unless the court independently determines that the requirements of section 1129 of the Bankruptcy Code have been satisfied. Section 1129 sets forth the requirements for confirmation of a plan and, among other things, requires that a plan meet the "best interests of creditors" test and be "feasible." The "best interests of creditors" test generally requires that the value of the consideration to be distributed to the holders of claims and interests under a plan may not be less than those parties would receive if the debtor were liquidated pursuant to a hypothetical liquidation occurring under chapter 7 of the Bankruptcy Code. Under the "feasibility" requirement, the court generally must find that there is a reasonable probability that the debtor will be able to meet its obligations under its plan without the need for further financial reorganization.

The Debtor believes that the Plan satisfies all the applicable requirements of section 1129(a) of the Bankruptcy Code, including, in particular, the "best interests of creditors" test and the "feasibility" requirement. The Debtor supports confirmation of the Plan and urges all holders of impaired Claims to accept the Plan.

Chapter 11 does not require that each holder of a claim against or interest in a debtor vote in favor of a plan of reorganization in order for the bankruptcy court to confirm the plan. At a minimum, however, the plan must be accepted by a majority in number and two-thirds in amount of those claims actually voting in at least one class of impaired claims under the plan. The Bankruptcy Code also defines acceptance of the plan by a class of interests (equity securities) as acceptance by holders of two-thirds of the number of shares actually voting. In the present case, only the holders of Claims who actually vote will be counted as either accepting or rejecting the Plan.

In addition, classes of claims or interests that are not "impaired" under a plan of reorganization are conclusively presumed to have accepted the plan and thus are not entitled to vote. Accordingly, acceptances of a plan will generally be solicited only from those persons who hold claims or interests in an impaired class. A class is "impaired" if the legal, equitable, or contractual rights attaching to the claims or interests of that class are modified in any way under the plan. However, if holders of the claims or interests in a class do not receive or retain any property on account of such claims or interests, then each such holder is deemed to have voted to reject the plan and does not actually cast a vote to accept or reject the plan.

Classes 1, 2, 3 and 4 are impaired under the Plan and, therefore, the holders of Class 1, Class 2 and Class 3 Claims are entitled to vote on the Plan. Class 4 Interests is also impaired under the Plan. However, holders of Class 4 Interests in the Debtor shall not receive or retain any property on account of their Interests and, therefore, are deemed to have rejected the Plan and will not vote on the Plan.

The bankruptcy court may also confirm a plan of reorganization even though fewer than all the classes of impaired claims and interests accept it. For a plan of reorganization to be confirmed despite its rejection by a class of impaired claims or interests, the proponents of the plan must show, among other things, that the plan does not "discriminate unfairly" and that the plan is "fair and equitable" with respect to each impaired class of claims or interests that has not accepted the plan.

Under section 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" as to a class of rejecting claims if, among other things, the plan provides: (a) with respect to secured claims, that each such holder will receive or retain on account of its claim property that has a

value, as of the effective date of the plan, equal to the allowed amount of such claim; and (b) with respect to unsecured claims and interests, that the holder of any claim or interest that is junior to the claims or interests of such class will not receive or retain on account of such junior claim or interest any property at all unless the senior class is paid in full.

A plan does not “discriminate unfairly” against a rejecting class of claims if (a) the relative value of the recovery of such class under the plan does not differ materially from that of any class (or classes) of similarly situated claims, and (b) no senior class of claims is to receive more than 100% of the amount of the claims in such class.

The Debtor believes that the Plan has been structured so that it will satisfy these requirements as to any rejecting Class of Claims, and can therefore be confirmed, if necessary, over the objection of any Classes of Claims. The Debtor, however, reserves the right to request confirmation of the Plan under the “cramdown” provisions of section 1129 of the Bankruptcy Code.

III. THE DEBTOR AND ITS BUSINESS

A. The Debtor

The Debtor is a doctor-owned Texas limited liability company that previously operated a 54-bed state-of-the-art medical facility, including 32 private rooms, 16 family suites, and 6 intensive care beds in Fort Worth, Texas. The Debtor’s facility was leased from PropCo and comprised over 150,000 usable square feet. The Debtor also leased an adjacent parking garage from PropCo. The Debtor previously employed approximately 175 employees, including 115 full-time employees and 60 part-time employees.

An auction for the sale of PropCo’s assets, including the facility leased to the Debtor, was held on May 12, 2016. Texas Health Resources (“THR”) was the successful bidder at the auction and the sale to THR of PropCo’s assets closed on May 25, 2016. The Debtor discontinued its business operations and surrendered its license on May 24, 2016. The Debtor’s lease of the facility was rejected and terminated on June 2, 2016.

B. The Debtor’s Management

As of the Petition Date, the management structure of the Debtor was governed by the Management Services Agreement. The Management Services Agreement, *inter alia*, delineated the services to be provided to the Debtor, the responsibilities of the parties and the compensation to be paid for services. Pursuant to the Management Services Agreement, Vibrant FW managed the Debtor’s day-to-day operations. The Debtor’s on-site employees and back office employees were contracted through FPMC Services. Todd Furniss and Mary Hatcher are the principal managers of both Vibrant FW and FPMC Services.

As of the Petition Date, Jim Davis served as the Debtor’s Chief Executive Officer, Preshie Wilson served as the Debtor’s Chief Financial Officer, and Rodney Bice served as the Debtor’s Chief Operating Officer and Chief Nursing Officer.

Pursuant to an *Amended Order Approving Application of the Debtor Pursuant to 11 U.S.C. §§ 105(A) and 363(B) Authorizing the Debtor to (I) Retain Alvarez & Marsal Healthcare Industry Group, LLC, and (II) Designate Ronald Winters as Chief Restructuring Officer for the*

Debtor Nunc Pro Tunc to the Petition Date (the "CRO Order") [Docket No. 98] entered on February 5, 2016, the CRO was appointed and granted dominion and control over the Estate and management of the Debtor. Pursuant to the CRO Order, Ronald M. Winters has acted as the Debtor's CRO.

C. Pre-Petition Financing Structure of the Debtor

As of the Petition Date, Jefe Plover asserted the Jefe Plover Lien against the Jefe Plover Accounts to secure payment of the Jefe Plover Claim. The Debtor disputes the validity of any security interest in favor of Jefe Plover. Other than the alleged secured financing provided prepetition by Jefe Plover, the Debtor's operations were not financed through any secured debt.

IV. FEASIBILITY

The Bankruptcy Code conditions confirmation of a plan of reorganization on, among other things, a finding that it is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor, unless such liquidation or reorganization is provided for by the plan of reorganization. Because the Plan provides for the complete liquidation of the Debtor's Assets and dissolution of the Debtor by the Liquidating Trustee, the Debtor believes that the Plan satisfies the Bankruptcy Code's feasibility requirement.

V. THE CHAPTER 11 CASE

A. Factors Leading To Filing of the Chapter 11 Case

The Debtor is a Texas limited liability company which was formed on May 12, 2011. The Debtor was formed for the purpose of developing and operating a luxury hospital in Fort Worth, Texas. Based upon records available to the CRO, the Debtor was initially capitalized with approximately \$15 million to open and operate the hospital. As discussed below, this capitalization was inadequate. The Debtor commenced operations during approximately November, 2014.

The Debtor operated its hospital business at 5400 Clearfork Main Street, Fort Worth, Texas 76109. However, the property ("Facility") on which the Debtor operated its hospital business was not owned by the Debtor. The Facility was leased by the Debtor from PropCo pursuant to a Lease Agreement dated June 27, 2013 (the "PropCo Lease"). The basic rent under the PropCo Lease was \$899,870.33 per month, or \$10,798,444 annually, subject to annual increases of not less than three percent (3%) per twelve (12) month period. In addition, the PropCo Lease was a triple net lease, and Debtor was also obligated to pay property taxes, insurance and costs for the maintenance of the Facility. The Debtor was unable to make all rental payments to PropCo pursuant to the PropCo Lease and went into default under the PropCo Lease. However, pursuant to the PropCo Lease, the Debtor made the following payments to PropCo:

<u>Payment Date</u>	<u>Payment Amount</u>
September 4, 2014	\$ 398,118.00
September 5, 2014	899,870.33
October 24, 2014	449,935.17

January 21, 2015	660,375.14
February 5, 2015	449,935.17
Total	\$2,858,233.81

From virtually the beginning, the Debtor had been unable to make payments required by the PropCo Lease and had been in default. Indeed, by November 1, 2015, the Debtor owed approximately \$9.0 million due under the PropCo Lease. As of the Petition Date, the Debtor's Schedules reflect that PropCo held an unsecured claim against the Debtor, scheduled as disputed, in the amount of \$11,122,907.38 representing payments due and owing pursuant to terms of the PropCo Lease. The Debtor did not have the financial resources to either make the requested monthly payments of basic rent or to cure the defaults pursuant to the PropCo Lease.

Similarly, virtually all of the Debtor's equipment was subject to equipment leases. The vast majority of the Debtor's equipment was subject to the FP Equipment Leases. Forest Park I, LLC ("Forest Park I") was the lessor pursuant to one of the FP Equipment Leases. Forest Park I filed proof of Claim no. 121-1 ("Forest Park I POC"). The amount of the monthly lease payments to Forest Park I under the equipment lease reflected in the Forest Park I POC was \$511,556.80 per month. As reflected in the Forest Park I POC, the total obligation outstanding as of the Petition Date under the equipment lease with Forest Park I was \$30.4 million. The Debtor did not have the financial resources to make the ongoing monthly payments to Forest Park I or to cure the existing defaults under the Forest Park I equipment leases reflected in the Forest Park I POC.

The second FP Equipment Lessor is Forest Park II, LLC ("Forest Park II"). Forest Park II filed proof of Claim no. 129-1 ("Forest Park II POC"). The amount of the monthly lease payments to Forest Park II under the equipment lease reflected in the Forest Park II POC was \$204,196 per month. As reflected in the Forest Park II POC, the total obligation outstanding as of the Petition Date under the equipment lease with Forest Park II was \$12,492,103.76. The Debtor did not have the financial resources to make the ongoing monthly rental payments to Forest Park II or to cure the existing default under the Forest Park II equipment lease reflected in the Forest Park II POC.

The FP Equipment Lessors also provided loans and financial accommodations to the Debtor pursuant to (a) a loan and security agreement dated July 16, 2014 between Debtor and Forest Park I, secured party, and (b) a loan and security agreement also dated July 16, 2014 between Debtor and Forest Park II, secured party. The Debtor's obligations pursuant to these loan documents were secured by security interests in the Debtor's inventory and equipment. The Forest Park I POC reflects loan obligations by the Debtor to Forest Park I as of the Petition Date of \$4,657,183.80. The Forest Park II POC reflects loan obligations by the Debtor to Forest Park II as of the Petition Date of \$642,906.84. The Debtor did not have the financial resources to make the ongoing monthly rental payments to Forest Park I and Forest Park II pursuant to these loans or to cure the existing defaults.

Pursuant to the PropCo Lease and the FP Equipment Leases, the Debtor was obligated to pay property taxes assessed against the Facility as well as the equipment. The taxes assessed against the Facility for 2015 were \$1,412,211.76. The taxes assessed against the Debtor's business personal property for the tax year 2014 were \$618,782.73. The Debtor did not have the resources to pay the \$2.0 million in property taxes.

In addition, the Debtor was a party to the Management Services Agreement which constituted Vibrant FW as the "Manager" of the Debtor. Based on the records available to the

CRO, approximately \$1,266,782.61 was paid to Vibrant FW as management fees through July, 2015. It is the Debtor's position that it received no value in return for these management fees and that the payments constituted fraudulent transfers or insider preferences paid to Vibrant FW. These payments further depleted the Debtor's limited capital.

Similarly, the Management Services Agreement constituted FPMC Services as the lessor of the Debtor's employees. In addition, the Debtor was obligated to reimburse certain amounts of overhead to FPMC Services. Based on the records available to the CRO, it appears that \$2.9 million of Debtor's funds were paid to FPMC Services in reimbursement for FPMC Services' own employees or overhead costs. It is the Debtor's position that it received little or no value for these payments and that these payments to FPMC Services were made in violation of the terms of the Management Services Agreement. These payments also further depleted the Debtor's limited capital.

The Debtor was undercapitalized from the beginning. The Debtor's capital was insufficient to allow it to service its obligations pursuant to the PropCo Lease and the FP Equipment Leases. On top of that, the Debtor paid millions of dollars to Vibrant FW and FPMC Services for services for which the Debtor contends it received little or no value or for payments which were made in violation of the Management Services Agreement.

Based upon the undercapitalization of the Debtor, its only alternative was to proceed with filing of the Bankruptcy Case for the purpose of seeking a sale of its Assets in the hope of keeping the business alive, while potentially preserving the jobs of employees, and thereby providing the greatest possible return to Creditors.

B. Commencement of the Chapter 11 Case

On January 10, 2016, the Debtor filed a voluntary petition for protection under chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. The Bankruptcy Case is presided over by the Honorable Russell F. Nelms, United States Bankruptcy Judge.

C. Estate Professionals

The following is a list of each of the Estate Professionals that have been employed in the Bankruptcy Case, with a description of the role of each such Estate Professional:

<u>Estate Professional</u>	<u>Role of Estate Professional</u>	<u>Date of Entry and Docket No. of Employment Order</u>
Alvarez & Marsal Healthcare Industry Group, LLC (" <u>A&M</u> ") ¹	Provider of CRO and additional personnel to the Debtor	February 5, 2016 [Docket No. 98]
Forshey & Prostok, LLP (" <u>F&P</u> ")	Bankruptcy counsel for the Debtor	April 1, 2016 [Docket No. 222]

¹ A&M was employed pursuant to sections 105(a) and 363(b) of the Bankruptcy Code.

SSG Advisors, LLC and Chiron Financial Group, Inc. (together, " <u>SSG</u> ")	Investment bankers for the Debtor	March 3, 2016 [Docket No. 142]
Wagner, Eubank & Nichols, L.L.P. (" <u>Wagner</u> ")	Accountants for the Debtor	May 6, 2016 [Docket No. 276]
Financial Corporation of America (" <u>FCA</u> ")	Collection Agent for the Debtor	August 26, 2016 [Docket No. 447]
Arent Fox LLP (" <u>Arent Fox</u> ")	Co-counsel for the Committee	March 25, 2016 [Docket No. 198]
Cole Schotz P.C. (" <u>Cole Schotz</u> ")	Co-counsel for the Committee	March 25, 2016 [Docket No. 199]
CohnReznick LLP (" <u>CohnReznick</u> ")	Financial advisors for the Committee	March 25, 2016 [Docket No. 201]

D. Creditors' Committee

On January 20, 2016, the U.S. Trustee appointed the Committee [Docket No. 52].

E. Patient Care Ombudsman

On February 25, 2016, the U.S. Trustee appointed Susan N. Goodman as Patient Care Ombudsman (the "PCO") in the Bankruptcy Case [Docket No. 127].

F. Professional Fees and Expenses; U.S. Trustee Fees

On April 12, 2016, the Bankruptcy Court entered an *Order Establishing Procedures for Interim Compensation and Reimbursement of Professionals* [Docket No. 240]. Such Order was subsequently amended pursuant to an *Order Modifying Order Establishing Procedures for Interim Compensation and Reimbursement of Professionals* [Docket No. 334]. Pursuant to such Orders, the Bankruptcy Court established interim compensation procedures (the "Compensation Procedures") applicable to Estate Professionals in the Bankruptcy Case. Among other things, the Compensation Procedures permit Estate Professionals to submit invoices on a monthly basis and, to the extent not objected to, receive payment of 80% of professional fees and reimbursement for 100% of expenses sought in such invoices, with all amounts received remaining subject to later Bankruptcy Court approval in connection with formal fee applications.

F&P was paid retainers totaling \$90,945.14 from the Debtor prepetition. The full amount of such retainers was applied to satisfy fees and expenses incurred prepetition. F&P has filed one interim fee application to date in the Bankruptcy Case [see Docket No. 372] covering the period of the Petition Date through May 31, 2016. As of the filing of such fee application, F&P had received payments totaling \$725,799.96 in accordance with the Compensation Procedures. F&P's first interim fee application was granted pursuant to an *Order Granting First Interim Application of Forshey & Prostok, LLP* [Docket No. 415] entered on August 1, 2016 which awarded F&P a total of \$896,298.16 for professional fees and expenses on an interim basis.

F&P has filed a second interim fee application [see Docket no. 497] for the period through September 30, 2016 which was granted pursuant to an *Order Granting Second Interim Application of Forshey & Prostok, LLP* [Docket no. 518] was entered November 29, 2016 which awarded F&P a total of \$539,858.77 for professional fees and expenses on an interim basis. As of January 31, 2017, F&P had accrued additional unpaid fees and expenses of approximately \$ _____.

A&M has filed one interim fee application to date in the Bankruptcy Case [see Docket No. 382] covering the period of the Petition Date through May 31, 2016. As of the filing of such fee application, A&M had not received any payments under the Compensation Procedures. A&M's first interim fee application was granted pursuant to an *Order Granting First Interim Application of Alvarez & Marsal Healthcare Industry Group, LLC* [Docket No. 416] entered on August 1, 2016 which awarded A&M a total of \$705,550.27 for professional fees and expenses on an interim basis. A&M has filed a second interim fee application [see Docket no. 505] seeking interim allowance of fees and expenses in the amount of \$524,280.76. An objection was filed to this second interim application by Vibrant Healthcare Fort Worth, LLC and FPMC Services, LLC. As of January 31, 2017, A&M had accrued additional unpaid fees and expenses of approximately \$ _____.

SSG received a payment in the amount of \$56,000 from the Debtor prepetition. The full amount of such prepetition payment was applied to satisfy fees and expenses incurred prepetition. SSG filed a final fee application [see Docket No. 368] on June 24, 2016. SSG's final fee application was granted pursuant to an *Order Granting First and Final Application of SSG Advisors, LLC and Chiron Financial Group, LLC for Allowance of Compensation for Services Rendered and Reimbursement of Expenses Incurred for the Period from January 10, 2016 through May 31, 2016* [Docket No. 440] entered on August 19, 2016 which awarded SSG a total of \$470,000 for professional fees and expenses on a final basis. No further fees are believed to be owed to, or sought by, SSG.

The Order approving the Debtor's employment of Wagner authorized the Debtor to pay a postpetition retainer to Wagner in the amount of \$25,000. Wagner has not yet filed a fee application in the Bankruptcy Case.

FCA's employment as collection agent for the Debtor was approved pursuant to section 328(a) of the Bankruptcy Code. Accordingly, any amounts earned by FCA will be paid as and when due pursuant to the terms of the engagement agreement between the Debtor and FCA.

Arent Fox has filed a first interim fee application to date in the Bankruptcy Case [see Docket No. 377] covering the period of January 20, 2016 through May 31, 2016. As of the filing of such fee application, Arent Fox had not received any payments under the Compensation Procedures. Arent Fox's first interim fee application was granted pursuant to an *Order Granting First Application of Arent Fox LLP, Co-Counsel to the Official Committee of Unsecured Creditors, for Interim Allowance of Compensation and Reimbursement of Expenses for Services Rendered During the Period from January 20, 2016 through May 31, 2016* [Docket No. 430] entered on August 9, 2016 which awarded Arent Fox a total of \$299,743.80 for professional fees and expenses on an interim basis. Arent Fox has filed a second interim fee application covering the period of June 1, 2016 through September 30, 2016. Arent Fox's second interim fee application was granted pursuant to an *Order Granting First [sic] Application of Arent Fox LLP, Co-Counsel to the Official Committee of Unsecured Creditors, for Interim Allowance of Compensation and Reimbursement of Expenses for Services Rendered During the Period from June 1, 2016 through September 30, 2016* [Docket no. 533] entered on December 23, 2016

which awarded Arent Fox fees and expenses on an interim basis of \$154,269.56. As of January 31, 2017, A&M had accrued unpaid fees and expenses of approximately \$_____.

Cole Schotz has filed a first interim fee application to date in the Bankruptcy Case [see Docket No. 376] covering the period of January 20, 2016 through May 31, 2016. As of the filing of such fee application, Cole Schotz had received payments totaling \$17,575.30 in accordance with the Compensation Procedures. Cole Schotz's first interim fee application was granted pursuant to an *Order Granting First Interim Application of Cole Schotz P.C., Local Counsel to the Official Committee of Unsecured Creditors, for Allowance of Compensation and Reimbursement of Expenses for Services Rendered During the Period from January 20, 2016 through May 31, 2016* [Docket No. 422] entered on August 4, 2016 which awarded Cole Schotz a total of \$21,834.00 for professional fees and expenses on an interim basis. Cole Schotz has filed a second interim fee application covering the period from June 1, 2016 through September 30, 2016. Cole Schotz's second interim fee application has been granted pursuant to an *Order Granting First [sic] Application of Cole Schotz P.C., Local Counsel to the Official Committee of Unsecured Creditors, for Interim Allowance of Compensation and Reimbursement of Expenses for Services Rendered During the Period from June 1, 2016 through September 30, 2016* [Docket no. 531] entered on December 23, 2016, which awarded Cole Schotz fees and expenses on an interim basis of \$5,452.86. As of January 31, 2017, Cole Schotz had accrued unpaid fees and expenses of approximately \$_____.

CohnReznick has filed a first interim fee application to date in the Bankruptcy Case [see Docket No. 378] covering the period of January 28, 2016 through May 31, 2016. As of the filing of such fee application, CohnReznick had not received any payments under the Compensation Procedures. CohnReznick's first interim fee application was granted pursuant to an *Order Granting First Interim Application of CohnReznick LLP Financial Advisor to the Official Committee of Unsecured Creditors, for Allowance of Compensation and Reimbursement of Expenses for Services Rendered During the Period from January 28, 2016 through May 31, 2016* [Docket No. 423] entered on August 4, 2016 which awarded CohnReznick a total of \$129,203.57 for professional fees and expenses on an interim basis. CohnReznick has filed a second interim fee application covering the period of June 30, 2016 through September 30, 2016. CohnReznick's second interim fee application was granted pursuant to an *Order Granting First [sic] Application of CohnReznick LLP, Financial Advisor to the Official Committee of Unsecured Creditors, for Interim Allowance of Compensation and Reimbursement of Expenses for Services Rendered During the Period from June 1, 2016 through September 30, 2016* [see Docket no. 532] entered on December 23, 2016, which awarded fees and expenses on an interim basis of \$54,197.10 to CohnReznick. As of January 31, 2017, CohnReznick had accrued unpaid fees and expenses of approximately \$_____.

The PCO filed a final fee application [see Docket No. 367] on June 24, 2016. As of the filing of such fee application, the PCO had not received any payments under the Compensation Procedures. The PCO's final fee application was granted pursuant to an *Order Approving First and Final Application of Susan N. Goodman for Allowance of Compensation and for Reimbursement of Expenses Incurred as Patient Care Ombudsman* [Docket No. 408] entered on July 27, 2016 which awarded the PCO a total of \$24,057.60 for professional fees and expenses on a final basis. No further fees are expected to be paid to, or sought by, PCO.

The Debtor's Estate has paid U.S. Trustee Fees through the 4th quarter of 2016 and expects to continue paying U.S. Trustee Fees as they become due.

G. Continuation of Business and Affairs after the Petition Date

From the Petition Date until May 24, 2016, the Debtor continued to operate its businesses and manage its affairs as a debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. Following the closing of the sale of PropCo's assets to THR, the Debtor ceased its business operations on May 24, 2016 and surrendered its license. With the exception of a handful of employees retained by the Debtor on a temporary contract basis to assist with the winding down of the Debtor's affairs, the Debtor's employees performed their last day of services on or before the close of business of May 24, 2016.

As discussed below, the Debtor sought Bankruptcy Court approval for all transactions that were outside the ordinary course of its businesses. The Debtor also sought and obtained authority from the Bankruptcy Court during the period immediately following the Petition Date with respect to a number of matters deemed by the Debtor to be essential to its smooth and efficient transition into chapter 11.

1. The Debtor's Use of Cash Collateral

On January 11, 2016, the Debtor filed its *Debtor's Emergency Motion for the Entry of Interim and Final Orders Authorizing the Use of Cash Collateral, and Granting Adequate Protection* (the "Cash Collateral Motion") [Docket No. 9] seeking authorization to use cash collateral allegedly subject to the Jefe Plover Lien. The Bankruptcy Court conducted a series of hearings on the Cash Collateral Motion and entered seven separate interim orders (collectively, the "Interim Cash Collateral Orders") [Docket Nos. 41, 97, 115, 151, 189, 241 and 283] authorizing the Debtor to use cash collateral to maintain operations from the Petition Date through June 3, 2016. The Interim Cash Collateral Orders restricted the Debtor's use of cash collateral in accordance with certain budgets approved by the Bankruptcy. The Debtor's authorization to use cash collateral terminated pursuant to an *Agreed Final Order Authorizing Use of Cash Collateral* [Docket No. 433] entered on August 10, 2016. The Debtor disputes the validity of the Jefe Plover Lien and is seeking, *inter alia*, avoidance of Jefe Plover's alleged security interest through the Jefe Plover Adversary.

Pursuant to the Jefe Plover Summary Judgment, the Jefe Plover Lien was avoided as a preferential transfer pursuant to section 546 of the Bankruptcy Code. The Jefe Plover Summary Judgment has become final for all purposes based on the failure by Jefe Plover to file a motion for reconsideration or a notice of appeal. Consequently, the Jefe Plover Account Provisions are no longer subject to the Jefe Plover Lien and do not constitute cash collateral.

2. Employee-Related Relief Immediately Following the Petition Date

On January 12, 2016, the Debtor filed its *Debtor's Motion for an Order Authorizing the Debtor to Pay Prepetition Wages, Employee Benefits, and Insurance Premiums* (the "Employee Wage Motion") [Docket No. 23] seeking authority to, among other things, immediately pay all compensation owed to employees and to honor all other obligations with respect to employee benefits, regardless of whether such compensation and benefits were earned prior to the Petition Date. The Bankruptcy Court granted the Employee Wage Motion pursuant to an *Order* [Docket No. 42] entered on January 14, 2016.

3. Appointment of the CRO

On January 21, 2016, the Debtor filed its *Application of the Debtor Pursuant to 11 U.S.C. §§ 105(A) and 363(B) to (I) Retain Alvarez & Marsal Healthcare Industry Group, LLC to Provide the Debtor a Chief Restructuring Officer and Certain Additional Personnel and (II) Designate Ronald Winters as Chief Restructuring Officer for the Debtor Nunc Pro Tunc to the Petition Date* (the "CRO Application") [Docket No. 56]. The CRO Application was granted by the Bankruptcy Court pursuant to the CRO Order entered on February 5, 2016. Under the CRO Order, the CRO was appointed *nunc pro tunc* to the Petition Date. The CRO Order granted the CRO dominion and control over the Estate and management of the Debtor. The authority granted to the CRO under the CRO Order has permitted the CRO to manage the Debtor without the necessity of obtaining approval for any actions from Vibrant FW or the Debtor's Board of Managers.

Ronald Winters continues to act as the Debtor's CRO and expected to continue through the Effective Date of the Plan.

H. Schedules and Bar Date

After receiving two extensions authorized by the Court, the Debtor filed its Schedules on February 22, 2016 [Docket Nos. 123 and 124]. Pursuant to a *Notice of Chapter 11 Bankruptcy Case* entered on the docket [Docket No. 3], May 26, 2016 was fixed as the deadline for all holders of alleged Claims (except for governmental units) to file proofs of Claim.

I. Operating Information During Pendency of the Chapter 11 Case

The Debtor has filed all required monthly operating reports with the Bankruptcy Court. Copies of the filed monthly operating reports are available for inspection and copying at the office of the Clerk of the Bankruptcy Court. A copy of the most recently filed monthly operating report is attached hereto as **Exhibit "B"**.

J. Matters Relating to Executory Contracts, Unexpired Leases, and Bar Dates for Rejection Claims

Section 365 of the Bankruptcy Code grants a debtor the power, subject to the approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases. Section 365(d)(4) of the Bankruptcy Code provides that if a debtor does not assume or reject an unexpired lease of nonresidential real property under which a debtor is the lessee (i) within 120 days after the petition date (the "365(d)(4) Deadline"), (ii) within an additional 90-day period as the bankruptcy court, for cause, may allow, or (iii) within such additional time as the bankruptcy court may permit with the consent of the landlord of the leased premises, then such lease is deemed rejected.

Pursuant to an *Agreed Order* [Docket No. 274] entered on May 4, 2016, the 365(d)(4) Deadline with respect to the Propco Lease was extended through June 1, 2016. However, pursuant to the THR Settlement Agreement, the PropCo Lease was rejected and terminated effective as of June 2, 2016.

On June 2, 2016, the Debtor filed its *Debtor's Unopposed Motion for Entry of an Order Authorizing Rejection of Management Services Agreement Pursuant to 11 U.S.C. § 365* [Docket No. 331] seeking to reject the Management Services Agreement. Such motion was granted pursuant to an *Amended Agreed Order Authorizing Rejection of Management Services Agreement Pursuant to 11 U.S.C. § 365 as of June 4, 2016* [Docket No. 352] entered on June

21, 2016, pursuant to which the Management Services Agreement was deemed rejected as of June 4, 2016.

On June 21, 2016, the Debtor filed its *Debtor's First Omnibus Motion to Reject Certain Executory Contracts or Unexpired Leases Pursuant to Bankruptcy Code Section 365(a) and Federal Rule of Bankruptcy Procedure 6006 as of May 25, 2016* [Docket No. 354] and its *Debtor's Second Omnibus Motion to Reject Certain Executory Contracts or Unexpired Leases Pursuant to Bankruptcy Code Section 365(a) and Federal Rule of Bankruptcy Procedure 6006 as of May 25, 2016* [Docket No. 355] (together, the "Omnibus Motions"). In the Omnibus Motions, the Debtor sought authorization to reject numerous Executory Contracts in light of discontinuation of the Debtor's business operations on May 24, 2016. The Omnibus Motions were granted pursuant to an *Order Granting Debtor's First Omnibus Motion to Reject Certain Executory Contracts or Unexpired Leases Pursuant to Bankruptcy Code Section 365(a) and Federal Rule of Bankruptcy Procedure 6006 as of May 25, 2016* [Docket No. 400] and an *Order Granting Debtor's Second Omnibus Motion to Reject Certain Executory Contracts or Unexpired Leases Pursuant to Bankruptcy Code Section 365(a) and Federal Rule of Bankruptcy Procedure 6006 as of May 25, 2016* [Docket No. 401], both entered on July 22, 2016. Pursuant to such Orders, each of the Executory Contracts made the subject of the Omnibus Motions was deemed rejected as of May 25, 2016.

On July 20, 2016, the Debtor filed its *Debtor's Motion to Reject Executory Contract with the SSI Group, Inc. Pursuant to Bankruptcy Code Section 365(a) as of June 30, 2016* (the "SSI Rejection Motion") [Docket No. 398] seeking authorization to reject an Executory Contract between the Debtor and SSI Group, Inc. The SSI Rejection Motion was granted pursuant to an *Order Granting Debtor's Motion to Reject Executory Contract with the SSI Group, Inc. Pursuant to Bankruptcy Code Section 365(a) as of June 30, 2016* [Docket No. 443] entered on August 23, 2016 which deemed the Debtor's Executory Contract with SSI Group, Inc. rejected as of June 30, 2016.

On June 21, 2016, the Debtor filed its *Debtor's Motion for Entry of an Order to Set Proof of Claim Bar Date for Counterparties of Rejected Executory Contracts and Unexpired Leases* [Docket No. 356]. Such motion was granted pursuant to an *Order Granting Debtor's Motion for Entry of an Order to Set Proof of Claim Bar Date for Counterparties of Rejected Executory Contracts and Unexpired Leases* (the "Rejection Claim Bar Date Order") [Docket No. 438] entered on August 18, 2016. Pursuant to the Rejection Claim Bar Date Order, a counterparty to a rejected Executory Contract must file a proof of claim asserting a Rejection Claim by no later than thirty (30) days after the date on which the Debtor serves notice of such deadline on the counterparty. Failure by a counterparty to a rejected Executory Contract to file a proof of claim setting forth its Rejection Claim by such deadline will result in such counterparty being barred from asserting any prepetition claim against the Debtor on account of rejection of such counterparty's Executory Contract. On August 23, 2016, the Debtor served notice of the deadline for filing Rejection Claims established in the Rejection Claim Bar Date Order on all counterparties to Executory Contracts which were rejected pursuant to the Orders granting the Omnibus Motions. The deadline by which such counterparties were required to file Rejection Claims was September 23, 2016.

K. Settlements

1. The THR Settlement Agreement

PropCo asserted substantial claims against the Debtor based on the PropCo Lease.

Such asserted claims included prepetition, postpetition, unsecured and Administrative Expense claims. The Debtor likewise asserted substantial claims against PropCo, including those asserted in the proof of claim filed by the Debtor in PropCo's bankruptcy case. In connection with THR's purchase of PropCo's assets, THR acquired all rights under the PropCo Lease, including the claims asserted against the Debtor by PropCo.

As part of its overall consideration for PropCo's assets, THR agreed to pay the Debtor \$4.5 million in settlement of any and all claims the Debtor had against PropCo. In addition, THR also agreed to release any and all claims PropCo had against the Debtor. The settlement between the Debtor and THR is reflected in the THR Settlement Agreement, which was approved by the Bankruptcy Court pursuant to an *Order Granting Debtor's Motion for Approval of Compromise with Texas Health Resources* [Docket No. 310]. After entry of such Order, the THR Settlement Agreement became effective and the Debtor thereafter received the \$4.5 million settlement payment from THR.

2. The PropCo Release

The THR Settlement Agreement required the Debtor and PropCo to enter into a mutual release agreement pursuant to which all claims between the Debtor and PropCo would be released. Accordingly, the Debtor and PropCo entered into the PropCo Release. The Bankruptcy Court approved the PropCo Release pursuant to an *Order* [Docket No. 311] entered on May 24, 2016. The claims released by the Debtor pursuant to the PropCo Release did not include any claims held by the Debtor against Dr. Wade Barker, Jefe Plover, Vibrant FW, Vibrant Holdings, FPMC Services, Todd Furniss, Mary Hatcher, or glendonTodd Investments, LLC (collectively, the "Excluded Persons"). The PropCo Release did, however, release any claims by the Debtor against PropCo based on the conduct of PropCo's agents, including the conduct of the Excluded Persons.

3. The Forest Park Stipulation

In conjunction with the sale of PropCo's assets to THR, the Debtor and the FP Equipment Lessors reached a global settlement, the terms of which are reflected in the Forest Park Stipulation. Pursuant to the Forest Park Stipulation: (a) the automatic stay was lifted to permit the FP Equipment Lessors to exercise remedies available to them, including terminating the Debtor's rights under the FP Equipment Leases and repossessing and/or selling the FP Lessor Assets; (b) the FP Equipment Lessors assumed responsibility for payment of the FP Lessor Property Taxes; (c) the Debtor released all claims against the FP Equipment Lessors; and (d) any prepetition unsecured deficiency claims that may be held by the FP Equipment Lessors were subordinated to General Unsecured Claims until Distributions totaling \$3 million are made to holders of unsubordinated General Unsecured Claims. The Bankruptcy Court approved the global settlement between the Debtor and the FP Equipment Lessors by entering the Forest Park Stipulation on June 22, 2016.

4. The Centennial Stipulation

In conjunction with the sale of PropCo's assets to THR, the Debtor and Centennial reached a settlement, the terms of which are reflected in the Centennial Stipulation. Pursuant to the Centennial Stipulation: (a) the automatic stay was lifted to permit Centennial to exercise remedies available to it, including terminating the Debtor's rights under the Centennial Leases and retaking possession of and/or selling the Centennial Assets; (b) Centennial assumed responsibility for payment of the Centennial Property Taxes; (c) the Debtor released all claims

against Centennial; and (d) any prepetition unsecured deficiency claims that may be held by Centennial were subordinated to General Unsecured Claims until Distributions totaling \$3 million are made to holders of unsubordinated General Unsecured Claims. The Bankruptcy Court approved the settlement between the Debtor and Centennial by entering the Centennial Stipulation on June 27, 2016.

5. The Settlement with the Barker Parties

At the auction held on May 12, 2016 for the sale of PropCo's assets, the Debtor reached a settlement (the "Barker Parties Settlement") with Dr. Wade Barker, Jefe Plover, Vibrant FW, Vibrant Holdings, Todd Furniss, Mary Hatcher and glendonTodd Investments, LLC (collectively, the "Barker Parties"). The terms of the Barker Parties Settlement were read into the record at the auction and documented in a "Statement for the Record." The terms of the Barker Parties Settlement include the following: (a) Jefe Plover will be allowed a General Unsecured Claim against the Debtor in the amount of \$2.5 million, which will be subordinated in payment to the first \$3 million in Distributions to holders of unsubordinated General Unsecured Claims; (b) the Debtor and the Barker Parties will execute mutual releases, excluding the Administrative Expense Claims asserted by Vibrant FW and FPMC Services; (c) Jefe Plover will pay to the Debtor the sum of \$450,000 from the distribution received by Jefe Plover in PropCo's bankruptcy case; and (d) with the exception of the \$2.5 million subordinated General Unsecured Claim allowed to Jefe Plover, the Barker parties will release all of their prepetition claims against the Debtor. Consummation of the Barker Parties Settlement would therefore resolve: (i) the Jefe Plover Adversary; (ii) Proof of Claim No. 12 filed by Dr. Wade Barker against the Debtor for indemnity; (iii) Proofs of Claim Nos. 121 and 144 filed by Vibrant FW against the Debtor for alleged management fees and a Rejection Claim relating to the Management Services Agreement; and (iv) the Vibrant Adversary, except with regard to the amount of Vibrant FW's Administrative Expense Claim.

Despite the agreement of the Barker Parties made on the record at the May 12, 2016 auction, the Barker Parties thereafter refused to consummate and perform under the Barker Parties Settlement. Consequently, the Debtor filed its *Debtor's Motion for Entry of an Order Approving and Enforcing the Settlement Between the Debtor, Jefe Plover Interests, Ltd., Wade Barker, Vibrant Healthcare Fort Worth Holdings, LLC, Vibrant Healthcare Fort Worth, LLC, Todd Furniss, Mary Hatcher, and glendonTodd Investments, LLC* (the "Motion to Enforce Settlement") [Docket No. 411] on July 29, 2016. In the Motion to Enforce Settlement, the Debtor requested that the Bankruptcy Court approve the Barker Parties Settlement and enforce the same by compelling the Barker Parties to consummate all transactions contemplated in the Barker Parties Settlement.

The Motion to Enforce Settlement was heard on September 19, 2016. On September 21, 2016, the Bankruptcy Court issued its ruling declining to enforce the Barker Parties Settlement.

L. Exclusivity

Pursuant to sections 1121(b) and (c)(3) of the Bankruptcy Code, a debtor has (a) 120 days after the petition date within which to file its plan of reorganization (the "Exclusive Period"), and (b) 180 days after the petition date to solicit acceptances of its timely filed plan of reorganization (the "Solicitation Period") before other parties-in-interest are permitted to file plans. The Exclusive Period and Solicitation Period have expired in the Bankruptcy Case and no extensions of either the Exclusive Period or Solicitation Period have been requested.

VI. LITIGATION INVOLVING THE DEBTOR

As of the Petition Date, the Debtor was a defendant in two pending state court lawsuits. The plaintiff in one of the lawsuits is Identity Media Services, LLC and the plaintiff in the other lawsuit is Presslink Printing, Ltd. Both plaintiffs asserted various causes of action against the Debtor, including for breach of contract. No further litigation in such state court lawsuits is contemplated. The plaintiffs' Claims against the Debtor will instead be adjudicated through the Claims Allowance process in the Bankruptcy Case.

The Debtor is currently involved in the following litigation:

A. Jefe Plover Adversary

The Debtor is the plaintiff in the Jefe Plover Adversary against Jefe Plover styled as follows:

Forest Park Medical Center at Fort Worth, LLC v. Jefe Plover Interests, Ltd., Adversary Proceeding 16-04002-rfn (filed January 12, 2016).

Jefe Plover allegedly loaned \$2,555,000 to the Debtor. On November 1, 2016, a note and a security agreement were purportedly executed on behalf of the Debtor in favor of Jefe Plover to evidence and secure this loan. The security agreement purported to grant a security interest in favor of Jefe Plover against the Debtor's accounts.

In the Jefe Plover Adversary, the Debtor seeks the following relief:

- a. To avoid the security interest granted in favor of Jefe Plover as a preferential transfer pursuant to section 547 of the Bankruptcy Code;
- b. A determination that the note and the security agreement were both executed in violation of the Management Services Agreement and the Debtor's Company Agreement; and
- c. To equitably recharacterize the alleged loans by Jefe Plover to the Debtor as an equity infusion.

The Debtor moved for partial summary judgment to avoid the Jefe Plover Lien as a voidable preference subject to section 547 of the Bankruptcy Code. On December 22, 2016, the Bankruptcy Court ruled from the bench granting partial summary judgment in favor of Debtor avoiding the Jefe Plover Lien. A Partial Summary Judgment [Adv. 16-04002 Docket no. 63] memorializing this ruling was entered in the Jefe Plover Adversary on January 10, 2017. Thereafter, Debtor filed a motion for severance so that the Partial Summary Judgment could become a final judgment avoiding the Jefe Plover Lien. The motion for severance was granted pursuant to an Order [Adv. 16-04002 Docket no. 65] severing the Debtor's preference cause of action, which is the subject of the Partial Summary Judgment, from the other claims pending in the Jefe Plover Adversary and redocketing such claims in the following adversary proceeding ("Severed Jefe Plover Adversary"):

Forest Park Medical Center at Fort Worth, LLC v. Jefe Plover Interests, Ltd., Adversary Proceeding 17-04005-rfn, filed January 13, 2017.

The Final Summary Judgment was then entered in the Severed Jefe Plover Adversary. The Final Summary Judgment has since become final for all purposes based on Jefe Plover's failure to file a motion for reconsideration or a notice of appeal.

B. Vibrant FW Adversary

Pursuant to the Management Services Agreement, Vibrant FW acts as the "Manager" of the Debtor. On February 16, 2016, Vibrant FW filed its first *Application for Payment of Administrative Expenses* (the "Vibrant Application") [Docket no. 108] seeking the allowance of an Administrative Expense Claim against the Debtor. The Debtor timely filed a response to the Vibrant Application controverting Vibrant FW's claim for an Administrative Expense. Thereafter, the Debtor filed *Debtor's Motion to Convert Vibrant Healthcare Fort Worth, LLC's First Application for Payment of Administrative Expenses to an Adversary Proceeding or, Alternatively, to Consolidate such Application into Adversary Proceeding* [Docket No. 177]. The Debtor also commenced Adversary Proceeding No. 16-04055-rfn against Vibrant FW asserting various offsets and counterclaims against Vibrant FW. The Bankruptcy Court ultimately granted the Debtor's motion to convert the Vibrant Application to an adversary proceeding. Based upon this, the Vibrant Application was converted to Adversary Proceeding No. 16-04058-rfn. Vibrant FW then replead its claims asserted in the Vibrant Application as part of its original complaint in Adversary Proceeding No. 16-04058-rfn. The prior adversary proceeding filed by the Debtor (Adversary Proceeding No. 16-04055-rfn) was consolidated into Adversary Proceeding No. 16-04058-rfn.

In its *Original Answer and Counterclaim* in Adversary Proceeding No. 16-04058-rfn, the Debtor asserts the same offsets and counterclaims which were asserted in Adversary Proceeding No. 16-04055-rfn, including the following:

- (a) For equitable subordination of Vibrant FW's claims pursuant to section 510(c) of the Bankruptcy Code;
- (b) Claims to avoid and recover certain payments to Vibrant FW as fraudulent transfers pursuant to section 548 and 550 of the Bankruptcy Code;
- (c) Claims to avoid and recover certain payments to Vibrant FW as fraudulent transfers pursuant to the Texas Uniform Fraudulent Transfer Act pursuant to section 544(b)(1) of the Bankruptcy Code, as well as claims for judgment pursuant to section 550 of the Bankruptcy Code;
- (d) Claims to recover certain payments to Vibrant FW as Insider preferences paid to Vibrant FW within one (1) year of the Petition Date pursuant to section 547 of the Bankruptcy Code;
- (e) Claims for offset against Vibrant FW; and
- (f) Assertion of section 502(d) of the Bankruptcy Code as a complete defense to Vibrant FW's claims.

Vibrant FW has terminated its corporate existence and has named Dr. Wade Barker as the responsible person to handle Vibrant FW's remaining affairs, including this adversary proceeding. A status conference was held on March 6, 2017.

[Result of Status Conference.]

C. FPMC Services Adversary

FPMC Services has filed an amended *Motion to Compel Payment of Administrative Expenses* (“FPMC Services Application”) [Docket no. 345]. The Debtor timely filed a response controverting the relief sought by FPMC Services in the FPMC Services Application. The Debtor also filed a *Motion to Convert FPMC Services, LLC’s Motion to Compel Payment of Administrative Expenses to an Adversary Proceeding and Consolidate with Debtor’s Existing Adversary Proceeding* [Docket 456]. Pursuant to an *Agreed Order Granting Debtor’s Motion to Convert FPMC Services, LLC’s Motion to Compel Payment of Administrative Expenses to an Adversary Proceeding and Consolidate with Existing Adversary Proceeding* [Docket no. 482] entered on October 4, 2016, the Bankruptcy Court granted this motion.

Based on conversion of the FPMC Services Application to an adversary proceeding, the FPMC Services Application was redocketed as Adversary Proceeding No. 16-04135-rfn pending before the Bankruptcy Court. Prior to conversion of the FPMC Services Application to an adversary proceeding, the Debtor commenced Adversary Proceeding No. 16-04126-rfn against FPMC Services asserting various claims and causes of action against FPMC Services. The adversary proceeding commenced by the Debtor against FPMC Services has been consolidated into Adversary Proceeding No. 16-04135-rfn. The Debtor has filed its *Answer and Counterclaim* to FPMC Services’ claims, including allegations that FPMC Services has systematically overbilled the Debtor for millions of dollars for the payment of its own employees and overhead, and that after such sums are offset against FPMC Services’ Administrative Expense Claim, the Debtor owes nothing to FPMC Services.

A status conference was held in connection with this adversary proceeding on January 25, 2017. Based on this status conference, the Bankruptcy Court entered a show cause order for the parties to the adversary proceeding to appear before the Bankruptcy Court on February 6, 2017, to show cause why this adversary proceeding should not be dismissed without prejudiced. Based on the proceeding on February 6, 2017, the Bankruptcy Court entered its Order Dismissing Adversary Proceeding without Prejudice [Adv. Docket no. ____].

VII. THE PLAN

THE FOLLOWING IS A SUMMARY OF THE MATTERS CONTEMPLATED TO OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH THE CONSUMMATION OF THE PLAN. THIS SUMMARY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE PLAN AND IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE DESCRIPTION OR A SUBSTITUTE FOR A FULL AND COMPLETE REVIEW OF THE PLAN. THE FOLLOWING SUMMARY IS COMPLETELY QUALIFIED BY THE TERMS OF THE PLAN. IN THE EVENT OF ANY CONFLICT BETWEEN THE FOLLOWING SUMMARY AND THE PLAN, THE PLAN WILL CONTROL.

A. Classification and Treatment Summary

The Plan classifies the various Claims against and Interests in the Debtor. These Classes take into account the different nature and priority of Claims against and Interests in the Debtor. In addition, in accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified for purposes of voting under the Plan. Rather, all such Claims are treated separately as unclassified Claims.

All Classes of Claims and Interests are impaired under the Plan. If a controversy arises as to the classification of any Claim or Interest, or as to whether any Class of Claims or Interests is impaired under the Plan, the Bankruptcy Court shall determine such controversy as a part of the confirmation process.

1. Unclassified Claims Against the Debtor

Unclassified Claims against the Debtor consist of Administrative Expense Claims and Priority Tax Claims. An Administrative Expense Claim is a Claim based on any cost or expense of administration of this Bankruptcy Case allowed under subsections 503(b) and 507(a)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the Estate of the Debtor, any actual and necessary expenses of operating the businesses of the Debtor, any indebtedness or obligations incurred or assumed by the Debtor, as a debtor in possession, during this Bankruptcy Case including, without limitation, for the acquisition or lease of property or an interest in property or the rendition of services, all compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under section 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the Estate of the Debtor under section 1930 of title 28 of the United States Code.

Administrative Expense Claims include both ordinary post-petition expenses and Claims attributable to Estate Professionals. Claims incurred in the ordinary course of the Debtor's affairs or business will be paid in the ordinary course of business. Fees and expenses owed to Estate Professionals are payable upon the Allowance of an appropriate fee application.

a. Treatment of Administrative Expense Claims

The Liquidating Trustee shall pay, in accordance with the ordinary business terms applicable to each such expense or cost, the reasonable and ordinary expenses incurred in operating the Debtor's business or administering the Estate before the Effective Date ("Ordinary Course Claims"). The remaining provisions of section 3.1 of the Plan shall not apply to the Ordinary Course Claims, except that if there is a dispute relating to any such Ordinary Course Claim, the Liquidating Trustee may move the Bankruptcy Court to apply the provisions of Article X of the Plan relating to Contested Claims and require the holder of the Contested Ordinary Course Claim to assert such Claim through this Bankruptcy Case.

Each holder of an Allowed Administrative Expense (other than Ordinary Course Claims and Administrative Expense Claims by Estate Professionals), shall receive (i) the amount of such holder's Allowed Administrative Expense in one Cash payment on the later of the Effective Date or the tenth (10th) Business Day after such Administrative Expense becomes an Allowed Administrative Expense, or (ii) such other treatment as may be agreed to in writing by such Administrative Expense Creditor and the Liquidating Trustee, or as otherwise ordered by the Bankruptcy Court.

Unless the Bankruptcy Court orders to the contrary or the Liquidating Trustee agrees to the contrary in writing, the holder of a Claim for an Administrative Expense, other than such a Claim by an Estate Professional, an Ordinary Course Claim, or an Administrative Expense which is already Allowed, shall file with the Bankruptcy Court and serve upon the Liquidating Trustee and its counsel a written notice of such Claim for an Administrative Expense within thirty (30) days after the Effective Date. Such notice shall include at a minimum: (i) the name, address, telephone number and fax number (if applicable) or email address of the holder of such Claim, (ii) the amount of such Claim, and (iii) the basis of such Claim. Failure to timely and properly file and serve such notice shall result in such Claim for an Administrative Expense being forever barred from receiving any Distribution through the Liquidating Trust.

A Claim for an Administrative Expense, for which a proper notice was filed and served under subsection 3.1(c) of the Plan, shall become an Allowed Administrative Expense if no Objection is filed within thirty (30) days of the filing and service of such notice. If a timely Objection is filed, the Claim shall become an Allowed Administrative Expense only to the extent allowed by a Final Order.

THE FAILURE TO TIMELY FILE THE REQUIRED NOTICE OF ADMINISTRATIVE EXPENSE CLAIM AND THE FAILURE TO SERVE SUCH NOTICE TIMELY AND PROPERLY SHALL RESULT IN THE ADMINISTRATIVE EXPENSE CLAIM BEING FOREVER BARRED, DISALLOWED AND DISCHARGED WITHOUT FURTHER ORDER OF THE BANKRUPTCY COURT.

The above procedures shall not apply to Administrative Expense Claims asserted by Estate Professionals, who shall each file and submit an appropriate final fee application to the Bankruptcy Court no later than sixty (60) days after the Effective Date. A Claim for an Administrative Expense by an Estate Professional in respect of which a final fee application has been properly filed and served shall become an Allowed Administrative Expense only to the extent allowed by Final Order and, if so Allowed, shall be paid in accordance with subsection 3.1(b) of the Plan. Professional fees and expenses to any Estate Professional incurred on or after the Effective Date may be paid by the Liquidating Trustee without necessity of application to or order by the Bankruptcy Court.

Any Claim by Vibrant FW for an Administrative Expense shall be determined through the Vibrant Adversary and no Distribution shall be made to Vibrant FW on account of an Administrative Expense Claim except based upon a Final Order entered in the Vibrant Adversary, at which time any such Allowed Administrative Expense to Vibrant FW shall be paid in accordance with section 3.1(b) of the Plan. The procedures set forth in subsections 3.1(a), (c), (d) and (e) of the Plan shall not apply to any Claim by Vibrant FW for an Administrative Expense.

Any Claim by FPMC Services for an Administrative Expense shall be determined through the FPMC Services Adversary and no Distribution shall be made to FPMC Services on account of an Administrative Expense Claim except based upon a Final Order entered in the FPMC Services Adversary, at which time any such Allowed Administrative Expense to FPMC Services shall be paid in accordance with section 3.1(b) of the Plan. The procedures set forth in subsections 3.1(a), (c), (d) and (e) of the Plan shall not apply to any Claim by FPMC Services for an Administrative Expense.

If the Liquidating Trustee asserts any Estate Claims as counterclaims or defenses to a Claim for an Administrative Expense, the Administrative Expense Claim shall be determined

through an adversary proceeding before the Bankruptcy Court. The Bankruptcy Court shall have exclusive jurisdiction to adjudicate and Allow all Claims for any Administrative Expense.

b. Treatment of Priority Claims

All Allowed Priority Claims or Priority Tax Claims shall be paid in full through a single Distribution from the Liquidating Trust no later than sixty (60) days after each such Claim becomes an Allowed Claim.

c. Treatment of Property Tax Claims

Property Tax Claims subject to section 507(a)(8)(B) of the Bankruptcy Code are treated as part of Class 2.

d. Treatment of U.S. Trustee Fees

The Liquidating Trustee shall pay to the U.S. Trustee all unpaid U.S. Trustee Fees due and payable as of the Effective Date as well as all such fees which become due and payable after the Effective Date. Any U.S. Trustee Fees due as of the Effective Date shall be paid in full on the Effective Date or as soon thereafter as is practicable. After the Effective Date, the Liquidating Trustee shall continue to pay the U.S. Trustee Fees as they accrue and become due and payable until the Final Decree is entered and this Bankruptcy Case is closed.

2. Classified Claims and Interests

Classified Claims and Interests shall receive the treatment as described in Article IV of the Plan, which treatment is summarized in the table set forth in section I.B of this Disclosure Statement above.

B. Acceptance or Rejection of the Plan

Each impaired Class of Claims entitled to vote shall separately vote to accept or reject the Plan. Any unimpaired Class shall not be entitled to vote to accept or reject the Plan. Any unimpaired Class is deemed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have voted on the Plan. Any Class of Claims that is not occupied as of the date of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code. Section 5.4 of the Plan shall constitute the request by the Plan proponent, pursuant to section 1129(b) of the Bankruptcy Code, for the Bankruptcy Court to confirm the Plan notwithstanding the fact that the requirements of section 1129(a)(8) of the Bankruptcy Code have not been met.

C. Means of Implementation of the Plan

1. Cancellation of Interests

Except as otherwise specifically provided in the Plan, upon the Effective Date: (i) all Interests in the Debtor shall be cancelled; (ii) all obligations or debts of, or Claims against, the

Debtor on account of, or based upon, the Interests shall be deemed as cancelled, released and discharged, including all obligations or duties by the Debtor relating to the Interests in either the Debtor's articles of formation or the Company Agreement.

2. Dissolution of Debtor

The Liquidating Trustee shall be responsible for the winding up and dissolution of the Debtor which shall be undertaken as soon as practicable after the Effective Date. The Liquidating Trustee may retain such professionals, consultants or advisors as may be reasonably necessary to seasonably accomplish this task, and all such expenses attributable to the winding up and dissolution of the Debtor shall be treated as Trust Expenses.

3. Transfer of Assets

As of the Effective Date, all Assets shall be transferred from the Estate to the Liquidating Trust, including without limitation all Estate Cash, Estate Accounts Receivable, Estate Claims, Estate Defenses, Estate Insurance, D&O Claims and Estate Contracts. After the Effective Date, the Liquidating Trustee may still abandon any Trust Assets which are burdensome or have no or inconsequential value pursuant to section 554 of the Bankruptcy Code. The Assets shall be transferred to, and vested in, the Liquidating Trust free and clear of all Liens, Claims, rights, Interests and charges, except as expressly provided in the Plan.

4. Liquidating Trust

The Liquidating Trust shall be created as of the Effective Date in accordance with the terms of the Plan and the Liquidating Trust. The Debtor and the Estate shall be the settlor of the Liquidating Trust. The Liquidating Trust shall be one of the Plan Documents.

5. Assumption of Obligation to Make Distributions

The Liquidating Trustee shall be deemed to have assumed the obligation to make all Distributions pursuant to the Plan, including the obligation to make all Distributions on account of Allowed Claims.

6. Actions by the Debtor and the Liquidating Trustee to Implement Plan

The entry of the Confirmation Order shall constitute all necessary authorization for the CRO and the Liquidating Trustee to take or cause to be taken all actions necessary or appropriate to consummate, implement or perform all provisions of the Plan on and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation, including without limitation, (i) all transfers of Assets that are to occur pursuant to the Plan; (ii) the cancellation of Interests and the winding up and dissolution of the Debtor; (iii) the performance of the terms of the Plan and the making of all Distributions required under the Plan; and (iv) subject to the terms of the Plan, entering into any and all transactions, contracts, or arrangements permitted by applicable law, order, rule or regulation.

7. Continuation of the Committee

The existence of the Committee shall be continued after the Effective Date in order to consult with and advise the Liquidating Trustee with regard to the performance and implementation of the Plan and the Liquidating Trust. In addition, the Committee shall have standing to appear and be heard on any matter brought before the Bankruptcy Court by any Person in relation to the Plan after the Effective Date. To facilitate this, the Committee may retain legal counsel to advise the Committee after the Effective Date and the Committee's reasonable expenses for such legal counsel shall be paid as a Trust Expense. The members of the Committee shall be entitled to exculpation as set forth in section 6.8 of the Plan and indemnity as set forth in section 7.11 of the Plan.

8. Duties of Committee Members

The Committee and its members shall owe the same fiduciary duty to the Liquidating Trust and its Beneficiaries as a statutory official creditors' committee owes to the bankruptcy estate and Creditors of a Chapter 11 debtor. However, with respect to such fiduciary duties, neither the Committee nor any member thereof shall have any liability for, and shall be exculpated from, any and all Claims, causes of action and liabilities by or to any Person (including all Beneficiaries of the Liquidating Trust) arising out of the performance of the Committee's duties pursuant to the Plan, the Liquidating Trust Agreement or any orders of the Bankruptcy Court, except to the extent that any act or omission constitutes bad faith, gross negligence, willful misconduct or actual (as opposed to constructive) fraud. No Beneficiary or holder of any Claim against or Interest in the Debtor shall have any right or standing to pursue any Claim or cause of action against the Committee or any member thereof or the Committee's professionals, agents and representatives for taking any action in accordance with, or to implement or enforce the terms of, the Plan, the Liquidating Trust Agreement or any order of the Bankruptcy Court.

9. Post-Effective Date Service List

Pleadings filed by any party-in-interest with the Bankruptcy Court after the Effective Date shall be served on the following Persons (collectively the "Service List"): (i) any Person directly affected by the relief sought in the pleading, (ii) the Committee through legal counsel, (iii) the U.S. Trustee, (iv) parties which have filed a Notice of Appearance in this Bankruptcy Case, and (v) the Liquidating Trustee through legal counsel.

10. Section 505 Powers

All rights and powers pursuant to section 505 of the Bankruptcy Code are reserved to the Estate and shall be transferred to, and vested in, the Liquidating Trustee as of the Effective Date.

11. Section 510(c) Powers

All rights and powers to seek to equitably subordinate or recharacterize any Claim pursuant to applicable law, including all such rights pursuant to section 510(c) of the Bankruptcy Code, are reserved to the Estate and shall be transferred to, and vested in, the Liquidating Trustee as of the Effective Date, including without limitation all rights to seek to equitably subordinate or recharacterize the Jefe Plover Claim or any Claim by Vibrant FW.

12. Section 506(c) Powers

The Estate hereby reserves all rights and powers pursuant to section 506(c) of the Bankruptcy Code, including without limitation the right to recover expenses relating to collecting and preservation of the Jefe Plover Accounts, and all such rights shall be specifically transferred to, and vested in, the Liquidating Trustee.

13. Plan Injunction

The Liquidating Trustee shall have full power, standing an authority to enforce the Plan Injunction against any Person, either through an action before the Bankruptcy Court or any other tribunal having appropriate jurisdiction.

D. The Liquidating Trust

1. Creation of Liquidating Trust

On the Effective Date, the Liquidating Trust shall be created pursuant to the Liquidating Trust Agreement which shall be executed on behalf of the Debtor by the CRO and by the Liquidating Trustee to accept the appointment. The Liquidating Trust shall be in substantially the same form as **Exhibit "A"** to the Plan. The Liquidating Trust shall not terminate upon the death or incapacity of the Trustee and shall continue until its termination in accordance with the terms of the Plan and the Liquidating Trust Agreement. Reference is here made to the Liquidating Trust Agreement for all purposes which shall constitute an integral part of the Plan.

2. Compensation of Liquidating Trustee

The Liquidating Trustee shall be compensated from the Trust Assets in the manner set forth in the Confirmation Order as a Trust Expense. The Liquidating Trustee shall also be entitled to reimbursement of reasonable and necessary out-of-pocket expenses incurred in the performance of such duties, also as a Trust Expense.

3. Trust Assets

The Debtor and Estate shall constitute the settlor of the Liquidating Trust. As of the Effective Date, all Assets shall be transferred to the Liquidating Trust where they will constitute the Trust Assets. The Trust Assets shall encompass all valuable Assets held by the Estate as of the Effective Date and shall specifically include without limitation: (i) all Estate Cash, (ii) all Estate Accounts Receivable, (iii) all Estate Claims, (iv) all Estate Defenses, (v) all rights under Estate Insurance, (vi) all of the Estate's rights under both the Forest Park Stipulation and the Centennial Stipulation, (vii) any Executory Contracts assumed by the Estate, (viii) all of the Estate's rights pursuant to the THR Settlement Agreement and the PropCo Release, (ix) all D&O Claims, and (x) all of the Estate's rights under any Estate Contract. To evidence the transfer of the Estate Assets to the Liquidating Trust, the CRO shall execute on behalf of the Debtor and Estate, as settlor, an Assignment of Trust Assets transferring the Estate Assets to the Liquidating Trust which shall be included among the Plan Documents.

4. Distributions from Liquidating Trust

The Liquidating Trustee shall be responsible for making all Distributions from the Liquidating Trust to holders of Allowed Claims pursuant to the Plan. The priority of Distributions

from the Liquidating Trust shall be in accordance with the terms of the Plan and the Confirmation Order as follows:

- a. First, to satisfy Allowed Administrative Expenses and Allowed Priority Claims in accordance with Article III of the Plan, including all U.S. Trustee Fees due and owing as of the Effective Date;
- b. Second, to satisfy holders of Allowed Class 2 Property Tax Claims;
- c. Third, to pay Trust Expenses; and
- d. Fourth, to make Distributions on a pro rata basis to holders of Allowed Class 1 General Unsecured Claims and Allowed Class 3 Insider Claims.

So long as appropriate Reserves are maintained for the satisfaction of potential Allowed Claims entitled to priority of distribution over holders of Allowed Class 1, Allowed Class 3 and Allowed Class 4 Claims, the Liquidating Trustee may make Distributions to holders of Allowed Class 1, Class 3 and Class 4 Claims, on a *pari passu* basis between such Classes, from the remaining Trust Assets.

5. Reserves

The Liquidating Trustee may estimate and create and set aside appropriate Reserves as may be necessary or appropriate, including the Jefe Plover Reserve, a Claim Reserve on account of Contested Claims, and a reserve for Trust Expenses. The Liquidating Trustee may, but shall not be required to, move the Bankruptcy Court to approve: (a) the amount of, and terms on which, such Reserves shall be held, maintained and disbursed, or (b) the amount and timing of any proposed interim Distribution to holders of Allowed Class 1 and Class 3 Claims. Once appropriate Reserves have been established for potential Claims having a higher priority for receiving Distributions under the Plan, the Liquidating Trustee may make Distributions to holders of Allowed Class 1 and Class 3. The Liquidating Trustee may elect to seek approval by the Bankruptcy Court for the creation and amount of any Reserves or regarding the amount or timing of any Distribution on account of any Allowed Claims. Except as otherwise expressly provided in the Plan, the Liquidating Trustee, in the exercise of its good faith business judgment, may transfer funds out of any of the Reserves as necessary or appropriate. However, the Liquidating Trustee shall not be required to create separate accounts for such Reserves which may be created and memorialized by entries or other accounting methodologies, which may be revised from time-to-time, to enable the Liquidating Trustee to determine the amount of Cash available for Distribution to Beneficiaries of the Liquidating Trust. Subject to any specific deadlines set forth in the Plan, the Liquidating Trustee shall determine, from time-to-time, in the exercise of the Liquidating Trustee's good faith business judgment: (i) the amount of Cash available for Distribution to Beneficiaries, (ii) the timing of any Distributions to Beneficiaries, and (iii) the amount and creation of any Reserves for Contested Claims or Trust Expenses.

6. Trust Expenses

The Liquidating Trustee shall be entitled to pay all Trust Expenses without the necessity of further order of the Bankruptcy Court. Without limiting the generality of the foregoing, the Liquidating Trust may retain, compensate and reimburse Trust Professionals retained by the Liquidating Trust without the necessity of further order of the Bankruptcy Court. However, the

Liquidating Trustee shall be entitled, should the Liquidating Trustee so elect, to request the Bankruptcy Court to approve any Trust Expense or the retention of any Trust Professional.

7. Powers and Duties of the Liquidating Trustee

The Liquidating Trustee's duties and compensation, to the extent not set forth herein, shall be as set forth in the Liquidating Trust Agreement which shall be one of the Plan Documents. The Liquidating Trustee shall constitute a representative of the Estate pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, and shall be clothed with all powers, rights, duties and responsibilities pursuant to this Plan, the Confirmation Order and the Liquidating Trust Agreement.

8. Exercise of Liquidating Trustee's Powers

The Liquidating Trustee shall be entitled to exercise all powers pursuant to the Plan and the Liquidating Trust Agreement, including without limitation those set forth in section 7.8 of the Plan, without further order or approval of the Bankruptcy Court except as otherwise expressly provided in the Plan or in the Liquidating Trust Agreement or Confirmation Order.

9. Prosecution and Settlement of Estate Claims

Upon the Effective Date, the Liquidating Trustee shall automatically be substituted in place of the Debtor as the party representing the Estate in respect of any pending lawsuit, motion or other pleading pending before the Bankruptcy Court or any other tribunal. The Liquidating Trustee shall have exclusive standing and authority to prosecute, settle or compromise Estate Claims for the benefit of the Liquidating Trust in the manner set forth in this Plan and the Liquidating Trust Agreement.

10. Exculpation of Liquidating Trustee

The Liquidating Trustee shall stand in a fiduciary relationship to the Beneficiaries of the Liquidating Trust. In the performance of its duties, the Liquidating Trustee shall be entitled to act, or refrain from acting, based on the exercise of its good faith business judgment. However, the Liquidating Trustee shall be fully exculpated, and shall have no liability for acts or omissions, in the manner and to the extent set forth in the Liquidating Trust Agreement.

11. Indemnity

The Liquidating Trust shall indemnify and hold harmless the Liquidating Trustee, the Committee and each member of the Committee, in the manner and to the extent set forth in the Liquidating Trust Agreement.

12. Resignation of Liquidating Trustee

The Liquidating Trustee may resign by filing with the Bankruptcy Court a notice of resignation effective on the earlier of: (a) thirty (30) days after the date of filing, or (b) the date on which the successor trustee has been duly appointed and assumed the duties of office as the Liquidating Trustee. If the Liquidating Trustee resigns or dies, then the Bankruptcy Court shall appoint a successor Liquidating Trustee at the request of the Committee who shall nominate the successor trustee.

13. Reliance by Liquidating Trustee

In the performance of the duties pursuant to the Plan, the Liquidating Trustee may rely upon any document or instrument which the Liquidating Trustee in good faith believes to be genuine and to have been signed or executed by the proper parties.

14. Plan Injunction

The Liquidating Trustee and Liquidating Trust shall be entitled to the full protection and benefit of the Plan Injunction and shall have standing to bring any action or proceeding necessary to enforce the Plan Injunction against any Person.

15. Tax Treatment

The Liquidating Trust shall be treated as a "liquidating trust" within the meaning of Section 301.7701-4(d) of the Treasury Regulations. The Liquidating Trustee shall, in an expeditious but orderly manner, collect, liquidate and convert to Cash all non-cash Trust Assets, and make timely Distributions to Beneficiaries of the Liquidating Trust, and shall not unduly prolong its duration.

16. Transfer of Claims

Holders of Allowed Claims against the Liquidating Trust shall not receive any certificate or other document to represent their beneficial interest in the Liquidating Trust. The transfer of Claims after the Effective Date is subject to section 8.4 of the Plan.

17. Construction of Liquidating Trust Documents

The Plan and the Trust Agreement shall control over any inconsistent provision of this Disclosure Statement. The Plan and Confirmation Order shall control over any inconsistent provision of the Liquidating Trust Agreement. The Confirmation Order shall control over any inconsistent provision of this Disclosure Statement, the Liquidating Trust Agreement or the Plan.

18. Relief from the Bankruptcy Court

The Liquidating Trustee shall be authorized to seek relief from the Bankruptcy Court or any other tribunal having jurisdiction as to any matter relating or pertaining to the consummation, administration or performance of the Plan, including without limitation seeking any relief from the Bankruptcy Court which the Liquidating Trustee deems necessary or appropriate to the performance of its duties on the administration of the Plan or the liquidation and distribution of the Trust Assets.

19. Removal for Cause

The Committee may move the Bankruptcy Court to remove the Liquidating Trustee for cause shown, which shall include removal of the Liquidating Trustee if it is unable to perform the duties of the office due to illness or incapacity. In such event, the Committee shall file with the Bankruptcy Court a motion pursuant to Bankruptcy Rule 9014 seeking to remove the then serving Liquidating Trustee and nominating a replacement trustee to assume the office. Such motion shall be determined by the Bankruptcy Court after notice and hearing with such notice being given to the Persons included on the Service List.

E. Provisions Governing Distribution

1. Source of Distributions

All Distributions to be made under the Plan shall be made by the Liquidating Trustee in the manner provided in the Plan, Confirmation Order and the Liquidating Trust Agreement.

2. Timing and Amount of Distributions

No Distribution shall be made on account of any Claim until such Claim is Allowed, except as otherwise set forth in the Plan or otherwise ordered by the Bankruptcy Court. No Distribution shall be made on account of any Contested Claim until such Claim is Allowed. Except as expressly set forth in the Plan or in the Confirmation Order, the Liquidating Trustee shall, in the exercise of its good faith business judgment, determine the timing and amount of all Distributions which are required to be made under the Plan, consistent with the goal of making such Distributions as expeditiously as reasonably possible. The Liquidating Trustee may, but shall not be required to, seek approval of, or any other appropriate relief from, the Bankruptcy Court with respect to any of such Distributions. Any Unclaimed Property may be paid into the registry of the Bankruptcy Court or otherwise distributed in accordance with the orders of the Bankruptcy Court.

3. Means of Cash Payment

Cash payments pursuant to the Plan shall be made by check drawn on, or by wire transfer from, a domestic bank, or by other means agreed to by the payor and payee.

4. Record Date for Distributions

As of the close of business on the Effective Date (the "Distribution Record Date"), the register for Class 1 and Class 3 Claims and Interests will be closed, and there shall be no further changes in the holder of record of any Claim or Interest. Although there is no prohibition against the transfer of any Claim by any Creditor, the Liquidating Trustee shall have no obligation to recognize any transfer of any Class 1, Class 3 or Class 4 Claims or Interests occurring after the Distribution Record Date, and the Liquidating Trustee shall instead be authorized and entitled to recognize and deal for all purposes under the Plan, including for the purpose of making all Distributions, with only those holders of Claims so reflected as of the Distribution Record Date. However, the Liquidating Trustee may, in the exercise of its good faith business judgment, agree to recognize transfers of Class 1, Class 3 and Class 4 Claims after the Distribution Record Date, but shall have no obligation to do so.

5. Delivery of Distributions

All Distributions, deliveries and payments to the holders of any Allowed Class 1, 2, or 3 Claims shall be made to the addresses set forth on the respective proofs of Claim filed in this Bankruptcy Case by such Claimants or, if the Distribution is to be made based on a Claim reflected as Allowed in the Schedules, at the address reflected in the Schedules. Any such Distribution, delivery or payment shall be deemed as made for all purposes relating to the Plan when deposited in the United States Mail, postage prepaid, addressed as required in the preceding sentence. If any Distribution is returned as undeliverable, no further Distribution shall be made on account of such Allowed Claim unless and until the Liquidating Trustee is notified of such holder's then current address, at which time all missed Distributions shall be made to the

holder of such Allowed Claim. However, all notices to the Liquidating Trustee reflecting new or updated addresses for undeliverable Distributions shall be made on or before one hundred twenty (120) days after the date of the attempted Distribution or such longer period as the Liquidating Trustee may fix in the exercise of its sole discretion. After such date, all Unclaimed Property shall revert to the Liquidating Trustee and the Claim of any holder with respect to such property shall be discharged and forever barred.

6. Time Bar to Cash Payments

Checks issued in respect of Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Liquidating Trustee by the holder of the Allowed Claim with respect to which such check originally was issued. Any Claim in respect of such a voided check shall be made on or before one hundred twenty (120) days after the date of issuance of such check or such longer period as the Liquidating Trustee may fix. After such date, all Claims in respect of void checks shall be discharged and forever barred.

7. Cure Period

Except as otherwise set forth in the Plan, the failure by the Liquidating Trustee to timely perform any term, provision or covenant contained in the Plan, or to make any payment or Distribution required by the Plan to any Creditor, or the failure to make any payment or perform any covenant on any note, instrument or document issued pursuant to the Plan, shall not constitute an event of default unless and until the Liquidating Trustee has been given thirty (30) days written notice of such alleged default in the manner provided in the Plan, and provided an opportunity to cure such alleged default. Until the expiration of such thirty (30) day cure period, the Liquidating Trustee shall not be in default, and performance during such thirty (30) day cure period shall be deemed as timely for all purposes. Such written notice and passage of the thirty (30) day cure period shall constitute conditions precedent to declaring or claiming any default under the Plan or bringing any action or legal proceeding by any Person to enforce any right granted under the Plan.

8. Distributions after Substantial Consummation

All Distributions of any kind made to any Creditor after Substantial Consummation and any and all other actions taken under the Plan after Substantial Consummation shall not be subject to relief, reversal or modification by any court unless the implementation of the Confirmation Order is stayed by an order granted under Bankruptcy Rule 8005.

F. Retention of Estate Claims and Estate Defenses

1. Retention of Estate Claims

All Estate Claims are hereby retained and reserved by the Debtor and Estate, and shall all be transferred to, and vested in, the Liquidating Trustee pursuant to this Plan, and shall include without limitation all of the Estate Claims described below. In reserving and preserving Estate Claims against any named Person or category of Persons, it is the intent of this Plan to so reserve and preserve any and all Estate Claim against each such Person or category of Persons, including all such Estate Claims pursuant to any applicable common law, based on any contract or agreement or based upon any law, statute or regulation of any political entity, including the United States and any state or political subdivision thereof, as well as all

applicable remedies, whether legal or equitable. Without limiting the generality of the foregoing, the reservation of Estate Claims against any Person shall include all Estate Claims against any such Person, including without limitation all such Estate Claims for breach of contract, all rights to enforce any contract, any form of estoppel, fraud, constructive fraud, abuse of process, malicious prosecution, defamation, libel, slander, conversion, trespass, intentional infliction of emotional distress or other harm, negligence, gross negligence, quantum meruit, tortious interference, duress, unconscionability, undue influence, and unjust enrichment, as well as any cause of action for conspiracy to commit any unlawful act. All Estate Claims shall be deemed to have been transferred to, and vested in, the Liquidating Trustee as of the Effective Date based on the entry of the Confirmation Order.

2. Retention of Estate Defenses

Except as otherwise specifically provided in the Plan, all Estate Defenses shall be transferred to, and vested in, the Liquidating Trustee. For this purpose, all Estate Defenses shall be reserved and retained by the Debtor and the Estate, including without limitation all such Estate Defenses available to the Estate pursuant to section 558 of the Bankruptcy Code, and shall be deemed as transferred to, and vested in, the Liquidating Trustee as of the Effective Date based on the entry of the Confirmation Order.

3. Assertion of Estate Claims and Estate Defenses

The Liquidating Trustee shall have, and be vested with, the exclusive right, authority and standing to assert all Estate Claims and Estate Defenses for the benefit of the Liquidating Trust.

G. Procedures for Resolving and Treating Contested Claims

1. Claims Listed in Schedules as Disputed

Any Claim which is listed in the Schedules as unliquidated, contingent or disputed, and for which no proof of Claim has been timely filed, shall be considered as Disallowed as of the Effective Date without the necessity of any further action by the Liquidating Trustee or further order of the Bankruptcy Court other than the entry of the Confirmation Order.

2. Responsibility for Objecting to Claims and Settlement of Claims

The Liquidating Trustee shall have the exclusive standing and authority to either object to or settle and compromise any Objection to any Claim, including as follows:

a. From and after the Effective Date, the Liquidating Trustee shall have the sole and exclusive right to (i) file, settle, or litigate to Final Order any Objections to any Claims; and (ii) seek to subordinate any Claim. Any Contested Claim may be litigated to Final Order by the Liquidating Trustee; and

b. From and after the Effective Date, the Liquidating Trustee shall have the sole and exclusive right to settle, compromise or otherwise resolve any Contested Claim without the necessity of any further notice or approval of the Bankruptcy Court. Bankruptcy Rule 9019 shall not apply to any settlement or compromise of a Contested Claim after the Effective Date.

3. Objection Deadline

All Objections to Claims shall be served and filed by the Objection Deadline; provided, however, the Objection Deadline shall not apply to Claims which are not reflected in the claims register, including any alleged informal proofs of Claim. The Liquidating Trustee may seek to extend the Objection Deadline pursuant to a motion filed on or before the then applicable Objection Deadline with respect to any Claim. Any such motion may be granted without notice or a hearing. In the event that the Liquidating Trustee files such a motion and the Bankruptcy Court denies such motion, the Objection Deadline shall nevertheless be automatically extended to that date which is ten (10) Business Days after the date of entry of the Bankruptcy Court's order denying such motion. Any proof of Claim other than one based upon a Rejection Claim and which is filed more than thirty (30) days after the Effective Date shall be of no force and effect and need not be objected to by the Liquidating Trustee. Nothing contained in the Plan shall limit the right of the Liquidating Trustee to object to Claims, if any, filed or amended after the Objection Deadline.

4. Response to Claim Objection

If the Liquidating Trustee files an Objection to any Claim, then the holder of such Claim shall file a written response to such Objection within twenty-four (24) days after the filing and service of the Objection upon the holder of the Contested Claim. Each such Objection shall contain appropriate negative notice advising the Creditor whose Claim is subject to the Objection of the requirement and time period to file a response to such Objection and that, if no response is timely filed to the Objection, the Bankruptcy Court may enter an order that such Claim is Disallowed without further notice or hearing.

5. Distributions on Account of Contested Claims

If a Claim is Contested, then the dates for any Distributions as to such Contested Claim shall be determined based upon its date of Allowance, and thereafter Distribution shall be made on account of such Allowed Claim pursuant to the provisions of the Plan. No Distribution shall be made on account of a Contested Claim until Allowed. Until such time as a contingent Claim becomes fixed and absolute by a Final Order Allowing such Claim, such Claim shall be treated as a Contested Claim for purposes of estimates, allocations, and Distributions under the Plan. Any contingent right to contribution or reimbursement shall continue to be subject to section 502(e) of the Bankruptcy Code.

6. No Waiver of Right to Object

Except as expressly provided in the Plan, nothing contained in this Disclosure Statement, the Plan, the Confirmation Order, or the Liquidating Trust Agreement shall waive, relinquish, release or impair the Liquidating Trustee's right to object to any Claim.

7. Offsets and Defenses

The Liquidating Trustee shall be vested with and retain all Estate Claims and Estate Defenses, including without limitation all rights of offset or recoupment and all counterclaims against any Claimant holding a Claim. Assertion of counterclaims by the Liquidating Trustee against any Claim asserted against the Estate or Liquidating Trustee shall constitute "core" proceedings.

8. Claims Paid or Reduced Prior to Effective Date

Notwithstanding the contents of the Schedules, Claims listed therein as undisputed, liquidated and not contingent shall be reduced by the amount, if any, that was paid by the Debtor prior to the Effective Date, including pursuant to orders of the Bankruptcy Court. To the extent such payments are not reflected in the Schedules, such Schedules will be deemed amended and reduced to reflect that such payments were made. Nothing in the Plan shall preclude the Liquidating Trustee from paying Claims that the Debtor was authorized to pay pursuant to any Final Order entered by the Bankruptcy Court prior to the Confirmation Date.

H. Patient Records

1. Patient Records

Patient Records will be dealt with and administered by the Liquidating Trustee in accordance with the provisions of Article XI of the Plan. The Liquidating Trustee shall have no other or further obligations in respect of the Patient Records except as expressly set forth in Article XI. The Liquidating Trustee shall deal with and administer the Patient Records in accordance with section 351 of the Bankruptcy Code in accordance with the provisions set forth in Article XI of the Plan.

2. Patient Publication Notice

As soon as practicable following the Effective Date, the Liquidating Trustee shall publish the Patient Publication Notice in such newspaper or newspapers as the Bankruptcy Court may prescribe in the Confirmation Order. The form of the Patient Publication Notice and the manner of its publication shall also be prescribed and approved in the Confirmation Order.

3. Service of Notice on Patients

During the first one hundred eighty (180) days after the publication of the Patient Publication Notice, the Liquidating Trustee shall serve the Patient Records Mail Notice to all Persons on the Patient Records Mailing List. Service of the Patient Records Mail Notice shall be complete upon depositing the same into the United States Mail, postage prepaid, addressed to each recipient at the address reflected on the Patient Records Mailing List.

4. Patient Records Service Provider

The Liquidating Trustee is authorized to engage the Patient Records Service Provider to maintain and store Patient Records and respond to requests for records during the Patient Records Maintenance Period, which services by the Patient Records Service Provider shall comply with the requirements of section 351 of the Bankruptcy Code. The terms and conditions of the retention of the Patient Records Service Provider shall be included in an agreement which shall become part of the Plan Documents.

5. Notice to HHS

After the Patient Publication Notice has been published and the Patient Records Mail Notice provided under the Plan, the Liquidating Trustee shall, at the end of the Patient Records Maintenance Period, mail, by certified mail, the HHS Records Request requesting permission to deposit with HHS any remaining Patient Records that have not been claimed by an authorized party during the Patient Records Maintenance Period. Thereafter, HHS shall have thirty (30) days to grant or deny the HHS Records Request. If no written response is received by the

Liquidating Trustee either granting or denying the HHS Records Request, then the HHS Records Request shall be denied on the thirty-third (33rd) day following the date the Liquidating Trustee mails the HHS Records Request.

6. Destruction of Patient Records

After the Patient Records Maintenance Period has ended, if the HHS Records Request has been denied, any remaining Patient Records that have not been claimed by an authorized party shall be caused to be destroyed by the Liquidating Trustee in accordance with section 351(3) of the Bankruptcy Code. Promptly after the remaining Patient Records have been destroyed, the Liquidating Trustee shall file a notice with the Bankruptcy Court consistent with Bankruptcy Rule 6011 certifying that the remaining Patient Records have been destroyed.

7. Further Orders

The Liquidating Trustee may seek all such other and further orders from the Bankruptcy Court as may be, in the Liquidating Trustee's good faith business opinion, necessary or appropriate to facilitate the administration of the Patient Records.

8. Patient Records Costs

Any Patient Records Costs incurred by the Liquidating Trustee shall be treated and paid as a Trust Expense.

I. Executory Contracts and Unexpired Leases

1. Assumption and Rejection of Executory Contracts

The Plan shall constitute a motion to reject all the Executory Contracts except as expressly set forth in section 12.1 of the Plan. All Executory Contracts of the Debtor shall be deemed as rejected upon the Effective Date unless an Executory Contract (a) has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (b) is otherwise specifically identified in the Plan or the Confirmation Order to be assumed, or (c) is the subject of a motion to assume or reject filed on or before the Effective Date. The Debtor may file a motion for the assumption or rejection of any Executory Contract at any time through the Effective Date and such motion shall be determined by the Bankruptcy Court thereafter.

2. Cure Payments

Unless the holder of a Cure Claim and the Debtor or Liquidating Trustee agree in writing to other treatment of such holder's Cure Claim, or other treatment of such holder's Cure Claim is otherwise provided for under the Plan, any cure payment which may be required by section 365(b)(1) of the Bankruptcy Code under an Executory Contract that is assumed under the Plan shall be made by the Liquidating Trustee on the Initial Distribution Date. Notwithstanding the foregoing, in the event of a dispute regarding the amount of any Cure Claim, the cure of any other defaults, the provision of adequate assurance of future performance, or any other matter pertaining to assumption, the Liquidating Trustee shall make such cure payments and cure such other defaults and provide adequate assurance of future performance, all as may be required by section 365(b)(1) of the Bankruptcy Code, following the entry of a Final Order by the Bankruptcy Court resolving such dispute.

3. Bar to Rejection Claims

Except as otherwise ordered by the Bankruptcy Court, any Rejection Claim based on the rejection of an Executory Contract shall be forever barred and shall not be enforceable against the Liquidating Trust or the Assets unless a proof of Claim is filed with the Bankruptcy Court and served upon the Debtor and its bankruptcy counsel, or the Liquidating Trustee and its counsel, as the case may be, by the earlier of thirty (30) days after the Effective Date or thirty (30) days after entry of the Final Order approving rejection of such Executory Contract.

4. Rejection Claims

Any Rejection Claim not barred by section 12.3 of the Plan shall be classified as a Class 1 Claim subject to the provisions of sections 502(b)(6) and 502(g) of the Bankruptcy Code; provided, however, that any Rejection Claim based upon the rejection of an unexpired lease of real property, either prior to the Confirmation Date, upon the entry of the Confirmation Order, or upon the Effective Date, shall be limited in accordance with section 502(b)(6) of the Bankruptcy Code and state law mitigation requirements. All Rejection Claims shall be deemed as Contested Claims until Allowed. Nothing contained in the Plan shall be deemed as an admission by the Debtor or the Liquidating Trustee that the rejection of any Executory Contract gives rise to or results in a Rejection Claim or shall be deemed as a waiver by the Liquidating Trustee of any objections or defenses to any such Rejection Claim if asserted.

5. Reservation of Rights

Nothing contained in the Plan shall constitute an admission by the Debtor that any contract or lease is in fact an Executory Contract or that the Debtor or Estate has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Liquidating Trustee shall have thirty (30) days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease.

J. Conditions Precedent to Confirmation and Effectiveness of Plan

1. Conditions to Confirmation and Effectiveness of Plan

The Plan shall not become effective until the following conditions shall have been satisfied and which may occur concurrently with the Effective Date: (a) the Confirmation Order shall have been entered, in form and substance acceptable to the Debtor; (b) the Liquidating Trust Agreement has been executed and delivered, (c) the necessary Plan Documents have been executed and delivered, and (d) all other conditions specified by the Debtor have been satisfied.

2. Notice of the Effective Date

On the Effective Date, the CRO or Liquidating Trustee shall cause to be filed with the Court, and served on all Creditors and parties-in-interests, a notice of the Effective Date.

K. Effect of the Confirmation of the Plan

1. Compromise and Settlement

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the classification, potential Distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests and controversies subject to, or dealt with, under the Plan, including, without limitation, all Claims against the Debtor or Estate arising prior to the Effective Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, fixed or contingent, arising out of, relating to or in connection with the business or affairs of, or transactions with, the Debtor or the Estate. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements embodied in the Plan, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interest of the Debtor, the Debtor's bankruptcy Estate, Creditors and other parties-in-interest, and are fair, equitable and within the range of reasonableness. The rights afforded in the Plan and the treatment of all Claims and Interests therein shall be in exchange for, and in complete satisfaction and release of, all Claims and Interests of any nature whatsoever against and in the Debtor, the Estate, and the Assets. Except as otherwise provided in the Plan, all Persons shall be precluded and forever barred by the Plan Injunction from asserting against the Debtor and its affiliates, successors, assigns, the Estate or the Assets or Liquidating Trustee any event, occurrence, condition, thing, or other or further Claims or causes of action based upon any act, omission, transaction, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date, whether or not the facts of or legal bases therefore were known or existed prior to the Effective Date.

2. Discharge

The Plan does not provide for any discharge pursuant to section 1141(d)(3) of the Bankruptcy Code. However, the Plan Injunction shall apply to all holders of Claims and Interests arising or accruing prior to the Effective Date.

3. Plan Injunction

SECTION 14.3 OF THE PLAN IS REFERRED TO AS THE "PLAN INJUNCTION." EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, AS OF THE EFFECTIVE DATE ALL HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTOR, THE ESTATE OR ANY OF THE ASSETS THAT AROSE PRIOR TO THE EFFECTIVE DATE SHALL BE PERMANENTLY ENJOINED AND PROHIBITED FROM THE FOLLOWING: (i) THE COMMENCING OR CONTINUATION IN ANY MANNER, DIRECTLY OR INDIRECTLY, OF ANY ACTION, CASE, LAWSUIT OR OTHER PROCEEDING OF ANY TYPE OR NATURE AGAINST THE LIQUIDATING TRUSTEE, LIQUIDATING TRUST, TRUST ASSETS, DEBTOR OR THE ESTATE, WITH RESPECT TO ANY SUCH CLAIM OR INTEREST ARISING OR ACCRUING BEFORE THE EFFECTIVE DATE, INCLUDING WITHOUT LIMITATION THE ENTRY OR ENFORCEMENT OF ANY JUDGMENT, OR ANY OTHER ACT FOR THE COLLECTION, EITHER DIRECTLY OR INDIRECTLY, OF ANY CLAIM OR INTEREST AGAINST THE ESTATE, LIQUIDATING TRUSTEE, LIQUIDATING TRUST, DEBTOR OR TRUST ASSETS; (ii) THE CREATION, PERFECTION OR ENFORCEMENT OF ANY LIEN, SECURITY INTEREST, ENCUMBRANCE, RIGHT OR BURDEN, EITHER DIRECTLY OR INDIRECTLY, AGAINST THE LIQUIDATING TRUSTEE, LIQUIDATING TRUST OR ANY TRUST ASSETS, OR (iii) TAKING ANY ACTION IN RELATION TO THE DEBTOR, ESTATE, LIQUIDATING TRUSTEE, LIQUIDATING TRUST OR THE TRUST ASSETS, EITHER DIRECTLY OR INDIRECTLY, WHICH VIOLATES OR DOES NOT CONFORM OR COMPLY WITH THE PROVISIONS OF THE PLAN APPLICABLE TO SUCH CLAIM OR INTEREST. THE

PLAN INJUNCTION SHALL ALSO BE INCORPORATED INTO THE CONFIRMATION ORDER.

4. Setoffs

Except as otherwise expressly provided for in the Plan, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable nonbankruptcy law, or as may be agreed to by the holder of a Claim, the Liquidating Trustee may setoff against any Allowed Claim and the Distributions to be made pursuant to the Plan on account of such Allowed Claim (before such Distribution is made), any Claims, rights, Estate Claims and Estate Defenses of any nature that the Debtor may hold against the holder of such Allowed Claim, to the extent such Claims, rights, Estate Claims and Estate Defenses against such holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim or Interest pursuant to the Plan shall constitute a waiver or release of any such Claims, rights, Estate Claims and Estate Defenses that the Estate may possess against such Claimant. In no event shall any Claimant or Interest holder be entitled to setoff any Claim or Interest against any Claim, right, or Estate Claim of the Debtor without the consent of the Debtor or the Liquidating Trustee unless such holder files a motion with the Bankruptcy Court requesting the authority to perform such setoff notwithstanding any indication in any proof of Claim or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise.

5. Recoupment

Except as otherwise expressly provided for in the Plan, in no event shall any holder of Claims or Interests be entitled to recoup any Claim or Interest against any Claim, right, account receivable, or Estate Claim of the Debtor or the Liquidating Trustee unless (a) such holder actually provides notice thereof in writing to the Debtor or the Liquidating Trustee of its intent to perform a recoupment; (b) such notice includes the amount to be recouped by the holder of the Claim or Interest and a specific description of the basis for the recoupment, and (c) the Debtor or the Liquidating Trustee has provided a written response to such Claim or Interest holder, stating unequivocally that the Debtor or the Liquidating Trustee consents to the requested recoupment. The Debtor and the Liquidating Trustee shall have the right, but not the obligation, to seek an order of the Bankruptcy Court allowing any or all of the proposed recoupment. In the absence of a written response from the Debtor or the Liquidating Trustee consenting to a recoupment or an order of the Bankruptcy Court authorizing a recoupment, no recoupment by the holder of a Claim or Interest shall be allowed.

6. Turnover

On the Effective Date, any rights of the Estate to compel turnover of Assets under applicable nonbankruptcy law and pursuant to section 542 or 543 of the Bankruptcy Code shall be deemed transferred to and vested in the Liquidating Trust.

7. Automatic Stay

The automatic stay pursuant to section 362 of the Bankruptcy Code, except as previously modified by the Bankruptcy Court, shall remain in effect until the Effective Date of the Plan as to the Debtor, the Estate and all Assets. As of the Effective Date, the automatic stay shall be replaced by the Plan Injunction.

L. Jurisdiction of Courts and Modifications to the Plan

1. Retention of Jurisdiction

Pursuant to sections 1334 and 157 of title 28 of the United States Code, the Bankruptcy Court shall retain exclusive jurisdiction of all matters arising in, arising under, and related to this Bankruptcy Case and the Plan, to the full extent allowed or permitted by applicable law, including without limitation for the purposes of invoking sections 105(a) and 1142 of the Bankruptcy Code, and for, among other things, the following purposes:

(a) To hear and determine any and all objections to, or applications or motions concerning, the allowance of Claims or the allowance, classification, priority, compromise, estimation, or payment of any Administrative Expense;

(b) To hear and determine any and all applications for payment of fees and expenses pursuant to the Plan to any Estate Professional pursuant to sections 330 or 503 of the Bankruptcy Code, or for payment of any other fees or expenses authorized to be paid or reimbursed under the Plan, and any and all objections thereto;

(c) To hear and determine pending applications for the rejection, assumption, or assumption and assignment of Executory Contracts and the allowance of Claims resulting therefrom, and to determine the rights of any party in respect to the assumption or rejection of any Executory Contract;

(d) To hear and determine any and all adversary proceedings, applications, or contested matters, including relating to the allowance of any Claim;

(e) To hear and determine all controversies, disputes, and suits which may arise in connection with the execution, interpretation, implementation, consummation, or enforcement of the Plan or Liquidating Trust or in connection with the enforcement of any remedies made available under the Plan, including without limitation, (i) adjudication of all rights, interests or disputes relating to any of the Assets or Trust Assets, (ii) the valuation of all Collateral, (iii) the determination of the validity of any Lien or claimed right of offset; and (iv) determinations of Objections to Contested Claims;

(f) To liquidate and administer any disputed, contingent, or unliquidated Claims, including the Allowance of all Contested Claims;

(g) To administer Distributions to holders of Allowed Claims as provided in the Plan or in the Liquidating Trust Agreement;

(h) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(i) To consider any modification of the Plan pursuant to section 1127 of the Bankruptcy Code, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation the Confirmation Order;

(j) To enforce the Plan Injunction against any Person;

(k) To enter and implement all such orders as may be necessary or appropriate to execute, interpret, construe, implement, consummate, or enforce the terms and conditions of the Plan or the Liquidating Trust Agreement and the transactions required or contemplated pursuant thereto;

(l) To hear and determine any motion or application which the Liquidating Trustee is required or allowed to commence before the Bankruptcy Court pursuant to the Plan or the Liquidating Trust Agreement;

(m) To hear and determine any other matter not inconsistent with the Bankruptcy Code and title 28 of the United States Code that may arise in connection with or related to the Plan;

(n) To determine proceedings pursuant to section 505 of the Bankruptcy Code;

(o) To enter a Final Decree closing this Bankruptcy Case; and

(p) To determine any other matter or dispute relating to the Estate, the Assets, the Liquidating Trust or Trust Assets, or the administration of the Trust Assets and the Distribution thereof.

2. Abstention and Other Courts

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of or relating to this Bankruptcy Case, Article XV of the Plan shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

3. Non-Material Modifications

The Liquidating Trustee may, with the approval of the Bankruptcy Court and without notice to all holders of Claims and Interests, correct any defect, omission, or inconsistency in the Plan in such manner and to such extent as may be necessary or desirable. The Liquidating Trustee may undertake such nonmaterial modification pursuant to section 15.3 of the Plan insofar as it does not adversely change the treatment of the Claim of any Creditor or the Interest of any Interest holder who has not accepted in writing the modification.

4. Material Modifications

Modifications of the Plan may be proposed in writing by the Debtor at any time before confirmation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with section 1125 of the Bankruptcy Code. This Plan may be modified at any time after confirmation and before its Substantial Consummation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modification. A holder of a Claim or Interest that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its

previous acceptance or rejection.

M. Miscellaneous Provisions

1. Severability

Should the Bankruptcy Court determine any provision of the Plan is unenforceable either on its face or as applied to any Claim or Interest or transaction, the Liquidating Trustee may modify the Plan so that any such provision shall not be applicable to the holder of any Claim or Interest. Such a determination of unenforceability shall not (a) limit or affect the enforceability and operative effect of any other provision of the Plan or (b) require the resolicitation of any acceptance or rejection of the Plan.

2. Oral Agreements; Modification of Plan; Oral Representations or Inducements

The terms of the Plan, Disclosure Statement and Confirmation Order may only be amended in writing and may not be changed, contradicted or varied by any oral statement, agreement, warranty or representation. Neither the Debtor nor its attorneys have made any representation, warranty, promise or inducement relating to the Plan or its confirmation except as expressly set forth in the Plan, the Disclosure Statement, or the Confirmation Order or other order of the Bankruptcy Court.

3. Waiver

The Liquidating Trustee shall not be deemed to have waived any right, power or privilege pursuant to the Plan or Liquidating Trust Agreement unless the waiver is in writing and signed by the Liquidating Trustee. There shall be no waiver by implication, course of conduct or dealing, or through any delay or inaction by the Liquidating Trustee, of any right pursuant to the Plan, including the provisions of section 16.3 of the Plan. The waiver of any right under the Plan shall not act as a waiver of any other or subsequent right, power or privilege.

4. Notice

Any notice or communication required or permitted by the Plan shall be given, made or sent as follows:

a. If to a Creditor, notice may be given as follows: (i) if the Creditor has filed no proof of Claim, then to the address reflected in the Schedules, or (ii) if the Creditor has filed a proof of Claim, then to the address reflected in the proof of Claim.

b. If to the Liquidating Trustee, notice shall be sent to the following address:

Ronald M. Winters
Alvarez & Marsal
600 Madison Avenue, 8th Floor
New York, NY 10022
Facsimile: (240) 331-1344
rwinters@alvarezandmarsal.com

Concurrently with service of such notice on the Liquidating Trustee, a copy thereof shall be concurrently served in the same manner on the following legal counsel as follows, or such other legal counsel as may be named by the Liquidating Trustee to receive such notice:

J. Robert Forshey
Jeff P. Prostok
FORSHEY & PROSTOK, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
Facsimile: (817) 877-4151
Email: bforshey@forsheyprostok.com
Email: jprostok@forsheyprostok.com

c. Any Creditor desiring to change its address for the purpose of notice may do so by giving notice to the Liquidating Trustee of its new address in accordance with the terms of section 16.4 of the Plan.

d. Any notice given, made or sent as set forth above shall be effective upon being (i) deposited in the United States Mail, postage prepaid, addressed to the addressee at the address as set forth above; (ii) delivered by hand or messenger to the addressee at the address set forth above; (iii) telecopied to the addressee as set forth above, with a hard confirmation copy being immediately sent through the United States Mail; or (iv) delivered for transmission to an expedited or overnight delivery service such as FedEx.

5. Compliance with All Applicable Laws

If notified by any governmental authority that it is in violation of any applicable law, rule, regulation, or order of such governmental authority relating to its business, the Liquidating Trustee shall comply with such law, rule, regulation, or order; provided, however, that nothing contained in the Plan shall require such compliance if the legality or applicability of any such requirement is being contested in good faith in appropriate proceedings and, if appropriate, an adequate reserve has been set aside on the books of the Liquidating Trust.

6. Duties to Creditors

No agent, representative, accountant, financial advisor, attorney, shareholder, officer, affiliate, member or employee of the Debtor shall ever owe any duty to any Person (including any Creditor) other than the duties owed to the Debtor's bankruptcy Estate, for any act, omission, or event in connection with, or arising out of, or relating to, any of the following: (a) the Debtor's Bankruptcy Case, including all matters or actions in connection with or relating to the administration of the Estate, (b) the Plan, including the proposal, negotiation, confirmation and consummation of the Plan, or (c) any act or omission relating to the administration of the Plan after the Effective Date.

7. Binding Effect

The Plan shall be binding upon, and shall inure to the benefit of the Liquidating Trust, the holders of the Claims or Liens, the holders of Interests, and their respective successors-in-interest and assigns.

8. Governing Law, Interpretation

Unless a rule of law or procedure supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) is applicable, the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any Plan Documents without regard to conflicts of law. The Plan shall control any inconsistent term or provision of any other Plan Documents.

9. Payment of Statutory Fees

All accrued U.S. Trustee Fees shall be paid by the Liquidating Trustee as soon as practicable after the Effective Date, and thereafter shall be paid by the Liquidating Trustee as such statutory fees become due and payable.

10. Filing of Additional Documents

On or before Substantial Consummation of the Plan, the Liquidating Trustee may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

11. Computation of Time

Bankruptcy Rule 9006 shall apply to the calculation of all time periods pursuant to the Plan. If the final day for any Distribution, performance, act or event under the Plan is not a Business Day, then the time for making or performing such Distribution, performance, act or event shall be extended to the next Business Day. Any payment or Distribution required to be made under the Plan on a day other than a Business Day shall be due and payable on the next succeeding Business Day.

12. Elections by the Liquidating Trustee

Any right of election or choice granted to the Liquidating Trustee under the Plan may be exercised, at the Liquidating Trustee's election, separately as to each Claim, Creditor or Person.

13. Release of Liens

Except as otherwise expressly provided in the Plan or the Confirmation Order, all Liens against any of the Assets transferred to the Liquidating Trust shall be deemed to be released, terminated and nullified without the necessity of any order by the Bankruptcy Court other than the Confirmation Order.

14. Rates

The Plan does not provide for the change of any rate that is within the jurisdiction of any governmental regulatory commission after the occurrence of the Effective Date.

15. Compliance with Tax Requirements

In connection with the Plan, the Liquidating Trustee shall comply with all withholding and reporting requirements imposed by federal, state and local Taxing Authorities and all Distributions under the Plan shall be subject to such withholding and reporting requirements.

Notwithstanding the above, each holder of an Allowed Claim or Interest that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such Distribution under the Plan.

16. Notice of Entry of Confirmation Order

Promptly after entry of the Confirmation Order, the Debtor, as directed by the Bankruptcy Court in the Confirmation Order, shall serve on all known parties-in-interest and holders of Claims and Interests, notice of entry of the Confirmation Order.

VIII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

THE PLAN AND ITS RELATED TAX CONSEQUENCES ARE COMPLEX. MOREOVER, MANY OF THE INTERNAL REVENUE CODE PROVISIONS DEALING WITH THE FEDERAL INCOME TAX ISSUES ARISING FROM THE PLAN HAVE BEEN THE SUBJECT OF RECENT LEGISLATION AND, AS A RESULT, MAY BE SUBJECT TO AS YET UNKNOWN ADMINISTRATIVE OR JUDICIAL INTERPRETATIONS. THE DEBTOR HAS NOT REQUESTED A RULING FROM THE INTERNAL REVENUE SERVICE (THE "IRS") OR AN OPINION OF COUNSEL WITH RESPECT TO THESE MATTERS. ACCORDINGLY, NO ASSURANCE CAN BE GIVEN AS TO THE INTERPRETATION THAT THE IRS WILL ADOPT. THERE ALSO MAY BE STATE, LOCAL OR OTHER TAX CONSIDERATIONS APPLICABLE TO EACH CREDITOR. CREDITORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE CONSEQUENCES OF THE PLAN TO THEM UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND OTHER TAX LAWS.

IX. CONFIRMATION OF THE PLAN

A. Solicitation of Votes; Voting Procedures

1. Ballots and Voting Deadlines

A Ballot to be used for voting to accept or reject the Plan, together with a postage-paid return envelope, is enclosed with all copies of this Disclosure Statement mailed to all holders of Claims and Interests entitled to vote. BEFORE COMPLETING YOUR BALLOT, PLEASE READ CAREFULLY THE INSTRUCTION SHEET THAT ACCOMPANIES THE BALLOT.

The Bankruptcy Court has directed that, in order to be counted for voting purposes, Ballots for the acceptance or rejection of the Plan must be received no later than 5:00 p.m., Central Time, on _____, 2017 at the following address:

Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
Attn: Linda Breedlove

YOUR BALLOT MAY NOT BE COUNTED IF IT IS RECEIVED AT THE ABOVE ADDRESS AFTER 5:00 P.M., CENTRAL TIME, ON _____, 2017.

2. Parties-in-Interest Entitled to Vote

The holder of a Claim or Interest may vote to accept or reject the Plan only if the Plan impairs the Class in which such Claim or Interest is classified. Under the Plan, all Classes of Claims and Interests are impaired. However, all Interests in the Debtor shall be cancelled as of the Effective Date and holders of Class 4 Interests will receive no Distributions under the Plan. Therefore, Class 4 is deemed to have rejected the Plan and only holders of Claims in Classes 1, 2, and 3 shall be entitled to vote on the Plan.

Any Claim or Interest as to which an Objection has been filed is not entitled to vote unless the Bankruptcy Court, upon application of the holder to whose Claim or Interest an Objection has been made, temporarily allows such Claim or Interest in an amount that it deems proper for the purpose of accepting or rejecting the Plan. Any such application must be heard and determined by the Bankruptcy Court on or before commencement of the Confirmation Hearing. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such vote was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

IF YOU HAVE ANY QUESTIONS REGARDING THE PROCEDURES FOR VOTING ON THE PLAN, PLEASE CONTACT COUNSEL FOR THE DEBTOR AT THE FOLLOWING ADDRESS:

J. Robert Forshey
Jeff P. Prostok
Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
(817) 877-8855 Telephone
(817) 877-4151 Fax
Email: bforshey@forsheyprostok.com
Email: jprostok@forsheyprostok.com

3. Vote Required for Class Acceptance

The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots for acceptance or rejection of the plan. Thus, class acceptance takes place only if at least two-thirds in amount and a majority in number of the holders of claims voting cast their ballots in favor of acceptance.

The Bankruptcy Code defines acceptance of a plan by a class of interests as acceptance by holders of at least two-thirds in amount of the interests of that class that actually cast ballots for acceptance or rejection of the plan. Thus, class acceptance takes place only if at least two-thirds in amount of the holders of interests voting cast their ballots in favor of acceptance.

B. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of a plan. By order of the Bankruptcy Court, the Confirmation Hearing has been scheduled for _____, 2017, at _____.m. Central Time, in the

United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing or any adjournment thereof.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to confirmation of the Plan must be made in writing and filed with the Bankruptcy Court on or before _____, 2017, at the following address:

Office of the Clerk
U.S. Bankruptcy Court
Eldon B. Mahon U.S. Courthouse
501 W. Tenth Street
Fort Worth, Texas 76102-3643

In addition, any such objection must be served, together with proof of service, (a) on any parties who have filed notices of appearance and requests for notice in the Bankruptcy Case and (b) upon the following parties on or before _____, 2017:

J. Robert Forshey
Jeff P. Prostok
Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
(817) 877-4151 fax
Email: bforshey@forsheyprostok.com
Email: jprostok@forsheyprostok.com

United States Trustee
Attn: Erin Schmidt, Trial Attorney
1100 Commerce Street, Room 976
Dallas, TX 75242
Email: Erin.Schmidt2@usdoj.gov

Robert M. Hirsh
George P. Angelich
ARENT FOX LLP
1675 Broadway
New York, NY 10019
(212) 484-3990 fax
Email: robert.hirsh@arentfox.com
Email: george.angelich@arentfox.com

Michael D. Warner
COLE SCHOTZ, P.C.
301 Commerce Street, Suite 1700
Fort Worth, TX 76102
(817) 810-5255 fax
Email: mwarner@coleschotz.com

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

C. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court must determine whether the Bankruptcy Code's requirements for confirmation of the Plan have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. As set forth in section 1129 of the Bankruptcy Code, these requirements are as follows:

1. The plan complies with the applicable provisions of the Bankruptcy Code.

2. The proponents of the plan complied with the applicable provisions of the Bankruptcy Code.

3. The plan has been proposed in good faith and not by any means forbidden by law.

4. Any payment made or promised by the debtor, by the plan proponent, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in, or in connection with, the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of the Bankruptcy Court as reasonable.

5. (a) (i) The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor, or a successor to the debtor under the plan; and

(ii) the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy; and

(b) the proponent of the plan has disclosed the identity of any insider that will be employed or retained by the Liquidating Trustee, and the nature of any compensation for such insider.

6. Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.

7. With respect to each impaired class of claims or interests:

(a) each holder of a claim or interest of such class has accepted the plan or will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date; or

(b) if section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, the holder of a claim of such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

8. With respect to each class of claims or interests:

(a) such class has accepted the plan; or

(b) such class is not impaired under the plan.

9. Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that:

(a) with respect to a claim of a kind specified in section 507(a)(2) or 507(a)(3) of the Bankruptcy Code, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;

(b) with respect to a class of claims of a kind specified in section 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6) or 507(a)(7) of the Bankruptcy Code, each holder of a claim of such class will receive:

(i) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim; and

(c) with respect to a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, the holder of such claim will receive on account of such claim regular installment payments in cash:

(i) of a total value, as of the effective date of the plan, equal to the allowed amount of such claim;

(ii) over a period ending not later than 5 years after the date of the order for relief under section 301, 302, or 303; and

(iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122(b) of the Bankruptcy Code); and

(d) with respect to a secured claim which would otherwise meet the description of an unsecured claim of a governmental unit under section 507(a)(8) of the Bankruptcy Code, but for the secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed in 9(c) above.

10. If a class of claims is impaired under the plan, at least one class of claims that is impaired has accepted the plan, determined without including any acceptance of the plan by any insider holding a claim of such class.

11. Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

12. All fees payable under 28 U.S.C. section 1930, as determined by the Bankruptcy Court at the hearing on confirmation of the plan, have been paid or the plan provides for the payments of all such fees on the effective date of the plan.

13. The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114, at any time prior to confirmation of the plan, for the duration of the period the Debtor has obligated itself to provide such benefits.

14. If the debtor is required by a judicial or administrative order, or by statute, to pay a domestic support obligation, the debtor has paid all amounts payable under such order or such statute for such obligation that first become payable after the date of the filing of the petition.

15. In a case in which the debtor is an individual and in which the holder of an allowed unsecured claim objects to the confirmation of the plan:

(a) the value, as of the effective date of the plan, of the property to be distributed under the plan on account of such claim is not less than the amount of such claim; or

(b) the value of the property to be distributed under the plan is not less than the projected disposable income of the debtor (as defined in section 1325(b)(2) of the Bankruptcy Code) to be received during the five year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payments, whichever is longer.

16. All transfers of property of the plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

The Debtor believes that the Plan satisfies all the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtor has complied or will have complied with all the requirements of chapter 11, and that the Plan is proposed in good faith.

The Debtor believes that holders of all Allowed Claims and Interests impaired under the Plan will receive payments under the Plan having a present value, as of the Effective Date, not less than the amounts likely to be received if the Debtor were liquidated in a case under chapter 7 of the Bankruptcy Code. At the Confirmation Hearing, the Bankruptcy Court will determine whether holders of Allowed Claims or Allowed Interests would receive greater Distributions under the Plan than they would receive in a liquidation under chapter 7.

These facts and others demonstrating the confirmability of the Plan will be shown at the Confirmation Hearing.

D. Cramdown

In the event that any impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, as to each impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to that Class. A plan of reorganization "does not discriminate unfairly" within the meaning of the Bankruptcy Code if no class receives more than it is legally entitled to receive for its claims or interests.

"Fair and equitable" has different meanings with respect to the treatment of secured and unsecured claims. As set forth in section 1129(b)(2) of the Bankruptcy Code, those meanings are as follows:

1. With respect to a class of secured claims, the plan provides:

(a) (i) that the holders of such claims retain the liens securing such

claims, whether the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims; and

(ii) that each holder of a claim of such class receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder's interest in the estate's interest in such property;

(b) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (a) and (b) of this subparagraph; or

(c) the realization by such holders of the "indubitable equivalent" of such claims.

2. With respect to a class of unsecured claims, the plan provides:

(a) that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property, except that in a case in which the debtor is an individual, the debtor may retain property included in the estate under section 1115 of the Bankruptcy Code, subject to the requirements of section 1129(a)(14) of the Bankruptcy Code.

3. With respect to a class of interests, the plan provides:

(a) that each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest; or

(b) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.

In the event that one or more Classes of impaired Claims or Interests reject the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable with respect to, and does not discriminate unfairly against, any rejecting impaired Class of Claims or Interests. For the reasons set forth above, the Debtor believes the Plan does not discriminate unfairly against, and is fair and equitable with respect to, each impaired Class of Claims or Interests.

X. RISK FACTORS

The following is intended as a summary of certain risks associated with the Plan, but it is not exhaustive and must be supplemented by the analysis and evaluation made by each holder of a Claim or Interest of the Plan and this Disclosure Statement as a whole with such holder's

own advisors.

A. Insufficient Acceptances

For the Plan to be confirmed, each impaired Class of Claims is given the opportunity to vote to accept or reject the Plan. With regard to such impaired voting Classes, the Plan will be deemed accepted by a Class of impaired Claims if the Plan is accepted by Claimants of such Class actually voting on the Plan who hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the total Allowed Claims of the Class voted. Only those members of a Class who vote to accept or reject the Plan will be counted for voting purposes. The Debtor reserves the right to request confirmation pursuant to the cramdown provisions in section 1129(b) of the Bankruptcy Code, which will allow confirmation of the Plan regardless of the fact that a particular Class of Claims has not accepted the Plan. However, there can be no assurance that any impaired Class of Claims under the Plan will accept the Plan or that the Debtor would be able to use the cramdown provisions of the Bankruptcy Code for confirmation of the Plan.

B. Confirmation Risks

The following specific risks exist with respect to confirmation of the Plan:

(a) Any objection to confirmation of the Plan can either prevent confirmation of the Plan, or delay such confirmation for a significant period of time.

(b) Since the Debtor may be seeking to obtain approval of the Plan over the rejection of one or more impaired Classes of Claims, the cramdown process could delay confirmation.

C. Conditions Precedent

Confirmation of the Plan and occurrence of the Effective Date are subject to certain conditions precedent that may not occur.

XI. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtor believes the only practical alternative to the Plan, which provides for a liquidation of the Debtor's remaining Assets, is conversion of the Bankruptcy Case to chapter 7 and liquidation under chapter 7. The Debtor believes that liquidation through the Plan will provide a greater return to Holders of Allowed Claims than liquidation in a chapter 7 case.

The Debtor believes that liquidation in a chapter 7 case would diminish the value to be realized by holders of Allowed Claims because of additional administrative expenses involved in the appointment of a chapter 7 trustee or trustees, attorneys, accountants, and other professionals to assist such trustee(s) in the case of chapter 7 proceedings. The Debtor believes that liquidation in a chapter 7 case could result in delay of distributions to holders of Allowed Claims as compared to liquidation under the Plan.

XII. CONCLUSION

The Debtor urges holders of Claims in impaired Classes to vote to **ACCEPT** the Plan and to evidence such acceptance by returning their Ballots so that they will be received on or before 5:00 p.m., Central Time, on _____, 2017.

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Dated: February 16, 2017.

Respectfully submitted,

**FOREST PARK MEDICAL CENTER
AT FORTH WORTH, LLC**

By: /s/ Ronald M. Winters
Ronald M. Winters, Chief Restructuring Officer

APPROVED:

/s/ J. Robert Forshey
Jeff P. Prostok
State Bar No. 16352500
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bforshey@forsheyprostok.com
jprostok@forsheyprostok.com

ATTORNEYS FOR DEBTOR
AND DEBTOR IN POSSESSION

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