

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
GALVESTON DIVISION**

IN RE :	§	
	§	Chapter 11
UGHS SENIOR LIVING, INC., et al.,¹	§	
	§	Case No. 15-80399
Debtors.	§	
	§	Jointly Administered

**DISCLOSURE STATEMENT IN
SUPPORT OF JOINT CHAPTER 11 PLAN OF LIQUIDATION**

THIS DISCLOSURE STATEMENT IS SUBMITTED TO ALL CREDITORS AND INTEREST HOLDERS OF THE DEBTORS ENTITLED TO VOTE ON THE JOINT CHAPTER 11 PLAN OF LIQUIDATION SUBMITTED BY THE DEBTORS, HEREIN DESCRIBED AND CONTAINS INFORMATION THAT MAY AFFECT YOUR DECISION TO VOTE TO ACCEPT OR REJECT THE PLAN. THIS DISCLOSURE STATEMENT IS INTENDED TO PROVIDE ADEQUATE INFORMATION AS REQUIRED BY THE BANKRUPTCY CODE CONCERNING THE PLAN. ALL CREDITORS AND INTEREST HOLDERS ARE URGED TO READ THE ENTIRE DISCLOSURE STATEMENT AND PLAN WITH CARE.

ON MAY [3], 2017, THE BANKRUPTCY COURT CONDITIONALLY APPROVED THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION UNDER SECTION 1125(b) OF THE BANKRUPTCY CODE. SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN HEREIN DESCRIBED IS BEING SOUGHT FROM CREDITORS AND INTEREST HOLDERS WHOSE CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS ARE IMPAIRED UNDER THE PLAN. CREDITORS AND INTEREST HOLDERS ENTITLED TO VOTE ON THE PLAN ARE URGED TO VOTE IN FAVOR OF THE PLAN AND TO RETURN THE COMPLETED BALLOT INCLUDED WITH THIS DISCLOSURE STATEMENT IN THE ACCOMPANYING ENVELOPE ADDRESSED TO COHNREZNICK LLP, ATTENTION: ROBERTA PROBBER, 4 BECKER FARM ROAD, ROSELAND, NJ 07068, NOT LATER THAN MAY [], 2017.

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¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: UGHS Senior Living, Inc. (9334); TrinityCare Senior Living, LLC (1655), UGHS Senior Living Real Estate of Port Lavaca, LLC (0012), UGHS Senior Living Real Estate of Pearland, LLC (0653), UGHS Senior Living Real Estate of Knoxville, LLC (2405), UGHS Senior Living of Pearland, LLC (0704), UGHS Senior Living of Port Lavaca, LLC (0762), UGHS Senior Living of Knoxville, LLC (0826), TrinityCare Senior Living of Covington, LLC (4360), UGHS Senior Living Real Estate, LLC (5553), and TrinityCare Lighthouse of Pearland, LLC (2681).

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ARTICLE 1
INTRODUCTION

1.1 General Information Concerning Disclosure Statement and Plan.

The Debtors submit this Disclosure Statement, as may be amended from time to time, under § 1125 of the Bankruptcy Code and Rule 3016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) to all of the Debtors’ known Creditors and Interest Holders entitled to vote on the Debtors’ Joint Chapter 11 Plan of Liquidation (the “Plan”). The purpose of this Disclosure Statement is to provide adequate information to enable Creditors and Interest Holders who are entitled to vote on the Plan to arrive at a reasonably informed decision in exercising their respective right to vote on the Plan. A copy of the Plan is included with this Disclosure Statement. Capitalized terms used but not defined in this Disclosure Statement shall have the meanings assigned to them in the Plan or in the Bankruptcy Code and Bankruptcy Rules. All section references in this Disclosure Statement are to the Bankruptcy Code unless otherwise indicated.

The Debtors have proposed the Plan consistent with the provisions of the Bankruptcy Code. The purpose of the Plan is to wind down the affairs of the Debtors, liquidate their remaining assets, including the prosecution of causes of action, and then distribute the proceeds to Creditors in accordance with the Bankruptcy Code. Once the Plan is completed, the Debtors will be dissolved. The Debtors believe that the Plan provides for the maximum recovery available for all Classes of Claims and Equity Interests.

This Disclosure Statement is not intended to replace a careful review and analysis of the Plan, including the specific treatment of Claims and Equity Interests under the Plan. It is submitted as an aid and supplement to your review of the Plan and to explain the terms of the Plan. Every effort has been made to fairly summarize the Plan and to inform Creditors and Interest Holders how various aspects of the Plan affect their respective positions. You are encouraged to consult with your own counsel. Counsel for the Debtors is available to answer any questions that your counsel may have regarding the Plan and this Disclosure Statement.

1.2 Disclaimers.

NO SOLICITATION OF VOTES HAS BEEN OR MAY BE MADE EXCEPT PURSUANT TO THIS DISCLOSURE STATEMENT AND § 1125 OF THE BANKRUPTCY CODE. NO PERSON HAS BEEN AUTHORIZED TO USE ANY INFORMATION CONCERNING THE DEBTORS TO SOLICIT ACCEPTANCES OR REJECTIONS OF THE PLAN OTHER THAN THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. CREDITORS AND INTEREST HOLDERS SHOULD NOT RELY ON ANY INFORMATION RELATING TO THE DEBTORS OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT, ANY ATTACHMENTS THERETO AND THE PLAN.

EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT, NO REPRESENTATION CONCERNING THE DEBTORS, THEIR ASSETS, THEIR LIABILITIES, PAST OR FUTURE OPERATIONS, OR CONCERNING THE PLAN ARE AUTHORIZED, NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY REPRESENTATIONS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD BE IMMEDIATELY REPORTED TO COUNSEL FOR THE DEBTORS.

UNLESS ANOTHER TIME IS SPECIFIED, THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE OF THIS DISCLOSURE STATEMENT. NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE CONCERNING THE DISCLOSURE STATEMENT AND THE PLAN SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE THE DATE OF THE DISCLOSURE STATEMENT AND THE MATERIALS RELIED UPON IN PREPARATION OF THE DISCLOSURE STATEMENT WERE COMPILED.

THE INFORMATION PROVIDED HEREIN WAS OBTAINED FROM A VARIETY OF SOURCES AND IS BELIEVED TO BE RELIABLE. HOWEVER, THE DEBTORS HAVE NOT BEEN ABLE TO INDEPENDENTLY VERIFY EACH AND EVERY STATEMENT CONTAINED HEREIN. ACCORDINGLY, THE DEBTORS AND THEIR PROFESSIONALS CANNOT MAKE ANY REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

THE DEBTORS' BUSINESS AFFAIRS ARE COMPLEX. IT IS POSSIBLE THAT THE TRANSACTIONS CONTEMPLATED UNDER THE PLAN COULD HAVE NEGATIVE TAX AND OTHER ECONOMIC CONSEQUENCES. THE DEBTORS MAKE NO REPRESENTATIONS REGARDING THE TAX IMPLICATIONS OF ANY TRANSACTION CONTEMPLATED UNDER THE PLAN. IT IS NOT UNCOMMON FOR PARTIES TO RETAIN THEIR OWN TAX ADVISORS TO ANALYZE THE PLAN. THE DEBTORS ENCOURAGE ALL PERSONS THAT MIGHT BE AFFECTED TO SEEK INDEPENDENT ADVICE REGARDING THE TAX EFFECTS OF THE PLAN.

DISTRIBUTION OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS ANY REPRESENTATION OR WARRANTY AT ALL, EITHER EXPRESS OR IMPLIED, BY THE DEBTORS OR THEIR PROFESSIONALS THAT THE PLAN IS FREE FROM RISK, THAT THE ACCEPTANCE OF THE PLAN WILL RESULT IN A RISK-FREE LIQUIDATION OF THE DEBTORS' ASSETS OR THAT ALL POTENTIAL ADVERSE EVENTS HAVE BEEN ANTICIPATED.

THE APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTY OF THE ACCURACY OR THE COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT AND THE PLAN SHOULD BE READ IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN. FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS, THE TERMS OF THE PLAN ARE SUMMARIZED IN THIS DISCLOSURE STATEMENT, BUT ALL SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN, WHICH CONTROLS IN CASE OF ANY INCONSISTENCY.

1.3 Answers to Commonly Asked Questions.

As part of the Debtors' efforts to inform Creditors and Interest Holders regarding the Plan and the Plan confirmation process, the following summary provides answers to questions which parties who receive a disclosure statement often ask.

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE PLAN, WHICH CONTROLS IN CASE OF ANY INCONSISTENCY.

1.3.1 Who are the Debtors?

The Debtors are UGHS Senior Living, Inc., TrinityCare Senior Living, LLC, UGHS Senior Living Real Estate of Port Lavaca, LLC, UGHS Senior Living Real Estate of Pearland, LLC, UGHS Senior Living Real Estate of Knoxville, LLC, UGHS Senior Living of Pearland, LLC, UGHS Senior Living of Port Lavaca, LLC, UGHS Senior Living of Knoxville, LLC, TrinityCare Senior Living of Covington, LLC, UGHS Senior Living Real Estate, LLC, and TrinityCare Lighthouse of Pearland, LLC. The nature of the Debtors' business and the major events in this bankruptcy case are described below in Article 3.

1.3.2 What is a Chapter 11 bankruptcy?

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code that allows financially distressed businesses to reorganize their debts or to liquidate their assets in a controlled fashion. The Debtors are proposing to liquidate all of their assets. The commencement of a chapter 11 case creates an "estate" containing all of the legal and equitable interests of the debtor in property as of the date the bankruptcy case is filed. During a chapter 11 bankruptcy case, the debtor remains in possession of its assets unless the Court orders the appointment of a trustee which did not occur in this case.

1.3.3 If the Plan governs how my Claim or Interest is treated, what is the purpose of this Disclosure Statement?

The Bankruptcy Code requires that in order to solicit votes on a bankruptcy plan, the proponent of the plan must first prepare a disclosure statement that provides sufficient information to allow creditors and interest holders to make an informed decision about the plan. The disclosure statement and plan are distributed to creditors and interest holders only after the Bankruptcy Court has approved the disclosure statement and determined that the disclosure statement contains information adequate to allow creditors and interest holders to make an informed judgment about the plan. At that time, creditors and interest holders whose claims and interests are impaired under the Plan also receive a voting ballot and other materials.

1.3.4 Has this Disclosure Statement been approved by the Bankruptcy Court?

On May [3], 2017, the Bankruptcy Court conditionally approved this Disclosure Statement as containing adequate information. “Adequate information” means information of a kind, and in sufficient detail, as far as is practicable considering the nature and history of the Debtors, to enable a hypothetical investor typical of holders of claims or interests of the relevant classes to make an informed judgment whether to vote to accept or reject the Plan. The Bankruptcy Court’s conditional approval of this Disclosure Statement does not constitute an endorsement of any of the representations contained in either the Disclosure Statement or the Plan. Final approval of the disclosure statement will be considered at the confirmation hearing.

1.3.5 How do I determine how my Claim or Interest is classified?

To determine the classification of your Claim or Interest, you must determine the nature of your Claim or Interest. Under the Plan, Claims and Interests are classified into a series of classes. The pertinent articles and sections of the Disclosure Statement and Plan disclose, among other things, the treatment that each class of Claims or Interests will receive if the Plan is confirmed.

1.3.6 Why is confirmation of the Plan important?

The Bankruptcy Court’s confirmation of the Plan is a condition to the Debtors carrying out the treatment of Creditors and Interest Holders under the Plan. Unless the Plan is confirmed, and any other conditions to confirmation or to the effectiveness of the Plan are satisfied, the Debtors are legally prohibited from satisfying Claims or Interests as provided in the Plan. Put more simply, confirmation of a plan in chapter 11 is required before the Debtors can begin making payments to pre-petition Creditors.

1.3.7 What is necessary to confirm the Plan?

Under applicable provisions of the Bankruptcy Code, confirmation of the Plan requires that, among other things, at least one class of impaired Claims or Interests vote to accept the Plan. Acceptance by a class of claims or interests means that at least two-thirds in the total dollar amount and more than one-half in number of the allowed Claims or Interests actually voting in the class vote in favor of the Plan. Because only those claims or interests who vote on a plan will be counted for purposes of determining acceptance or rejection of a plan by an impaired class, a plan can be approved with the affirmative vote of members of an impaired class who own less than two-thirds in amount and one-half in number of the claims/interests. Besides acceptance of the Plan by a class of impaired creditors or interests, a bankruptcy court also must find that the Plan meets a number of statutory tests before it may confirm the Plan. These requirements and statutory tests generally are designed to protect the interests of holders of impaired claims or interests who do not vote to accept the Plan but who will nonetheless be bound by the Plan’s provisions if the bankruptcy court confirms the Plan.

If one or more classes vote to reject the Plan, the Debtors may still request that the Bankruptcy Court confirm the Plan under § 1129(b) of the Bankruptcy Code. To confirm a plan not accepted by all classes, the plan proponent must demonstrate that the plan does not discriminate unfairly, and is fair and equitable with respect to each class of claims or interests

that is impaired under, and that has not accepted, the plan. This method of confirming a plan is commonly called a “cramdown.” In addition to the statutory requirements imposed by the Bankruptcy Code, the plan itself also provides for certain conditions that must be satisfied as conditions to confirmation.

1.3.8 Is there a Committee in this case?

No. An official committee of unsecured creditors has not been appointed in this case.

1.3.9 When is the deadline for returning my ballot?

The Bankruptcy Court has directed that, to be counted for voting purposes, your ballot must be received by the CRO by May [__], 2017.

IT IS IMPORTANT THAT ALL IMPAIRED CREDITORS AND INTEREST HOLDERS VOTE ON THE PLAN. THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST POSSIBLE RECOVERY TO CREDITORS AND INTEREST HOLDERS. THE DEBTORS THEREFORE BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTEREST OF CREDITORS AND INTEREST HOLDERS AND RECOMMEND THAT ALL IMPAIRED CREDITORS AND INTEREST HOLDERS VOTE TO ACCEPT THE PLAN.

ARTICLE 2
OVERVIEW OF PLAN

An overview of the Plan is set forth below. This overview is qualified in its entirety by reference to the Plan. If the Bankruptcy Court confirms the Plan and, in the absence of any applicable stay, all other conditions set forth in the Plan are satisfied, the Plan will take effect on the Effective Date.

The Plan constitutes two (2) separate plans—one for the Consolidated Debtors and one for TCSL. The Plan is also a Motion requesting that the Bankruptcy Court substantively consolidate the Consolidated Debtors’ Estates solely for purposes of voting and making distributions. Substantive consolidation occurs when the assets and liabilities of separate and distinct legal entities are combined in a single pool and treated as if they belong to one entity. Substantive consolidation results in pooling the assets of, and claims against, the Consolidated Debtors; satisfying liabilities from the resultant common fund; eliminating inter-Debtor claims; and combining the creditors of the companies for purposes of voting on reorganization plans. Thus, the Plan must meet the requirements for section 1129 of the Bankruptcy Code with respect to the Consolidated Debtors on a consolidated basis in order to be confirmed and as to TCSL on a standalone basis.

The Plan proposes an orderly liquidation of the Debtors’ assets. Under the Plan, the Debtors’ remaining assets, including cash and causes of action, shall vest in the Liquidating Trust, free and clear of all liens, claims and encumbrances, except as otherwise provided in the Plan. The Liquidating Trustee will have the authority to object to the allowance of any claims filed against the Debtors. The Liquidating Trustee will prosecute causes of action in his

discretion, liquidate other remaining tangible assets, and make distributions to creditors in accordance with the Bankruptcy Code.

Holders of Allowed Claims against the Debtors will be the beneficiaries of the Liquidating Trust. The Plan authorizes the Liquidating Trustee to administer Claims against the Debtors by filing objections to Claims in the Bankruptcy Court. The Plan proposes the creation of an Oversight Committee, comprised of four (4) members designated one each by White Oak, Hillair, the Seller Note Constituents (as a collective group), and the UGHS Trustee, to monitor the administration of the Plan by the Liquidating Trustee. The Liquidating Trust shall be funded with a Liquidating Trust Reserve in the amount of \$100,000.00 to be used by the Liquidating Trustee to administer the Liquidating Trust.

The Plan effectuates the terms of a mediated settlement agreement reached between the Debtors and the four largest creditors in these cases: White Oak, Hillair, the Seller Entities, and the UGHS Trustee. Pursuant to the terms of the agreement, each of these parties has agreed to support and vote in favor of confirming the Plan. The settlement requires the consolidation of the Consolidated Debtors, payment of priority and administrative claims, funding the Liquidating Trust Reserve in the amount of \$100,000, a \$50,000 distribution to the other unsecured creditors of the Consolidated Debtors, a \$300,000 allocation to fund the TCSL plan as required by the Cornerstone APA, and an agreed upon division of the remaining funds. The merits of the settlement are discussed in further detail below.

ARTICLE 3 **THE DEBTORS**

3.1 The Debtors' Pre-Petition Business and the Events Leading to Bankruptcy.

3.1.1 The Debtors' Pre-Petition Business.

In 2011, the Debtors purchased three senior living facilities (the "Senior Living Facilities") The Senior Living Facilities were located in Knoxville, TN, Pearland, TX, and Port Lavaca, TX. The Senior Living Facilities were managed by TCSL subject to a management agreement and a management fee based on a percentage of revenue.

In 2013 and 2014, the Debtors refinanced their existing debt secured by the Senior Living Facilities through the Department of Housing and Urban Development ("HUD") on favorable terms. Concurrent with the HUD refinancing transactions, each Senior Living Facility's corporate structure was divided into two entities, an operating company related to a facility's operations and a property company which held the facility's real estate assets.

3.1.2 Debtors' Financial Information.

The Debtors file monthly operating reports with the Bankruptcy Court which reflect current financial information and are publicly available for inspection at the office of the Clerk of the Court. Attached hereto as **Schedule 1** is a copy of the latest monthly operating report filed by the Debtors.

3.1.3 Events Leading to Bankruptcy.

The Debtors' parent, University General Health System, Inc. ("UGHS"), suffered severe losses in 2014. Faced with scarce liquidity and mounting trade payables, UGHS engaged Dougherty & Company LLC in May 2014 to conduct a sale process of the Debtors' senior care living business. Following conclusion of the marketing process, UGHS selected the transaction proposal submitted by Cornerstone Healthcare Holding, Inc. ("Cornerstone") and, on December 12, 2014, executed an asset purchase agreement with Cornerstone.

Subject to the terms of the asset purchase agreement, Cornerstone agreed to acquire the Debtors' senior care living business for a purchase price of approximately \$27.7 million, including approximately \$16.2 million of assumed HUD liabilities and approximately \$11.5 million in cash (subject to a purchase price adjustment and an earn-out).

On February 25, 2015, the proposed transaction with Cornerstone was approved by HUD.

On February 27, 2015, UGHS filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. On March 31, 2015, UGHS filed a motion to approve a sale to Cornerstone based on the December 2014 asset purchase agreement. In light of the objections raised by several parties to the sale, it was apparent that the Debtors could not satisfy certain closing conditions in the December 2014 agreement. Therefore, on April 22, 2015, UGHS withdrew its motion to approve a sale to Cornerstone.

Thereafter, the Debtors evaluated all of their options for consummating a sale of their assets. In May 2015, the Debtors retained CohnReznick LLP ("CohnReznick") as their financial advisor. In July 2015, the Debtors engaged Chad Shandler of CohnReznick to serve as their Chief Restructuring Officer ("CRO"). In July 2015, the Debtors retained Duff & Phelps Securities, LLC ("D&P") to act as its investment banker to market the Debtors' assets.

In October 2015, after extensive arm's length negotiations, the Debtors reached an agreement on the terms of a revised asset purchase agreement with Cornerstone as a stalking horse bidder.

On November 10, 2015 these chapter 11 cases were commenced.

3.1.4 The Debtors' Assets.

On the Petition Date, the Debtors' most valuable assets consisted of the three Senior Living Facilities. On December 24, 2015, the Debtors filed with the Bankruptcy Court the Schedules of Assets and Liabilities and Statements of Financial Affairs (collectively, the "Schedules") for each of the Debtors. The Schedules contain a detailed listing of the Debtors' assets and the amounts owed to Creditors based on the Debtors' books and records. In connection with this Disclosure Statement, Creditors and Interest Holders are referred to the Schedules.

3.1.5 Liabilities and Claims against the Debtors.

The Schedules contain a detailed listing of Creditors, together with the estimated amount of Claims. Creditors and Interest Holders are referred to the Debtors' Schedules. In addition, a number of proofs of claims have been filed in the Bankruptcy Cases. Several of the proofs of claim are duplicative of the Debtors' Schedules and many sizeable claims have already been resolved by the Debtors. Additionally, some claims may be duplicative as they were filed against multiple Debtors. The last day to file a proof of claim was April 11, 2016.

3.1.6 Secured Claims.

The Debtors' primary secured creditor, HUD, was owed approximately \$16 million. These secured obligations were assumed as part of the post-petition sale of the Debtors' assets to Cornerstone.

3.1.7 Priority Claims.

A number of priority proofs of claim were scheduled and filed. These claims are either wages owed to former employees or taxes owed to governmental units for taxes.

3.1.8 General Unsecured Claims.

The four largest unsecured creditors in these cases are Hillair, the UGHS Trustee, White Oak, and the Seller Note Entities. Hillair filed proofs of claim in each of the Debtors' cases in the amount of \$9,668,357.00 based on subsidiary guaranties provided the Debtors. The UGHS Trustee filed several proofs of claim against the Debtors which total \$8,365,747.22 based on intercompany transfers from UGHS, and other entities that were debtors in the jointly administered UGHS bankruptcy case, to the Debtors in these cases. Although White Oak filed proofs of claim in each of the Debtors' cases in the amount of \$10,126,356.42, White Oak was not a direct creditor of the Debtors. Instead, this amount equals White Oak's claim against UGHS. UGHS pledged its equity interests in the Debtors as collateral for its debt to White Oak. Thus, if there was an excess of funds at one of the Debtors that would have been distributed to its parent (i.e. UGHS Senior Living, Inc.), those funds would have instead gone to White Oak based on the pledge. Finally, the Seller Note Entities are the previous owners of the Senior Living Facilities. When the Debtors acquired the Senior Living Facilities, a portion of the consideration was seller financing in the form of unsecured promissory notes payable to the Seller Note Entities. The total of the Seller Note Entities claims is \$2,681,102.00. However, the Seller Note Entities entered into the Subordination Agreement with White Oak. Thus, if the Subordination Agreement is enforceable, White Oak essentially stands in the shoes of the Seller Note Entities and would receive any distribution based on those claims.

The following chart reflects the total of unsecured claims filed against each of the Debtors, excluding the claims of Hillair, the UGHS Trustee, White Oak, and the Seller Note Entities²:

²These amounts reflect scheduled and filed general unsecured claims other than intercompany claims and claims for cure payments that have been made.

Debtor	Total amount of other General Unsecured Claims
UGHS Senior Living, Inc.	\$284,112.72
UGHS Senior Living Real Estate, LLC	\$0.00
UGHS Senior Living of Knoxville, LLC	\$19,761.76
UGHS Senior Living Real Estate of Knoxville, LLC	\$0.00
UGHS Senior Living of Pearland, LLC	\$23,157.06
UGHS Senior Living Real Estate of Pearland, LLC	\$5,472.00
UGHS Senior Living of Port Lavaca, LLC	\$90,727.01
UGHS Senior Living Real Estate of Port Lavaca, LLC	\$0.00
TrinityCare Lighthouse of Pearland, LLC	\$169.27
TrinityCare Senior Living of Covington, LLC	\$0.00
TrinityCare Senior Living, LLC ³	\$228,145.35

THE RIGHT OF THE DEBTORS AND/OR THE LIQUIDATING TRUSTEE (WHETHER EXISTING OR FORMED UNDER THE PLAN) TO OBJECT TO ANY CLAIM FILED IN THIS CASE IS EXPRESSLY RESERVED. THE INCLUSION OF A CLAIM OR CLAIMS WITHIN THIS DISCLOSURE STATEMENT IS NOT AN ADMISSION REGARDING THE VALIDITY OR ALLOWANCE OF ANY CLAIM. YOU SHOULD NOT ASSUME THAT A VOTE FOR OR AGAINST THE PLAN WILL HAVE ANY AFFECT OF THE STATUS OF YOUR CLAIM. IF ANYONE SUGGESTS THAT THE STATUS OF YOUR CLAIM MAY BE AFFECTED BY YOUR VOTE, YOU SHOULD REPORT SUCH INCIDENT TO COUNSEL FOR THE DEBTORS IMMEDIATELY AS ANY SUCH SUGGESTION MAY VIOLATE TITLE 18.

3.2 Significant Events during the Chapter 11 Case.

3.2.1 Bankruptcy Filing and First-Day Relief.

³ This amount includes a claim filed by Donald Sapaugh as a secured claim with equity interests in the Debtors as collateral. Because the equity interests are being cancelled and have no value, this claim will be treated as a general unsecured claim.

On November 10, 2015, each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Bankruptcy Court held a first-day hearing on November 13, 2015. Relief granted at the first-day hearing included joint administration of the Debtors' bankruptcy cases, authority to pay certain pre-petition wages of employees, and continued use of cash management systems.

3.2.2 DIP Financing.

On October 29, 2015, the CRO executed a term sheet for post-petition financing (the "DIP Term Sheet") with UGHS's pre-petition secured lender, White Oak. The DIP Term Sheet outlined the terms pursuant to which White Oak would provide Debtors post-petition financing.

On November 10, 2015, the Debtors filed a motion seeking approval of post-petition financing from White Oak which was opposed by Lancaster Pollard. The Court issued a memorandum opinion and judgment granting some, but not all, of the relief requested in the Debtors' original motion. White Oak declined to lend money to the Debtors based on the Court's memorandum opinion and judgment absent additional findings and protections.

The Debtors subsequently received an offer for post-petition financing from Hillair Capital Management, LLC ("Hillair"). Soon afterward, White Oak issued a competing offer.

On December 14, 2015, a hearing was held on the competing offers from Hillair and White Oak. The Debtors ultimately obtained final authority to borrow a secured term loan from White Oak in an aggregate principal amount of \$1,400,000 (the "DIP Loan"). The DIP Loan has been repaid in full and no amounts are owed to White Oak on account of the DIP Loan.

3.2.3 Retention of Professionals.

The Debtors retained Porter Hedges LLP as their bankruptcy counsel in these cases on an hourly fees basis. The Debtors retained D&P as their investment bankers. D&P was retained on a monthly fee of \$50,000 and a transaction fee of: (1) 1.25% of all consideration up to \$31 million plus 5% of all consideration in excess of \$31 million; or (2) 2.5% of all consideration up to \$31 million plus 5% of all consideration in excess of \$31 million in the event of a transaction that did not involve the existing buyer.

The Debtors retained the CRO and CohnReznick to provide restructuring services to the Debtors on an hourly basis. The Debtors also retained CohnReznick as accountants to prepare the Debtors' federal tax returns.

3.2.4 Claims Bar Date.

The deadline to file proofs of claim in these cases was April 11, 2016.

3.2.5 The Marketing and Sale Process.

D&P engaged in a marketing process for the Senior Living Facilities consisting of (i) preparing a Confidential Information Memorandum (the "CIM"); (ii) contacting potential

strategic and financial investors; (iii) circulating the CIM to prospective investors who executed non-disclosure agreements; (iv) creating and populating an electronic data room with extensive due diligence materials; and (v) communicating extensively with interested parties regarding hospital operations, strategic alternatives and the implementation of a chapter 11 plan.

On November 24, 2015, the Court entered a bid procedures order setting January 15, 2016 as the deadline for interested parties to submit an initial overbid. Pursuant to the bidding procedures order, the Debtors received no qualified bids other than the Cornerstone stalking horse bid. Accordingly, the Debtors did not conduct an auction.

On January 21, 2016, the Court entered an order approving a sale of the Debtors' assets to Cornerstone based on its Asset Purchase Agreement. The purchase price was \$24,750,000, comprised of cash and the assumption of approximately \$16 million of secured debt owed to Lancaster Pollard and guaranteed by HUD.

The sale was subject to a number of governmental and regulatory approvals which took several months to obtain. The Debtors closed the sale of substantially all of their assets to Cornerstone on April 27, 2016. Following the closing, the Debtors and Cornerstone reconciled a working capital adjustment that was finalized in November 2016. As a result, the net cash proceeds the Debtors received from the sale was \$5,689,459.20. The sales proceeds were not allocated among the Debtors, other than a provision in the asset purchase agreement that allocated \$300,000.00 of the purchase price to TCSL.

3.2.6 The Mediated Settlement Agreement

Following the closing of the sale to Cornerstone, and throughout the second half of 2016, the Debtors engaged in extensive negotiations with White Oak, Hillair, the Seller Note Constituents, and the UGHS Trustee regarding potential objections to their claims. On January 4, 2017, the Seller Note Constituents filed a motion to convert the case or appoint a chapter 11 trustee. As a result, the Debtors and the four largest creditors agreed to participate in mediation before the Honorable Robert Drain, United States Bankruptcy Judge for the Southern District of New York. The mediation took place on February 6, 2017 and was successful. Following mediation, the parties negotiated and executed a term sheet setting forth the terms of the settlement. A copy of the term sheet is attached to the Plan as **Exhibit 1**.

The Settlement is incorporated into the terms of the Plan and serves as the basic framework for the structure of the Plan and treatment of claims. In summary, the Settlement provides as follows⁴:

- Certain of the Debtors will be consolidated (the "Consolidated Debtors" in the Plan).
- The Debtors assets will be transferred to a liquidating trust and the CRO will become the liquidating trustee. The liquidating trust will be funded with \$100,000 to cover its administrative expenses.

⁴ This paragraph is merely a summary and does not contain every term and condition of the Settlement. Nothing in this paragraph or the Disclosure Statement generally may contradict or control over the terms of the Settlement and Plan. Accordingly, parties are encouraged to read the Settlement which is attached to the Plan as Exhibit 1.

- General unsecured creditors will share a pro rata distribution of \$50,000; provided, however, that this amount may increase if the Settlement Funds available to satisfy the claims of the settling parties exceeds \$5 million.
- The Settlement Funds shall be distributed as follows: 50% to White Oak on account of its subordination agreement with the Seller Entities, 36% to Hillair, and 14% to the UGHS Trust.
- All potential claims and causes of action against the Debtors' officers and directors (other than the CRO) will be preserved. Any proceeds received from the pursuit of D&O Claims will be distributed pursuant to the terms of Section 11.3 of the Plan. Other than a carve out for certain claims of the Seller Entities, such proceeds will be distributed in the same percentages as the Settlement Funds.
- The Settlement also includes a settlement between White Oak and the Seller Note Constituents referred to as the "Participation" pursuant to which the Seller Note Constituents will receive 8% of the Settlement Funds and 8% of the Other D&O Proceeds to be paid out of White Oak's distribution.
- The CRO, White Oak, the UGHS Trust and Michael D. Warner as the Trustee of the UGHS Trust, Hillair, the Seller Entities, and the Seller Note Constituents (and each of their respective agents, financial advisors and counsel) shall receive a full and complete release from the Debtors. Additionally, these parties are exchanging mutual releases of any and all claims they may have against each other arising out transactions involving the Debtors.

3.2.7 The Debtors Support for the Settlement

In negotiating the Settlement, the Debtors considered (i) the probabilities of ultimate success on the merits should the claims be litigated, (ii) the complexity, expenses and likely duration of litigating the claims, and (iii) the impact the Settlement would have on other creditors in these cases. The Settlement represents a sound exercise of the Debtors' business judgment and is in the best interests of all creditors.

The claims asserted by the four parties to the Settlement are by far the largest claims in this case. Each of the claims presented complicated legal and factual questions that would have cost a substantial amount of fees and expenses to separately litigate. These expenses would reduce the overall amount that is available for distribution.

Hillair's claims arise out of the Debtors' guaranties of financing that was provided to UGHS. The Debtors investigated potential objections to Hillair's claims including avoiding the guaranties as fraudulent transfers, recharacterization and equitable subordination. Additionally, there is an argument that Hillair's claims may include amounts that should not be included in the claim. The Debtors scheduled Hillair's claim as disputed in the amount of \$5,908,713.39, but Hillair filed claims in the amount of \$9,668,357.00. Another relevant consideration for the Debtors was Hillair's agreement to consolidate the Debtors for purposes of distributions. If the

Debtors were not consolidated, Hillair would have a separate guaranty claim at each Debtor that would result in a greater distribution than it having a single claim on a consolidated basis.

The claims filed by the UGHS Trust arise out of intercompany transfers from UGHS and the other debtors in its case to the Debtors in these cases. The filed claims total \$8,365,747.22. However, the Debtors believe actual amount is less. Additionally, the Debtors analyzed the likelihood of success on recharacterizing these claims as equity.

The Debtors did not dispute the amount of the Seller Note claims, but there was a substantial factual dispute over which Debtors were liable for those claims. This argument is resolved as a result of the consolidation. Further, the Debtors support the Participation insofar as it is a necessary component of the overall settlement in this case.

Finally, as previously mentioned, if the Debtors were to litigate each of these disputed claims, they would spend an additional several hundred thousand dollars in litigation and further delay a distribution to creditors. Taken as a whole, the Settlement is a fair compromise to all creditors and is in the best interests of the estates.

ARTICLE 4

CLASSIFICATION OF CLAIMS AND INTERESTS UNDER THE PLAN

The Claims against and Interests in the Debtors are classified as follows:

4.1 Administrative Claims and Priority Tax Claims. In accordance with § 1123(a)(1) of the Bankruptcy Code, certain Administrative Claims and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims and Interests set forth in Article III of the Plan. These unclassified Claims are treated as follows:

4.1.1 Administrative Claims. Allowed Administrative Claims arising under 11 U.S.C. § 503(b), excluding Administrative Claims assumed by Cornerstone under the Cornerstone Purchase Agreement, will be paid in Cash and in full by the Liquidating Trustee on the later of (i) the Distribution Date, (ii) the date on which such Administrative Claim becomes an Allowed Claim; or (iii) such other date as the Liquidating Trustee and the Holder of the Allowed Administrative shall agree. Allowed Administrative Claims that are not secured by a valid, perfected, post-petition Lien are not entitled to post-petition interest or legal fees and expenses. Administrative Claims against TCSL shall be paid from the TCSL Allocation.

4.1.2 Priority Tax Claims. Priority Tax Claims will be paid in Cash and in full by the Liquidating Trustee on the later of (i) the Distribution Date, (ii) the date on which such Priority Tax Claim becomes an Allowed Claim; or (iii) such other date as the Liquidating Trustee and the Holder of the Allowed Priority Tax Claim shall agree. Priority Tax Claims against TCSL shall be paid from the TCSL Allocation.

4.2 Classified Claims Against the Consolidated Debtors. Claims against the Debtors are classified as follows:

4.2.1 Class A1 – Allowed Priority Claims. Class A1 is comprised of Priority Non-Tax Claims.

4.2.2 Class A2 – White Oak Claim. Class A2 is comprised of White Oak’s Allowed Claim.

4.2.3 Class A3 – Hillair Claim. Class A3 is comprised of Hillair’s Allowed Claim.

4.2.4 Class A4 – UGHS Trust Claim. Class A4 is comprised of the UGHS Trust’s Allowed Claim.

4.2.5 Class A5 – General Unsecured Claims. Class A5 is comprised of Allowed General Unsecured Claims.

4.2.6 Class A6 – Subordinated Claims. Class A6 is comprised of Allowed Subordinated Claims

4.2.7 Class A7 – Interest in the Consolidated Debtors. Class A7 is comprised of Allowed Interests.

4.3 Classified Claims Against TCSL. Claims against TCLS are classified as follows:

4.3.1 Class B1 – Allowed Priority Claims. Class B1 is comprised of Allowed Priority Non-Tax Claims.

4.3.2 Class B2 – Miscellaneous Secured Claims. Class B2 is comprised of Allowed Secured Claims.

4.3.3 Class B3 – General Unsecured Claims. Class B3 is comprised of Allowed General Unsecured Claims.

4.3.4 Class B4 – Subordinated Claims. Class B4 is comprised of Allowed Subordinated Claims.

4.3.5 Class B5 – Interests in TCSL. Class B5 is comprised of all Allowed Interests.

ARTICLE 5

IMPAIRMENT OF CLASSES AND RESOLUTION OF CLAIM CONTROVERSIES

5.1 Unimpaired Classes.

Holders of Claims that are in unimpaired Classes are deemed to have accepted the proposed Plan and are not entitled to vote on the Plan. The following Classes of Claims are not impaired under the Plan: Classes A1 and B1.

5.2 Impaired Classes.

Only holders of Claims that are in impaired Classes may vote on the Plan. The following Classes of Claims and Interests are impaired under the Plan: Classes A2, B2, A3, B3, A4, B4, A5, B5, A6, and A7.

5.3 Controversy Concerning Classification, Impairment or Voting Rights.

In the event a controversy or dispute should arise involving issues related to the classification, impairment or voting rights of any Creditor or Interest Holder under the Plan, prior to the Confirmation Date, the Bankruptcy Court may, after notice and a hearing, determine such controversy. Without limiting the foregoing, the Bankruptcy Court may estimate for voting purposes the amount of any contingent or unliquidated Claim, the fixing or liquidation of which, as the case may be, would unduly delay the administration of the Chapter 11 Cases. In addition, the Bankruptcy Court may in accordance with § 506(b) of the Bankruptcy Code conduct valuation hearings to determine the Allowed Amount of any Secured Claim.

ARTICLE 6

TREATMENT OF CLAIMS AND INTERESTS

6.1 Treatment of Unimpaired Classes.

6.1.1 Class A1—Priority Non-Tax Claims (Consolidated Debtors). Allowed Claims in Class A1 will be paid in Cash and in full by the Liquidating Trustee on the later of (i) the Distribution Date; (ii) the date on which such Claim becomes an Allowed Claim; or (iii) such other date as the Liquidating Trustee and the Holder of the Allowed Claim in Class A1 shall agree. Allowed Claims in Class A1 are not entitled to post-petition interest or post-petition legal fees and expenses.

6.1.2 Class B1—Priority Non-Tax Claims (TCSL). Allowed Claims in Class B1 will be paid in Cash and in full by the Liquidating Trustee from the TCSL Allocation on the later of (i) the Distribution Date; (ii) the date on which such Claim becomes an Allowed Claim; or (iii) such other date as the Liquidating Trustee and the Holder of the Allowed Claim in Class B1 shall agree. Allowed Claims in Class B1 are not entitled to post-petition interest or post-petition legal fees and expenses.

6.2 Treatment of Impaired Classes.

6.2.1 Class A2—White Oak's Claim. Class A2 consists of White Oak's Allowed Claim. In full and complete satisfaction, settlement, release, and discharge of and in exchange for such holder's Claim, the Holder of the Allowed Class A2 claim will receive 50% of the following (collectively, the "White Oak Distributions"): (a) the Settlement Funds, and (b) the Other D&O Proceeds, subject to Section 7.6.6 of the Plan. Class A2 is Impaired and, as such, the Holder of the Class A2 Claim is entitled to vote on the Plan, with the applicable portion of each such Distribution (*i.e.*, the portions set forth in Section 7.6.6 of the Plan) being subject to the terms of Section 7.6.6 of the Plan.

6.2.2 Class A3—Hillair’s Claim. Class A3 consists of Hillair’s Allowed Claim. Upon the Effective Date, the guaranty held for the benefit of Hillair from the Debtors shall be deemed valid and enforceable and the Distributions to the Holder of the Allowed Class A3 Claim (to the extent reflected in the Settlement) as reflected in the next sentence are premised upon such. In full and complete satisfaction, settlement, release, and discharge of and in exchange for such holder's Claim, the Holder of the Allowed Class A3 Claim will receive 36% of (a) the Settlement Funds, and (b) the Other D&O Proceeds. Class A3 is Impaired and, as such, the Holder of the Class A3 Claim is entitled to vote on the Plan.

6.2.3 Class A4—UGHS Trust’s Claim. Class A4 consists of the UGHS Trust’s Allowed Claim. In full and complete satisfaction, settlement, release, and discharge of and in exchange for such holder's Claim, the Holder of the Allowed Class A4 claim will receive 14% of (a) the Settlement Funds, and (b) the Other D&O Proceeds. Class A4 is Impaired and, as such, the Holder of the Class A4 Claim is entitled to vote on the Plan.

6.2.4 Class A5—General Unsecured Claims. Class A5 consists of Allowed General Unsecured Claims. In full and complete satisfaction, settlement, release, and discharge of and in exchange for such holder's Claim, the Holder of an Allowed General Unsecured Claim will receive its pro rata share of the General Unsecured Allocation. Class A5 is Impaired and, as such, the Holders of Class A5 Claims are entitled to vote on the Plan.

6.2.5 Class A6—Subordinated Claims. Class A6 consists of Allowed Subordinated Claims. Holders of Claims in Class A6 shall receive no distribution under this Plan. Holders of Class A6 Claims are deemed to reject the Plan.

6.2.6 Class A7—Interests in the Consolidated Debtors. Class A7 consists of Allowed Interests in the Consolidated Debtors. All Interests in Class A7 shall be canceled as of the Effective Date. Holders of Interests in Class A7 are deemed to reject the Plan.

6.3 Classes of Claims and Interests in TCSL

6.3.1 Class B2—Miscellaneous Secured Claims. Class B2 consists of the Holders of Allowed Secured Claims against TCSL. In full and complete satisfaction, settlement, release, and discharge of and in exchange for such Holder’s Claim, the Holders of an Allowed Secured Claim in Class B2 will receive proceeds of the Collateral securing such Allowed Secured Claim from the TCSL Allocation. Class B2 is Impaired and, as such, the Holders of Class B2 Secured Claims are entitled to vote on the Plan.

6.3.2 Class B3—General Unsecured Claims. Class B3 consists of the Holders of Allowed General Unsecured Claims against TCSL. In full and complete satisfaction, settlement, release, and discharge of and in exchange for such Holder’s Claim, each Holder of an Allowed General Unsecured Claim against TCSL shall receive its Pro Rata distribution of the remaining TCSL Allocation after payment in

full of Allowed Claims in Classes B1 and B2. In the event that the Holders in Class B3 are paid in full and there exists remaining Cash from the TCSL Allocation, Holders of Allowed Claims in such Class shall receive interest at the Plan Rate. Class B3 is Impaired and, as such, the Holder of the Class B3 Claim is entitled to vote on the Plan.

6.3.3 Class B4—Subordinated Claims. Class B4 consists of the Holders of Allowed Subordinated Claims against TCSL. In full and complete satisfaction, settlement, release, and discharge of and in exchange for such Holder's Claim, each Holder of an Allowed Subordinated Claim shall receive a Pro Rata share of the TCSL Allocation up to the Allowed Amount of such Claim after payment in full of all Allowed Claims in Classes B1-B3. In the event that Class B4 is paid in full and there exists remaining TCSL Allocation, Holders of Allowed Claims in such Class shall receive interest at the Plan Rate. Class B4 is Impaired and, as such, the Holder of the Class B4 Claim is entitled to vote on the Plan.

6.3.4 Class B5—Interests in the TCSL. Class B5 consists of the Interests in TCSL. All Equity Interests in TCSL shall be canceled as of the Effective Date. Holders of Interests in Class B5 are deemed to reject to the Plan.

ARTICLE 7

MEANS OF IMPLEMENTATION

7.1 Substantive Consolidation. The Plan constitutes a motion for the substantive consolidation of the Consolidated Debtors and their respective Estates solely for purposes of voting on the Plan, confirming the Plan, and making Distributions pursuant to the Plan. Voting on the Plan shall be counted on a consolidated basis. On the Effective Date, (a) the Assets of the Consolidated Debtors will be pooled for the purpose of paying Allowed Claims against the Consolidated Debtors; (b) any Claim filed or asserted against any of the Consolidated Debtors will be deemed a Claim against all of the Consolidated Debtors (and any duplication of claims arising from both primary operative documents and guaranty and/or other secondary obligations shall be eliminated and all such claims against the Consolidated Debtors shall be treated as a single claim that eliminates such duplications); (c) all Intercompany Claims will be eliminated; and (d) any obligation of any of the Consolidated Debtors will be deemed to be an obligation of each of the Consolidated Debtors. Except as set forth in Section 6.1 of the Plan, such substantive consolidation shall not affect the legal and corporate structure of the Debtors nor affect Causes of Action, including Avoidance Actions. For avoidance of doubt, and notwithstanding anything to the contrary herein, all Causes of Action, including all Avoidance Actions, are preserved as they existed immediately before the Effective Date for the Liquidating Trustee to prosecute on behalf of the Liquidating Trust; provided, however, that the proceeds of such Causes of Actions shall be pooled for the purpose of making Distributions under the Plan. The substantive consolidation under this Plan shall not affect or impair any valid, perfected and unavoidable Lien to which the Assets of any Consolidated Debtors are subject in the absence of substantive consolidation under this Plan; provided, however, the substantive consolidation shall not cause any such Lien to secure any Claim which such Lien would not otherwise secure absent such substantive consolidation. Holders of Allowed Claims or Allowed Equity Interests who assert identical Claims against or Equity Interests in multiple Consolidated Debtors shall be entitled to only a single satisfaction of such Claims or Equity Interests.

7.2 Creation of Liquidating Trust. On the Effective Date, the Liquidating Trust shall be created. The Liquidating Trust shall be governed by the Liquidating Trust Agreement, the Plan and the Confirmation Order. The terms of the employment of the Liquidating Trustee shall be set forth in the Liquidating Trust Agreement or the Confirmation Order. On the Effective Date, the Debtors shall transfer all Cash on hand to the Liquidating Trust. All transfers to the Liquidating Trust shall be free and clear of all liens, claims, interests and encumbrances. Except as specifically set forth herein, Holders of Allowed Claims shall look solely to the Liquidating Trust for the satisfaction of their Claims, and Holders of Allowed Claims against TCSL shall look solely to the TCSL Allocation held by the Liquidating Trust. For federal income tax purposes, the transfer of the identified assets to the Liquidating Trust will be deemed to be a transfer to the Holders of Allowed Claims (who are the Liquidating Trust beneficiaries), followed by a deemed transfer by such beneficiaries to the Liquidating Trust.

7.3 Funding of Liquidating Trust. The Liquidating Trust Reserve shall be set aside to fund all expenses of the Liquidating Trust, including the investigation and pursuit of the Consolidated Debtors' and TCSL's Claims and potential Causes of Action. Notwithstanding the foregoing, the retention of counsel to pursue any D&O Claims by the Liquidating Trustee shall be on a contingency fee basis and none of the Liquidating Trust Reserve shall be used to pursue D&O Claims absent unanimous consent of the Oversight Committee which consent shall not be unreasonably withheld.

7.4 The Oversight Committee. On the Effective Date, the Oversight Committee shall be formed. The Oversight Committee shall be comprised of four (4) members designated one each by White Oak, Hillair, the Seller Note Constituents (as a collective group), and the UGHS Trustee at least three (3) Business Days prior to the commencement of the Confirmation Hearing. Any action of the Oversight Committee shall require approval of at least three members unless unanimous consent is specifically required by the Plan. If an Oversight Committee member (other than one appointed on behalf of the Seller Note Constituents) assigns or releases its Claims against the Liquidating Trust or releases the Liquidating Trust of the obligation to pay its Claim, such act shall constitute a resignation from the Oversight Committee. Until a vacancy on the Oversight Committee is filled, the Oversight Committee shall function in its reduced number. Upon Final Distribution, the Oversight Committee shall be dissolved and the members thereof shall be released and discharged of and from all further authority, duties, responsibilities and obligations related to and arising from their service as Oversight Committee members.

ARTICLE 8

CLAIM/INTEREST OBJECTION PROCEDURES, TREATMENT OF DISPUTED CLAIMS/INTERESTS AND PROCEDURES FOR ASSERTING CLAIMS

8.1 Objection Process. Subject to the limitations provided under Article 6 of the Plan, the Liquidating Trustee on behalf of the Liquidating Trust shall have the sole right to object to the allowance of any Claims or Interests provided for under the Plan. Subject to the preceding sentence, all objections shall be litigated to Final Order; provided, however, that the Liquidating Trustee shall have the authority to compromise, settle or otherwise resolve all objections, for any Claim asserted in the amount of \$25,000 or less without approval of the Bankruptcy Court or notice to the Oversight Committee. For all Claims in excess of \$25,000, the Liquidating Trustee shall provide the Oversight Committee with 10 days written notice of any proposed settlement. If no objection is served on the Liquidating Trustee within 10 days of the date of such notice, the Oversight Committee shall be deemed to have consented to such settlement and the Liquidating Trustee may settle such Claim without approval of any other person or Entity. If the Oversight Committee objects to any proposed settlement, the Liquidating Trustee shall either (i) withdraw the settlement; or (ii) bring the matter before the Bankruptcy Court for final resolution after notice and hearing. Unless otherwise ordered by the Bankruptcy Court, the Liquidating Trustee shall file all objections to Claims by no later than 180 days after the Effective Date, except to the extent that such Claims are asserted on or after the Effective Date, in which case, the Liquidating Trustee shall have 180 days' after such asserted claim is filed to file an objection to same. Notwithstanding the foregoing, if the Liquidating Trustee determines, after consultation with the Oversight Committee that an extension of time is warranted, the Liquidating Trustee may seek the Bankruptcy Court's approval to extend such time by a period of 180 days, without prejudice to the Liquidating Trustee's request to seek additional time, with the Oversight Committee's approval. There is no deadline to file objections to Equity Interests.

8.2 Filing of Claims and Causes of Action. Subject to the limitations provided under Articles 6 and 7 of the Plan, the Liquidating Trustee shall have the exclusive right to file and prosecute any Claims and Causes of Action on behalf of the Liquidating Trust, including all derivative Causes of Action. The Liquidating Trustee shall have the authority to compromise, settle or otherwise resolve all Claims and Causes of Action filed or asserted in the amount of \$25,000 or less without approval of the Bankruptcy Court or notice to the Oversight Committee. For all Claims and Causes of Action in excess of \$25,000, the Liquidating Trustee shall provide the Oversight Committee with 10 days' written notice of any proposed settlement. If no objection is served on the Liquidating Trustee within 10 days of the date of such notice, the Oversight Committee shall be deemed to have consented to such settlement and the Liquidating Trustee may settle such Claim or Cause of Action without approval of any other person or Entity. If the Oversight Committee objects to any proposed settlement, the Liquidating Trustee shall either (i) withdraw the settlement; or (ii) bring the matter before the Bankruptcy Court for final resolution after notice and hearing.

ARTICLE 9
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

9.1 Rejection of Executory Contracts and Unexpired Leases.

All executory contracts and unexpired leases that were not assumed and assigned to Cornerstone pursuant to the Cornerstone Purchase Agreement are rejected, unless otherwise dealt with by the Plan or the Confirmation Order, or any other Order of the Court entered prior to the Effective Date, or which is the subject of a motion to assume pending on the Effective Date. To the extent that the Settlement could be deemed an executory contract, it is expressly assumed.

ARTICLE 10
EFFECT OF CONFIRMATION

10.1 Legally Binding Effect.

The provisions of this Plan shall bind all Creditors and Interest Holders, whether or not they accept this Plan. On and after the Effective Date, all Holders of Claims shall be precluded and forever enjoined from asserting any (i) Claim against the Debtors, the Liquidating Trust or their assets or properties based on any transaction or other activity of any kind that occurred prior to the Confirmation Date except as permitted under the Plan; and (ii) derivative claims, including claims against third parties asserting alter ego claims, fraudulent transfer claims, guaranty claims or any type of successor liability based on acts or omissions of the Debtors.

10.2 Limited Protection of Certain Parties in Interest.

Neither (a) the Debtors, the Chief Restructuring Officer or the Liquidating Trustee or, subject to Section 11.1.5 of the Plan, any of their respective employees, officers, directors, agents, representatives, affiliates, attorneys, financial advisors, or any other professional persons employed by any of the Debtors, the Liquidating Trustee or the members of the Oversight Committee, nor (b) each Professional for the Debtors or any of their employees, officers, directors, agents, representatives, affiliates, attorneys, financial advisors, or any other professional persons employed by any of them (the persons identified in (a) and (b) are collectively referred to as “Protected Persons”), shall have or incur any liability to any Person or Entity under any theory of liability for any act or omission occurring on or after the Petition Date in connection with or related to the Debtors, the Chapter 11 Cases, or the Estates, including, but not limited to, (i) formulating, preparing disseminating, implementing, confirming, consummating or administering this Plan (including soliciting acceptances or rejections thereof); or (ii) the Disclosure Statement or any contract, instrument, release or other agreement or document entered into or any action taken or omitted to be taken in connection with this Plan, except for acts constituting willful misconduct, gross negligence, or *ultra vires* activity and in all respects such Protected Persons shall be entitled to rely in good faith upon the advice of counsel. In any action, suit or Legal Proceeding by any Person contesting any action by, or non-action of any Protected Person as constituting willful misconduct, gross negligence, or *ultra vires* activity or not being in good faith, the reasonable attorneys’ fees and costs of the prevailing party will be paid by the losing party and as a condition to going forward with such action, suit, or Legal Proceeding at the outset thereof, all parties thereto will be required to provide appropriate proof

and assurances of their capacity to make such payments of reasonable attorneys' fees and costs in the event they fail to prevail.

10.3 Indemnification.

The Liquidating Trust shall indemnify each Protected Person against any and all costs and expenses (including attorneys' fees) incurred by any of them in defending against post-Confirmation Date claims that are based on actions allegedly taken (or not taken) by them in their respective capacities relating to the Debtors, the Liquidating Trust or this Plan; provided, however, that no Protected Person shall be entitled to indemnification under this Plan for the costs and expenses of defending a cause of action in which it is ultimately judicially determined that such Protected Person was grossly negligent or acted fraudulently or with willful misconduct in performing such Protected Person's duties hereunder or under any Final Order of the Bankruptcy Court or applicable law, or *ultra vires* activity. Any Protected Person entitled to indemnification under this section shall have a priority distribution right that is senior to the Holders of Allowed General Unsecured Claims against the Liquidating Trust. The Liquidating Trustee may use the Liquidating Trust's Assets (as an expense of consummating this Plan) to purchase indemnification insurance to satisfy any potential indemnification claims that may arise under this section.

10.4 Preservation and Retention of Claims and Rights.

Confirmation of this Plan effects no settlement, compromise, waiver or release of any Claim, Cause of Action, Right of Action or claim for relief unless this Plan or the Confirmation Order specifically and unambiguously so provides. The non-disclosure or non-discussion of any particular Claim, Cause of Action, Right of Action or claim for relief is not and shall not be construed as a settlement, compromise, waiver, or release of any such Claim, Cause of Action, Right of Action or claim for relief.

The Debtors, the Liquidating Trust and the Liquidating Trustee reserve and retain any and all claims and rights against any and all third parties, whether such claims and rights arose before, on or after the Petition Date, the Confirmation Date, the Effective Date, the Record Date and/or any Distribution date, including, without limitation, any and all Causes of Action, Rights of Action and/or claims for relief that the Debtors, the Liquidating Trustee or the Liquidating Trust may have against (i) any insurer and/or insurance policies in which either the Debtors and/or their current or former personnel have an insurable or other interest in or right to make a claim against, any other of the Debtors' insurers; (ii) any recipient of a transfer identified in the Debtors' statements of financial affairs, including any amendments thereto, filed in these Chapter 11 Cases based on Causes of Action under chapter 5 of the Bankruptcy Code; or (iii) the current and former officers and directors of the Debtors for, among other things, any breaches of fiduciary duties to the Debtors and any D&O Claims and Other D&O Claims (as such terms are defined in the Plan). Such officers and directors that may be the subject of D&O Claims and Other D&O Claims include, but are not limited to, Donald Sapaugh, Edward Laborde, and Dr. Hassan Chahadeh. The entry of the Confirmation Order shall not constitute *res judicata* or otherwise bar, estop or inhibit any actions by the Debtors, the Liquidating Trust or the Liquidating Trustee relating to any claims, Causes of Action or Rights of Action referred to in Section 10.6 of the Plan, or otherwise. Except as specifically set forth herein, the Liquidating

Trustee shall constitute the representative of the Estates for purposes of retaining, asserting and/or enforcing Rights of Action under § 1123(b)(3)(B) of the Bankruptcy Code. On the Effective Date, the Liquidating Trustee shall be substituted as a party of record in all pending litigation brought by or against the Debtors without need for further order of the Bankruptcy Court.

10.5 Mutual Releases.

Except as otherwise provided in the Plan, as of the Effective Date and to the fullest extent authorized by applicable law, each of the Releasing Parties expressly, unconditionally, generally and individually and collectively releases, acquits and discharges the Released Parties from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative Claims asserted or assertable on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereinafter arising, in law, equity, contract, tort or otherwise, by statute or otherwise, that such Releasing Party (whether individually or collectively), ever had, now has or hereafter can, shall or may have, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring efforts, any preference, fraudulent transfer or other avoidance claim pursuant to sections 544, 547, 548, 549, 550 and 551 of the Bankruptcy Code or any other applicable law, substantial contribution or other administrative claims against the Debtors, the purchase, sale or rescission of the purchase or sale of, or any other transaction relating to any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is affected by or classified in the Plan, the business or contractual arrangements between the Debtors, on the one hand, and the Released Parties, on the other hand, the restructuring of Claims and Interests before or during the Restructuring Transactions implemented by the Plan or any other transaction or other arrangement with the Debtors arising before the Effective Date, the negotiation, formulation or preparation of the Plan, the Settlement, the Disclosure Statement or any related agreements, any instrument or other documents created or entered into in connection with the Disclosure Statement, the Plan, the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place or arising on or before the Effective Date related or relating to any of the foregoing, except for any act or omission that constitutes fraud, gross negligence or willful misconduct as determined by a final order of a court of competent jurisdiction. Notwithstanding anything to the contrary in the foregoing, (a) the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, or any document, instrument, or agreement executed to implement the Plan; and (b) the foregoing releases do not release any claims filed by any of the Releasing Parties as general unsecured claims against any of the debtors in the bankruptcy cases jointly administered under the caption *In re University General Hospital System, Inc*, Case No. 15-31086 (Jointly Administered) (the "Parent/Affiliated Debtors Bankruptcy Cases"), which claims shall be unaffected by the foregoing release and shall be treated in accordance with the claims resolution, allowance and distribution procedures applicable to such claims in such Parent/Affiliated Debtors Bankruptcy Cases.. Finally, with the exception of the Chief Restructuring Officer, no other current or former officer or director of the Debtors shall receive any release under the Plan.

10.6 Exculpation. Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from, any Exculpated Claim; provided that the foregoing “Exculpation” shall have no effect on the liability of any Entity that results from any such act or omission that is determined by a final order to have constituted fraud, gross negligence, willful misconduct, or insider trading. The Exculpated Parties have participated in any and all activities potentially underlying any Exculpated Claim in good faith and in compliance with the applicable laws.

ARTICLE 11

CONFIRMATION OF THE PLAN

11.1 Confirmation Hearing.

Section 1128(a) requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan (“Confirmation Hearing”). The Confirmation Hearing has been scheduled before the Honorable Marvin Isgur, United States Bankruptcy Judge, on June [___], 2017 at __:__ __.m. (Houston time), in Courtroom No. 404, United States Courthouse, 515 Rusk Avenue, Houston, Texas 77002. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except an announcement made at the Confirmation Hearing or any adjournment thereof.

Section 1128(b) provides that any party in interest may object to confirmation of the Plan. However, an impaired Creditor, who votes to accept the Plan, may not have standing to object to the Plan. Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014 and any applicable Local Rules of the Bankruptcy Court. **The deadline for filing objections to confirmation of the Plan is June [___], 2017.** Objections to confirmation must be filed with the Clerk of Court.

**UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY FILED AND SERVED, IT
WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

11.2 Statutory Requirements for Confirmation of the Plan.

At the Confirmation Hearing, the Bankruptcy Court will 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 § 1129 of the Bankruptcy Code, these requirements are as follows:

1. The Plan complies with the applicable provisions of the Bankruptcy Code.
2. The proponent of the Plan complies 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 to be made 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 cases, or in connection with the Plan and incident to the cases, has been approved by, or is subject to the approval of, the Court as reasonable.

5. 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 the appointment to, or continuance in, such office of such individual, is consistent with the interests of Creditors and with public policy; and the proponent of the Plan has disclosed the identity of any insider that will be employed or retained by the Debtor, 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 class of impaired claims or equity interests:

(a) each holder of a claim or interest of such class:

(i) has accepted the Plan; or

(ii) 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 Plan Proponent were liquidated under Chapter 7 of the Bankruptcy Code on such date; or

(b) if § 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 secured 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 § 507(a)(1) or § 507(a)(2) 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 §§ 507(a)(3), 507(a)(4), 507(a)(5) or 507(a)(6) 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 § 507(a)(8) of the Bankruptcy Code, the holder of a claim will receive on account of such claim deferred cash payments, over a period not exceeding six years after the date of assessment of such claim, of a value, as of the effective date of the Plan, equal to the allowed amount of such claim.

10. If a class 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.

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

The Debtors believe that the Plan satisfies all the statutory requirements of Chapter 11 of the Bankruptcy Code, that the Debtors have complied or will have complied with all of the requirements of Chapter 11, and that the proposal of the Plan is made in good faith.

The Debtors further believes that the holders of all Claims impaired under the Plan will receive payments or distributions under the Plan having a present value as of the Effective Date in amounts not less than the amounts likely to be received by such holders if the Debtors were liquidated in a case under Chapter 7 of the Bankruptcy Code.

Finally, as the Plan contemplates the final wind down of the Debtors, the Debtors do not believe that the confirmation of the Plan will likely be followed by the need for further financial reorganization of the Debtors.

11.3 Cramdown.

In the event that any impaired class of Claims does not accept the Plan, the Bankruptcy Court may still confirm the Plan if, as to each impaired class which has not accepted the Plan, the Plan does not discriminate unfairly and is “fair and equitable.” 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 equity interests.

“Fair and equitable” has different meanings with respect to the treatment of secured and unsecured claims. As set forth in § 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 Plan Proponent 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 § 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) for 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.
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) 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.

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. The Debtors believe that the Bankruptcy Court will find these requirements satisfactory and will confirm the Plan.

11.4 Conditions Precedent to Effective Date.

11.4.1 The Confirmation Order, in a form and in substance reasonably satisfactory to the Debtors, shall have been entered by the Bankruptcy Court;

11.4.2 The Confirmation Order approves the Settlement and provides that the Settlement is binding and effective upon all Creditors and Interest Holders in these Chapter 11 Cases;

11.4.3 The Confirmation Order approves the substantive consolidation of the Consolidated Debtors;

11.4.4 The form of all documents necessary or appropriate to give effect to the transactions contemplated under the Plan, if any, have been approved and executed;

11.4.5 All required consents, approvals, and authorizations, if any, have been obtained;

11.4.6 There shall be no stay of the Confirmation Order in effect; and

11.4.7 All other actions, documents and agreements necessary to implement the Plan shall have been effected or executed.

The Effective Date is defined in the Plan as the day selected by the Debtors that is no earlier than the first Business Day after (i) the date the Confirmation Order becomes a Final Order; and (ii) all conditions specified in Article 13 of the Plan have been satisfied or waived.

11.5 Annulment of Plan if Conditions Not Waived or Satisfied.

The Debtors reserve the right to waive any of the conditions precedent to the Effective Date. If any of the conditions precedent are not waived, and are not satisfied within the specified time periods or can no longer occur, the Confirmation Order will be annulled and the Debtors and all parties in interest will return to the *status quo ante* immediately before the entry of the Confirmation Order.

11.6 Retention of Jurisdiction by Bankruptcy Court.

The Court shall retain and have exclusive jurisdiction over these Chapter 11 Case to the maximum extent provided by law for the follow purposes following the Confirmation Date: (i) to determine any and all objections to the allowance and classification of Claims or Interests; (ii) to determine the validity and priority of any Lien; (iii) to determine the Allowed Amount of any Claim, whether secured or unsecured; (iv) to allow any and all applications for allowances of compensation and reimbursement of expenses payable from the Estate; (v) to determine any and all applications or motions pending before the Court on the Effective Date of the Plan, including without limitation any motions for the rejection, assumption or assumption and assignment of any executory contract or unexpired lease; (vi) to consider and approve any modification of the Plan, remedy any defect or omission or reconcile any inconsistency in the Plan, or any order of the Court, including the Confirmation Order; (vii) to hear and determine all controversies, suits and disputes that may arise in connection with the interpretation, enforcement or consummation

of the Plan, the Confirmation Order, any transactions or payments contemplated hereby or any agreement, instrument or other document governing or related to any of the foregoing; (viii) to consider and act on the compromise and settlement of any claim or cause of action by or against the Debtor; (ix) to issue orders in aid of execution and implementation of the Plan and the Confirmation Order, to the extent authorized by 11 U.S.C. § 1142 or provided by the terms of the Plan; and (x) to hear and determine matters concerning federal, state or local taxes in accordance with §§ 346, 505 or 1146 of the Bankruptcy Code.

In no event shall the provisions of the Plan be deemed to confer in the Bankruptcy Court jurisdiction greater than that established by the provisions of 28 U.S.C. §§ 157 and 1334.

ARTICLE 12

COMPROMISES AND SETTLEMENTS

12.1 Effect of Confirmation Order.

12.1.1 Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, the Plan incorporates an integrated compromise and settlement of the White Oak Claim, Hillair Claim, UGHS Trust Claims and the Seller Note Claims, to achieve a beneficial and efficient resolution of these Chapter 11 Cases for all parties in interest. If the Plan becomes effective in accordance with its terms, all Creditors and Claimants shall be deemed to have accepted the Settlement for all purposes in these Chapter 11 Cases.

12.1.2 The Settlement provided for in the Plan and the distributions and other benefits provided for under the Plan, including the mutual release set forth in Section 11.4 of the Plan and the exculpation set forth in Section 11.5 of the Plan, shall be in full satisfaction of the White Oak Claim, Hillair Claim, UGHS Trust Claims and the Seller Note Claims.

12.1.3 The entry of the Confirmation Order shall constitute the Court's approval, as of the Effective Date, of the Settlement and the Court's determination that such compromises and settlements are in the best interests of the Debtors, their estates, creditors and all other parties in interest, and are fair, equitable and within the range of reasonableness. The compromises, settlements and releases described herein shall be deemed nonseverable from each other and from all other terms of the Plan.

12.1.4 In consideration of the distributions and other benefits provided under the Plan, the provisions of the Plan, including the mutual release set forth in Section 11.4 and the exculpation set forth in Section 11.5 of the Plan, shall constitute a good-faith compromise and settlement of the White Oak Claim, Hillair Claim, UGHS Trust Claims and the Seller Note Claims.

12.1.5 Notwithstanding anything herein to the contrary (other than the proviso at the end of this sentence), nothing in this Plan or the Confirmation Order shall release any D&O Claims, release any Claims or causes of action against any current or former officer or director of the Debtors or exculpate any such current or former officer or director of the Debtors from any such Claims or causes of action; *provided, however,*

that notwithstanding the foregoing, the Chief Restructuring Officer, who, as an Exculpated Party, is receiving the releases and exculpations as provided in this Plan.

12.2 Enforcement of the Subordination Agreements. The Subordination Agreement and the TCSL Subordination Agreement shall remain in full force and effect. Accordingly, the distribution to White Oak as the Holder of the Allowed Claim in Class A2 shall be deemed to be made on account of the Seller Note Claims and no further distributions shall be made on account of the Seller Note Claims as Subordinated Claims; provided, however, that nothing in this Plan is intended to effect the right of the Seller Entities to pursue the officers, directors and/or D&O Proceeds of the Debtors.

12.3 Distribution of D&O Proceeds. Notwithstanding anything in the Plan to the contrary (and without regard to the Subordination Agreement), the following provisions shall apply to the distribution of the D&O Proceeds, if any, payable as a result of D&O Claims asserted by either the Liquidating Trustee or the Seller Entities that are subject to coverage under the D&O Policies; provided, however, these provisions only deal with allocation of insurance recoveries and are not intended to limit the amounts recoverable or insurance proceeds payable with respect to any D&O Claims:

12.3.1 In the event D&O Proceeds are paid on account of a D&O Claim under one or more of the D&O Policies for alleged wrong or damage to the Seller Entities or any of their members, if any (collectively, the “Direct Seller Entities’ Claims”), such D&O Proceeds shall be paid to the Seller Entities and/or members of the Seller Entities consistent with any settlement, Order or Judgment disposing of such D&O Claim; provided that such claim is brought by the Seller Entities or any of their members and not the Liquidating Trust.

12.3.2 The following provisions apply to D&O Claims that are not Direct Seller Entities’ Claims:

(A) In the event D&O Proceeds are paid on account of a D&O Claim that are not Direct Seller Entities’ Claims under one or more of the D&O Policies for a Claim attributable to the demand made by the Seller Note Constituents in November 2015 (in respect of the D&O Policy that ran from November 2014 to November 2015 (the “Policy Period”)), and such D&O Claim attributable to the Policy Period has separate limits of coverage that do not reduce the coverage for any subsequent years, then the first \$600,000 of net D&O Proceeds (the “Preferred D&O Return”) on account of such D&O Claim after the payment of D&O Costs shall be paid to the Seller Entities and/or members of the Seller Entities, consistent with any settlement, Order or Judgment disposing of such D&O Claim.

(B) All other D&O Proceeds for payment of D&O Claims (the “Other D&O Proceeds”⁵) and recoveries, if any, from Avoidance Actions will be distributed Pro Rata according to the following sharing ratios:

⁵ For the elimination of doubt, the Other D&O Proceeds do not include (a) Direct Seller Entities’ Claim or (b) Preferred D&O Return.

- a. White Oak –50%;
- b. UGHS Trust – 14%; and
- c. Hillair - 36%

(C) Subject to paragraph (iv) below, no other Creditors or Interest Holders of the Debtors' estates shall be entitled to receive any distributions from the D&O Proceeds.

(D) The UGHS Trust and the Liquidating Trust may, but are not obligated to, coordinate efforts in connection with pursuit of claims against D&O Policies, in their sole and exclusive discretion. Nothing herein is intended to require any coordination of efforts with the Seller Entities with respect to Direct Seller Entities' Claims, if any.

Nothing in the Plan shall: (a) affect, involve or address a distribution of any recovery pursued by the UGHS Trust against any person or entity, including, but not limited to the Debtors' directors and officers; and (b) prevent or interfere with the pursuit of claims by the UGHS Trust against, inter alia, the Debtors' directors and officers, any or all D&O Policies, or coverage under any and all D&O Policies.

ARTICLE 13

MISCELLANEOUS PROVISIONS

13.1 Bar Date for Administrative Claims.

The last day to file an application for allowance of an Administrative Claim (other than (i) quarterly U.S. Trustee fees and (ii) Professional Fee Claims), shall be 21 days after the Effective Date unless otherwise established by a Final Order.

No Administrative Claim, other than Professional Fees and United States Trustee fees, will be paid unless the holder of such Administrative Claim has filed an application for payment of such Administrative Claim on or before the Administrative Claim Bar Date. Upon the filing of any application for payment, the entity seeking payment of an Administrative Claim shall provide notice by United States Mail in accordance with the Bankruptcy Rules. Any Administrative Claim, other than Professional Fees and United States Trustee fees, not filed in accordance with this section shall be barred and the Debtors, the Liquidating Trust and the Liquidating Trustee shall have no liability for payment of any such Administrative Claim.

13.2 Objections to Administrative Claims.

Objections to Applications for payment of Administrative Claims may be filed by any party in interest. In order to be considered, such objections must be filed on or before the 21st day following the date on which the application was filed. Any objections will be determined by the Bankruptcy Court.

13.3 Payment of Professional Claims.

Each holder of a Professional Fee Claim shall be paid in respect of such Professional Fee Claim in Cash, in full, on the Effective Date, or, if such Claim has not been approved by the Bankruptcy Court on or before the Effective Date, promptly after Bankruptcy Court approval of the Professional Fee Claim by a Final Order. Final fee applications for any Professional Fee Claim that has not been approved as of the Effective Date shall be filed within forty-five (45) days of the Effective Date and such applications and objections thereto (if any) shall be filed in accordance with and comply in all respects with the Bankruptcy Code, the Bankruptcy Rules, and applicable local rules. The failure to file an application by the foregoing deadline shall constitute a waiver of all such Professional Fee Claim.

13.4 Payment of United States Trustee Fees.

Within thirty (30) days of the date that such payments are due, the Liquidating Trustee shall pay all amounts owing to the United States Trustee as fees and costs imposed in connection with these Chapter 11 Cases.

13.5 Employee Benefits Plans.

Unless terminated earlier under the terms of the Cornerstone Purchase Agreement, prior to thirty (30) days after the Effective Date, all Employee Benefit Plans shall be terminated in accordance with the applicable provisions of the state and federal law.

13.6 Amendment of the Plan.

The Plan may be amended or modified by the Debtors before, or by the Liquidating Trustee after the Effective Date, as provided in § 1127 of the Bankruptcy Code.

13.7 Timing of Distributions.

Unless otherwise specified herein, all payments and Distributions shall be made on a Payment Date determined by the Liquidating Trustee after consultation with the Oversight Committee. When a provision of this Plan requires that a payment shall be made on a certain date, such payment may be made (i) at any time prior to the date on which such payment is due; (ii) in more frequent intervals than set forth in such provision of the Plan; or (iii) not more than fourteen (14) days after the date any such payment is due. Notwithstanding the foregoing, no payment shall be considered late or otherwise result in a default unless the Liquidating Trustee has failed to make the payment after the passage of 30 days following the receipt by the Liquidating Trustee of a written notice advising that a payment has not been received in accordance with the times set forth in this paragraph.

13.8 Withdrawal of Plan.

If the Debtors withdraw this Plan prior to the Confirmation Date, or if the Confirmation Date or the Effective Date does not occur, then this Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute an admission, waiver or release of any Claims by or against the Debtors, the Estates or any other person, or to prejudice in any manner the rights of the Debtors, the Estates or any person in any further Legal Proceedings involving the Debtors.

13.9 Substantial Consummation.

On the Effective Date, the Plan shall be deemed to be substantially consummated under Bankruptcy Code §§ 1101 and 1127(b).

13.10 Conflict.

Except as otherwise provided in the Plan, to the extent the Confirmation Order and/or the Plan are inconsistent with the Disclosure Statement, any other agreement entered into between the Debtors and any third party, the Plan controls the Disclosure Statement and any such agreements and the Confirmation Order (and any other orders of the Bankruptcy Court) controls the Plan. To the extent that the Plan or the Confirmation Order conflicts with the Liquidating Trust Agreement, first, the Plan shall control the Liquidating Trust Agreement and the Confirmation Order shall control the Plan.

13.11 Severability.

The provisions of the Plan shall not be severable unless such severance is agreed to by the Debtors and such severance would constitute a permissible modification of the Plan pursuant to § 1127 of the Bankruptcy Code.

13.12 Setoffs.

The Liquidating Trustee may, but shall not be required to, set off against any Claims and the payments or Distributions to be made pursuant to the Plan in respect of such Claims, any and all debts, liabilities and claims of every type and nature whatsoever that the Estates or the Liquidating Trust may have against the Holder of any Claim, but neither the failure to do so nor the Allowance of any such Claims, whether pursuant to the Plan or otherwise, shall constitute a waiver or release by the Liquidating Trustee or the Liquidating Trust of any such claims they may have against such Holder of any Claim, and all such claims shall be reserved for and retained by the Liquidating Trustee.

13.13 Other Considerations.

The Plan affords holders of Claims the potential for the greatest realization on the Debtors' assets and, therefore, is in the best interests of such holders. If the Plan is not confirmed, however, the theoretical alternatives include: (a) continuation of the Chapter 11 Case; (b) alternative plans of reorganization/liquidation; (c) liquidation of the Debtors under Chapter 7 of the Bankruptcy Code; and (d) dismissal of the Chapter 11 Case.

13.14 Alternative Plans of Liquidation.

If the Plan is not confirmed, the Debtors or another party in interest in the case could attempt to formulate and propose a different plan or plans. Such plans might, theoretically, involve some other form of reorganization or liquidation of the Debtors' operations and assets. Any alternative plans, however, would likely result in additional administrative expenses to the estate and would provide little or no benefit. The Plan proposed by the Debtors is straightforward, meets the requirements of § 1129 and provides the best outcome for Creditors.

13.15 Liquidation under Chapter 7.

The Debtors do not believe that the case should be converted to Chapter 7. Conversion to Chapter 7 would result in the loss of the Settlement as well as the additional administrative expenses attributable to statutory trustee fees and professional fees for the trustee's professionals. Attached hereto as Schedule 2 is a chart reflecting the Debtors' liquidation analysis.

13.16 Risk Factors.

There are certain risks inherent in the liquidation and administration process under the Bankruptcy Code. If certain standards set forth in the Bankruptcy Code are not met, the Bankruptcy Court will not confirm the Plan even if Creditors and Interest holders accept the Plan. Although the Debtors believe that the Plan meets such standards, there can be no assurance that the Bankruptcy Court will reach the same conclusion. If the Bankruptcy Court were to determine that such requirements were not met, it could require the Debtors to re-solicit acceptances, which could delay and/or jeopardize confirmation of the Plan. The Debtors believe that the solicitation of votes on the Plan will comply with § 1126(b) and that the Bankruptcy Court will confirm the Plan. The Debtors cannot, however, provide assurance that modifications of the Plan will not be required to obtain confirmation of the Plan, or that such modifications will not require a re-solicitation of acceptances.

13.17 Taxation.

13.17.1 Introduction.

The following discussion summarizes certain federal income tax consequences of the transactions described herein and in the Plan. This discussion is for informational purposes only and does not constitute tax advice. This summary is based upon the Internal Revenue Code and the Treasury Regulations promulgated thereunder, including judicial authority and current administrative rulings and practice as of the date of this Disclosure Statement and will not be updated for subsequent tax or factual developments. Neither the impact on foreign holders of claims and equity interests nor the tax consequences of these transactions under state and local law is discussed. Also, special tax considerations not discussed herein may be applicable to certain classes of taxpayers, such as financial institutions, broker-dealers, insurance companies, mutual funds, regulated investment companies, real estate investment trusts, trusts, S corporations, dealers and traders in securities and currencies, partnerships and other entities classified as partnerships for federal tax purposes and tax-exempt organizations. Furthermore, due to the complexity of the transactions contemplated in the Plan, and the unsettled status of many of the tax issues involved, the tax consequences described below are subject to significant uncertainties including subsequent legislative and other tax changes. No opinion of counsel has been obtained and no ruling has been requested from the Internal Revenue Service ("IRS") on these or any other tax issues. There can be no assurance that the IRS will not challenge any or all of the tax consequences of the Plan, or that such a challenge, if asserted, would not be sustained. **HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS ARE THEREFORE URGED TO CONSULT WITH THEIR TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.**

13.17.2 Tax Consequences to the Debtors and Equity Interest Holders.

The Debtors will realize cancellation of indebtedness (“COI”) income in respect of each Claim generally in an amount equal to the excess, if any, of (i) the portion of the Claim (including accrued and previously deducted but unpaid interest) from which the Debtor is (or is deemed to be) discharged; and (ii) the sum of any cash or the “issue price,” under the Internal Revenue Code of 1986 (the “Internal Revenue Code”) §§ 1273(b) and 1274, of any debt obligations distributed under the Plan in discharge of such Claims. The exact amount of COI income realized upon consummation of the Plan has not been finally determined. Under the Internal Revenue Code, a taxpayer is generally required to include COI income in gross income. COI income is not includable in gross income, however, if it occurs in a case under the Bankruptcy Code, provided the taxpayer is under the jurisdiction of a Court in such case and the cancellation of indebtedness is granted by the Court or is pursuant to a plan approved by the Court. The Debtors’ COI income, if any, resulting from the Plan should satisfy these requirements, and, therefore, should not result in recognition of gross income to the Debtors. COI income that is excluded from gross income will reduce certain tax attributes of the taxpayer, including net operating loss suspended under Internal Revenue Code Section 1361(d) (hereinafter “NOLs”) carryovers, capital loss carryovers and the tax basis of assets, in a specified order of priority beginning with the NOLs and NOL carryovers, unless the taxpayer elects to have the reduction applied first to the tax basis of depreciable assets. The reduction of tax basis is limited to the excess of (i) the aggregate of the tax bases of the taxpayer’s property (determined immediately after the discharge); and (ii) the aggregate liabilities of the taxpayer (determined immediately after the discharge). The exclusion for COI is deemed to occur immediately following the end of the Debtors’ tax year, and not during the tax year.

The Debtors will recognize gain or loss on the sale of assets to third parties equal to the sales price of such assets less the Debtors’ adjusted tax basis in such properties. The sales price includes all indebtedness assumed by a buyer as well as all other consideration received by the Debtors. The amount and tax character of such gain and loss will depend on the applicable facts and circumstances.

To the extent any proceeds from the sale of assets of the Debtors remain after satisfaction of all Allowed Claims and Interests in accordance with the Bankruptcy Code, the Liquidating Trustee will distribute any remaining amounts to the Equity Interest Holders of Debtors. It is anticipated that any such distributions will be treated as redemptions for U.S. federal income tax purposes, with gain or loss resulting to each such Equity Interest Holder on the difference between the amount so distributed to such Equity Interest Holder and such Equity Interest Holder’s U.S. federal income tax basis in their Debtor shares redeemed or deemed redeemed in connection with such distribution. Such gain or loss will as a general matter likely constitute a capital gain or loss, and individual Equity Interest Holders of Debtors who have held their shares in Debtors to which such distributions relate for in excess of one (1) year may be entitled to reduced long-term capital gain rates.

13.17.3 Tax Consequences to Creditors.

In General. The federal income tax consequences of the implementation of the Plan to a holder of a Claim will depend, among other things, on: (a) whether its Claim constitutes a debt or security for federal income tax purposes, (b) whether the Claimant receives consideration in

more than one tax year, (c) whether the Claimant is a resident of the United States, (d) whether all the consideration by the Claimant is deemed to be received by that Claimant as part of an integrated transaction, (e) whether the Claimant utilizes the accrual or cash method of accounting for tax purposes, and (f) whether the holder has previously taken a bad debt deduction or worthless security deduction with respect to the Claim.

Gain or Loss on Exchange. Generally, a holder of an Allowed Claim will realize a gain or loss on the exchange under the Plan of his Allowed Claim for cash and other property in an amount equal to the difference between (i) the sum of the amount of any cash and the fair market value on the date of the exchange of any other property received by the holder (other than any consideration attributable to accrued but unpaid interest on the Allowed Claim), and (ii) the adjusted basis of the Allowed Claim exchanged therefore (other than basis attributable to accrued but unpaid interest previously included in the holder's taxable income). Any gain recognized generally will be a capital gain (except to the extent the gain is attributable to accrued but unpaid interest or accrued market discount, as described below) if the Claim was a capital asset in the hand of an exchanging holder, and such gain would be a long-term capital gain if the holder's holding period for the Claim surrendered exceeded one (1) year at the time of the exchange.

The tax treatment of an Allowed Claim for accrued unpaid interest will depend on the Claimant's tax basis in such Claim, which primarily depends on whether the Claimant has previously recognized income for the accrual of such interest and/or recognized a loss with respect to same. Any such holders should consult with their tax advisors regarding the tax treatment of any such accrued unpaid interest.

Any loss recognized by a holder of an Allowed Claim will be a capital loss if the Claim constitutes a "security" for federal income tax purposes or is otherwise held as a capital asset. For this purpose, a "security" is a debt instrument with interest coupons or in registered form.

13.17.4 Information Reporting and Backup Withholding.

Under the backup withholding rules of the Internal Revenue Code, holders of Claims and Equity Interest Holders may be subject to backup withholding with respect to payments made pursuant to the Plan unless such holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (ii) provides a correct taxpayer identification number and certifies under penalties of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividends and interest income. Any amount withheld under these rules will be credited against the holder's federal income tax liability. Holders of Claims and Equity Interests may be required to establish exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

13.17.5 Importance of Obtaining Professional Assistance.

THE FOREGOING IS INTENDED TO BE A SUMMARY ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FEDERAL, STATE, AND FOREIGN TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN MANY AREAS, UNCERTAIN. TO COMPLY WITH TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT, THE PLAN OR ANY RELATED MATERIALS, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY YOU, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON YOU UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; AND (B) ANY SUCH DISCUSSIONS ARE BEING USED ONLY IN CONNECTION WITH SATISFYING THE REQUIREMENTS IMPOSED UNDER THE BANKRUPTCY CODE FOR DISCLOSURE STATEMENTS, AND (C) YOU SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR WITH RESPECT TO YOUR FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES BASED ON YOUR PARTICULAR CIRCUMSTANCES.

ARTICLE 14
CAUSES OF ACTION

14.1 Preferences.

Under the Bankruptcy Code, the Debtors may recover certain preferential transfers of property, including cash, made while insolvent during the 90 days immediately prior to the filing of the bankruptcy petition with respect to pre-existing debts, to the extent the transferee received more than it would have in respect of the pre-existing debt had the Debtors been liquidated under Chapter 7 of the Bankruptcy Code. In the case of “insiders,” the Bankruptcy Code provides for a one-year preference period. There are certain defenses to such recoveries. Transfers made in the ordinary course of the Debtors’ and transferee’s business according to the ordinary business terms in respect of debts less than 90 days before the filing of a bankruptcy are not recoverable. Additionally, if the transferee extended credit subsequent to the transfer (and prior to the commencement of the bankruptcy case), such extension of credit may constitute a defense to recovery, to the extent of any new value, against an otherwise recoverable transfer of property. If a transfer is recovered by the Liquidating Trustee, the transferee has a General Unsecured Claim to the extent of the recovery. The Debtors/Liquidating Trustee reserve the right to bring preferential transfer claims against the parties identified as receiving transfers within 90 days of the Petition Date in the Statement of Financial Affairs.

14.2 Fraudulent Transfers.

Under the Bankruptcy Code and various state laws, the Debtors may recover certain transfers of property, including the grant of a security interest in property, made while insolvent or which rendered the Debtors insolvent. The Debtors/Liquidating Trustee reserves the right to bring fraudulent conveyance claims.

The Debtors have not conducted a detailed analysis of potential recoveries under Chapter 5 of the Bankruptcy Code but believe that potential claims may exist. A list of the known payments is set forth in the Debtors' statements of financial affairs, which are incorporated herein. **Creditors, Interest Holders and parties-in-interest are advised that if they received a voidable transfer, they may be sued whether or not they vote to accept the Plan.** All avoidance actions and rights pursuant to §§ 506(c), 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552(b), 553 and 724 of the Bankruptcy Code and all causes of action under state, federal or other applicable law shall be retained and may be prosecuted or settled by the Liquidating Trustee in her sole discretion. To the extent that material amounts are recovered, it will enhance the returns to the holders of Unsecured Claims.

14.3 D&O Claims.

The Plan expressly preserves D&O Claims, defined as litigation and claims predicated on direct or derivative claims of (a) the Debtors (including, without limitation, claims asserted in any letters that make claims or allege matters that give rise to claims under any D&O Policies) or (b) the Seller Entities, asserted or brought or that may be asserted or brought in the future against the Debtors' current or former officers and directors for, among other things, breach of their fiduciary duties or other matters covered under the D&O Policies by or on behalf of the Debtors, the Liquidating Trustee and/or the Seller Entities.

ARTICLE 15 VOTING PROCEDURES AND REQUIREMENTS

15.1 Ballots and Voting Deadline.

A ballot to be used to vote to accept or reject the Plan is enclosed with this Disclosure Statement. A Creditor who is voting must (1) carefully review the ballot and instructions thereon, (2) complete and execute the ballot indicating the Creditor's vote to either accept or reject the Plan, and (3) return the executed ballot to the address indicated thereon by the deadline specified by the Bankruptcy Court.

The Bankruptcy Court has directed that, to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received by the Debtors no later than June [___], 2017.

If you hold an impaired Claim against the Debtor, return your ballot to:

CohnReznick LLP
Attn: Roberta Probber
4 Becker Farm Road
Roseland, NJ 07068

**TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED
NO LATER THAN JUNE [___], 2017**

15.2 Creditors Entitled to Vote.

Any Creditor whose Claim is impaired under the Plan is entitled to vote, if either (i) the Debtors have scheduled its Claim on its Statement of Liabilities and such Claim is not scheduled as disputed, contingent or unliquidated, or (ii) such Creditor has filed a Proof of Claim on or before the last date set by the Bankruptcy Court for filing Proofs of Claim and no objection has been filed to such Claim.

Holders of Disputed Claims are not entitled to vote on the Plan. Any Claim to which an objection has been filed and remains pending, is not entitled to vote unless the Bankruptcy Court, upon motion by the Creditor who holds a Disputed Claim, temporarily allows the Claim in an amount that it deems proper for accepting or rejecting the Plan. Any such motion must be heard and determined by the Bankruptcy Court before the date established by the Bankruptcy Court as the final date to vote on the Plan. In addition, a vote may be disregarded if the Bankruptcy Court determines that the acceptance or rejection of the Plan by the Creditor was not solicited or obtained in good faith or according to the provisions of the Bankruptcy Code.

Classes of Claims that are not impaired are deemed to have accepted a plan of reorganization pursuant to § 1126(f) and, therefore, are not entitled to vote on a plan. Pursuant to § 1126, only classes of claims or interests that are “impaired” are entitled to vote on a plan of reorganization. Generally, a claim is impaired if the plan of reorganization alters the legal, equitable, or contractual rights to which the holder of such claim is otherwise entitled.

15.3 Voting Procedures.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, revocation, or withdrawal of Ballots will be determined by the Debtors, in their sole discretion, and the Debtors’ determination will be final and binding. The Debtors also reserve the right to reject any Ballot not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The Debtors further reserve the right to waive any defects or irregularities or conditions or delivery as to any particular Ballot. The interpretation by the Debtors of the provisions of this Disclosure Statement and the Ballots will be final and binding on all parties in interest unless otherwise directed by the Bankruptcy Court. Unless waived, any defects or irregularities concerning deliveries of Ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine. Neither the Debtors nor any other Person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liability for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of Ballots will not be deemed to have been made and will be invalidated unless or until all defects and irregularities have been timely cured or waived.

15.4 Vote Required for Class Acceptance.

The Bankruptcy Code defines acceptance of a chapter 11 plan by a class of Claims as the acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half in number of the allowed Claims of the class actually voting to accept or reject the proposed plan.

The Bankruptcy Code defines acceptance of a chapter 11 plan by a class of Interests as the acceptance by holders of at least two-thirds (2/3) in amount of the allowed Interests in the class actually voting to accept or reject the proposed plan.

15.5 Cramdown.

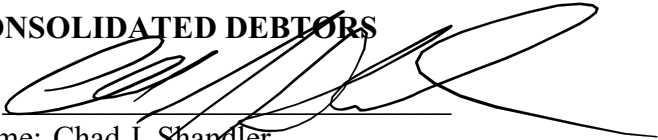
If the Plan is not accepted by all classes of impaired Creditors, the Debtors reserve the right to withdraw the Plan. If the Plan is accepted by one or more Classes of impaired Creditors, the Debtors reserve the right to request the Bankruptcy Court to approve the Plan under 11 U.S.C. § 1129(b).

THE DEBTORS STRONGLY URGES ALL IMPAIRED CREDITORS TO VOTE TO ACCEPT THE PLAN.

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Date: May 2, 2017.


CONSOLIDATED DEBTORS

By: 

Name: Chad J. Shandler

Title: Chief Restructuring Officer

TRINITYCARE SENIOR LIVING, LLC

By: 

Name: Chad J. Shandler

Title: Chief Restructuring Officer

SCHEDULE 1

March 2017 Monthly Operating Report

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

PETITION DATE: NOVEMBER 10, 2015

UGHS SENIOR LIVING, INC., et al., Case No. 15-80399 (Jointly Administered)

MOR-1 MONTHLY OPERATING REPORT SUMMARY FOR MARCH 01, 2017 to MARCH 31, 2017

DEBTOR Case Number	UGHS Senior Living, Inc. 15-80399	TrinityCare Senior Living, LLC 15-80400	UGHS Senior Living Real Estate of Port Lavaca, LLC 15-80401	UGHS Senior Living Real Estate of Pearland, LLC 15-80402	UGHS Senior Living Real Estate of Knoxville, LLC 15-80403	UGHS Senior Living of Pearland, LLC 15-80404	UGHS Senior Living of Lavaca, LLC 15-80405	UGHS Senior Living of Knoxville, LLC 15-80406	TrinityCare Senior Living of Covington, LLC 15-80407	TrinityCare Lighthouse of Pearland, LLC 15-80408	UGHS Senior Living Real Estate, LLC 15-80409
REVENUES (MOR-6)	\$ (19,399.02)	\$ (117.13)	\$ (25.18)	\$ (24.62)	\$ (37.99)	\$ (466.23)	\$ (301.85)	\$ (10.00)	\$ -	\$ -	\$ -
INCOME BEFORE INT. DEP. TAX (MOR-6)	(19,399.02)	(117.13)	(25.18)	(24.62)	(37.99)	(466.23)	(301.85)	(10.00)	-	-	-
NET INCOME (LOSS) (MOR-6)	(19,399.02)	(117.13)	(25.18)	(24.62)	(37.99)	(466.23)	(301.85)	(9.84)	-	-	-
PAYMENTS TO INSIDERS (MOR-9)	-	-	-	-	-	-	-	-	-	-	-
PAYMENTS TO PROFESSIONALS (MOR-9)	105,679.00	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS (MOR-7)	105,591.02	117.13	25.18	24.62	37.99	466.23	301.85	10.00	-	-	-

*** The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee ***

REQUIRED INSURANCE MAINTAINED AS OF SIGNATURE DATE

DEBTOR Case Number	UGHS Senior Living, Inc. 15-80399	TrinityCare Senior Living, LLC 15-80400	UGHS Senior Living Real Estate of Port Lavaca, LLC 15-80401	UGHS Senior Living Real Estate of Pearland, LLC 15-80402	UGHS Senior Living Real Estate of Knoxville, LLC 15-80403	UGHS Senior Living of Pearland, LLC 15-80404	UGHS Senior Living of Lavaca, LLC 15-80405	UGHS Senior Living of Knoxville, LLC 15-80406	TrinityCare Senior Living of Covington, LLC 15-80407	TrinityCare Lighthouse of Pearland, LLC 15-80408	UGHS Senior Living Real Estate, LLC 15-80409
PROPERTY / CASUALTY (Yes/No/N.A.)	N/A	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	N/A
Expiration Date	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LIABILITY (Yes/No/N.A.)	N/A	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	N/A
Expiration Date	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VEHICLE (Yes/No/N.A.)	N/A	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	N/A
Expiration Date	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
WORKER'S COMP. (Yes/No/N.A.)	N/A	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	see footnote 1	N/A
Expiration Date	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
OTHER 1 (Yes/No/N.A.)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expiration Date	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
OTHER 2 (Yes/No/N.A.)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expiration Date	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(i) The Debtors no longer have employees or assets as the assets have been sold.

ATTORNEY NAW JOHN F. HIGGINS
ATTORNEY NAW AARON J. POWER
FIRM: PORTER HEDGES LLP
ADDRESS: 1000 MAIN STREET, 36TH FLOOR
CITY, STATE, ZIP HOUSTON, TX 77002
TELEPHONE: 713.266.2000

I certify under penalty of perjury that the following complete Monthly Operating Report (MOR), consisting of MOR-1 through MOR-9 plus attachments, is true and correct.

SIGNED: 
TITLE: CHIEF RESTRUCTURING OFFICER

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UGHS SENIOR LIVING, INC., et al., Case No. 15-80399 (Jointly Administered)

PETITION DATE: NOVEMBER 10, 2015

MOR-1 QUESTIONNAIRE FOR MARCH 31, 2017

DEBTOR Case Number	UGHS Senior Living, Inc. 15-80399	TrinityCare Senior Living, LLC 15-80400	UGHS Senior Living Real Estate of Port Lavaca, LLC 15-80401	UGHS Senior Living Real Estate of Pearland, LLC 15-80402	UGHS Senior Living Real Estate of Knoxville, LLC 15-80403	UGHS Senior Living of Pearland, LLC 15-80404	UGHS Senior Living of Lavaca, LLC 15-80405	UGHS Senior Living of Knoxville, LLC 15-80406	TrinityCare Senior Living of Covington, LLC 15-80407	TrinityCare Lighthouse of Pearland, LLC 15-80408	UGHS Senior Living Real Estate, LLC 15-80409
Are all accounts receivable being collected within terms? (Yes / No / Footnote)	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A
Are all post-petition liabilities, including taxes, being paid within terms? (Yes / No / Footnote)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A
Have any pre-petition liabilities been paid? If so, describe. (Yes / No / Footnote)	No	No	No	No	No	No	No	No	N/A	N/A	N/A
Are all funds received being deposited into DIP bank accounts? (Yes / No / Footnote)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A
Were any assets disposed of outside of the normal course of business? If so, describe. (Yes / No / Footnote)	No	No	No	No	No	No	No	No	No	No	No
Are all U.S. Trustee Quarterly Fee Payments current? (Yes / No / Footnote)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
What is the status of your Plan of Reorganization? (Footnote)	Footnote 1	Footnote 1	Footnote 1	Footnote 1	Footnote 1	Footnote 1	Footnote 1	Footnote 1	Footnote 1	Footnote 1	Footnote 1

Footnotes:
(1) Plan of Reorganization is currently under development.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UGHS SENIOR LIVING, INC., et al., Case No. 15-80399 (Jointly Administered)

PETITION DATE: NOVEMBER 10, 2015

MOR-2 BALANCE SHEET ASSETS AS OF MARCH 31, 2017

DEBTOR Case Number	UGHS Senior Living, Inc. 15-80399	TrinityCare Senior Living, LLC 15-80400	UGHS Senior Estate of Port Lavaca, LLC 15-80401	UGHS Senior Living Real Estate of Pearland, LLC 15-80402	UGHS Senior Living Real Estate of Knoxville, LLC 15-80403	UGHS Senior Living of Pearland, LLC 15-80404	UGHS Senior Living of Port Lavaca, LLC 15-80405	UGHS Senior Living of Knoxville, LLC 15-80406	TrinityCare Senior Living of Covington, LLC 15-80407	TrinityCare Lighthouse of Pearland, LLC 15-80408	UGHS Senior Living Real Estate, LLC 15-80409
ASSETS											
CURRENT ASSETS											
Cash	\$ 5,394,020.39	\$ 6,256.54	\$ 686.66	\$ 50,915.74	\$ 18,794.75	\$ 89,572.87	\$ 36,568.07	\$ 30,158.13	\$ -	\$ -	\$ -
Accounts Receivable, Net	-	-	-	-	-	-	-	-	-	-	-
Inventory: Lower of Cost or Market	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Other (Attach List)	408,771.48	1,164,518.71	41,314.99	48,360.49	51,203.26	93,031.71	(84,464.41)	(361,241.01)	-	-	-
TOTAL CURRENT ASSETS	5,802,791.87	1,170,775.25	42,001.65	99,276.23	69,938.01	182,604.58	(47,896.34)	(331,082.88)	-	-	-
PROPERTY, PLANT & EQUIP, AT COST	-	-	-	-	-	-	-	-	-	-	-
Less Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-
NET BOOK VALUE OF PP&E	-	-	-	-	-	-	-	-	-	-	-
OTHER ASSETS:											
1. Goodwill & Intangibles	-	-	-	-	-	-	-	-	-	-	-
2. Other	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 5,802,791.87	\$ 1,170,775.25	\$ 42,001.65	\$ 99,276.23	\$ 69,938.01	\$ 182,604.58	\$ (47,896.34)	\$ (331,082.88)	\$ -	\$ -	\$ -
OTHER CURRENT ASSETS											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Intercompany Receivables (1)	360,250.48	894,746.39	41,314.99	48,360.49	51,203.26	492,852.20	282,843.53	5,000.00	-	-	-
Intercompany Rec - UGHS, Inc.	48,481.00	269,772.32	-	-	-	(399,820.49)	(367,307.94)	(366,241.01)	-	-	-
Undeposited Funds	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER CURRENT ASSETS	408,771.48	1,164,518.71	41,314.99	48,360.49	51,203.26	93,031.71	(84,464.41)	(361,241.01)	-	-	-
OTHER ASSETS											
1. Lighthouse Project	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER CURRENT ASSETS	-	-	-	-	-	-	-	-	-	-	-

(1) Does not reflect receivables from UGHS Senior Living based on purchase price. The allocation of the purchase price is to be determined.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UGHS SENIOR LIVING, INC., et al., Case No. 15-80399 (Jointly Administered)

PETITION DATE: NOVEMBER 10, 2015

MOR-3 BALANCE SHEET LIABILITIES & OWNERS' EQUITY AS OF MARCH 31, 2017

DEBTOR Case Number	UGHS Senior Living, Inc. 15-80399	UGHS Senior Living, LLC 15-80400	UGHS Senior Living Real Estate of Port Lavaca, LLC 15-80401	UGHS Senior Living Real Estate of Pearland, LLC 15-80402	UGHS Senior Living Real Estate of Knoxville, LLC 15-80403	UGHS Senior Living of Pearland, LLC 15-80404	UGHS Senior Living of Port Lavaca, LLC 15-80405	UGHS Senior Living of Knoxville, LLC 15-80406	TrinityCare Senior Living of Covington, LLC 15-80407	TrinityCare Lighthouse of Pearland, LLC 15-80408	UGHS Senior Living Real Estate, LLC 15-80409
LIABILITIES											
POST-PETITION LIABILITIES (MOR-4)	\$ 64,816.17	\$ 4,472.66	\$ 32,489.71	\$ 10,650.00	\$ 10,650.00	\$ 87,005.14	\$ 135,066.31	\$ 144,718.17	\$ 1,950.00	\$ 1,950.00	\$ 1,950.00
PRE-PETITION LIABILITIES:											
Notes Payable - Secured	-	-	-	-	-	-	-	-	-	-	-
Priority Debt	-	-	-	-	-	-	-	-	-	-	-
Federal Income Tax	-	-	-	-	-	-	-	-	-	-	-
FICA/Withholding	-	-	-	-	-	-	-	-	-	-	-
Unsecured Debt	2,674,531	418,581	-	5,472	-	3,037	102,067	30,314	-	-	-
Intercompany Liability	1,764,732	48,229	975	41,688	31,941	82,685	911,063	226,932	-	-	-
Intercompany Liability - UGHS, Inc.	-	(146,243)	485,000	-	-	(249,730)	2,017,657	654,405	-	-	-
TOTAL PRE-PETITION LIABILITIES	4,439,263.08	320,566.96	485,975.00	47,159.62	31,941.38	(164,007.70)	3,030,787.61	911,650.86	-	-	-
TOTAL LIABILITIES	\$ 4,504,079.25	\$ 325,039.62	\$ 518,464.71	\$ 57,809.62	\$ 42,591.38	\$ (77,002.56)	\$ 3,165,853.92	\$ 1,056,369.03	\$ 1,950.00	\$ 1,950.00	\$ 1,950.00
OWNERS EQUITY (DEFICIT):											
PREFERRED STOCK	-	-	-	-	-	-	-	-	-	-	-
COMMON STOCK	-	-	-	-	-	-	-	-	-	-	-
ADDITIONAL PAID-IN CAPITAL	-	-	-	-	-	-	-	-	-	-	-
RETAINED EARNINGS: Filing Date	(4,390,782.08)	8,605,416.02	133,536.44	1,606,669.35	1,045,677.11	1,945,724.44	1,225,176.26	967,562.33	-	-	-
RETAINED EARNINGS: Post Filing Date	5,689,494.70	(7,759,680.39)	(609,999.50)	(1,565,202.74)	(1,018,330.48)	(1,686,117.30)	(4,438,926.52)	(2,355,014.24)	(1,950.00)	(1,950.00)	(1,950.00)
TOTAL OWNER'S EQUITY (NET WORTH)	1,298,712.62	845,735.63	(476,463.06)	41,466.61	273,466.63	259,607.14	(3,213,750.26)	(1,387,451.91)	(1,950.00)	(1,950.00)	(1,950.00)
TOTAL LIABILITIES & OWNER'S EQUITY	\$ 5,802,791.87	\$ 1,170,775.25	\$ 42,001.65	\$ 99,276.23	\$ 69,938.01	\$ 182,604.58	\$ (47,896.34)	\$ (331,082.88)	\$ -	\$ -	\$ -

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UGHS SENIOR LIVING, INC., et al., Case No. 15-80399 (Jointly Administered)

PETITION DATE: NOVEMBER 10, 2015

MOR-4 POST-PETITION LIABILITIES AS OF MARCH 31, 2017

DEBTOR Case Number	UGHS Senior Living, Inc. 15-80399	TrinityCare Senior Living, LLC 15-80400	UGHS Senior Living Real Estate of Port Lavaca, LLC 15-80401	UGHS Senior Living Real Estate of Pearland, LLC 15-80402	UGHS Senior Living Real Estate of Knoxville, LLC 15-80403	UGHS Senior Living of Pearland, LLC 15-80404	UGHS Senior Living of Port Lavaca, LLC 15-80405	UGHS Senior Living of Knoxville, LLC 15-80406	TrinityCare Senior Living of Covington, LLC 15-80407	TrinityCare Lighthouse of Pearland, LLC 15-80408	UGHS Senior Living Real Estate, LLC 15-80409
TRADE ACCOUNTS PAYABLE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TAX PAYABLE:											
Federal Payroll Taxes	-	-	-	-	-	-	-	-	-	-	-
State Payroll & Sales	-	-	-	-	-	-	-	-	-	-	-
Ad Valorem Taxes	-	-	-	-	-	-	-	-	-	-	-
Other Taxes	-	-	-	-	-	-	-	-	-	-	-
TOTAL TAXES PAYABLE	-	-	-	-	-	-	-	-	-	-	-
SECURED DEBT POST-PETITION											
ACCRUED INTEREST PAYABLE	-	-	-	-	-	-	-	-	-	-	-
ACCRUED PROFESSIONAL FEES (1)	62,866	-	-	-	-	-	-	-	-	-	-
OTHER ACCRUED LIABILITIES:											
1. Accrued Payroll	-	-	-	-	-	-	-	-	-	-	-
2. Accrued Expenses	-	-	-	-	-	-	-	-	-	-	-
3. Intercompany Liability	-	4,148	32,165	10,325	10,325	86,680	134,741	144,393	1,625	1,625	1,625
4. Accrued Trustee Fees	1,950	325	325	325	325	325	325	325	325	325	325
5. Other Liabilities	-	-	-	-	-	-	-	-	-	-	-
TOTAL POST-PETITION LIABILITIES (MOR-3)	\$ 64,816	\$ 4,473	\$ 32,490	\$ 10,650	\$ 10,650	\$ 87,005	\$ 135,066	\$ 144,718	\$ 1,950	\$ 1,950	\$ 1,950

Footnotes:
(1) Payment requires court approval.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UGHS SENIOR LIVING, INC., et al., Case No. 15-80399 (Jointly Administered)

PETITION DATE: NOVEMBER 10, 2015

MOR-5a AGING OF POST-PETITION LIABILITIES AS OF MARCH 31, 2017 (Excludes Intercompany)

DEBTOR Case Number	UGHS Senior Living, Inc. 15-80399	TrinityCare Senior Living, LLC 15-80400	UGHS Senior Living Real Estate of Port Lavaca, LLC 15-80401	UGHS Senior Living Real Estate of Pearland, LLC 15-80402	UGHS Senior Living Real Estate of Knoxville, LLC 15-80403	UGHS Senior Living of Pearland, LLC 15-80404	UGHS Senior Living of Port Lavaca, LLC 15-80405	UGHS Senior Living of Knoxville, LLC 15-80406	TrinityCare Senior Living of Covington, LLC 15-80407	TrinityCare Lighthouse of Pearland, LLC 15-80408	UGHS Senior Living Real Estate, LLC 15-80409
0-30 DAYS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31-60 DAYS	-	-	-	-	-	-	-	-	-	-	-
61-90 DAYS	-	-	-	-	-	-	-	-	-	-	-
90+ DAYS	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Includes accrued payroll and other accrued expenses.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UGHS SENIOR LIVING, INC., et al., Case No. 15-80399 (Jointly Administered)

PETITION DATE: NOVEMBER 10, 2015

MOR-6 INCOME STATEMENT FOR MARCH 01, 2017 THROUGH MARCH 31, 2017

DEBTOR Case Number	UGHS Senior Living, Inc. 15-80399	TrinityCare Senior Living, LLC 15-80400	UGHS Senior Living Real Estate of Port Lavaca, LLC 15-80401	UGHS Senior Living Real Estate of Pearland, LLC 15-80402	UGHS Senior Living Real Estate of Knoxville, LLC 15-80403	UGHS Senior Living of Pearland, LLC 15-80404	UGHS Senior Living of Port Lavaca, LLC 15-80405	UGHS Senior Living of Knoxville, LLC 15-80406	TrinityCare Senior Living of Covington, LLC 15-80407	TrinityCare Lighthouse of Pearland, LLC 15-80408	UGHS Senior Living Real Estate, LLC 15-80409
REVENUES (MOR-1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL COST OF REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GROSS PROFIT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES:											
Salaries & Wages	-	-	-	-	-	-	-	-	-	-	-
General & Administrative	(87.98)	117.13	25.18	24.62	37.99	466.23	301.85	10.00	-	-	-
Insiders Compensation	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	19,162.00	-	-	-	-	-	-	-	-	-	-
Other (Attach List)	325.00	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES	19,399.02	117.13	25.18	24.62	37.99	466.23	301.85	10.00	-	-	-
INCOME BEFORE INT, DEPR/TAX (MOR-1)	(19,399.02)	(117.13)	(25.18)	(24.62)	(37.99)	(466.23)	(301.85)	(10.00)	-	-	-
INTEREST EXPENSE	-	-	-	-	-	-	-	-	-	-	-
DEPRECIATION / AMORTIZATION	-	-	-	-	-	-	-	-	-	-	-
OTHER (INCOME) EXPENSE	-	-	-	-	(0.16)	-	(0.12)	(0.16)	-	-	-
OTHER ITEMS	-	-	-	-	-	-	-	-	-	-	-
TOTAL INT, DEPR & OTHER ITEMS	-	-	-	-	(0.16)	-	(0.12)	(0.16)	-	-	-
NET INCOME BEFORE TAXES	(19,399.02)	(117.13)	(25.18)	(24.62)	(37.83)	(466.23)	(301.73)	(9.84)	-	-	-
FEDERAL INCOME TAXES	-	-	-	-	-	-	-	-	-	-	-
NET INCOME (LOSS) (MOR-1)	\$ (19,399.02)	\$ (117.13)	\$ (25.18)	\$ (24.62)	\$ (37.83)	\$ (466.23)	\$ (301.73)	\$ (9.84)	\$ -	\$ -	\$ -
OTHER OPERATING EXPENSES											
DINING	-	-	-	-	-	-	-	-	-	-	-
REPAIR AND MAINTENANCE	-	-	-	-	-	-	-	-	-	-	-
RESIDENT ACTIVITIES	-	-	-	-	-	-	-	-	-	-	-
UTILITIES	-	-	-	-	-	-	-	-	-	-	-
MARKETING	-	-	-	-	-	-	-	-	-	-	-
RENT	-	-	-	-	-	-	-	-	-	-	-
TAXES	-	-	-	-	-	-	-	-	-	-	-
INSURANCE	-	-	-	-	-	-	-	-	-	-	-
TRUSTEE FEES	325.00	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER OPERATING EXPENSES	325.00	-	-	-	-	-	-	-	-	-	-
OTHER (INCOME) EXPENSE:											
INCOME FROM 363 SALE	-	-	-	-	-	-	-	-	-	-	-
TITLE INSURANCE/TRANSFER FEES	-	-	-	-	-	-	-	-	-	-	-
PROF FEES PAID FOR SELLER (DISP)	-	-	-	-	-	-	-	-	-	-	-
FEES PAID TO AND ON BEHALF OF MTG CO.	-	-	-	-	-	-	-	-	-	-	-
TRANSACTION RELATED PROFESSIONAL FEES	-	-	-	-	-	-	-	-	-	-	-
WRITE OFF OF ASSETS	-	-	-	-	-	-	-	-	-	-	-
NET BOOK VALUE OF ASSETS SOLD OR W/O	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER (INCOME) EXPENSE:	-	-	-	-	-	-	-	-	-	-	-

Footnotes:

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UGHS SENIOR LIVING, INC., et al., Case No. 15-80399 (Jointly Administered)

PETITION DATE: NOVEMBER 10, 2015

MOR-7 CASH RECEIPTS AND DISBURSEMENTS FOR MARCH 01, 2017 THROUGH MARCH 31, 2017

DEBTOR Case Number	UGHS Senior Living, Inc. 15-80399	TrinityCare Senior Living, LLC 15-80400	UGHS Senior Living Real Estate of Port Lavaca, LLC 15-80401	UGHS Senior Living Real Estate of Pearland, LLC 15-80402	UGHS Senior Living Real Estate of Knoxville, LLC 15-80403	UGHS Senior Living of Pearland, LLC 15-80404	UGHS Senior Living of Lavaca, LLC 15-80405	UGHS Senior Living of Knoxville, LLC 15-80406	TrinityCare Senior Living of Covington, LLC 15-80407	TrinityCare Lighthouse of Pearland, LLC 15-80408	UGHS Senior Living Real Estate, LLC 15-80409
CASH - BEGINNING OF MONTH	\$ 5,499,611.41	\$ 6,373.67	\$ 711.84	\$ 50,940.36	\$ 18,772.58	\$ 90,039.10	\$ 36,869.80	\$ 30,167.97	\$ -	\$ -	\$ -
RECEIPTS:											
RENT FROM RESIDENTS	-	-	-	-	-	-	-	-	-	-	-
RENT CASH RECEIPTS	-	-	-	-	-	-	-	-	-	-	-
MANAGEMENT FEES	-	-	-	-	-	-	-	-	-	-	-
DIP LOAN ADVANCES	-	-	-	-	-	-	-	-	-	-	-
INTERCOMPANY IN (OUT)	-	-	-	-	-	-	-	-	-	-	-
SALE OF ASSETS	-	-	-	-	-	-	-	-	-	-	-
OTHER INCOME/RECEIPTS	-	-	-	-	0.16	-	0.12	0.16	-	-	-
TOTAL RECEIPTS	\$ -	\$ -	\$ -	\$ -	\$ 0.16	\$ -	\$ 0.12	\$ 0.16	\$ -	\$ -	\$ -
DISBURSEMENTS:											
PAYROLL EXPENSE	-	-	-	-	-	-	-	-	-	-	-
BENEFITS	-	-	-	-	-	-	-	-	-	-	-
CONTRACT LABOR	-	-	-	-	-	-	-	-	-	-	-
ADVERTISING & MARKETING EXPENSE	-	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL FEES	-	-	-	-	-	-	-	-	-	-	-
INSURANCE	-	-	-	-	-	-	-	-	-	-	-
FOOD COSTS	-	-	-	-	-	-	-	-	-	-	-
SUPPLIES - RESIDENTS	-	-	-	-	-	-	-	-	-	-	-
OTHER SUPPLIES	-	-	-	-	-	-	-	-	-	-	-
UTILITIES	-	-	-	-	-	-	-	-	-	-	-
REPAIRS & MAINTENANCE	-	-	-	-	-	-	-	-	-	-	-
MANAGEMENT FEES	-	-	-	-	-	-	-	-	-	-	-
OTHER DIRECT EXPENSES (1)	(87.98)	117.13	25.18	24.62	37.99	466.23	301.85	10.00	-	-	-
EQUIPMENT & CAPITAL LEASES	-	-	-	-	-	-	-	-	-	-	-
RENT	-	-	-	-	-	-	-	-	-	-	-
CAPITAL EXPENDITURES	-	-	-	-	-	-	-	-	-	-	-
LANCASTER POLLARD PAYMENT	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS FROM OPERATIONS	\$ (87.98)	\$ 117.13	\$ 25.18	\$ 24.62	\$ 37.99	\$ 466.23	\$ 301.85	\$ 10.00	\$ -	\$ -	\$ -
PROFESSIONAL FEES	105,679.00	-	-	-	-	-	-	-	-	-	-
U.S. TRUSTEE FEES	-	-	-	-	-	-	-	-	-	-	-
FEDERAL AND STATE TAX PREPARATION (2011-2015) (2)	-	-	-	-	-	-	-	-	-	-	-
CURE PAYMENTS	-	-	-	-	-	-	-	-	-	-	-
DIP FINANCING FEES, INTEREST & PRINCIPAL	-	-	-	-	-	-	-	-	-	-	-
2015 REAL ESTATE TAXES PAID	-	-	-	-	-	-	-	-	-	-	-
TITLE INSURANCE	-	-	-	-	-	-	-	-	-	-	-
SELLER RELATED LEGAL FEES	-	-	-	-	-	-	-	-	-	-	-
LANCASTER POLLARD RELATED LEGAL FEES	-	-	-	-	-	-	-	-	-	-	-
LANCASTER POLLARD TRANSFER FEE	-	-	-	-	-	-	-	-	-	-	-
PAYOFF OF SECURED RIDGEWOOD LOAN	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS (MOR-1)	\$ 105,591.02	\$ 117.13	\$ 25.18	\$ 24.62	\$ 37.99	\$ 466.23	\$ 301.85	\$ 10.00	\$ -	\$ -	\$ -
NET CASH FLOW	(105,591.02)	(117.13)	(25.18)	(24.62)	(37.83)	(466.23)	(301.73)	(9.84)	-	-	-
CASH-END OF MONTH (MOR-2)	\$ 5,394,020.39	\$ 6,256.54	\$ 686.66	\$ 50,915.74	\$ 18,734.75	\$ 89,572.87	\$ 36,568.07	\$ 30,158.13	\$ -	\$ -	\$ -

Footnotes:
(1) Bank fees.
(2) Pursuant to court order [Docket 291] filed on June 13, 2016.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UGHS SENIOR LIVING, INC., et al., Case No. 15-80399 (Jointly Administered)

PETITION DATE: NOVEMBER 10, 2015

MOR-8 CASH ACCOUNT RECONCILIATION SUMMARY FOR MARCH 01, 2017 THROUGH MARCH 31, 2017

DEBTOR Case Number	UGHS Senior Living, Inc. 15-80399	TrinityCare Senior Living, LLC 15-80400	UGHS Senior Living Real Estate of Lavaca, LLC 15-80401	UGHS Senior Living Real Estate of Pearland, LLC 15-80402	UGHS Senior Living Real Estate of Knoxville, LLC 15-80403	UGHS Senior Living of Pearland, LLC 15-80404	UGHS Senior Living of Port Lavaca, LLC 15-80405	UGHS Senior Living of Knoxville, LLC 15-80406	TrinityCare Senior Living of Covington, LLC 15-80407	TrinityCare Lighthouse of Pearland, LLC 15-80408	UGHS Senior Living Real Estate, LLC 15-80409
OPERATING ACCOUNT											
BANK NAME	Rabobank	Wells Fargo Bank, N.A.	Wells Fargo Bank, N.A.	Wells Fargo Bank, N.A.	Wells Fargo Bank, N.A.	Wells Fargo Bank, N.A.	Wells Fargo Bank, N.A.	Citizens National Bank	NA	NA	NA
BANK NUMBER	xxxxxx6566	xxxxxx4183	xxxxxx1356	xxxxxx1668	xxxxxx1409	xxxxxx5447	xxxxxx5496	XXX3401	NA	NA	NA
ACCOUNT TYPE		Analyzed Business Checking Acct	Analyzed Business Checking Acct	Analyzed Business Checking Acct	Analyzed Business Checking Plus Acct	Analyzed Business Checking Acct	Analyzed Business Checking Acct	Small Business Checking	NA	NA	NA
BANK BALANCE	\$ 5,394,020.39	\$ 6,256.54	\$ 2,596.81	\$ 54,111.14	\$ 21,842.25	\$ 90,972.87	\$ 32,050.91	\$ 26,477.89	NA	NA	NA
DEPOSIT IN TRANSIT	-	-	-	-	-	-	-	-	NA	NA	NA
OUTSTANDING CHECKS	-	-	(1,910.15)	(3,195.40)	(3,107.50)	(1,400.00)	-	(108.30)	NA	NA	NA
ADJUSTED BANK BALANCE	5,394,020.39	6,256.54	686.66	50,915.74	18,734.75	89,572.87	32,050.91	26,369.59	NA	NA	NA
BEGINNING CASH - PER BOOKS	5,499,611.41	6,373.67	711.84	50,940.36	18,772.58	90,039.10	32,352.76	26,369.59	NA	NA	NA
RECEIPTS	-	-	-	-	0.16	-	-	-	NA	NA	NA
NET TRANSFERS	-	-	-	-	-	-	-	-	NA	NA	NA
CHECKS / WIRES / BANK FEES	(105,591.02)	(117.13)	(25.18)	(24.62)	(37.99)	(466.23)	(301.85)	-	NA	NA	NA
ENDING CASH - PER BOOKS	5,394,020.39	6,256.54	686.66	50,915.74	18,734.75	89,572.87	32,050.91	26,369.59	NA	NA	NA

MONEY MARKET ACCOUNT

BANK NAME	NA	NA	NA	NA	NA	NA	Wells Fargo Bank, N.A.	Citizens National Bank	NA	NA	NA
BANK NUMBER	NA	NA	NA	NA	NA	NA	xxx9324	xxx1871	NA	NA	NA
ACCOUNT TYPE							Bus. Market Rate Svcs. Acct	MMDA	NA	NA	NA
BANK BALANCE	NA	NA	NA	NA	NA	NA	4,517.16	3,788.54	NA	NA	NA
DEPOSIT IN TRANSIT	NA	NA	NA	NA	NA	NA	-	-	NA	NA	NA
OUTSTANDING CHECKS	NA	NA	NA	NA	NA	NA	-	-	NA	NA	NA
ADJUSTED BANK BALANCE	NA	NA	NA	NA	NA	NA	4,517.16	3,788.54	NA	NA	NA
BEGINNING CASH - PER BOOKS	NA	NA	NA	NA	NA	NA	4,517.04	3,798.38	NA	NA	NA
RECEIPTS	NA	NA	NA	NA	NA	NA	0.12	0.16	NA	NA	NA
NET TRANSFERS	NA	NA	NA	NA	NA	NA	-	-	NA	NA	NA
CHECKS / WIRES / BANK FEES	NA	NA	NA	NA	NA	NA	-	(10.00)	NA	NA	NA
ENDING CASH - PER BOOKS	NA	NA	NA	NA	NA	NA	4,517.16	3,788.54	NA	NA	NA

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UGHS SENIOR LIVING, INC., et al., Case No. 15-80399 (Jointly Administered)

PETITION DATE: NOVEMBER 10, 2015

MOR-9a PAYMENTS TO INSIDERS MARCH 01, 2017 THROUGH MARCH 31, 2017

Name	Position	Compensation Type	Debtor	Period	Paid to Date*
PAYMENTS TO INSIDERS					
Donald W. Sapaugh	CEO	Salary	TrinityCare Senior Living, LLC	-	\$ 110,000.00
Donald W. Sapaugh	CEO	Expense Reimbursement	TrinityCare Senior Living, LLC	-	1,795.07
Donald W. Sapaugh	CEO	Expense Reimbursement	UGHS Senior Living of Port Lavaca, LLC	-	28.50
Donald W. Sapaugh	CEO	Expense Reimbursement	UGHS Senior Living of Knoxville, LLC	-	874.58
Donald W. Sapaugh	CEO	Rent	TrinityCare Senior Living, LLC	-	20,000.00
Kristi McKiernan	Assistant	Salary	TrinityCare Senior Living, LLC	-	5,636.25
Lauren Appel	Director of Development	Salary	TrinityCare Senior Living, LLC	-	31,166.74
Lauren Appel	Director of Development	Expense Reimbursement	TrinityCare Senior Living, LLC	-	704.00
Kyle Sapaugh	CTO	Salary	TrinityCare Senior Living, LLC	-	9,845.00
Melynda Stead	CAO	Salary	TrinityCare Senior Living, LLC	-	51,929.24
Melynda Stead	CAO	Expense Reimbursement	TrinityCare Senior Living, LLC	-	3,348.93
Melynda Stead	CAO	Expense Reimbursement	UGHS Senior Living of Port Lavaca, LLC	-	3,229.64
Melynda Stead	CAO	Expense Reimbursement	UGHS Senior Living of Knoxville, LLC	-	42.75
Laura King	CFO	Salary	TrinityCare Senior Living, LLC	-	32,312.50
Laura King	CFO	Expense Reimbursement	TrinityCare Senior Living, LLC	-	37.29
Donald Tull	COO	Salary	TrinityCare Senior Living, LLC	-	54,160.03
Donald Tull	COO	Expense Reimbursement	TrinityCare Senior Living, LLC	-	1,100.00
Donald Tull	COO	Expense Reimbursement	UGHS Senior Living of Knoxville, LLC	-	11,691.16
Donald Tull	COO	Expense Reimbursement	UGHS Senior Living of Port Lavaca, LLC	-	675.77
Donald Tull	COO	Expense Reimbursement	UGHS Senior Living Real Estate of Knoxville	-	895.20
TrinityCare Senior Living, LLC	Management Company	Management Fee	UGHS Senior Living of Pearland, LLC	-	92,080.38
TrinityCare Senior Living, LLC	Management Company	Expense Reimbursement	UGHS Senior Living of Pearland, LLC	-	26,457.01
TrinityCare Senior Living, LLC	Management Company	Management Fee	UGHS Senior Living of Port Lavaca, LLC	-	51,880.25
TrinityCare Senior Living, LLC	Management Company	Expense Reimbursement	UGHS Senior Living of Port Lavaca, LLC	-	744.56
TrinityCare Senior Living, LLC	Management Company	Management Fee	UGHS Senior Living of Knoxville, LLC	-	99,453.23
TrinityCare Senior Living, LLC	Management Company	Expense Reimbursement	UGHS Senior Living of Knoxville, LLC	-	2,203.22
Specialty Foods	Food Supplier	Food Costs	UGHS Senior Living of Pearland, LLC	-	196,974.49
Specialty Foods	Food Supplier	Food Costs	UGHS Senior Living of Knoxville, LLC	-	207,478.05
Specialty Foods	Food Supplier	Food Costs	TrinityCare Senior Living, LLC	-	930.40
UGHS Senior Living of Pearland, LLC	Operating Company	DIP Loan Funds	UGHS Senior Living, Inc.	-	48,081.06
UGHS Senior Living of Port Lavaca, LLC	Operating Company	DIP Loan Funds	UGHS Senior Living, Inc.	-	105,425.12
UGHS Senior Living of Port Lavaca, LLC	Operating Company	Transfer	UGHS Senior Living of Knoxville, LLC	-	3,350.00
UGHS Senior Living of Port Lavaca, LLC	Operating Company	Transfer	UGHS Senior Living of Pearland, LLC	-	25,000.00
UGHS Senior Living of Knoxville, LLC	Operating Company	DIP Loan Funds	UGHS Senior Living, Inc.	-	127,793.81
UGHS Senior Living Real Estate of Pearland, LLC	Real Estate Holding Company	Rent	UGHS Senior Living of Pearland, LLC	-	330,279.77
UGHS Senior Living Real Estate of Pearland, LLC	Real Estate Holding Company	Expense Reimbursement	UGHS Senior Living of Pearland, LLC	-	138.13
UGHS Senior Living Real Estate of Port Lavaca, LLC	Real Estate Holding Company	Rent	UGHS Senior Living of Port Lavaca, LLC	-	204,502.13
UGHS Senior Living Real Estate of Port Lavaca, LLC	Real Estate Holding Company	Transfer	UGHS Senior Living of Port Lavaca, LLC	-	3,000.00
UGHS Senior Living Real Estate of Port Lavaca, LLC	Real Estate Holding Company	Expense Reimbursement	UGHS Senior Living of Port Lavaca, LLC	-	542.33
UGHS Senior Living Real Estate of Knoxville, LLC	Real Estate Holding Company	Rent	UGHS Senior Living of Knoxville, LLC	-	318,098.12
TOTAL PAYMENTS TO INSIDERS (MOR-1)					\$ 2,183,834.71

* Includes amounts paid from the petition date through March 31, 2017.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UGHs SENIOR LIVING, INC., et al., Case No. 15-80399 (Jointly Administered)

PETITION DATE: NOVEMBER 10, 2015

MOR-9b PAYMENTS TO PROFESSIONALS MARCH 01, 2017 THROUGH MARCH 31, 2017

Name	Role	Debtor	Period	Paid to Date*
PAYMENTS TO DEBTOR PROFESSIONALS				
1. Porter Hedges	Debtor's Bankruptcy Counsel	UGHs Senior Living, Inc.	\$ 13,883.90	\$ 309,732.55
2. CohnReznick LLP	Debtor's Bankruptcy Financial Advisor	UGHs Senior Living, Inc.	91,795.10	799,481.56
3. Mesch, Clark, & Rothschild PC	Ombudsman	UGHs Senior Living, Inc.	-	45,333.16
4. Duff & Phelps	Investment Banker	UGHs Senior Living, Inc.	-	603,112.13
5. Integra Realty Resources	Real Estate Appraisal Services	UGHs Senior Living, Inc.	-	10,500.00
TOTAL PAYMENTS TO PROFESSIONALS (MOR-1)			\$ 105,679.00	\$ 1,768,169.40

* Includes amounts paid from the petition date through March 31, 2017.

SCHEDULE 2

UGHS Senior Living Inc., et. al
Liquidation Analysis

	TrinityCare Senior Living, LLC	UGHS Senior Living, Inc.	UGHS Senior Living of Pearland, LLC	UGHS Senior Living Real Estate of Pearland, LLC	UGHS Senior Living of Knoxville, LLC	UGHS Senior Living Real Estate of Knoxville, LLC	UGHS Senior Living of Port Lavaca, LLC	UGHS Senior Living Real Estate of Port Lavaca, LLC	UGHS Senior Living Real Estate, LLC	TrinityCare Senior Living of Covington, LLC	TrinityCare Lighthouse of Pearland, LLC	Total
Allocation of Remaining Sale Proceeds	5.6%	0.0%	3.1%	18.5%	3.3%	33.2%	10.5%	25.8%	0.0%	0.0%	0.0%	100.0%
Allocation of Remaining Net Sale Proceeds as of 4/30/17	300,000	-	164,928	999,718	178,884	1,788,236	565,563	1,392,144	-	-	-	5,389,474
Operating Account Balances as of 3/31/17	6,257	-	89,573	50,916	30,158	18,735	36,568	687	-	-	-	232,893
	306,257	-	254,501	1,050,634	209,042	1,806,971	602,131	1,392,831	-	-	-	5,622,366
Chapter 7 Administrative Claims												
Chapter 7 Trustee Fees (2%)	6,125	-	5,090	21,013	4,181	36,139	12,043	27,857	-	-	-	112,447
Chapter 7 Trustee's Professional Fees (Est.)	8,350	-	4,590	27,824	4,979	49,770	15,741	38,746	-	-	-	150,000
Total Chapter 7 Administrative Claims	14,475	-	9,680	48,837	9,160	85,910	27,783	66,603	-	-	-	262,447
Net Remaining Proceeds after Ch. 7 Admin Claims	291,782	-	244,821	1,001,797	199,882	1,721,061	574,348	1,326,228	-	-	-	5,359,919
Secured Claims	316	-	-	-	-	-	-	-	-	-	-	316
Net Remaining Proceeds after Secured Claims	291,466	-	244,821	1,001,797	199,882	1,721,061	574,348	1,326,228	-	-	-	5,359,603
Chapter 11 Administrative Claims												
Estimated Administrative Claims	-	-	-	-	-	-	5,817	-	-	-	-	5,817
Unpaid Professional Fees (Est.)	4,648	-	2,555	15,489	2,771	27,705	8,762	21,569	-	-	-	83,500
Total Chapter 11 Administrative Claims	4,648	-	2,555	15,489	2,771	27,705	14,580	21,569	-	-	-	89,317
Net Remaining Proceeds after Ch. 11 Admin Claims	286,818	-	242,265	986,308	197,111	1,693,356	559,768	1,304,659	-	-	-	5,270,286
Estimated Priority Claims	14,850	-	-	-	-	-	841	-	-	-	-	15,691
Remaining Proceeds	271,968	-	242,265	986,308	197,111	1,693,356	558,927	1,304,659	-	-	-	5,254,595
General Unsecured Claims												
Estimated General Unsecured Claims	23,405,589	20,160,720	21,859,896	20,877,624	22,099,212	20,881,111	23,662,752	21,105,019	19,795,384	19,794,713	19,794,713	
Recovery	1.2%	0.0%	1.1%	4.7%	0.9%	8.1%	2.4%	6.2%	0.0%	0.0%	0.0%	