

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11
: Case No. 07-10609 (REG)
OUR LADY OF MERCY MEDICAL CENTER, *et al.*, :
: Debtors. : (Jointly Administered)
: :
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**FIRST AMENDED CHAPTER 11 PLAN OF
LIQUIDATION OF OUR LADY OF MERCY MEDICAL CENTER**

Dated: New York, New York
October 8, 2008

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A Schedule of Assumed Executory Contracts and Unexpired Leases

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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: Case No. 07-10609 (REG)
OUR LADY OF MERCY MEDICAL CENTER, *et al.*, :
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**FIRST AMENDED CHAPTER 11 PLAN OF
LIQUIDATION OF OUR LADY OF MERCY MEDICAL CENTER**

INTRODUCTION

Our Lady of Mercy Medical Center (“OLM” or the “Debtor”), debtor and debtor in possession in the above-captioned chapter 11 cases, and the Creditors’ Committee, as co-proponents, hereby propose the following plan of liquidation pursuant to section 1121(a) of title 11 of the United States Code. Reference is made to the Disclosure Statement for a discussion of the Debtor’s history, businesses, properties, results of operations, projections for future recoveries, a summary and analysis of this Plan and other related matters. The Debtor and the Creditors’ Committee are the co-proponents of this Plan within the meaning of section 1129 of the Bankruptcy Code.

The chapter 11 case of OLM previously has been consolidated for procedural purposes with the chapter 11 case of O.L.M. Parking Corporation (“O.L.M. Parking”) and are being jointly administered pursuant to an order of the United States Bankruptcy Court for the Southern District of New York.

Under section 1125(b) of the Bankruptcy Code, a vote to accept or reject this Plan cannot be solicited from a holder of a claim or interest until such time as the Disclosure Statement has been approved by the Bankruptcy Court and distributed to holders of claims and interests. **ALL HOLDERS OF CLAIMS AGAINST THE DEBTOR ARE ENCOURAGED TO READ THIS PLAN AND THE RELATED DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR TO REJECT THIS PLAN. NO MATERIALS, OTHER THAN THE ACCOMPANYING SOLICITATION MATERIALS AND ANY EXHIBITS AND SCHEDULES ATTACHED THERETO OR REFERENCED THEREIN, HAVE BEEN APPROVED BY THE BANKRUPTCY COURT OR THE DEBTOR FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THIS PLAN. SUBJECT TO CERTAIN RESTRICTIONS AND REQUIREMENTS SET FORTH IN THIS PLAN, THE PLAN PROPONENTS RESERVE THE RIGHT TO ALTER, AMEND, MODIFY, REVOKE OR WITHDRAW THIS PLAN PRIOR TO THE EFFECTIVE DATE OF THE PLAN.**

ARTICLE I.

DEFINITIONS, RULES OF INTERPRETATION, AND CONSTRUCTION

A. Defined Terms. As used herein, the following terms have the respective meanings specified below, except as expressly provided in other Sections of this Plan, unless the context otherwise requires (such meanings to be equally applicable to both the singular and plural, and masculine and feminine forms of the terms defined). Any capitalized term used in this Plan but not defined herein that is used in the Bankruptcy Code or Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or Bankruptcy Rules.

Section 1.01. Definitions.

Section 1.02. Administrative Claim means any Claim under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation: (a) the actual, necessary costs and expenses incurred by the Debtor after the Petition Date of preserving the Estate or operating the business of the Debtor, (b) Professional Fee Claims, (c) U.S. Trustee fees, and (d) any Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court.

Section 1.03. Administrative Claims Fund means a fund to be established by the Debtor, in consultation with the Creditors' Committee, on the Effective Date, and administered thereafter by the Plan Administrator, in an amount sufficient to pay Allowed Administrative Claims (including Professional Fee Claims), Allowed Priority Claims and Allowed Priority Tax Claims.

Section 1.04. Allowed, with respect to a Claim, means the extent to which a Claim (a) is not objected to within the period fixed by the Plan or order of the Bankruptcy Court, and such deadline to object has not expired if the Claim (i) was scheduled by the Debtor pursuant to the Bankruptcy Code and the Bankruptcy Rules in a liquidated amount and not listed as contingent, unliquidated or disputed, or (ii) was timely Filed (or deemed timely Filed) with the Bankruptcy Court pursuant to the Bankruptcy Code, the Bankruptcy Rules or any applicable orders of the Bankruptcy Court, (b) for which an objection has been Filed, but such objection has been withdrawn or determined by a Final Order (but only to the extent such claim has been allowed), (c) determined to be valid by the Plan Administrator and the Creditors' Committee, or (d) is otherwise allowed by Final Order, including without limitation the Confirmation Order after notice and a hearing. Unless otherwise specified herein, in section 506(b) of the Bankruptcy Code or by Order of the Bankruptcy Court, "Allowed" Claim, shall not, for the purposes of distributions under this Plan, include for Prepetition Claims, interest on such Claim or Claims accruing from or after the Petition Date. For purposes of "Allowance" for voting on the Plan only, the deadline by which objections to a Claim must be Filed in accordance with this Plan is _____, 2008.

Section 1.05. Assets means all assets of the Debtor of any nature whatsoever, including, without limitation, all property of the Estate pursuant to section 541 of the Bankruptcy Code, Cash (including proceeds from the Sale), Causes of Action,

accounts receivable, tax refunds, claims of right, interests and property, real and personal, tangible and intangible, and proceeds of all of the foregoing.

Section 1.06. Available Cash means, as of any given Distribution Date, all of the Debtor's Cash, less the Expense Reserve and the balance of the Administrative Claims Fund.

Section 1.07. Bankruptcy Code means the Bankruptcy Reform Act of 1978, as amended and codified at title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*

Section 1.08. Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York which has jurisdiction over the Chapter 11 Case.

Section 1.09. Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended, the Federal Rules of Civil Procedure, as amended, made applicable to the Chapter 11 Case through the Federal Rules of Bankruptcy Procedure, and the Local Rules of the Bankruptcy Court.

Section 1.10. Bar Date means such date(s) fixed by Order(s) of the Bankruptcy Court by which proofs of Claim or requests for allowance of Administrative Claims must be Filed, as applicable.

Section 1.11. Business Day means any day except a Saturday, Sunday, or "legal holiday" as such term is defined in Bankruptcy Rule 9006(a).

Section 1.12. Cash means cash and cash equivalents in U.S. dollars.

Section 1.13. Cash Collateral Orders mean the Orders entered by the Bankruptcy Court on September 20, 2007 and September 27, 2007 authorizing the use of cash collateral and granting adequate protection to the first and second mortgagees holding liens on the Vireo and Farrand Properties.

Section 1.14. Causes of Action means any and all claims, rights and causes of action that could have been brought by or on behalf of any of the Debtor or the Estate arising before, on or after the Petition Date, known or unknown, direct or indirect, reduced or not reduced to judgment, disputed or undisputed, suspected or unsuspected, in contract or in tort, at law or in equity or under any theory of law, including, but not limited to (i) those referred to in the Disclosure Statement, (ii) any and all claims, rights and causes of action the Debtor or the Estate may have against any Person arising under chapter 5 of the Bankruptcy Code, or any similar provision of state law or any other law, rule, regulation, decree, order, statute or otherwise, (iii) derivative claims and (iv) right of setoff or recoupment, and claims on contracts or breaches of duty imposed by law.

Section 1.15. CCC means, collectively, Combined Coordinating Council, Inc., CCC Insurance Corp. and CCC Insurance Company, Limited, captive co-operative insurance companies established by the Debtor and certain other hospitals as a means

to pool resources and acquire commercial insurance, reinsurance and excess insurance for those hospitals' respective medical malpractice claims.

Section 1.16. CCC Program means that certain insurance program developed by and between the Debtor and CCC to cover certain Litigation Claims asserted against the Debtor for the period of 1985 through and including June 30, 2008.

Section 1.17. Chapter 11 Case means case number 07-10609 (REG), commenced by the Debtor under chapter 11 of the Bankruptcy Code on the Petition Date in the Bankruptcy Court, and styled *In re Our Lady of Mercy Medical Center*.

Section 1.18. Claim means a claim against the Debtor, whether or not asserted or Allowed, and as such term is defined in section 101(5) of the Bankruptcy Code.

Section 1.19. Class means a group of Claims as classified in Article III under this Plan pursuant to section 1123(a)(1) of the Bankruptcy Code.

Section 1.20. Class [] Claim means a Claim in the particular Class of Claims identified and described in Article III of this Plan.

Section 1.21. Closing Date means July 23, 2008.

Section 1.22. Collateral means any property or interest in property of the Estate of the Debtor that is subject to an unavoidable Lien to secure the payment or performance of a Claim.

Section 1.23. Confirmation Date means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order.

Section 1.24. Confirmation Hearing means the hearing or hearings conducted by the Bankruptcy Court to consider confirmation of this Plan as this Plan may be modified hereafter from time to time.

Section 1.25. Confirmation Order means the Order, entered by the Clerk of the Bankruptcy Court, confirming this Plan in accordance with the provisions of the Bankruptcy Code.

Section 1.26. Creditors' Committee means the official committee of unsecured creditors appointed by the United States Trustee in the Chapter 11 Case on March 16, 2007, as supplemented on December 21, 2007.

Section 1.27. D&O Insurance means any directors' and officers' insurance maintained by the Debtor which covers the Debtor's current and/or former directors and officers.

Section 1.28. DASNY means Dormitory Authority of the State of New York.

Section 1.29. Debtor means OLM.

Section 1.30. Disclosure Statement means the written disclosure statement (and all exhibits and schedules annexed thereto or referred to therein) that relates to this Plan, as amended, supplemented or modified from time to time.

Section 1.31. Disclosure Statement Hearing means the hearing conducted by the Bankruptcy Court to consider the adequacy of the information contained in the Disclosure Statement pursuant to section 1125 of the Bankruptcy Code.

Section 1.32. Disclosure Statement Order means the order of the Bankruptcy Court approving the Disclosure Statement as containing adequate information pursuant to section 1125 of the Bankruptcy Code.

Section 1.33. Disputed Claim means any Claim that is not an Allowed Claim as of the relevant date.

Section 1.34. Disputed Claims Reserve Accounts means an account or accounts established and funded by the Debtor, in consultation with the Creditors' Committee, and administered by the Plan Administrator for the payment of Disputed Claims that may become Allowed Claims after the Effective Date, and which shall hold Cash and/or other Assets as applicable, for the benefit of the holders of Disputed Claims.

Section 1.35. Distribution means the distribution to holders of Claims in accordance with this Plan of any Assets, or other consideration distributed under Articles V or VI herein.

Section 1.36. Distribution Address means the address set forth in the relevant proof of claim, as such address may have been updated pursuant to Bankruptcy Rule 2002(g). If no proof of claim is Filed in respect of a particular Claim, such defined term means the address set forth in the Debtor's Schedules, as such address may have been updated pursuant to Bankruptcy Rule 2002(g).

Section 1.37. Distribution Date means any date on which the Plan Administrator determines that an interim Distribution, under or in accordance with this Plan, should be made to holders of Allowed Class [#] Claims in light of, *inter alia*, resolutions of Disputed Claims, liquidation of Assets (including aggregate recoveries on account of Causes of Action), and the administrative costs of such a distribution.

Section 1.38. District Court means the United States District Court for the Southern District of New York.

Section 1.39. Effective Date means a Business Day, selected by the Plan Proponents, which is at least eleven (11) business days after the Confirmation Date, or as soon thereafter as practicable, on which all conditions to the Effective Date have been satisfied or, if permitted, waived by the Plan Proponents, and on which no stay of the Confirmation Order shall be pending.

Section 1.40. Estate means the estate of OLM in its Chapter 11 Case created by section 541 of the Bankruptcy Code upon the commencement of such Chapter 11 Case.

Section 1.41. Exhibit means an exhibit to either this Plan or the Disclosure Statement.

Section 1.42. Exhibit Filing Date means the last date by which forms of the Exhibits to this Plan shall be Filed with the Bankruptcy Court, which date shall be not later than ten (10) days prior to the date of the Confirmation Hearing.

Section 1.43. Expense Reserve means a reserve to be established by the Debtor, in consultation with the Creditors' Committee, on the Effective Date to be utilized by the Plan Administrator to effectuate the liquidation of the remaining Assets hereunder, including, without limitation, to fund any necessary or appropriate litigation against third parties, in accordance with this Plan. The Expense Reserve may be replenished from Available Cash from time to time by the Plan Administrator.

Section 1.44. Face Amount means (a) with respect to any Claim for which a proof of claim is Filed, an amount equal to: (i) the liquidated amount, if any, set forth therein; and/or (ii) any other amount estimated by the Bankruptcy Court in accordance with section 502(c) of the Bankruptcy Code and the relevant provisions of this Plan; (b) if no proof of claim is Filed and such Claim is scheduled in the Debtor's Schedules, the amount of the Claim scheduled as undisputed, fixed and liquidated; or (c) if a proof of claim has been Filed in an unliquidated amount, or the Debtor's schedules reflect a Claim in an unliquidated amount, the amount estimated by the Debtor or Plan Administrator to be the amount for which such claim will be ultimately Allowed.

Section 1.45. File or Filed means file or filed with the Bankruptcy Court in the Chapter 11 Case.

Section 1.46. Final Claims Resolution Date means the date on which the last Disputed Claim has been resolved, either by consent, order of the Bankruptcy Court or otherwise.

Section 1.47. Final Order means an order as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending or as to which any right to appeal, petition for certiorari, move for reargument, or rehearing shall have been waived in writing or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order shall have been affirmed by the highest court to which such order was appealed, or certiorari has been denied, or from which reargument or rehearing was sought, and the time to take any further appeal, petition for certiorari or motion for reargument or rehearing shall have expired.

Section 1.48. General Unsecured Claim means an unsecured Claim that is not an Administrative Claim, a Professional Fee Claim, a Priority Tax Claim, a Secured Claim, a Priority Claim, a Litigation Claim, or a Subordinated Claim.

Section 1.49. Glastonbury means Glastonbury Capital Partners, LLC, a Delaware limited liability company, as successor in interest to the lien rights of Bank of America, as successor to Fleet National Bank, which holds the second mortgage on the Vireo and Farrand Properties.

Section 1.50. Housestaff Claim means any claim by a Housestaff Officer against OLM for indemnification, subrogation, contribution or reimbursement arising from all liabilities, loss, damage, costs and expenses of whatever kind, including attorneys fees, arising from any professional liability claim or lawsuit which may have been incurred by reason of negligent acts committed or performed within the scope of such Housestaff Officer's employment, studies, administrative or committee functions or responsibilities.

Section 1.51. Housestaff Officer means past intern, resident, chief resident and/or fellow that was employed by OLM.

Section 1.52. Impaired means any Class of Claims that is impaired within the meaning of section 1124 of the Bankruptcy Code.

Section 1.53. Lehman means Lehman Brothers Bank, FSB, as successor in interest to the lien rights of JPMorgan Chase Bank, which holds the first mortgage on the Vireo and Farrand Properties.

Section 1.54. Lien means any charge against, security interest in, encumbrance upon or other interest in property to secure payment of a debt or performance of an obligation.

Section 1.55. Litigation Claim means any Claim that is either a Pre 7/1/99 Insurance Litigation Claim or a Post 7/1/99 Limited Insurance Litigation Claim.

Section 1.56. Mediation Order means that certain Order of the Bankruptcy Court dated February 6, 2008, which Order, among other things: (a) established mediation procedures for timely filed proofs of claim for medical malpractice and personal injury claims; and (b) enjoined the commencement or continuation of hospital or medical malpractice actions against, among others, certain former employees of the Debtor.

Section 1.57. Membership Interests means the interest of a member in OLM.

Section 1.58. MMC means Montefiore Medical Center.

Section 1.59. OLM means Our Lady of Mercy Medical Center, a debtor in the above-captioned chapter 11 cases.

Section 1.60. O.L.M. Parking means O.L.M. Parking Corporation, a debtor in the above-captioned chapter 11 cases.

Section 1.61. Order means an order or judgment of the Bankruptcy Court as entered on the docket in the Chapter 11 Case as maintained by the Clerk of the Bankruptcy Court.

Section 1.62. Patient Care Ombudsman means the ombudsman appointed by Order of the Bankruptcy Court pursuant to section 333 of the Bankruptcy Code, and who was subsequently discharged as of the Closing Date.

Section 1.63. Person means an individual, corporation, general partnership, limited partnership, limited liability company, limited liability partnership, association, joint venture, trust, estate, unincorporated organization, governmental authority, governmental unit or any agency or political subdivision thereof, or any entity of whatever nature.

Section 1.64. Petition Date means March 8, 2007, the date upon which the chapter 11 petition of OLM was Filed with the Bankruptcy Court.

Section 1.65. Plan means this chapter 11 plan of liquidation, including, without limitation, the exhibits and schedules hereto, as such may be altered, amended, or otherwise modified from time to time.

Section 1.66. Plan Administrator means Gilbert Barnett, or such other Person designated by the Debtor and the Creditors' Committee, as the representative of the Debtor and the Estate for purposes of administering and consummating the Plan.

Section 1.67. Plan Proponents means the Debtor and the Creditors' Committee.

Section 1.68. Post 7/1/99 Limited Insurance Litigation Claim means any Claim that is a: (a) 1999/2003 Limited Insurance Litigation Claim; (b) 2003/2004 Limited Insurance Litigation Claim; (c) 2004/2005 Cell Claim; (d) 2005/2006 Cell Claim; or (e) 2006/2007 Cell Claim.

Section 1.69. Pre 7/1/99 Insurance Litigation Claim means any Claim arising prior to July 1, 1999 relating to hospital or medical malpractice or personal injury claims that the Debtor believes will be fully covered or insured under insurance policies issued in connection with the CCC Program, and (i) asserted or which can be asserted against the Debtor and/or the Debtor's insurers or (ii) asserted or which can be asserted against any former physician or employee of the Debtor (to the extent such physician or employee is covered under such insurance policies).

Section 1.70. Pre-July 2007 Administrative Expense Litigation Claims means claims arising from medical malpractice and personal injury claims occurring during the period March 8, 2007 to July 1, 2007.

Section 1.71. Prepetition Claim means any Claim arising prior to the Petition Date of the Debtor.

Section 1.72. Prepetition 2006/2007 Insurance means, after payment of Pre-July 2007 Administrative Expense Litigation Claims, the sum available from the

CCC Insurance Policy SCC Policy No. 840/06-07 and available commercial insurance proceeds obtained through the CCC Program and commercial insurance carriers.

Section 1.73. Priority Claim means any Claim entitled to priority pursuant to section 507(a) of the Bankruptcy Code, other than (a) an Administrative Claim, or (b) a Priority Tax Claim.

Section 1.74. Priority Tax Claim means any Claim entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code.

Section 1.75. Professional Fees means any unpaid fees and expenses of Professionals, as such fees and expenses are allowed by the Bankruptcy Court.

Section 1.76. Professional Fee Claim means a Claim for compensation, indemnification or reimbursement of expenses pursuant to sections 328, 330, 331 or 503(b) of the Bankruptcy Code in connection with the Chapter 11 Case incurred on or after the Petition Date and prior to the Effective Date.

Section 1.77. Professionals mean the attorneys, accountants, financial advisors and other professionals whose retention by the Debtor, the Creditors' Committee or the Patient Care Ombudsman has been approved by the Bankruptcy Court in the Chapter 11 Case.

Section 1.78. Ratable or Ratable Share means a number (expressed as a percentage) equal to the proportion that an Allowed Claim or Disputed Claim, as applicable, bears to the aggregate amount or number of Allowed Claims plus Disputed Claims (in their aggregate Face Amount) in such Class as of the date of determination.

Section 1.79. Sale means the transaction approved by the Sale Order.

Section 1.80. Sale Order means the Order entered by the Bankruptcy Court on July 2, 2007 authorizing the sale of substantially all of the Debtor's assets to Montefiore Medical Center, as may be amended or modified.

Section 1.81. Schedules means the schedules of assets and liabilities and the statement of financial affairs, as each may be amended or supplemented from time to time, Filed by the Debtor as required by section 521 of the Bankruptcy Code and the Bankruptcy Rules.

Section 1.82. Secured Claim means a Claim secured by a Lien on any Asset of the Debtor, or right of setoff, which Lien or right of setoff, as the case may be, is valid, perfected and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code or applicable nonbankruptcy law, but only to the extent of the value, pursuant to section 506(a) of the Bankruptcy Code, of any interest of the holder of the Claim in property of the Estate securing such Claim.

Section 1.83. Self-Insurance Trust means that certain self-insurance fund authorized by Order dated June 27, 2007 on account of, among other things, certain medical malpractice and professional liability claims arising on or after July 1, 2007 asserted against, among others, the Debtor and its former employees.

Section 1.84. Self-Insurance Trust Account means that certain account maintained at JPMorgan Chase, N.A. to hold and invest the funds maintained under the Self-Insurance Trust.

Section 1.85. Subordinated Claim means any Claim based on any fine, penalty or forfeiture, or for multiple, exemplary or punitive damage, to the extent such fine, penalty, forfeiture or damage are not compensation for actual pecuniary loss suffered by the holder of such Claims.

Section 1.86. United States Trustee means the office of the United States Trustee for the Southern District of New York.

Section 1.87. U.S. Trustee Fees means all fees and charges assessed against the Estate by the United States Trustee and due pursuant to section 1930 of title 28 of the United States Code.

Section 1.88. Vireo and Farrand Properties means (i) the "Vireo Building" located at 4217-19 Vireo Avenue, Bronx, New York 10470, and (ii) the "Farrand Building" located at 4401 Bronx Boulevard, Bronx, New York 10466.

Section 1.89. 1999/2003 Insurance means the insurance policies providing professional and general liability insurance to the Debtor and other hospitals in the CCC Program for claims arising from July 1, 1999 to July 1, 2003.

Section 1.90. 1999/2003 Limited Insurance Litigation Claim means any Claim arising from July 1, 1999 to July 1, 2003 relating to hospital or medical malpractice and general liability and (i) was asserted or which can be asserted against the Debtor and/or the Debtor's insurers or (ii) was asserted or which can be asserted against any former physician or employee of the Debtor to the extent such physician or employee is not separately insured from the Debtor and has a right of indemnification or similar rights against or from the Debtor with respect to claims of alleged medical malpractice or other general liability claims covered by insurance.

Section 1.91. 2003/2004 Insurance means the insurance policies providing professional and general liability insurance to the Debtor and other hospitals in the CCC Program for claims arising from July 1, 2003 to July 1, 2004.

Section 1.92. 2003/2004 Limited Insurance Litigation Claim means any Claim arising from July 1, 2003 to July 1, 2004 relating to hospital or medical malpractice and general liability and is (i) asserted or which can be asserted against the Debtor and/or the Debtor's insurers or (ii) asserted or which can be asserted against any former physician or employee of the Debtor to the extent such physician or employee is not separately insured from the Debtor and has a right of indemnification or similar rights against or from the Debtor with respect to claims of alleged medical malpractice or other general liability claims covered by insurance.

Section 1.93. 2004/2005 Cell Claim means any Claim arising from July 1, 2004 to July 1, 2005 relating to hospital or medical malpractice and general liability and is (i) asserted or which can be asserted against the Debtor and/or the Debtor's insurers

or (ii) asserted or which can be asserted against any former physician or employee of the Debtor to the extent such physician or employee is not separately insured from the Debtor and has a right of indemnification or similar rights against or from the Debtor with respect to claims of alleged medical malpractice or other general liability claims covered by insurance.

Section 1.94. 2004/2005 Insurance means the sum of the funds available from the CCC Insurance SCC Policy No. 840/04-06 for Litigation Claims arising during the period July 1, 2004 to July 1, 2005 and available commercial insurance proceeds obtained through the CCC Program and commercial insurance carriers.

Section 1.95. 2005/2006 Cell Claim means any Claim arising from July 1, 2005 to July 1, 2006 relating to hospital or medical malpractice and general liability and is (i) asserted or which can be asserted against the Debtor and/or the Debtor's insurers or (ii) asserted or which can be asserted against any former physician or employee of the Debtor to the extent such physician or employee is not separately insured from the Debtor and has a right of indemnification or similar rights against or from the Debtor with respect to claims of alleged medical malpractice or other general liability claims covered by insurance.

Section 1.96. 2005/2006 Insurance means the sum of the funds available from the CCC Insurance SCC Policy No. 840/04-06 for Litigation Claims arising during the period July 1, 2005 to July 1, 2006 and available commercial insurance proceeds obtained through the CCC Program and commercial insurance carriers.

Section 1.97. 2006/2007 Cell Claim means any Claim arising from July 1, 2006 through March 7, 2007 relating to hospital or medical malpractice and general liability and is (i) asserted or which can be asserted against the Debtor and/or the Debtor's insurers or (ii) asserted or which can be asserted against any former physician or employee of the Debtor to the extent such physician or employee is not separately insured from the Debtor and has a right of indemnification or similar rights against or from the Debtor with respect to claims of alleged medical malpractice or other general liability claims covered by insurance.

Section 1.98. 506(c) Stipulation means the *Stipulation and Agreed Order Pursuant to 11 U.S.C. §506(c) Between Debtors and Glastonbury Capital Partners, LLC Authorizing Certain Disbursements From the Sale Proceeds of the Vireo Building, "so ordered"* on September 22, 2008.

B. Rules of Construction.

(a) Generally. For purposes of this Plan, (i) any reference in this Plan to an existing document or Exhibit Filed or to be Filed means such document or Exhibit as it may have been or may be amended, modified or supplemented; (ii) unless otherwise specified, all references in this Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to this Plan; and (iii) the rules of construction set forth in section 102 of the Bankruptcy Code and the Bankruptcy Rules shall apply unless superseded herein or in the Confirmation Order.

(b) Exhibits. All Exhibits are incorporated into and are a part of this Plan as if set forth in full herein. Copies of Exhibits, after being Filed, can be obtained upon written request to Togut, Segal & Segal LLP, One Penn Plaza, New York, New York 10119 (Attn: Frank A. Oswald, Esq.), counsel to the Debtor.

(c) Time Periods. In computing any period of time prescribed or allowed by this Plan, unless otherwise set forth or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006(a) shall apply.

(d) Miscellaneous Rules. (i) The words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Plan as a whole, not to any particular Section, subsection, or clause, unless the context requires otherwise; (ii) whenever it appears appropriate from the context, each term stated in the singular or the plural includes the singular and the plural, and each pronoun stated in the masculine, feminine or neuter includes the masculine, feminine and the neuter; and (iii) captions and headings to Articles and Sections of this Plan are inserted for convenience of reference only and are not intended to be a part or to affect the interpretation of this Plan.

ARTICLE II.

GENERAL RULES REGARDING CLASSIFICATION OF CLAIMS

Section 2.01. General Rules of Classification Under the Bankruptcy Code. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and thus are excluded from the Classes as set forth below. All other Claims have been classified as set forth below.

A Claim is classified in a particular Class only to the extent that the Claim falls within the description of that Class and is classified in other Class(es) to the extent that any remainder of the Claim falls within the description of such other Class(es).

A Claim is also placed in a particular Class for the purpose of receiving Distributions pursuant to this Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled prior to the Effective Date.

Section 2.02. Undersecured Claims. Other than as provided herein, to the extent that the amount of an Allowed Claim is greater than the value of the Collateral securing such Claim as of the applicable valuation date (assuming the value of such Collateral is greater than \$0), subject to section 1111(b) of the Bankruptcy Code, such Claim is classified in both the Class of Secured Claims for the secured portion of such Claim and the Class of General Unsecured Claims for the excess of such Claim over the value of the Collateral. Notwithstanding anything to the contrary herein, absent an order of the Bankruptcy Court or agreement fixing the allowed amount of a Secured Claim or the scheduling of such Claim as liquidated, nondisputed and noncontingent on the Debtor’s Schedules, the Debtor is not bound by a classification made or implied herein with respect to any particular Claim.

(a) Elimination of Classes. Any Class of Claims that is not occupied as of the date of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Rule 3018 of the Bankruptcy Rules shall be deemed deleted from the Plan for purpose of voting on acceptance or rejection of the Plan by such Class under section 1129(a)(8) of the Bankruptcy Code.

ARTICLE III.

CLASSIFICATION OF CLAIMS¹

Section 3.01. Summary. Claims, other than Administrative Claims and Priority Tax Claims, are classified for all purposes, including voting, confirmation, and distribution, as follows:

Class	Designation	Impaired/Unimpaired if Allowed	Entitled to Vote if Allowed
Class 1	Secured Claims	Unimpaired	No (deemed to accept)
Class 2	Priority Claims	Unimpaired	No (deemed to accept)
Class 3	General Unsecured Claims	Impaired	Yes (entitled to vote)
Class 4	Litigation Claims	Impaired	Yes (entitled to vote)
Class 5	Subordinated Claims	Impaired	No (deemed to reject)

ARTICLE IV.

TREATMENT OF UNCLASSIFIED CLAIMS

Section 4.01. Administrative Claims.

(a) General. Subject to the Bar Date and other provisions herein and except to the extent the Debtor, or the Plan Administrator, as applicable, and the holder of an Allowed Administrative Claim agree to different and less favorable treatment, the Plan Administrator shall pay, in full satisfaction and release of such Claim, to each holder of an Allowed Administrative Claim, Cash, in an amount equal to such Allowed Administrative Claim, on the later of (i) the Effective Date and (ii) the first Business Day after the date that is thirty (30) calendar days after the date on which such Administrative Claim becomes an Allowed Administrative Claim, or as soon

¹ Membership Interests are addressed in Section 6.18 of this Plan.

thereafter as is practicable. Allowed Administrative Claims (other than Professional Fee Claims) shall be paid (i) first, from the funds in the Administrative Claims Fund, and (ii) second, from Available Cash, provided, however, if insurance or trust proceeds are available to pay an Allowed Administrative Claim, such Administrative Claim shall be paid first from such insurance or trust proceeds.

(b) Estimation of Administrative Claims. The Debtor and the Plan Administrator reserve the right, for purposes of allowance and distribution, to seek to estimate any unliquidated Administrative Claims, if the fixing or liquidation of such Administrative Claim would unduly delay the administration of and distributions under the Plan (including seeking to estimate post-petition medical malpractice or personal injury Claims in the District Court).

(c) Administrative Bar Date.

(i) General Provisions. Except as provided below for (1) Professionals requesting compensation or reimbursement for Professional Fee Claims, and (2) U.S. Trustee Fees, requests for payment of Administrative Claims, for which a Bar Date to File an Administrative Claim was not previously established, must be Filed no later than thirty (30) days after notice of entry of the Confirmation Order is filed with the Bankruptcy Court or such later date as may be established by Order of the Bankruptcy Court. **Holders of Administrative Claims who are required to File a request for payment of such Claims and who do not File such requests by the applicable Bar Date, shall be forever barred from asserting such Claims against the Debtor or its property, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset or recover such Administrative Claim.**

(ii) Professionals. All Professionals or other Persons requesting compensation or reimbursement of Professional Fee Claims for services rendered before the Effective Date (including compensation requested by any Professional or other entity for making a substantial contribution in the Chapter 11 Case) shall File an application for final allowance of compensation and reimbursement of expenses no later than forty-five (45) days after the Effective Date. Objections to applications of Professionals or other entities for compensation or reimbursement of expenses must be Filed no later than sixty (60) days after the Effective Date. All compensation and reimbursement of expenses allowed by the Bankruptcy Court shall be paid to the applicable Professional or other entities requesting compensation or reimbursement of Professional Fee Claims by the Plan Administrator immediately thereafter. Each Professional or other Person that intends to seek payment for compensation or reimbursement of expenses from the Debtor (including compensation requested by any Professional or other Person for making a substantial contribution in the Chapter 11 Case) shall provide the Debtor with a statement, by no later than the Confirmation Date, of the amount of estimated unpaid fees and expenses accrued by such Professional up to the date of such statement, the amount of fees and expenses that each such Professional expects to incur from such date through the Effective Date and the amount of fees and expenses that each such Professional expects to incur from such date in connection with the preparation and prosecution of each such Professional's final fee application.

(iii) U.S. Trustee Fees. The Debtor or the Plan Administrator, as the case may be, shall pay all U.S. Trustee Fees, in accordance with the terms of this Plan, until such time as the Bankruptcy Court enters a final decree closing the Debtor's Chapter 11 Case.

Section 4.02. Priority Tax Claims. Except to the extent the Debtor, or the Plan Administrator, as applicable, and the holder of an Allowed Priority Tax Claim agree to a different and less favorable treatment, the Plan Administrator, at its sole option, shall pay, in full satisfaction and release of such Claim, to each holder of a Priority Tax Claim, Cash, in an amount equal to such Allowed Priority Tax Claim, on the later of (i) the Effective Date and (ii) the first Business Day after the date that is thirty (30) calendar days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is practicable.

ARTICLE V.

TREATMENT OF CLASSIFIED CLAIMS

The holders of Allowed Claims in each Class shall receive the following distributions where applicable, on or after the Effective Date, in accordance with this Plan. The treatment of and consideration to be received by holders of Allowed Claims pursuant to this Article V shall be in full satisfaction and settlement of such holder's respective Claims against or interests in the Debtor and the Estate, except as otherwise provided in this Plan or the Confirmation Order. Amounts paid to holders of such Allowed Claims in satisfaction thereof shall be allocated first to the principal amounts of such Allowed Claims, with any excess being allocated to interest, if applicable, that has properly accrued on such Allowed Claims but remains unpaid.

Section 5.01. Class 1: Secured Claims.

(a) Class 1 Treatment. At the sole option of the Plan Administrator, and with the exception of the treatment of the liens on the Vireo and Farrand Properties, on the later of (i) the Effective Date, or (ii) for Claims in Class 1 that were Disputed Claims on the Effective Date and have thereafter become Allowed Secured Claims, the Distribution Date immediately following the date upon which such Claims became Allowed Secured Claims, or as soon thereafter as is practicable, holders of each such Allowed Secured Claim shall receive: (1) the Collateral securing such Allowed Secured Claim; or (2) Cash in an amount not to exceed the Allowed amount of such Claim, equal to the proceeds actually realized from the sale of any Collateral securing such Claim, less the actual costs and expenses of disposing of such Collateral; or (3) such other treatment as may be agreed upon by the Plan Administrator and the holder of an Allowed Secured Claim provided that the holder of such Allowed Secured Claim will not receive more than the value of the Collateral securing such Claim. In the event that the Plan Administrator elects, pursuant to option (1) above, to distribute to the holder of an Allowed Secured Claim, the Collateral securing such Allowed Secured Claim, the holder of such Allowed Secured Claim may request that the Plan Administrator (A) attempt to sell the Collateral securing the Allowed Secured Claim, or (B) abandon such Collateral. In the event that the Plan Administrator honors such a request and attempts to sell such Collateral securing such Allowed Secured Claim or

abandon such Collateral, all expenses relating thereto, including, but not limited to, storage expenses, shall be borne by the holder of the Allowed Secured Claim. Notwithstanding the foregoing, the Plan Administrator retains the right to decline to honor a request by the holder of an Allowed Secured Claim to attempt to sell such Collateral.

Unless otherwise agreed to by the Debtor and Lehman and Glastonbury (as applicable), the first and second lien holders on the Vireo and Farrand Properties respectively, Lehman and Glastonbury will continue to receive the adequate protection payments provided for under their respective Cash Collateral Orders through the termination of the leases by and between the Debtor and Montefiore Medical Center for the Vireo and Farrand Properties, at which time, Lehman and Glastonbury will be afforded the treatment set forth in the preceding paragraph on account of their liens on the Vireo and Farrand Properties. Notwithstanding the foregoing, the Debtor shall be authorized to sell the Vireo Property pursuant to the terms of the 506(c) Stipulation entered into between Glastonbury and the Debtor, provided that if such sale is not subject to MMC's lease then (a) MMC agrees to vacate the premises before its lease terminates, or (b) closing occurs after termination of the lease. If recoveries from the Vireo and Farrand Properties exceed the amounts owing to Lehman and Glastonbury, DASNY is entitled to the excess proceeds up to the value of any valid, perfected, non-avoidable and enforceable security interest that DASNY may have in the Vireo and Farrand Properties.

(b) Class 1 Impairment. Holders of Allowed Claims in Class 1 are not Impaired under this Plan. Each holder of an Allowed Secured Claim is conclusively presumed to accept this Plan under section 1126(f) of the Bankruptcy Code and is therefore not entitled to vote to accept or reject this Plan in its capacity as a holder of such Claim.

(c) Class 1 Deficiency Claims. To the extent that the value of the Collateral securing each Allowed Secured Claim is less than the amount of such Allowed Secured Claim, the undersecured portion of such Claim shall be treated for all purposes under this Plan as a General Unsecured Claim and shall be classified as such.

(d) Class 1 SubClasses for Class 1. For convenience of identification, this Plan describes the Allowed Secured Claims in Class 1 as a single Class. Class 1 consists of separate subclasses, each based on the underlying property securing such Allowed Secured Claims, and each subClass is treated hereunder as a distinct Class for treatment and distribution purposes and for all other purposes under the Bankruptcy Code.

Section 5.02. Class 2: Priority Claims.

(a) Class 2 Treatment. Each holder of an Allowed Priority Claim shall receive Cash in an amount equal to the amount of such Allowed Priority Claim first from the Administrative Claims Fund to the extent funds remain after payment of Allowed Administrative Claims and second from Available Cash on the later of (i) the Effective Date, or (ii) for Claims in Class 2 that were Disputed Claims and have become Allowed Priority Claims, the Distribution Date immediately following the

date upon which such Claims became Allowed Priority Claims, or as soon thereafter as is practicable.

(b) Class 2 Impairment. Holders of Allowed Priority Claims in Class 2 are not Impaired under this Plan. Each holder of an Allowed Priority Claim is conclusively presumed to accept this Plan under section 1126(f) of the Bankruptcy Code and is therefore not entitled to vote to accept or reject this Plan in its capacity as a holder of such Claim.

Section 5.03. Class 3: General Unsecured Claims.

(a) Class 3 Treatment. Class 3 consists of General Unsecured Claims. On the Effective Date, or as soon thereafter as reasonably practicable, but in no event earlier than the Administrative Claims Bar Date established in the Confirmation Order, each holder of an Allowed General Unsecured Claim shall receive, on account of its Allowed General Unsecured Claim, its Ratable Share of Available Cash. Ratable Shares of Available Cash in respect of Disputed Class 3 Claims shall be held in the applicable Disputed Claims Reserve Account pursuant to this Plan until such time that disputes involving such Disputed Claims have been resolved.

(b) Class 3 Impairment. Holders of General Unsecured Claims are Impaired under this Plan. Each holder of an Allowed General Unsecured Claim is entitled to vote to accept or reject this Plan in its capacity as a holder of such Allowed General Unsecured Claim.

(c) Class 3 Priority of Payment. Notwithstanding any other provision of this Plan, holders of Allowed General Unsecured Claims shall not be entitled to receive any payment of Cash on account of Allowed General Unsecured Claims until the holders of Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Secured Claims, and Allowed Priority Claims have received payment in full on account of such Allowed Claims or such Allowed Claims have been reserved for in accordance with this Plan, and any Disputed Claims have been reserved for in accordance with this Plan.

Section 5.04. Class 4: Litigation Claims.

(a) Class 4 Treatment. Class 4 consists of Litigation Claims.

(i) Each holder of a timely or deemed timely Filed Litigation Claim may elect to be granted relief from the automatic stay imposed under section 362(a) of the Bankruptcy Code to litigate such holder's Litigation Claim in state court provided that, if such election is made, any recovery on account of such Litigation claim shall be limited to the Debtor's applicable insurance. In addition, each holder of a Litigation Claim shall be deemed to limit any recovery against any Housestaff Officer for claims that would entitle a Housestaff Officer to a Housestaff Claim to the Debtor's applicable insurance or other available insurance maintained by such Housestaff Officer.

The recovery on Allowed Pre 7/1/99 Insurance Litigation Claims shall be limited to the Debtor's insurance policies covering Allowed Pre 7/1/99 Insurance Litigation Claims.

The recovery on Allowed 1999/2003 Limited Insurance Litigation Claims shall be limited to 1999/2003 Insurance.

The recovery on Allowed 2003/2004 Limited Insurance Litigation Claims shall be limited to 2003/2004 Insurance.

The recovery on Allowed 2004/2005 Cell Claims shall be limited to 2004/2005 Insurance.

The recovery on Allowed 2005/2006 Cell Claims shall be limited to 2005/2006 Insurance.

The recovery on Allowed 2006/2007 Cell Claims shall be limited to Prepetition 2006/2007 Insurance (which is limited to and conditioned upon the payment of Pre-July 2007 Administrative Expense Litigation Claims).

(ii) Any holder of a Litigation Claim, for which a proof of claim was timely Filed (or deemed timely Filed), that does not elect the treatment under Section 5.04(a)(i) of this Plan shall have such holder's Litigation Claim estimated by the District Court pursuant to section 502(c) of the Bankruptcy Code together with any vicarious or other liability the Debtor may have on account of a Housestaff Claim related to such Litigation Claim. To the extent the Debtor's applicable insurance (as outlined in Section 5.04(a)(i) of this Plan) is not sufficient to pay the estimated amount of any Allowed Litigation Claim as estimated by the District Court, the holder of such estimated Allowed Litigation Claim shall have an Allowed General Unsecured Claim in Class 3 for any deficiency. In addition, Section 7.05 of the Plan provides for an injunction limiting certain recoveries against Housestaff Officers to available insurance coverage.

If the holder of a Class 4 Litigation Claim elects the treatment under Section 5.04(a)(i) to have the automatic stay lifted, such election will be binding on such holder regardless of whether Class 4 accepts the Plan, provided that the Plan is confirmed and the Effective Date occurs. In addition, nothing contained in Section 5.04(a) of this Plan shall alter, modify, limit or impair the provisions of those "So Ordered" stipulations and orders lifting the automatic stay, resolving litigation claims and limiting recoveries to available insurance; such stipulations will remain in full force and effect and control the disposition of the Litigation Claims subject to those stipulations.

(b) Class 4 Impairment. Holders of Litigation Claims in Class 4 are Impaired under the Plan. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Litigation Claim is entitled to vote to accept or reject the Plan.

Section 5.05. Class 5: Subordinated Claims.

(a) Class 5 Treatment. The holders of Subordinated Claims shall not receive or retain any property under the Plan on account of such Subordinated Claims.

(b) Class 5 Impairment and Voting. Holders of Subordinated Claims in Class 5 are deemed to have rejected the Plan and therefore are not entitled to vote on the Plan.

ARTICLE VI.

IMPLEMENTATION OF PLAN

Section 6.01. Implementation. This Plan will be implemented by the Plan Administrator in a manner consistent with the terms and conditions set forth in this Plan and the Confirmation Order.

Section 6.02. Funding for this Plan. This Plan will be funded from the Assets.

Section 6.03. Vesting of Assets in the Debtor. As of the Effective Date, pursuant to the provisions of section 1141(b) and (c) of the Bankruptcy Code, all Assets shall vest in the Debtor free and clear of all Claims, liens, encumbrances, charges, Membership Interests and other interests, except as otherwise expressly provided in this Plan or the Confirmation Order, and subject to the terms and conditions of this Plan and the Confirmation Order.

Section 6.04. Continuing Existence. From and after the Effective Date, the Debtor shall continue in existence for the purposes of (i) winding up its affairs as expeditiously as reasonably possible, (ii) liquidating, by conversion to Cash, or other methods, of any remaining Assets, as expeditiously as reasonably possible, (iii) enforcing and prosecuting claims, interests, rights and privileges of the Debtor, including, without limitation, the prosecution of Causes of Action, (iv) resolving Disputed Claims, (v) administering the Plan, (vi) filing appropriate tax returns and (vii) performing all such other acts and conditions required by and consistent with consummation of the terms of this Plan.

Section 6.05. Closing of the Chapter 11 Cases. When all Disputed Claims filed against the Debtor have become Allowed Claims or have been disallowed, and all Assets have been liquidated and converted into Cash (other than those Assets abandoned), and such Cash has been distributed in accordance with this Plan, or at such earlier time as the Plan Administrator deems appropriate, the Plan Administrator shall seek authority from the Bankruptcy Court to close the Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

Section 6.06. Corporate Action. This Plan will be administered by the Plan Administrator and all actions taken under this Plan in the name of the Debtor shall be taken through the Plan Administrator. Upon the distribution of all Assets pursuant

to this Plan and the filing by the Plan Administrator of a certification to that effect with the Bankruptcy Court (which may be included in the application for the entry of the final decree), the Debtor shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the Debtor or payments to be made in connection therewith; provided, however, that the Debtor may take appropriate action to dissolve under applicable law. From and after the Effective Date, the Debtor shall not be required to file any document, or take any action, to withdraw their business operations from any states where the Debtor previously conducted business.

Section 6.07. Winding Up Affairs. Following the Effective Date, the Debtor shall not engage in any business or take any actions, except those necessary to consummate this Plan and wind up the affairs of the Debtor. On and after the Effective Date, the Plan Administrator may, in the name of the Debtor and in consultation with the Creditors' Committee, take such actions without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than the restrictions imposed by this Plan or the Confirmation Order.

Section 6.08. Powers and Duties of the Plan Administrator. The Plan Administrator will act for the Debtor in a fiduciary capacity as applicable to a board of directors or trustees, subject to the provisions of this Plan. The powers and duties of the Plan Administrator shall include:

(i) investing Cash in accordance with section 345 of the Bankruptcy Code, and withdrawing and making Distributions of Cash to holders of Allowed Claims and paying taxes and other obligations owed by the Debtor or incurred by the Plan Administrator in connection with the wind-down of the Estate, from the Expense Reserve, the Administrative Claims Fund, and Available Cash in accordance with this Plan;

(ii) subject to the approval of the Creditors' Committee (which approval shall not be unreasonably withheld), engaging attorneys, consultants, agents, employees and all professional persons, to assist the Plan Administrator with respect to the Plan Administrator's responsibilities;

(iii) executing and delivering all documents, and taking all actions, necessary to consummate the Plan and wind down the Debtor's business;

(iv) assisting with reconciliations and purchase price adjustments under the Asset Purchase Agreement (the "APA");

(v) assisting with the Debtor's continued performance obligations under the APA post-closing;

(vi) coordinating the turnover of property, if any, subject to rejected executory contracts or abandonment or liquidation of any retained assets;

- receivable;
- (vii) coordinating the collection of outstanding accounts
 - (viii) coordinating the storage and maintenance of the Debtor's books and records to the extent not transferred pursuant to the Sale;
 - (ix) overseeing compliance with the Debtor's accounting, finance and reporting obligations;
 - (x) preparing monthly operating reports and financial statements and United States Trustee quarterly reports;
 - (xi) overseeing the filing of final tax returns, audits, ICR Certification and other corporate dissolution documents if required;
 - (xii) performing any additional corporate actions as necessary to carry out the wind down and liquidation of the Debtor;
 - (xiii) regularly communicating with the Creditors' Committee's financial advisor and responding to inquiries from the Creditors' Committee's financial advisor;
 - (xiv) providing to the Creditors' Committee's financial advisor regular cash budgets, information on all disbursements on a weekly basis, and copies of bank statement on a monthly basis;
 - (xv) subject to the approval of the Creditors' Committee (which approval shall not be unreasonably withheld), paying the fees and expenses of the attorneys, consultants, agents, employees and professional persons engaged by the Debtor, the Plan Administrator and the Creditors' Committee and to pay all other expenses for winding down the affairs of the Debtor in accordance with a wind-down budget, or as otherwise agreed to by the Plan Administrator, and in the event of a dispute that cannot be resolved, the parties shall seek to resolve such dispute in the Bankruptcy Court;
 - (xvi) subject to the approval of the Creditors' Committee (which approval shall not be unreasonably withheld), disposing of, and delivering title to others of, or otherwise realizing the value of all the remaining Assets;
 - (xvii) subject to the approval of the Creditors' Committee (which approval shall not be unreasonably withheld), objecting to, compromising and settling Claims;
 - (xviii) acting on behalf of the Debtor in all adversary proceedings and contested matters (including, without limitation, any Causes of Action), then pending or that can be commenced in the Bankruptcy Court and in all actions and proceedings pending or commenced elsewhere, and, subject to the approval of the Creditors' Committee (which approval shall not be unreasonably withheld) to settle, retain, enforce, dispute or adjust any claim and otherwise pursue actions

involving Assets of the Debtor that could arise or be asserted at any time under the Bankruptcy Code, unless otherwise waived or relinquished in the Plan;

(xix) implementing and/or enforcing all provisions of the Plan; and

(xx) such other powers as may be vested in or assumed by the Plan Administrator pursuant to this Plan or Bankruptcy Court Order or as may be needed or appropriate to carry out the provisions of this Plan.

Section 6.09. Appointment of the Plan Administrator. The Confirmation Order shall provide for the appointment of Gilbert Barnett, the Debtor's current Chief Wind-Down Officer, as the Plan Administrator. The compensation for the Plan Administrator shall be \$100 per hour, subject to the review and approval of the Creditors' Committee. The Plan Administrator shall be deemed the Estate's representative in accordance with section 1123 of the Bankruptcy Code and shall have all powers, authority and responsibilities specified in this Plan, including, without limitation, the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code.

Section 6.10. Distributions To Holders Of Claims.

(a) Estimation of Claims. The Plan Administrator may, at any time, request that the Bankruptcy Court (or the District Court with respect to Litigation Claims) estimate any Claim not expressly Allowed by the terms of the Plan and otherwise subject to estimation under section 502(c) of the Bankruptcy Code and for which the Debtor may be liable under this Plan, including any Claim for taxes, to the extent permitted by section 502(c) of the Bankruptcy Code, regardless of whether any party-in-interest previously objected to such Claim; and the Bankruptcy Court (or the District Court with respect to Litigation Claims) will retain jurisdiction to estimate any Claim pursuant to section 502(c) of the Bankruptcy Code at any time prior to the time that such Claim becomes an Allowed Claim. In the event that the Bankruptcy Court (or the District Court with respect to Litigation Claims) estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court (or the District Court with respect to Litigation Claims). If the estimated amount constitutes a maximum limitation on such Claim, the Plan Administrator may elect to pursue any supplemental proceedings to object to any ultimate allowance of such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated by the Bankruptcy Court (or the District Court with respect to Litigation Claims) and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court or the District Court, as applicable.

(b) No Recourse. Notwithstanding that the allowed amount of any particular Disputed Claim is reconsidered under the applicable provisions of the Bankruptcy Code and Bankruptcy Rules or is Allowed in an amount for which after application of the payment priorities established by this Plan there is insufficient value to provide a recovery equal to that received by other holders of Allowed Claims in the

respective Class, no Claim holder shall have recourse against the Debtor, the Estate, the Plan Administrator, the Creditors' Committee or any of their respective professionals, consultants, officers, directors or members or their successors or assigns, or any of their respective property. However, except as specifically stated otherwise in this Plan, nothing in this Plan shall modify any right of a holder of a Claim under section 502(j) of the Bankruptcy Code.

THE ESTIMATION OF CLAIMS AND ESTABLISHMENT OF RESERVES UNDER THIS PLAN MAY LIMIT THE DISTRIBUTION TO BE MADE ON INDIVIDUAL DISPUTED CLAIMS IF THE ESTIMATION IS MADE SOLELY FOR THE PURPOSE OF ESTIMATING A MAXIMUM LIABILITY FOR RESERVE PURPOSES, REGARDLESS OF THE AMOUNT FINALLY ALLOWED ON ACCOUNT OF SUCH DISPUTED CLAIMS.

(c) Resolution of Disputed Claims. No Distribution or payment shall be made on account of a Disputed Claim until such Disputed Claim becomes an Allowed Claim. No Distribution or payment shall be made to any holder of an Allowed Claim who is also a potential defendant in an avoidance action under chapter 5 of the Bankruptcy Code until a decision is made by the Plan Administrator not to commence the potential avoidance action, or, in the event the potential avoidance action is commenced by the Plan Administrator, until the resolution of such avoidance action. Notwithstanding this Section, the making of a Distribution to such potential defendant or the lack of any objection filed to such Allowed Claim on the basis of such potential avoidance action shall not constitute a waiver of any rights of the Debtor or the Plan Administrator, as the case may be. For purposes of this Plan, such Distribution or payment on account of such Allowed Claim shall be held in the Disputed Claims Reserve Account as if it were a Disputed Claim.

(d) Objections to Claims. Unless otherwise ordered by the Bankruptcy Court, on and after the Effective Date, the Plan Administrator and the Creditors' Committee shall have the exclusive right to make, file and prosecute objections to and settle, compromise or otherwise resolve Disputed Claims, except that as to applications for allowances of Professional Fee Claims, objections may be made in accordance with the applicable Bankruptcy Rules by parties-in-interest. Subject to further extension by the Bankruptcy Court, the Plan Administrator or the Creditors' Committee, as applicable, shall file and serve a copy of each objection upon the holder of the Claim to which an objection is made on or before the latest to occur of: (i) one hundred-twenty (120) days after the Effective Date, (ii) thirty (30) days after a request for payment or proof of claim is timely Filed and properly served upon the Plan Administrator and the Creditors' Committee, or (iii) such other date as may be fixed by the Bankruptcy Court either before or after the expiration of such time periods. Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the claimant if the Plan Administrator or the Creditors' Committee, as applicable, effects service in any of the following manners (A) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (B) by first Class mail, postage prepaid, on the signatory of the proof of claim or other representative identified in the proof of claim or any attachment thereto at the address of the creditor set forth therein; or (C) by first Class mail, postage prepaid, on any counsel that has appeared on the claimant's behalf in the Chapter 11 Case. From

and after the Effective Date, the Plan Administrator in consultation with and subject to the approval of the Creditors' Committee may settle or compromise any Disputed Claim or avoidance action under chapter 5 of the Bankruptcy Code pursuant to the terms of this Plan, subject to the approval of the Bankruptcy Court.

(e) Distributions when a Disputed Claim Becomes an Allowed Claim; or when a Disputed Claim is Subsequently Disallowed. On the next Distribution Date following the time upon which a Disputed Claim is ultimately Allowed, holders of such Claims shall receive from the applicable Disputed Claims Reserve Account any amounts held in such Disputed Claims Reserve Account attributable to the Allowed amount of such Claim, as set forth in this Plan. Any Cash Distributions held in the applicable Disputed Claims Reserve Account for the benefit of a holder of a Disputed Claim, which is subsequently disallowed, in whole or in part, shall be distributed on the next Distribution Date, on a Ratable basis to holders of Allowed Class 3 Claims and to any applicable Disputed Claims Reserve Account on account of any Disputed Claims as if such amounts had been distributed on the Effective Date.

(f) Resolution of Disputed Litigation Claims. All holders of timely-Filed (or deemed timely Filed) Litigation Claims that have not been disallowed, expunged or waived against the Debtor shall be deemed Allowed Litigation Claims for voting purposes only and shall be entitled to one vote in the amount of \$1.00 on account of such Litigation Claim. For all other purposes under the Plan, all Litigation Claims not previously Allowed shall be considered to be Disputed Claims as of the Effective Date such that no objection to a Litigation Claim is required to be filed. The terms and conditions of the Mediation Orders, and the Mediation Program authorized and implemented thereunder, shall continue in effect until all of the Litigation Claims have been mediated (other than the Litigation Claims that are to be afforded the treatment under Section 5.04(a)(i) of this Plan or treatment otherwise agreed to by the holder of the Litigation Claim and the Plan Administrator). The Plan Administrator and the Creditors' Committee shall have the right to the exclusion of all others to make, file, and prosecute objections to Litigation Claims in a forum of appropriate jurisdiction. After proceeding with mediation, all Litigation Claims that are not to be afforded the treatment under Section 5.04(a)(i) of this Plan shall be estimated by the District Court pursuant to section 502(c) of the Bankruptcy Code, except to the extent that the Plan Administrator and a holder of the Litigation Claim compromise, settle or otherwise resolve the respective Litigation Claim, in which event they may settle, compromise or otherwise resolve such Litigation Claim, subject to the approval of the Creditors' Committee and the Bankruptcy Court, provided, however, the Bankruptcy Court shall have jurisdiction to hear and rule on objections to Litigation Claims based on (i) timeliness of a proof of claim, (ii) failure to prosecute, (iii) failure to mediate in accordance with the Mediation Order, (iv) whether a proof of claim set forth sufficient facts necessary to be *prima facie* valid, or (v) other non-merit based objections.

(g) Distributions on Account of Allowed Class 3 Claims. To the extent funds are available, on each Distribution Date, the Plan Administrator shall make Distributions of Available Cash to holders of Allowed Class 3 Claims in accordance with this Plan. Any Distributions made to holders of Allowed Class 3 Claims shall be

made on a Ratable basis. Any proceeds received from the liquidation of the Assets shall be distributed in accordance with this Plan.

(h) Distributions on Account of Allowed Class 4 Claims.

Allowed Claims in Class 4 to be afforded treatment under Section 5.04(a)(i) of this Plan shall be paid solely from the proceeds of available insurance. Allowed Claims in Class 4 that are not to be afforded the treatment under Section 5.04(a)(i) of this Plan and that are estimated by the District Court for allowance pursuant to section 502(c) of the Bankruptcy Code or otherwise settled, shall be paid from proceeds of available insurance, with any deficiency to be treated as an Allowed General Unsecured Claim and the Distribution thereon to be made in accordance with Section 6.10(g) of this Plan.

Section 6.11. Disputed Claims Reserve Account.

(a) Establishment of Disputed Claims Reserve Account. On the Effective Date, and in conjunction with making all Distributions required to be made on the Effective Date, the Debtor shall establish and fund the Disputed Claims Reserve Accounts, which shall be administered by the Plan Administrator.

(b) Duties in Connection with Disputed Claims. The Plan Administrator, in consultation with the Creditors' Committee, shall (i) hold in reserve, for the benefit of Disputed Claims, Cash in an amount required by Order of the Bankruptcy Court or the District Court, if applicable, (including any Order estimating the maximum liability of a Disputed Claim) or, in the absence of such Order, Cash equal to the distributions that would have been made to the holder of such Disputed Claim, if it were an Allowed Claim in a liquidated amount, if any, on the Effective Date, (ii) subject to the approval of the Creditors' Committee (which approval shall not be unreasonably withheld), object to, settle or otherwise resolve Disputed Claims, (iii) make Distributions to holders of Disputed Claims that subsequently become Allowed Claims in accordance with this Plan, and (iv) distribute any remaining assets of the Disputed Claims Reserve Accounts, after resolving all Disputed Claims, to holders of Allowed Class 3 Claims in accordance with this Plan.

(c) Transfer of Distributions to Disputed Claim Reserve Accounts. On and after the Effective Date, any Distributions that would otherwise be made to the holders of Disputed Claims shall be transferred to the applicable Disputed Claims Reserve Account. Payments shall be made from the applicable Disputed Claims Reserve Account to the holder of an Allowed Claim, which was previously a Disputed Claim, upon the first Distribution Date immediately following the date upon which such Claim became an Allowed Claim.

Section 6.12. Miscellaneous Distribution Provisions.

(a) Method of Cash Distributions. All Distributions of Cash pursuant to the Plan shall be made by the Plan Administrator or a duly-appointed disbursing agent to the holders of Allowed Claims entitled to receive Cash under the Plan. Cash payments made pursuant to this Plan shall be in United States dollars by checks drawn on a domestic bank selected by the Plan Administrator or by wire transfer from a domestic bank, at the option of the Plan Administrator; provided,

however, that cash payments made to foreign creditors, if any, holding Allowed Claims may be (but are not required to be) paid, at the option of the Plan Administrator in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

(b) Distributions on Non-Business Days. Any payment or Distribution due on a day other than a Business Day shall be made, without interest, on the next Business Day.

(c) Accrual of Postpetition Interest. Unless otherwise provided for in this Plan or the Bankruptcy Code, no holder of a pre-petition Allowed Claim shall be entitled to the accrual of post-petition interest on account of such Claim.

(d) No Distribution in Excess of Allowed Amount of Claim. Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall receive in respect of such Claim any Distribution in excess of the Allowed amount of such Claim.

Section 6.13. De Minimus Distributions. Notwithstanding anything to the contrary contained herein, if the amount of Cash to be distributed to the holder of an Allowed Claim is less than \$25, the Plan Administrator may hold the Cash Distributions to be made to such holder until the aggregate amount of Cash to be distributed to such holder is in an amount equal to or greater than \$25, if the Plan Administrator determines that the cost to distribute such Cash is unreasonable in relation to the amount of Cash to be distributed. Notwithstanding the preceding sentence, if the amount of Cash Distribution to such holder never aggregates to more than \$25, then on the final Distribution Date, the Plan Administrator shall distribute such Cash to the holder entitled thereto.

Section 6.14. Allocation of Payments. Amounts paid to holders of Allowed Claims in satisfaction thereof shall be allocated first to the principal amounts of such Claims, with any excess allocated to interest that has accrued on such Claims but remains unpaid.

Section 6.15. Setoffs. The Plan Administrator is authorized, pursuant to and to the extent permitted by section 553 of the Bankruptcy Code, to set off against any Allowed Claim and the Distributions to be made on account of such Allowed Claim, the claims, rights and Causes of Action of any nature that the Debtor or the Plan Administrator may hold against the holder of such Allowed Claim, provided that the Plan Administrator gives the holder of such Allowed Claim notice of the proposed setoff and the holder of such Allowed Claim does not object to the proposed setoff within thirty (30) days; provided that if an objection is timely raised to a proposed setoff, the Plan Administrator may seek relief from the Bankruptcy Court to effectuate the setoff; provided, further, that neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor or the Plan Administrator of any such claims, rights and Causes of Action that the Debtor may possess against such holder.

Section 6.16. Unclaimed Property.

(a) Subject to Bankruptcy Rule 9010, all Distributions to any holder of an Allowed Claim shall be made at the Distribution Address unless the Debtor and/or the Plan Administrator, as the case may be, have been notified in writing of a change of address. In the event that any Distribution to any holder of an Allowed Claim is returned as undeliverable, no further Distributions to such holder shall be made unless and until the Plan Administrator is notified of such holder's then-current address, at which time all eligible missed Distributions shall be made to such holder, without interest. All demands for undeliverable Distributions shall be made on or before one hundred and twenty (120) days after the date such undeliverable Distribution was initially made. Thereafter, the amount represented by such undeliverable Distribution shall irrevocably revert to the Debtor and be treated as Available Cash. Any Claim in respect of such undeliverable Distribution shall be discharged and forever barred from assertion against the Debtor and their property or the Plan Administrator.

(b) Checks issued by the Plan Administrator in respect of Allowed Claims shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for reissuance of any check shall be in writing and be made to the Plan Administrator by the holder of the Allowed Claim to whom such check originally was issued and such request must be accompanied by delivery of the original check. Any written claim in respect of such a voided check must be received by the Plan Administrator on or before one hundred and twenty (120) days after the expiration of the sixty (60) day period following the date of issuance of such check. Thereafter, the amount represented by such voided check shall irrevocably revert to the Debtor and be treated as Available Cash. Any Claim in respect of such voided check shall be discharged and forever barred from assertion against the Debtor, and their property or the Plan Administrator.

Section 6.17. Exemption from Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, the assignment or surrender of any lease or sublease, or the delivery, making, filing, or recording of any deed or other instrument of transfer, or the issuance, transfer, or exchange of any security under this Plan, including any deeds, bills of sale or assignments executed in connection with any disposition of assets contemplated by this Plan, shall not be subject to any stamp, real estate transfer, mortgage, recording or other similar tax.

Section 6.18. Cancellation of Membership Interests. As of the Effective Date, by virtue of this Plan and in all events without any action on the part of the holders thereof, to the extent not previously cancelled, all Membership Interests issued and outstanding shall be cancelled and retired and no consideration will be paid or delivered with respect thereto.

Section 6.19. Cancellation of Unsecured Notes and Agreements.

(a) On the Effective Date, except as otherwise provided for in this Plan, any note, bond, indenture or other instrument or document evidencing or creating any indebtedness or obligation of the Debtor (the "Instruments") will be

deemed cancelled and of no further force or effect without any further action on the part of the Bankruptcy Court, or any Person including, but not limited to, governmental agencies. The holders of such cancelled Instruments will have no claims against the Debtor for payment of such Instruments, except for the rights provided pursuant to this Plan.

(b) Following the Effective Date, holders of any such Instrument of the Debtor will receive from the Plan Administrator, specific instructions regarding the time and manner in which such Instruments are to be surrendered, if requested by the Plan Administrator. Any Instrument that is lost, stolen, mutilated or destroyed, shall be deemed surrendered when the holder of a Claim based thereon delivers to the applicable agent or the Plan Administrator (i) evidence satisfactory to the agent or the Plan Administrator of the loss, theft, mutilation or destruction of such instrument or certificate, and (ii) such security or indemnity as may be required by the agent or the Plan Administrator to hold each of them harmless with respect thereto.

Section 6.20. Record Date for Distributions to Holders of Claims. As of the close of business on the Confirmation Date, there shall be no further changes in the record holders of the Claims for purposes of the Distribution of Available Cash. The Debtor and the Plan Administrator shall have no obligation to recognize any transfer of Claims occurring after the Confirmation Date for purposes of the Distribution of Available Cash.

Section 6.21. Disputed Payments. If any dispute arises as to the identity of a holder of an Allowed Claim who is to receive any Distribution, the Plan Administrator may, in lieu of making such Distribution to such Person, make such Distribution into an escrow account to be held in trust for the benefit of such holder and such Distribution shall not constitute property of the Debtor and its Estate. Such Distribution shall be held in escrow until the disposition thereof shall be determined by order of the Bankruptcy Court or other court of competent jurisdiction or by written agreement signed by all of the interested parties to such dispute.

Section 6.22. Withholding Taxes. In connection with this Plan, to the extent applicable, the Plan Administrator shall comply with all withholding and reporting requirements imposed on it by federal, state and local taxing authorities, and all Distributions shall be subject to such withholding and reporting requirements.

Section 6.23. Resignation of Directors and Officers. Upon the Effective Date of this Plan, the Debtor's directors and officers shall be deemed to have resigned as the directors and officers of the Debtor.

Section 6.24. Resignation, Death or Removal of Plan Administrator. The Plan Administrator may resign at any time upon not less than 30 days' written notice to the Creditors' Committee. The Plan Administrator may be removed at any time by the Creditors' Committee for cause upon application to the Bankruptcy Court on 5 days' written notice to the United States Trustee and the Plan Administrator and his counsel. In the event of the resignation, removal, death or incapacity of the Plan Administrator, the Creditors' Committee shall designate another Person to become the Plan Administrator and thereupon the successor Plan Administrator, without further act,

shall become fully vested with all of the rights, powers, duties and obligations of his predecessor. No successor Plan Administrator hereunder shall in any event have any liability or responsibility for the acts or omissions of any his or her predecessors.

Section 6.25. No Agency Relationship. The Plan Administrator shall not be deemed to be the agent for any of the holders of Claims in connection with the funds held or distributed pursuant to this Plan. The Plan Administrator shall not be liable for any mistake of fact or law or error of judgment or any act or omission of any kind unless it constitutes gross negligence or willful misconduct or breach of fiduciary duty on the part of the Plan Administrator. The Plan Administrator shall be indemnified and held harmless, including the cost of defending such claims and attorneys' fees in seeking indemnification, by the Estate against any and all claims arising out of his duties under this Plan, except to the extent his actions constitute gross negligence or willful misconduct or breach of fiduciary duty. The Plan Administrator may conclusively rely, and shall be fully protected personally in acting upon any statement, instrument, opinion, report, notice, request, consent, order, or other instrument or document which he believes to be genuine and to have been signed or presented by the proper party or parties. The Plan Administrator may rely upon information previously generated by the Debtor and such additional information provided to him by former employees of the Debtor.

Section 6.26. Plan Administrator's Bond The Plan Administrator shall obtain and maintain a bond in an amount equal to one hundred and ten percent (110%) of Available Cash.

ARTICLE VII.

EFFECT OF THIS PLAN ON CLAIMS, INTERESTS AND CAUSES OF ACTION

Section 7.01. Jurisdiction of the Bankruptcy Court. Until the Effective Date, the Court shall retain jurisdiction over the Debtor and its Estate. Thereafter, jurisdiction of the Bankruptcy Court shall be limited to the subject matters set forth in Article XI of this Plan and as specified in the Confirmation Order.

Section 7.02. Binding Effect. Except as otherwise provided in section 1141(d) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of this Plan shall bind any holder of a Claim against the Debtor who held such Claim at any time during the Chapter 11 Case and its respective successors and assigns, whether or not the Claim of such holder is Impaired under this Plan and whether or not such holder has accepted this Plan.

Section 7.03. Term of Injunctions or Stays. Unless otherwise provided herein, all injunctions or stays provided for in the Chapter 11 Case pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Chapter 11 Case is closed.

Section 7.04. Retention of Rights and Causes of Action. All present or future rights, claims or Causes of Action against any Person that existed and which have not been released on or prior to the Effective Date are preserved for the Debtor

and its Estate. On the Effective Date, pursuant to section 1123(b)(3) of the Bankruptcy Code, the Debtor shall have possession and control of, and shall retain and have the right to enforce and pursue, any and all present or future rights, claims or Causes of Action, against any Person and with respect to any rights of the Debtor that arose before or after the Petition Date, including, but not limited to, rights, claims and Causes of Action. The Debtor and its Estate shall have, retain, reserve, and shall be entitled to assert and pursue all such claims, Causes of Action, rights of setoff, or other legal or equitable defenses, and all legal and equitable rights of the Debtor not expressly released under this Plan may be asserted after the Confirmation Date. The Plan Administrator may abandon, settle or release any or all such claims, rights or Causes of Action, as it deems appropriate, subject to the approval of the Creditors' Committee (which approval shall not be unreasonably withheld) and the approval of the Bankruptcy Court. In pursuing any claim, right or Cause of Action, the Plan Administrator, as the representative of the Estate, shall be entitled to the extensions provided under section 108 of the Bankruptcy Code. Except as otherwise set forth in this Plan, all Causes of Action shall survive confirmation and the commencement or prosecution of Causes of Action shall not be barred or limited by any estoppel, whether judicial, equitable or otherwise. In reviewing the Disclosure Statement and this Plan, and in determining whether to vote for or against this Plan, creditors (including parties who received payments or transfers from the Debtor within ninety (90) days prior to the Petition Date and insiders who received payments or transfers from the Debtor within one (1) year before the Petition Date) and other parties should consider that Causes of Action may exist against them, that, except as otherwise set forth in this Plan, this Plan preserves all Causes of Action, and that this Plan authorizes the Plan Administrator to prosecute same. In the event the Plan Administrator does not prosecute a Cause of Action, the Creditors' Committee shall be authorized, upon consent of the Plan Administrator, to prosecute such Cause of Action on behalf of the Debtor. If the Plan Administrator does not consent to the Creditors' Committee prosecuting a Cause of Action, the Creditors' Committee may seek authority from the Bankruptcy Court to prosecute such Cause of Action.

Section 7.05. Injunction.

(a) Satisfaction of Claims. The treatment to be provided for Allowed Claims shall be in full satisfaction, settlement and release of such respective Claims.

(b) Scope of Injunction. Except as otherwise provided in this Plan or the Confirmation Order, as of the Effective Date, all Persons that hold a Claim are permanently enjoined from taking any of the following actions against the Debtor, Housestaff Officers, the Patient Care Ombudsman, the Plan Administrator, the Creditors' Committee or members thereof, present and former directors, officers, trustees, agents, attorneys, advisors, members or employees of the Debtor, the Patient Care Ombudsman, the Creditors' Committee or members thereof or the Plan Administrator, or any of their respective successors or assigns, or any of their respective assets or properties, on account of any Claim: (1) commencing or continuing in any manner any action or other proceeding with respect to a Claim against either or both of the Debtor; (2) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order with respect to a Claim against

the Debtor; (3) creating, perfecting or enforcing any lien or encumbrance with respect to a Claim against the Debtor; (4) asserting a setoff, right of subrogation or recoupment of any kind with respect to a Claim against the Debtor, the assets or other property of the Estate; and (5) commencing or continuing any action that does not comply with or is inconsistent with this Plan; provided, however, nothing in this injunction shall preclude the holder of a Claim from pursuing any applicable insurance after the Chapter 11 Case is closed, from seeking discovery in actions against third parties or from pursuing third-party insurance that does not cover Claims against the Debtor.

(c) Housestaff Injunction. Except as otherwise provided in this Plan or the Confirmation Order, all Persons are permanently enjoined from enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order with respect to a claim that would entitle a Housestaff Officer to a Housestaff Claim provided however, that such injunction shall not extend to recoveries against any available insurance. In exchange for this injunction, each Housestaff Officer shall be deemed to waive any Housestaff Claim against the Debtor and its Estate, provided that the waiver of the Housestaff Claims shall not impair the injunction in this Section of the Plan and neither the waiver of the Housestaff Claims nor this injunction shall release the obligations of any insurance company to defend a Housestaff Officer under an otherwise applicable insurance policy.

(d) Release of Collateral. Except as expressly provided otherwise in this Plan, unless a holder of a Secured Claim receives a return of its Collateral in respect of such Claim under this Plan: (i) each holder of; (A) an Allowed Secured Claim; and/or (B) an Allowed Claim that is purportedly secured, on the Effective Date shall (x) turn over and release to the Debtor any and all property that secures or purportedly secures such Claim; and (y) execute such documents and instruments as the Plan Administrator requires to evidence such claimant's release of such property; and (ii) on the Effective Date, all claims, rights, title and interest in such property shall revert to the Debtor, free and clear of all Claims, including (without limitation) Liens, charges, pledges, encumbrances and/or security interests of any kind. No Distribution hereunder shall be made to or on behalf of any holder of such Claim unless and until such holder executes and delivers to the Plan Administrator such release of Liens. Any such holder that fails to execute and deliver such release of Liens within 60 days of any demand thereof shall be deemed to have no further Claim and shall not participate in any Distribution hereunder. Notwithstanding the immediately preceding sentence, a holder of a Disputed Claim shall not be required to execute and deliver such release of Liens until the time such Claim is Allowed or disallowed.

(e) Cause of Action Injunction. On and after the Effective Date, all Persons other than the Plan Administrator and the Creditors' Committee will be permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively or otherwise) on account of, or respecting any, claim, debt, right or Cause of Action that the Plan Administrator and/or the Creditors' Committee retain authority to pursue in accordance with this Plan.

Section 7.06. Preservation and Application of Insurance. The provisions of this Plan shall not diminish or impair in any manner the enforceability and/or

coverage of any insurance policies (and any agreements, documents, or instruments relating thereto) that may cover Claims (including Litigation Claims) against the Debtor, any directors, trustees or officers of the Debtor, or any other Person, including without limitation, the D&O Insurance. For the avoidance of doubt, and as set forth in this Plan, all of the Debtor's insurance policies and the proceeds thereof shall be available to holders of Litigation Claims alleging medical malpractice or personal injury to the extent such insurance policies cover such Litigation Claims. In addition, such insurance policies and proceeds thereof shall be available to holders of Litigation Claims for the purpose of satisfying Litigation Claims estimated pursuant to section 502(c) of the Bankruptcy Code or in accordance with this Plan.

Section 7.07. Exculpation. None of the Debtor, the Creditors' Committee, the individual members of the Creditors' Committee (acting in their capacity as members of the Creditors' Committee), the Patient Care Ombudsman and the Plan Administrator, their respective current or former directors, officers, trustees, employees, agents (acting in such capacity), advisors or representatives nor any professional employed by any of them shall have or incur any liability to any Person for any action taken or omitted to be taken in connection with or related to (i) the formulation, preparation, dissemination, implementation, confirmation, or consummation of this Plan, the Disclosure Statement, or any contract, release, or other agreement or document created or entered into, or any other action taken or omitted to be taken in connection with this Plan, (ii) the administration of this Plan or property to be distributed pursuant to this Plan, and (iii) actions taken or omitted to be taken in connection with the Chapter 11 Case or the operations, monitoring or administration of the Debtor during the Chapter 11 Case. Notwithstanding anything in this Section to the contrary, the provisions of this Section shall not limit the liability of any Person or entity that would otherwise result from any action or omission to the extent that such action or omission is determined in a Final Order to have constituted intentional fraud, gross negligence or willful misconduct.

Section 7.08. Compromise of Controversies. Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided under this Plan, the provisions of this Plan shall constitute a good faith compromise and settlement of all Claims and controversies resolved pursuant to this Plan, including, without limitation, all Claims arising prior to the Effective Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, arising out of, relating to or in connection with the business or affairs of or transactions with the Debtor. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in this Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtor, the Estate, creditors and other parties-in-interest, and are fair, equitable and within the range of reasonableness.

Section 7.09. Post-Confirmation Activity. As of the Effective Date, the Plan Administrator may conclude the wind down of the Debtor's affairs without supervision of the Bankruptcy Court, other than those restrictions expressly imposed by this Plan and the Confirmation Order. Without limiting the foregoing, the Plan Administrator may pay any charges it incurs for taxes, professional fees, disbursements,

expenses or related support services after the Effective Date without application to and approval of the Bankruptcy Court.

Section 7.10. Preservation of Avoidance Actions. Notwithstanding anything in this Plan to the contrary, all of the Debtor's avoidance actions under chapter 5 of the Bankruptcy Code are preserved for the Debtor and its Estate and may be pursued by the Debtor through the Plan Administrator or, if permitted under Section 7.04 of this Plan, by the Creditors' Committee.

ARTICLE VIII.

EXECUTORY CONTRACTS

Section 8.01. Executory Contracts and Unexpired Leases. To the extent not previously rejected, on the Confirmation Date, but subject to the occurrence of the Effective Date, all executory contracts and unexpired leases of the Debtor entered into prior to the Petition Date shall be deemed rejected by the Debtor pursuant to the provisions of section 365 of the Bankruptcy Code, except: (a) any executory contract or unexpired lease that has been or is the subject of a motion to assume or assume and assign Filed pursuant to section 365 of the Bankruptcy Code by the Debtor before the Effective Date; (b) any executory contract or unexpired lease listed in the "Schedule of Assumed Executory Contracts and Unexpired Leases" attached as Exhibit A to this Plan; (c) any executory contract or unexpired lease assumed or assumed and assigned pursuant to the provisions of this Plan; or (d) any agreement, obligation, security interest, transaction or similar undertaking that the Debtor believes is not executory or is not a lease, and which is later determined by the Bankruptcy Court to be an executory contract or unexpired lease that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

Section 8.02. Cure. At the election of the Debtor, monetary defaults, if any, under each executory contract and unexpired lease to be assumed under this Plan shall be satisfied pursuant to section 365(b)(1) of the Bankruptcy Code, in one of the following ways: (a) by payment of the default amount in Cash on the Effective Date; or (b) on such other terms as agreed to by the parties to such executory contract or unexpired lease. In the event of a dispute regarding: (i) the amount of any cure payments; (ii) the ability of the Debtor to provide adequate assurance of future performance under the contract or lease to be assumed; or (iii) any other matter pertaining to assumption, then the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving assumption.

Section 8.03. Rejection Damages Bar Date. If the rejection by the Debtor, pursuant to this Plan or otherwise, of an executory contract or unexpired lease, results in a Claim, then such Claim shall be forever barred and shall not be enforceable against the Debtor or its property or the Plan Administrator unless a proof of claim is Filed with the clerk of the Bankruptcy Court and served upon the Debtor or the Plan Administrator, as applicable, not later than thirty (30) days after the date of service of notice of entry of the Confirmation Order, or such other period set by the Bankruptcy Court.

Section 8.04. Effect of Post-Confirmation Rejection. The entry by the Bankruptcy Court on or after the Confirmation Date of an Order authorizing the rejection of an executory contract or unexpired lease shall result in such rejection being a prepetition breach under sections 365(g) and 502(g) of the Bankruptcy Code.

ARTICLE IX.

DISMISSAL AND DISSOLUTION OF O.L.M. PARKING

Section 9.01. Treatment of O.L.M. Parking The Debtor and O.L.M. Parking believe that claims against O.L.M. Parking generally represent tax claims against O.L.M. Parking. Upon review of such claims, the Debtor and O.L.M. Parking have determined these claims are for the most part, if not completely, invalid and should be disallowed. Nevertheless, O.L.M. Parking has no assets to satisfy the Claims, even if valid. Accordingly, by separate motion returnable upon the date of the Confirmation Hearing, the Debtor and O.L.M. Parking will request that the Court enter an order dissolving O.L.M. Parking, and dismissing O.L.M. Parking's chapter 11 case.

ARTICLE X.

CONDITIONS TO CONFIRMATION OCCURRENCE OF EFFECTIVE DATE

Section 10.01. Conditions to Confirmation. This Plan may not be confirmed unless each of the conditions set forth below is satisfied:

- (a) The Disclosure Statement Order shall be a Final Order.
- (b) The Confirmation Order shall have been entered in a form reasonably acceptable to the Debtor and the Creditors' Committee.

Section 10.02. Conditions to Occurrence of Effective Date. The Effective Date for this Plan may not occur unless each of the conditions set forth below is satisfied. Any one or more of the following conditions may be waived in whole or in part at any time upon consent by all Plan Proponents:

- (a) The Confirmation Order shall have become a Final Order.
- (b) The Confirmation Order shall provide for the injunctions and exculpation of the Persons provided for in Article VII of this Plan.
- (c) Gilbert Barnett shall have been appointed as the Plan Administrator and shall have accepted to act in such capacity in accordance with the terms and conditions of this Plan.

Section 10.03. Effect of Nonoccurrence of the Conditions to Occurrence of Effective Date. If each of the conditions to the occurrence of the Effective Date have not been satisfied or duly waived on or before the date which is no later than the first Business Day after ninety (90) days after the Confirmation Order is entered, or by such later date as is approved, after notice and a hearing, by the Bankruptcy Court, then

upon motion by any party-in-interest made before the time that each of the conditions has been satisfied or duly waived, the Confirmation Order may be vacated by the Bankruptcy Court; provided, however, that, notwithstanding the filing of such a motion, the Confirmation Order shall not be vacated if each of the conditions to occurrence of the Effective Date is either satisfied or duly waived before the Bankruptcy Court enters an order granting the relief requested in such motion. If the Confirmation Order is vacated pursuant to this Section, then this Plan shall be null and void in all respects, and nothing contained in this Plan shall: (a) constitute a waiver or release of any claims by or against the Debtor; or (b) prejudice in any manner the rights of the Debtor or of any other party-in-interest.

ARTICLE XI.

CONFIRMABILITY AND SEVERABILITY OF A PLAN AND CRAMDOWN

Section 11.01. Confirmability and Severability of a Plan. Subject to Section 12.11 hereof, the Plan Proponents reserve the right to alter, amend, modify, revoke or withdraw this Plan. If the Debtor revokes or withdraws from this Plan then nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtor, or to prejudice in any manner the rights of the Debtor or any persons in any further proceedings involving the Debtor. A determination by the Bankruptcy Court that this Plan, as it applies to the Debtor, is not confirmable pursuant to section 1129 of the Bankruptcy Code shall not limit or affect the Plan Proponents' ability to modify this Plan to satisfy the confirmation requirements of section 1129 of the Bankruptcy Code. Each provision of this Plan shall be considered separable and, if for any reason any provision or provisions herein are determined to be invalid and contrary to any existing or future law, the balance of this Plan shall be given effect without relation to the invalid provision.

Section 11.02. Cramdown. The Plan Proponents shall have the right to request the Bankruptcy Court to confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code.

ARTICLE XII.

ADMINISTRATIVE PROVISIONS

Section 12.01. Retention of Jurisdiction. Notwithstanding confirmation of this Plan or occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction for all purposes permitted under applicable law, including, without limitation, the following purposes:

- (a) To determine any motion, adversary proceeding, avoidance action, application, contested matter, and other litigated matter pending on or commenced after the Confirmation Date;
- (b) To hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;

(c) To ensure that Distributions to holders of Allowed Claims are accomplished as provided herein;

(d) To hear and determine objections to the allowance of Claims, whether Filed, asserted or made before or after the Effective Date, including, without limitation, to hear and determine objections to the classification of Claims and the allowance or disallowance of Disputed Claims, in whole or in part;

(e) To consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim;

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

(g) To issue injunctions, enter and implement other Orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation, or enforcement of this Plan, the Confirmation Order or any other Order of the Bankruptcy Court;

(h) To hear and determine any application to modify this Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure Statement or any Order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(i) To hear and determine all Professional Fee Claims;

(j) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of this Plan, the Confirmation Order or any transactions or payments contemplated hereby or thereby, or any agreement, instrument, or other document governing or relating to any of the foregoing;

(k) To take any action and issue such Orders as may be necessary to construe, enforce, implement, execute, and consummate this Plan, including any release or injunction provisions set forth herein, or to maintain the integrity of this Plan following consummation;

(l) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(m) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(n) To enter a final decree closing the Chapter 11 Case;

(o) To recover all assets of the Debtor and property of the Estate, wherever located; and

(p) To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code, title 28 of the United States Code and other applicable law.

Section 12.02. Governing Law. Except to the extent the Bankruptcy Code, Bankruptcy Rules, or other federal laws apply, the rights and obligations arising under this Plan shall be governed by the laws of the State of New York, without giving effect to principles of conflicts of law of New York.

Section 12.03. Effectuating Documents; Further Transactions. The Debtor or the Plan Administrator, as applicable, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

Section 12.04. Waiver of Bankruptcy Rule 7062. The Plan Proponents may request that the Confirmation Order include (i) a finding that Bankruptcy Rule 7062 shall not apply to the Confirmation Order; and (ii) authorization for the Debtor to consummate this Plan immediately after entry of the Confirmation Order.

Section 12.05. No Admissions. Notwithstanding anything herein to the contrary, nothing contained in this Plan or the Disclosure Statement shall be deemed as an admission by any Person with respect to any matter set forth herein.

Section 12.06. Payment of Statutory Fees. All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court on the Confirmation Date, shall be paid on the Effective Date. Any statutory fees accruing after the Confirmation Date shall be paid in accordance with Article IV of this Plan.

Section 12.07. Continuation of Creditors' Committee. Until the entry of a final decree closing the Chapter 11 Case, the Creditors' Committee will continue in existence and shall continue to exercise all of the rights and powers conferred upon it by the Bankruptcy Code and this Plan, at which time the Creditors' Committee and its duties, powers, responsibilities and rights shall be deemed dissolved.

Section 12.08. Resignation and Vacancy on the Committee. If any creditor represented on the Creditors' Committee shall assign its Claim or release the Debtor from the payment of the balance of its Claim, the member of the Creditors' Committee representing that creditor shall be deemed to have resigned from the Creditors' Committee. In the event that a vacancy occurs on the Creditors' Committee by reason of the death or resignation of a member, then with respect to any vacancy thereby created, the remaining members of the Creditors' Committee may (i) fill the vacancy with the representative of another holder of an Allowed Class 3 Claim or (ii) reduce the size of the Creditors' Committee to the number of the remaining Creditors' Committee members. If the Creditors' Committee members elect the latter, then no Creditors' Committee vacancy shall be deemed to exist. The Creditors' Committee shall function whether or not a vacancy exists. In any event, no Person may be designated to serve on the Creditors' Committee without notice having been given to the Plan Administrator.

Section 12.09. Creditors' Committee's Professionals. Subsequent to the Effective Date, the Creditors' Committee shall have the power and authority to utilize the services of its counsel and financial advisor as necessary to perform the duties of the Creditors' Committee and to authorize and direct such Persons to act on behalf of the Creditors' Committee in connection with any matter requiring its attention or action. The Debtor and its Estate shall be responsible for the payment of all reasonable and necessary fees and expenses of such counsel and financial advisor. The Plan Administrator shall pay the reasonable and necessary fees and expenses of the Creditors' Committee's counsel and financial advisor without the need for Bankruptcy Court approval.

Section 12.10. Disposal of Books and Records. The Debtor's right to seek authorization from the Bankruptcy Court for the destruction of books and records, including patient medical and billing records, prior to the expiration of any statutory period requiring that such records be maintained are preserved.

Section 12.11. Amendments.

(a) Pre-confirmation Amendment. The Plan Proponents may modify this Plan at any time prior to the entry of the Confirmation Order provided that this Plan, as modified, and the Disclosure Statement pertaining thereto meet applicable Bankruptcy Code requirements of section 1125 of the Bankruptcy Code, among others.

(b) Post-confirmation Amendment Not Requiring Resolicitation. After the entry of the Confirmation Order, the Plan Proponents may modify this Plan to remedy any defect or omission or to reconcile any inconsistencies in this Plan or in the Confirmation Order, as may be necessary to carry out the purposes and effects of this Plan, provided that: (i) the Plan Proponents obtain approval of the Bankruptcy Court for such modification, after notice and a hearing; and (ii) such modification shall not materially and adversely affect the interests, rights, treatment, or Distributions of any Class under this Plan.

(c) Post-confirmation Amendment Requiring Resolicitation. After the Confirmation Date and before the Effective Date of this Plan, the Plan Proponents may modify this Plan in a way that materially or adversely affects the interests, rights, treatment, or Distributions of a Class of Claims provided that: (i) this Plan, as modified, meets applicable Bankruptcy Code requirements; (ii) the Plan Proponents obtain Bankruptcy Court approval for such modification, after notice to all creditors entitled to receive notice pursuant to the Bankruptcy Code and the Bankruptcy Rules and a hearing; (iii) such modification is accepted by at least two-thirds in amount, and more than one-half in number, of Allowed Claims voting in each Class affected by such modification; and (iv) the Debtor comply with section 1125 of the Bankruptcy Code with respect to this Plan as modified.

Section 12.12. Successors and Assigns. The rights, benefits, and obligations of any Person named or referred to in this Plan shall be binding upon, and shall inure to the benefit of, the heir, executor, administrator, successor or assign of such Person.

Section 12.13. Confirmation Order and Plan Control. To the extent the Confirmation Order and/or this Plan is inconsistent with the Disclosure Statement, any other agreement entered into between the Debtor and any third party, this Plan controls the Disclosure Statement and any such agreements and the Confirmation Order controls this Plan.

Section 12.14. Notices. Any notice required or permitted to be provided under this Plan shall be in writing and served by either (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery or (c) overnight delivery service, postage prepaid, and addressed as follows:

For the Debtor:

OUR LADY OF MERCY MEDICAL CENTER
600 East 233rd Street
Bronx, New York 10466
Attn: Gilbert Barnett, Chief Wind Down Officer

with copies to:

TOGUT, SEGAL & SEGAL LLP
Attorneys for the Debtor
One Penn Plaza, Suite 3335
New York, New York 10119
Telephone: (212) 594-5000
Facsimile: (212) 967-4258
Attn: Frank A. Oswald, Esq.
Jeffrey M. Traurig, Esq.

For the Creditors' Committee:

ALSTON & BIRD LLP
90 Park Avenue
New York, New York 10016
Telephone: (212) 210-9400
Facsimile: (212) 210-9444
Attn: Martin G. Bunin, Esq.
Craig E. Freeman, Esq.

Dated: October 8, 2008

Respectfully Submitted,

OUR LADY OF MERCY MEDICAL CENTER
Debtor and Debtor in Possession

By: /s/Gilbert Barnett
Name: GILBERT BARNETT
Title: Chief Wind-Down Officer

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS

By: /s/Arthur J. Montegari, Jr.
Name: ARTHUR J. MONTEGARI, JR.
Title: Director of Employee Benefits
Archdiocese of New York,
Chair of the Official Committee
of Unsecured Creditors

TOGUT, SEGAL & SEGAL LLP
Attorneys for the Debtor

By: /s/Frank A. Oswald
Name: FRANK A. OSWALD
Title: A Member of the Firm

EXHIBIT A

Assumed Executory Contracts and Unexpired Leases

(To be Filed Prior to the Confirmation Hearing)