

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X		
In re	:	Chapter 11
	:	
Interfaith Medical Center, Inc., ¹	:	Case No. 12-48226 (CEC)
	:	
Debtor.	:	
-----X		

**FIRST AMENDED
PLAN OF REORGANIZATION FOR
INTERFAITH MEDICAL CENTER, INC.**

Dated: April 9, 2014

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Attorneys for Debtor and
Debtor in Possession

¹ The last four digits of the Debtor's federal tax identification number are 6155. The Debtor's mailing address is 1545 Atlantic Avenue, Brooklyn, New York 11213.

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ARTICLE I

DEFINITIONS AND INTERPRETATIONS

A. Definitions.

The capitalized terms set forth below shall have the following meanings:

1.1 1545 Atlantic means 1545 Atlantic Development LLC.

1.2 Administrative Claim means a Claim, other than a DASNY Claim for payment of costs or expenses of administration specified in sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, the actual and necessary costs and expenses incurred after the Petition Date in operating the business of the Debtor (such as wages, salaries or commissions for services rendered).

1.3 Administrative Claim Bar Date means any deadline for filing proof of a Claim that arose after the Petition Date, as established by an order of the Bankruptcy Court or this Plan, except for any deadline for a Fee Claim or a Claim for Payment of U.S. Trustee Fees.

1.4 Allowed means any Claim against the Debtor that: (a) is not disputed; and (b) (i) is scheduled by the Debtor in its schedule of assets and liabilities pursuant to the Bankruptcy Code and Bankruptcy Rules in a liquidated amount and not listed as contingent, unliquidated, or disputed; (ii) proof of which has been timely filed, or deemed timely filed, with the Bankruptcy Court pursuant to the Bankruptcy Code, the Bankruptcy Rules and/or any applicable orders of the Bankruptcy Court, or late filed with leave of the Bankruptcy Court; and not objected to within any period fixed herein, the Bankruptcy Code, the Bankruptcy Rules and/or applicable orders of the Bankruptcy Court; (iii) has been allowed by an agreement between the holder of such Claim and the Debtor or Reorganized Debtor; or (iv) has otherwise been allowed by a Final Order or pursuant to this Plan. An Allowed Claim: (a) includes a previously Disputed Claim to the extent such Disputed Claim becomes allowed; and (b) shall be net of any setoff or recoupment amount that may be asserted by the Debtor against the holder of such Claim, which shall be deemed to have been setoff or recouped in accordance with the provisions of this Plan.

1.5 Ballot means the ballot, in a form approved by the Bankruptcy Court, distributed to each holder of a Claim eligible to vote on this Plan, on which ballot such holder of a Claim may, inter alia, vote for or against this Plan.

1.6 Bankruptcy Code means title 11 of the United States Code, as now in effect or hereafter amended, as applicable to the Chapter 11 Case.

1.7 Bankruptcy Court means the United States Bankruptcy Court for the Eastern District of New York or any other court exercising competent jurisdiction over the Chapter 11 Case or any matter or proceeding therein.

1.8 Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court (including any applicable local rules of the United States District Court for the Eastern District of New York), as applicable to the Chapter 11 Case.

1.9 Bar Date means any deadline in the Chapter 11 Case for filing proof of a Claim.

1.10 Board means the Debtor's Board of Trustees.

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

1.12 Cash means cash and cash equivalents, including, but not limited to, bank deposits, checks, and other similar items of legal tender of the United States of America.

1.13 Chapter 11 Case means the chapter 11 case of the Debtor pending before the Bankruptcy Court.

1.14 Claim means "a claim", as defined by section 101(5) of the Bankruptcy Code, against the Debtor, whether or not asserted.

1.15 Class means a group of Claims classified by this Plan in Article III pursuant to section 1123(a)(1) of the Bankruptcy Code.

1.16 Clinics means the Debtor's ambulatory care network of 8 clinics located in the central Brooklyn communities of Crown Heights and Bedford-Stuyvesant.

1.17 Confirmation Date means the date the Bankruptcy Court enters the Confirmation Order on its docket.

1.18 Confirmation Hearing means the hearing on confirmation of this Plan pursuant to section 1129 of the Bankruptcy Code.

1.19 Confirmation Order means the order of the Bankruptcy Court confirming this Plan in accordance with the Bankruptcy Code.

1.20 Covered Person means a physician, resident, fellow, nurse, or other employee of the Debtor entitled to indemnification by the Debtor for certain medical malpractice claims.

1.21 Covered Person Claim means a medical malpractice claim against a Covered Person that would give rise to an Allowed Indemnification Claim by such Covered Person.

1.22 Covered Persons Fund means the separate fund established for Distributions to holders of certain Covered Person Claims, to be comprised of contributions by or on behalf of Covered Persons.

1.23 Creditors' Committee means the Official Committee of Unsecured Creditors in the Chapter 11 Case as appointed by the United States Trustee.

1.24 CRO means the Debtor's Chief Restructuring Officer.

1.25 Cure Amount shall have the meaning ascribed to such term in Section 10.2 herein.

1.26 Cure Dispute shall have the meaning ascribed to such term in Section 10.2 herein.

1.27 DASNY means the Dormitory Authority of the State of New York.

1.28 DASNY Claims means DASNY's Claims based on Prepetition Obligations and pursuant to the DIP Facility.

1.29 Debtor means Interfaith Medical Center, Inc.

1.30 DIP Facility means the senior secured priming and superpriority debtor-in-possession credit facility provided to the Debtor pursuant to the Debtor In Possession Credit Agreement, dated as of October 16, 2013, between IMC, as borrower, and DASNY, as the DIP Lender, as modified and amended from time to time.

1.31 DIP Lender means DASNY, in its capacity as DIP Lender.

1.32 DIP Order means the order of the Bankruptcy Court authorizing and approving the DIP Facility, as modified from time to time.

1.33 Disallowed means a Claim or portion thereof found not to be an Allowed Claim in a finding of the Bankruptcy Court in a Final Order or pursuant to a provision of this Plan.

1.34 Disbursement Agent means the Person to be designated by DASNY on or before the Effective Date to: (i) hold the funds that shall be provided by DASNY to the Debtor pursuant to the DIP Facility and otherwise as set forth in this Plan, all of which funds shall be transferred by the Debtor to the Disbursement Agent on the Effective Date for distribution pursuant to this Plan; and (ii) perform such other functions as are assigned to the Disbursement Agent pursuant to this Plan.

1.35 Disclosure Statement means the Disclosure Statement relating to this Plan that is approved by the Bankruptcy Court pursuant to sections 1125 and 1126(b) of the Bankruptcy Code, as such Disclosure Statement may be amended, modified, or supplemented (and all exhibits annexed thereto or referred to therein and all supplements thereto).

1.36 Disputed means respecting a Claim, that portion (including, when appropriate, the whole) of such Claim that is not Allowed or Disallowed.

1.37 Distribution means the distribution, if any, on a Claim in accordance with this Plan.

1.38 Distribution Date means the latest of: (a) the Effective Date (or as soon thereafter as reasonably practicable); (b) the date payment of a Claim ordinarily would be due and payable; or (c) as soon as reasonably practicable after a Claim becomes an Allowed Claim or otherwise becomes entitled to a distribution under this Plan; provided, however, that respecting Fee Claims, the Distribution Date is the date (or as soon thereafter as reasonably practicable) that such Claims are allowed by Final Order of the Bankruptcy Court.

1.39 DOH means the New York State Department of Health.

1.40 DSRIP shall have the meaning ascribed to such term in Section 7.3(a).

1.41 East Building Claims means the Claims of 1545 Atlantic based on or related to the two agreements, dated May 17, 2007, between the Debtor and 1545 Atlantic denominated a “Development Lease” and an “Occupancy Lease”.

1.42 Effective Date means a Business Day, selected by the Debtor, with the written consent of DASNY, that is after entry of the Confirmation Order and on which all conditions to the Effective Date set forth in Section 8.2 herein have been satisfied or waived.

1.43 Estate means the estate of IMC created in the Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

1.44 Estimated Fee Claims shall have the meaning ascribed to such term in Section 4.3 herein.

1.45 Existing Equity means any existing equity interest in the Debtor.

1.46 Fee Claim means a Claim by: (a) a Professional Person for compensation or reimbursement pursuant to section 327, 328, 330, 331, 503(b) or 1103(a) of the Bankruptcy Code in connection with the Chapter 11 Case; (b) a member of the Creditors’ Committee arising under section 503(b)(3)(F) of the Bankruptcy Code; (c) the Ombudsman and its counsel; (d) John Leech as CRO; (e) Gordian-Dynamis Solutions LLC; (f) Melanie Cyganowski as CRO; or (g) ToneyKorf LLC.

1.47 Final Order means an order or judgment of the Bankruptcy Court that has not been reversed, stayed, modified, or amended, and for which: (a) the time to appeal, seek review or rehearing, or petition for certiorari has expired; (b) no timely-filed appeal or petition for review, rehearing, remand, or certiorari is pending; and (c) the order has become conclusive of all matters adjudicated and is in full force and effect; provided, however, that the possibility a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure may be filed respecting such order shall not signify such order is not a Final Order.

1.48 Fund B Loan Agreement means the Reimbursement Agreement between DASNY and IMC, dated as of March 29, 2005, as amended on June 14, 2011, and as further

amended, restated, supplemented, or otherwise modified from time to time, together with all agreements, documents, notes, and instruments in respect thereof.

1.49 General Unsecured Claim means any prepetition Claim asserted by unsecured non-priority creditors and includes any Prepetition Medical Malpractice Claim.

1.50 Hospital refers to the Debtor's main hospital facility, located at 1545 Atlantic Avenue, Brooklyn, New York 11213.

1.51 IMC means Interfaith Medical Center, Inc., the Debtor.

1.52 Impaired means respecting any Claim or Class of Claims, a Claim or Class impaired within the meaning of section 1124 of the Bankruptcy Code.

1.53 Indemnification Claim means a Claim of a Covered Person based on an indemnity obligation of the Debtor.

1.54 Liquidating Trust means the liquidating trust to be established pursuant to the Plan.

1.55 Liquidating Trust Agreement means the liquidating trust agreement governing the Liquidating Trust substantially in the form annexed to the Plan Supplement.

1.56 Mediation Procedures means the procedures set forth in Section 6.2 of this Plan.

1.57 New Board means the board of trustees of the Reorganized Debtor commencing on the Effective Date.

1.58 Ombudsman means the patient care ombudsman appointed in the Chapter 11 Case by the United States Trustee pursuant to 11 U.S.C. § 333(a).

1.59 Other Secured Claim means, other than a DASNY Claim, that portion of a Claim that is secured by a valid, perfected, and enforceable security interest, lien, mortgage, or other encumbrance, that is not subject to avoidance under applicable bankruptcy or non-bankruptcy law, in or upon any right, title, or interest of the Debtor in and to property of the Debtor's Estate, to the extent of the value of the holder's interest in such property as of the relevant determination date.

1.60 Person means any individual, corporation, partnership, association, indenture trustee, organization, joint stock company, joint venture, estate, trust, governmental unit, or any political subdivision thereof, including, for the avoidance of doubt, the Creditors' Committee, current or former employees of the Debtor, or any other individual or entity.

1.61 Petition Date means December 2, 2012.

1.62 Plan means this Plan, dated as of the date set forth on the first page hereof, including all exhibits annexed hereto, either in its present form or as it may be altered, amended, or modified from time to time.

1.63 Pool Loan Agreement means the Reimbursement Agreement between DASNY and IMC, dated as of November 21, 2011, as amended, restated, supplemented or otherwise modified from time to time, together with all agreements, documents, notes, and instruments in respect thereof.

1.64 Postpetition Medical Malpractice Claim means any medical malpractice Claim asserted on account of or related to the Debtor's purported liability resulting from the provision of or failure to provide medical services after the Petition Date.

1.65 Prepetition Loan Agreement means the Loan Agreement by and between IMC and DASNY, dated as of January 24, 2007, as amended, restated, supplemented, or otherwise modified from time to time, together with all agreements, documents, notes, and instruments in respect thereof.

1.66 Prepetition Medical Malpractice Claim means any medical malpractice Claim asserted on account of or related to the Debtor's purported liability resulting from the provision of or failure to provide medical services prior to the Petition Date.

1.67 Prepetition Obligations means the Debtor's obligations under the Prepetition Loan Agreement, the Fund B Loan Agreement, and the Pool Loan Agreement.

1.68 Prepetition Loan Documents means the Prepetition Loan Agreement, the Fund B Loan Agreement, the Pool Loan Agreement, and all security, pledge, guaranty, and other lien and loan agreements and documents in connection therewith, each as it may have been amended, restated, supplemented, or otherwise modified from time to time.

1.69 Priority Claim means any Claim asserting entitlement to priority in right of payment under section 507(a) of the Bankruptcy Code, other than: (a) an Administrative Claim; (b) a Priority Tax Claim; (c) a DASNY Claim; or (d) a Fee Claim.

1.70 Priority Tax Claim means any Claim asserting entitlement to priority pursuant to section 507(a)(8) of the Bankruptcy Code.

1.71 Pro Rata means the proportion that a Claim in a particular Class bears to the aggregate amount of the Claims in such Class, excluding Disallowed Claims.

1.72 Professional Person means a Person retained by order of the Bankruptcy Court in connection with the Chapter 11 Case, pursuant to section 327, 328, 330, or 1103 of the Bankruptcy Code.

1.73 Released Parties means the Debtor, the Creditors' Committee, the Ombudsman, and DASNY, and any of their current or former agents, representatives, directors, trustees, officers (including, without limitation, for the Debtor, Melanie Cyganowski as CRO, Steven Korf as Chief Executive Officer, and Robert Mariani as Chief Financial Officer),

members, sponsors, managers, attorneys, accountants, financial advisors, or other professionals, solely in such capacities.

1.74 Reorganized Debtor means the Debtor on and after the Effective Date.

1.75 Temporary Operator means a temporary operator for the Reorganized Debtor appointed pursuant to New York Public Health Law § 2806-a.

1.76 Unclaimed Property means any Distribution (Cash or otherwise) provided for hereunder that is unclaimed 180 days following the date of such Distribution.

1.77 United States Trustee means the Office of the United States Trustee for the Eastern District of New York.

1.78 Unimpaired means respecting a Claim or Class of Claims, a Claim or Class of Claims that is not Impaired.

1.79 U.S. Trustee Fees means fees arising under 28 U.S.C. § 1930(a)(6) and accrued interest thereon arising under 31 U.S.C. § 3717.

1.80 Work Plan shall have the meaning ascribed to such term in Section 7.3(a).

B. Interpretation; Application of Definitions and Rules of Construction.

Unless otherwise specified, all section or exhibit references are to the respective section in, or exhibit to, this Plan.

As used in this Plan, the words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause of this Plan.

Any capitalized term used herein that is not defined herein shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules.

Except for the rules of construction contained in sections 102(5) of the Bankruptcy Code, which shall not apply, the rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of this Plan.

Any reference in this Plan to another agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions. Any reference herein to an existing document or exhibit filed or to be filed in connection with this Plan or the Disclosure Statement means such document or exhibit as it may have been or may be amended, modified, or supplemented.

The headings used in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof.

ARTICLE II

GENERAL CLASSIFICATION PROVISIONS

2.1 *General Rules of Classification.*

A Claim is classified in a particular Class for voting and distribution purposes only to the extent the Claim qualifies within the description of that Class. Unless otherwise provided, to the extent a Claim qualifies for inclusion in a more specifically defined Class and a more generally-defined Class, it shall be included in the more specifically defined Class.

2.2 *Unclassified Claims.*

The Bankruptcy Code does not require classification of certain claims against a debtor. In this Plan, such unclassified Claims include Administrative Claims (including, among other things, Postpetition Medical Malpractice Claims, Fee Claims, and Claims for U.S. Trustee Fees). Their treatment is set forth in Article IV below.

ARTICLE III

CLASSIFICATION OF CLAIMS AND INTERESTS

The following table designates the Classes of Claims and equity interests under this Plan and specifies which Classes are: (a) Impaired or Unimpaired by this Plan; and (b) entitled to vote to accept or reject this Plan in accordance with section 1126 of the Bankruptcy Code or deemed to accept or reject this Plan:

<u>Class</u>	<u>Designation</u>	<u>Impairment</u>	<u>Entitled to Vote</u>
Class 1	Priority Claims	No	No (Deemed to accept)
Class 2	Priority Tax Claims	No	No (Deemed to accept)
Class 3	Other Secured Claims	No	No (Deemed to accept)
Class 4	DASNY Claims	Yes	Yes
Class 5	East Building Claims	Yes	Yes
Class 6	General Unsecured Claims	Yes	Yes
Class 7	Existing equity interest (if any)	Yes	No (Deemed to reject)

ARTICLE IV

TREATMENT OF UNCLASSIFIED CLAIMS

4.1 *Certain Administrative Claims.*

On the Distribution Date, except to the extent a holder of an Allowed Administrative Claim agrees to different treatment, which treatment shall be acceptable in the sole discretion of the Disbursement Agent, each such Allowed Claim (not including Postpetition Medical Malpractice Claims) shall be paid in full in Cash or otherwise receive treatment consistent with section 1129(a)(9) of the Bankruptcy Code. Nevertheless, Allowed Administrative Claims incurred in the ordinary course of business and on ordinary business terms unrelated to the administration of the Chapter 11 Case (such as Allowed trade and vendor Claims) shall be paid, at the Reorganized Debtor's option, in accordance with ordinary business terms for payment of such Claims.

The amount of funds to be provided by DASNY pursuant to the DIP Facility for payment of all Allowed Administrative Claims shall be determined prior to the Confirmation Date in consultation with DASNY and the Debtor, be included in a Plan Supplement filed with the Court for consideration in connection with confirmation of this Plan, and be binding on all holders of Allowed Administrative Claims. All payments pursuant to this section shall be made by the Disbursement Agent.

4.2 *Postpetition Medical Malpractice Claims*

Holders of Allowed Postpetition Medical Malpractice Claims not subject to the Election (as described in Section 6.1) shall, in full satisfaction of such Claims as well as any related Covered Persons Claims: (a) receive payment from the Disbursement Agent from: (i) funds provided by DASNY pursuant to the DIP Facility on or prior to the Effective Date; plus (ii) the \$400,000 Indemnity Reserve Fund created by IMC (utilizing DASNY's cash collateral and an IM Foundation contribution), all of which shall be held for Distribution in a segregated account by the Disbursement Agent; or (b) otherwise receive treatment consistent with section 1129(a)(9) of the Bankruptcy Code.

The total amount of funds to be provided by DASNY pursuant to the DIP Facility (together with the Indemnity Reserve Fund) for payment of all such Allowed Claims shall be determined prior to the Confirmation Date in consultation with DASNY and the Debtor, be included in a Plan Supplement filed with the Court for consideration in connection with confirmation of this Plan, and be binding on all holders of Allowed Postpetition Medical Malpractice Claims. Any excess funds in such segregated account after the earlier of: (x) the tenth anniversary of the Effective Date; and (y) the date all such Claims have been resolved and paid, shall be paid to DASNY's designee.

4.3 *Fee Claims.*

(a) Filing and Payment.

A Fee Claim for which a final fee application has been properly filed and served pursuant to Section 7.7(a) hereof shall be payable by the Disbursement Agent to the extent approved by a Final Order of the Bankruptcy Court.

(b) Estimates and Reserve.

Each holder of a Fee Claim shall be required to submit to the Debtor at least seven days prior to the Confirmation Date, an estimate of the portion of its Fee Claim that will have accrued prior to and including the Confirmation Date, but that has not yet been included in a monthly fee statement or interim fee application previously submitted by such holder (collectively, the “**Estimated Fee Claims**”). On the Confirmation Date, the Debtor shall reserve and hold in an account Cash equal to the aggregate amount as of the Confirmation Date of each unpaid Estimated Fee Claim plus all unpaid amounts or holdbacks from monthly fee statements or interim fee applications (minus any unapplied retainers). All parties entitled to file Fee Claims shall be entitled to reasonable compensation for fees and expenses incurred through the Effective Date, subject to any necessary approval by the Bankruptcy Court. On the Effective Date, such Cash plus an amount equal to the estimated amount of unpaid Fee Claims accrued from the Confirmation Date to the Effective Date as well as the estimated amount of Fee Claims to be incurred after the Effective Date other than for services for the Reorganized Debtor shall be transferred to the Disbursement Agent and maintained in a separate reserve account at a financial institution pending distribution to holders of Allowed Fee Claims. Such Cash shall be disbursed solely to the holders of Allowed Fee Claims as soon as reasonably practicable after a Fee Claim becomes an Allowed Claim. Upon payment of Allowed Fee Claims, any Cash remaining in such account sufficient to satisfy all other unresolved Fee Claims shall be reserved until all Allowed Fee Claims have been paid in full and all remaining Fee Claims have been Disallowed or not otherwise permitted to be paid by Final Order, at which time(s) any remaining Cash held in reserve respecting the Fee Claims shall become the property of DASNY’s designee.

(c) Objections.

Objections to Fee Claims, if any, must be filed and served pursuant to the procedures set forth in the Confirmation Order no later than the latest of forty-four (44) days after the Effective Date, 14 days after the date such Fee Claim is filed, or such other date as established by the Bankruptcy Court.

4.4 *Claims for U.S. Trustee Fees.*

Under this Plan, on the Effective Date or as soon as practicable thereafter, the Disbursement Agent shall pay all U.S. Trustee Fees then due. Any U.S. Trustee Fees due thereafter shall be paid by the Disbursement Agent or the Liquidating Trust (as applicable based on distributions respecting holders of Allowed Claims) until the earlier of the entry of a final decree closing the Chapter 11 Case, or a Bankruptcy Court order converting or dismissing the case. Any deadline for filing other Administrative Claims or Fee Claims shall not apply to U.S. Trustee Fees.

ARTICLE V

TREATMENT OF CLASSIFIED CLAIMS

5.1 *Priority Claims – Class 1.*

On the Distribution Date, except to the extent a holder of an Allowed Priority Claim agrees to different treatment, which treatment shall be acceptable in the sole discretion of the Disbursement Agent, each such Allowed Claim shall be paid in full in Cash or otherwise receive treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code; provided, however, that any Allowed Priority Claim that is based on any employee's entitlement to paid time off shall be satisfied by the Reorganized Debtor's assumption of the paid time off obligation if such employee is employed by the Reorganized Debtor on the Effective Date.

The amount of funds to be provided by DASNY pursuant to the DIP Facility for payment of all Allowed Priority Claims shall be determined prior to the Confirmation Date in consultation with DASNY and the Debtor, be included in a Plan Supplement filed with the Court for consideration in connection with confirmation of this Plan, and be binding on all holders of Allowed Priority Claims. All payments on Allowed Priority Claims shall be made by the Disbursement Agent.

5.2 *Priority Tax Claims – Class 2.*

On the Distribution Date, except to the extent a holder of an Allowed Priority Tax Claim agrees to different treatment, which treatment shall be acceptable in the sole discretion of the Disbursement Agent, each holder of such an Allowed Claim shall receive Cash in an amount equal to such Allowed Priority Tax Claim or other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.

The amount of funds to be provided by DASNY pursuant to the DIP Facility for payment of all Allowed Priority Tax Claims shall be determined prior to the Confirmation Date in consultation with DASNY and the Debtor, be included in a Plan Supplement filed with the Court for consideration in connection with confirmation of this Plan, and be binding on all holders of Allowed Priority Tax Claims. All payments on Allowed Priority Tax Claims shall be made by the Disbursement Agent.

5.3 *Other Secured Claims – Class 3.*

On the Distribution Date, except to the extent a holder of an Allowed Other Secured Claim agrees to different treatment, each holder of such an Allowed Claim shall receive: (i) Cash in an amount equal to such Allowed Claim; or (ii) the collateral securing such Allowed Claim. Responsibility for any such payment shall be, as applicable: (x) DASNY (or the Disbursement Agent) or DASNY's designee (solely respecting Allowed Claims secured by collateral being conveyed to DASNY or its designee pursuant to this Plan); (y) DASNY (or the Disbursement Agent) or the Reorganized Debtor (solely respecting Allowed Claims secured by collateral being retained by the Reorganized Debtor pursuant to this Plan); or (z) the Liquidating

Trust (solely respecting Allowed Claims secured by collateral, if any, being conveyed to the Liquidating Trust pursuant to this Plan).

5.4 *DASNY Claims – Class 4.*

On the Effective Date, in full satisfaction of all of DASNY's Claims, including any DIP Claims, Superpriority Claims, Administrative Claims, Priority Claims, Prepetition Secured Claims, and General Unsecured Claims (except as provided below and in Section 5.6 of this Plan regarding DASNY's Class 6 Claim), the Disbursement Agent, DASNY's designee or the Reorganized Debtor (with DASNY determining in its sole discretion which assets shall be retained by the Reorganized Debtor and which assets shall be conveyed free and clear of any liens, claims, charges, pledges, encumbrances, and/or interests of any kind to DASNY's designee) shall receive all assets of the Debtor (except for those assets this Plan or DASNY determines are to be conveyed to the Liquidating Trust or abandoned), including, without limitation: (a) all real property; (b) all real property leases and other executory contracts; (c) all inventory, furniture, fixtures, and equipment; (d) all accounts receivable for Hospital services; (e) any grants or other funding due to the Debtor; (f) all of the Debtor's medical records; provided, however, the Liquidating Trust shall continue to have reasonable access to such records as needed; (g) all Healthfirst equity interests; (h) all funds set aside by the Debtor for the payment of Allowed Postpetition Medical Malpractice Claims; (i) all funds to be deposited in the Covered Persons Fund; and (j) all funds provided to the Debtor pursuant to the DIP Facility; provided, however, that the Debtor's Medicare provider agreements shall be assumed and retained by the Reorganized Debtor. DASNY also shall receive Plan releases as described in Section 9.5(d).

The Allowed Class 4 Claim shall, if necessary, be estimated for voting purposes at an agreed upon amount. Additionally, DASNY shall have an Allowed General Unsecured Claim in Class 6 for voting purposes, but DASNY shall not be entitled to any Distribution on that Claim if Class 6 accepts this Plan.

Upon entry of the Confirmation Order, but subject to occurrence of the Effective Date, DASNY shall retain all rights, Claims, and liens available pursuant to the DIP Facility and the Prepetition Loan Documents. For the avoidance of doubt, the prohibitions in Paragraph 20 of the DIP Order concerning the use of proceeds of the DIP Facility, DIP Collateral, Prepetition Collateral, Cash Collateral, or the Carve-Outs (as each such term is defined in the DIP Order) to assert any claims, actions, or causes of action against DASNY shall survive confirmation and consummation of this Plan.

5.5 *East Building Claims – Class 5.*

(a) Settlement Option.

If 1545 Atlantic accepts the Plan, then upon the Confirmation Date, but subject to the occurrence of the Effective Date, the two agreements, dated May 17, 2004, between the Debtor and 1545 Atlantic denominated a "Development Lease" and an "Occupancy Lease" shall be recharacterized as a single financing agreement for an unsecured loan from 1545 Atlantic to the Debtor, with the Debtor then having title to the related land and improvements known as the

“East Building,” free and clear of liens, claims, charges, pledges, encumbrances, and/or interests of any kind of 1545 Atlantic, but subject to any valid liens and mortgages of other parties, including DASNY.

In full satisfaction of any Claims of 1545 Atlantic based on those recharacterized agreements, 1545 Atlantic shall receive or retain: (a) the \$4,026,006.28 paid by the Debtor to 1545 Atlantic prepetition; (b) the \$500,000 “security deposit” paid by the Debtor to 1545 Atlantic; (c) the \$300,000 paid by the Debtor to 1545 Atlantic for the postpetition period through March 31, 2014 (or through such later date as such payments are made); (d) \$25,000 per month from Debtor or DASNY’s designee (as applicable) for the period April 1, 2014 through March 31, 2015; and (e) an Allowed General Unsecured Claim in Class 6 of \$5,000,000.

(b) Litigation Option.

If 1545 Atlantic rejects the Plan, then 1545 Atlantic’s leases shall be either: (i) recharacterized as a disguised financing pursuant to this Plan or, if necessary, pursuant to an adversary proceeding in the Bankruptcy Court; or (ii) rejected pursuant to the Plan and section 365, and notwithstanding section 365(h), the East Building shall be assigned by the Debtor pursuant to section 363(b) and this Plan to DASNY’s designee free and clear of liens, claims, charges, pledges, encumbrances, and/or interests of any kind of 1545 Atlantic, but subject to any valid liens and mortgages of other parties, including DASNY. In either case, 1545 Atlantic then shall receive or retain: (v) the \$4,026,006.28 paid by the Debtor to 1545 Atlantic prepetition; (w) the \$500,000 “security deposit” paid by the Debtor to 1545 Atlantic; (x) the \$300,000 paid by the Debtor to 1545 Atlantic for the postpetition period through March 31, 2014 (or through such later date as such payments are made); (y) payment(s) in amounts and at times determined by the Bankruptcy Court to be payable to 1545 Atlantic as adequate protection for any leasehold interest or respecting its rights under its subordination agreement with DASNY; and (z) an allowed General Unsecured Claim in Class 6 in an amount to be determined by the Bankruptcy Court.

5.6 General Unsecured Claims – Class 6.

(a) Provisions Governing All Class 6 Claims

All Holders of Allowed General Unsecured Claims shall receive Pro Rata Distributions from all funds available from the Liquidating Trust after satisfaction of its fees, expenses, and other liabilities. Certain Allowed Prepetition Medical Malpractice Claims also shall receive the additional treatment discussed below.

Class 6 is entitled to vote. DASNY’s Class 6 Claim shall be estimated for voting purposes at an agreed upon amount equal to DASNY’s deficiency Claims plus its unsecured Claims, with DASNY waiving any Distribution on such Allowed Class 6 Claim if Class 6 accepts this Plan.

(b) Covered Person Claims, i.e., Claims Against Covered Persons Related to Prepetition Medical Malpractice Claims.

A holder of an Allowed Prepetition Medical Malpractice Claim shall be treated as a holder of an Allowed Class 6 Claim and to the extent such holder is also: (i) a holder of a Covered Person Claim that: (A) would give rise to an Allowed Indemnification Claim by such Covered Person; and (B) is not covered by third party insurance; and (ii) does not make the Election as described in Section 6.1 of this Plan, shall also receive a Pro Rata Distribution by the Disbursement Agent from the Covered Persons Fund up to maximum amount per Allowed Prepetition Medical Malpractice Claim to be included in the Plan Supplement.

The amount and sources of funds to be provided for the Covered Persons Fund shall be determined prior to the Confirmation Date in consultation with DASNY and the Debtor, be included in a Plan Supplement filed with the Court for consideration in connection with confirmation of this Plan, and be binding on all holders of Prepetition Medical Malpractice Claims and all Covered Persons. All payments from the Covered Persons Fund shall be made by the Disbursement Agent.

5.7 Existing Equity Interests – Class 7.

Existing equity interests shall not receive or retain any distribution under this Plan.

ARTICLE VI

PROVISIONS CONCERNING RESOLUTION OF CLAIMS

6.1 Resolution of Medical Malpractice Claims.

(a) Election.

No later than 90 days after the Effective Date, each holder of a Prepetition Medical Malpractice Claim or a Postpetition Medical Malpractice Claim for which a proof of claim was timely filed (or deemed timely filed) may make the Election to be granted relief from the automatic stay to litigate such holder's Claim in state court provided that if such Election is made, then: (i) any recovery on such Claim shall be limited to available third party insurance, if any; (ii) such holder shall not otherwise receive a Distribution hereunder or any payments based on any related Covered Person Claim; and (iii) such holder shall thereby release each Covered Person from any liability on a related Covered Person Claim except to the extent of available third party insurance (i.e., insurance held by a Covered Person) respecting such Covered Person.

(b) No Election.

If a holder of a Prepetition Medical Malpractice Claim or a Postpetition Medical Malpractice Claim for which a proof of claim was timely filed (or deemed timely filed) does not make the Election on or before 90 days after the Effective Date, then such Claim shall be submitted for resolution through mediation, pursuant to the Mediation Procedures in Section 6.2

of this Plan. If mediation does not resolve such Claim, then such Claim shall be estimated pursuant to section 502(c) of the Bankruptcy Code together with any indemnification, vicarious, or other liability asserted against the Debtor related to such Claim respecting any Covered Person; provided, however, that the holder of such Claim may affirmatively opt out from having its Claim so estimated by filing with the Bankruptcy Court an opt out request within 90 days of the Effective Date.

6.2 *Mediation.*

(a) Selection of Mediator.

The Disbursement Agent shall select the mediator (the “**Postpetition Mediator**”) for each Postpetition Medical Malpractice Claim. Upon a determination there will be sufficient funds available for Distributions on Allowed Class 6 Claims to warrant mediation and that each applicable Prepetition Medical Malpractice Claim cannot be settled at that time without mediation, the Liquidating Trustee shall select a mediator or mediators (the “**Class 6 Mediator**,” and together with the Postpetition Mediator, the “**Mediator**”) without further order of the Court.

(b) Costs.

Each Mediator shall charge its standard hourly rate for services of this kind. The Mediator’s fees and expenses incurred in connection with each mediation session shall be the joint responsibility of (i) the Liquidating Trust or the Disbursement Agent, as applicable, and (ii) the applicable Claim holder. If the (i) Liquidating Trust or the Disbursement Agent, as applicable, or (ii) any Claim holder fails to appear for a scheduled mediation session without giving five (5) days written notice, the party failing to appear shall be responsible for 100% of the costs for that mediation session, including attorneys’ fees, if any.

(c) Mediation Procedures.

The Mediator shall have the duty and authority to establish reasonable and practical mediation procedures and shall have sole authority to set the date, time, and location of mediation sessions for each Claim subject to mediation. The Mediator, with the consent of the Liquidating Trustee or the Disbursement Agent, as applicable, shall select the order in which Claims will be presented to the Mediator. For the avoidance of doubt, nothing shall preclude the Liquidating Trustee or the Disbursement Agent, as applicable, from attempting to resolve a Claim outside of a mediation session (including, without limitation, by the Disbursement Agent offering a settlement payment).

(d) Notice.

As soon as practicable after the selection of the Mediator for a particular Claim, the Mediator shall serve notice on the holder of the Claim subject to mediation and the Liquidating Trustee or the Disbursement Agent, as applicable, advising that such Claim is subject to mediation. The notice shall contain procedures applicable to the mediation sessions, including timing for submission of documents or statements by the parties. After such service, the Mediator shall confer with each Claim holder and the Liquidating Trustee or the Disbursement Agent, as applicable, and/or their respective representatives to schedule mediation

sessions. Once mediation sessions are scheduled by the Mediator (in its sole discretion), the Mediator shall serve notice of the date, time, and location of mediation sessions on the applicable Claim holder and the Liquidating Trustee or the Disbursement Agent, as applicable.

(e) Mediation Sessions.

Any party may be represented at a mediation session by legal counsel at such party's cost and expense, although legal counsel shall not be required for mediation. The Mediator shall meet with the parties or their representatives, individually and jointly, for a conference or series of conferences, as determined by the Mediator. The Mediator shall report any willful failure to attend or participate in good faith in the mediation sessions to the Bankruptcy Court, which may result in the imposition of sanctions by the Bankruptcy Court. The Mediator shall have no obligation to make written comments or recommendations regarding settlement.

(f) Settlements.

A Prepetition Medical Malpractice Claim resolved pursuant to mediation shall be treated as an Allowed Class 6 Claim pursuant to Section 5.6 of this Plan. A Postpetition Medical Malpractice Claim resolved pursuant to mediation shall be satisfied as set forth in Section 4.2 of this Plan.

(g) Confidentiality.

Any statements made by the Mediator, any Claim holder, the Reorganized Debtor, the Liquidating Trustee, the Disbursement Agent, any Covered Person, their respective representatives, or any other Person during the Mediation process shall not be divulged to the Court or any third party. Any reports, records, or other documents received or made by the Mediator shall be confidential. The Mediator shall not be compelled to divulge such records or testify in regard to the Mediation in connection with any other proceeding.

6.3 Release of Indemnification Claims Related to Medical Malpractice Claims.

Each holder of an Allowed Indemnification Claim concerning a Prepetition or Postpetition Medical Malpractice Claim shall be deemed to have waived and released any such Indemnification Claim in exchange for the benefit of the Covered Person Claims Injunction in Section 9.5(f) of this Plan.

6.4 Objections to Claims.

Unless otherwise ordered by the Bankruptcy Court, objections to Claims shall be filed and served on the applicable holder of any such Claim not later than 180 days after the later to occur of: (a) the Effective Date; and (b) the filing of the relevant Claim. Such time period may be extended by the Bankruptcy Court.

After the Confirmation Date, only DASNY, the Disbursement Agent, DASNY's designee, the Debtor (only to the Effective Date), and the Reorganized Debtor shall have the authority to file, settle, withdraw, or litigate to judgment objections to Claims, except that after

the Effective Date, the Liquidating Trust will have such authority as to Class 6 Claims. From and after the Effective Date, only the Disbursement Agent, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trustee (as applicable) may settle any Disputed Claim without Bankruptcy Court approval.

6.5 *Late Filed Claims*

A Claim filed after any applicable Bar Date shall be deemed Disallowed and expunged in its entirety without further order of the Bankruptcy Court or any action being required on the part of the Debtor (until the Effective Date), the Disbursement Agent, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trust (as applicable) unless the Person or entity seeking to file such untimely Claim has received Bankruptcy Court authority to do so.

6.6 *Amendments to Claims.*

After the Confirmation Date, a Claim for which an applicable Bar Date, if any, has passed may not be filed or amended without the authorization of the Bankruptcy Court. Unless otherwise provided herein, or otherwise consented to by the Debtor (until the Effective Date), the Disbursement Agent, DASNY, DASNY's designee, the Reorganized Debtor, or Liquidating Trust (as applicable), any Claim or amendment to a Claim filed after the Confirmation Date shall be deemed Disallowed in full and expunged without any action by the Debtor, the Disbursement Agent, DASNY, DASNY's designee, the Reorganized Debtor, or Liquidating Trust (as applicable) unless the holder of such Claim has obtained Bankruptcy Court authorization for such filing.

6.7 *Estimation of Claims.*

The Debtor (until the Effective Date), the Disbursement Agent, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trustee (solely as to Class 6 Claims), as applicable, may, at any time, request that the Bankruptcy Court estimate any Claim not expressly Allowed under this Plan and otherwise subject to estimation under section 502(c) of the Bankruptcy Code. The Bankruptcy Court shall retain jurisdiction to estimate any such Claim pursuant to section 502(c). If the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount would constitute either: (a) the Allowed amount of such Claim; or (b) a maximum limitation on such Claim, in which case the Debtor (until the Effective Date), the Disbursement Agent, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trustee (as applicable) may elect to pursue supplemental proceedings to object to the ultimate Allowed amount of such Claim, to be determined by the Bankruptcy Court. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

6.8 *Proposed I M Foundation Settlement.*

If the I M Foundation timely accepts this Plan, then the Claims of the I M Foundation against the Debtor and the claims of the Debtor against the I M Foundation shall be resolved as follows: (a) upon the Effective Date, each of I M Foundation and the Debtor shall release each other and each other's respective officers, directors, members, trustees, employees,

advisors, and attorneys, each in its capacity as such, for any and all claims arising prior to the Confirmation Date except for the right to enforce their respective obligations under this Plan; (b) the I M Foundation shall authorize the Reorganized Debtor and DASNY's designee to utilize the portion(s) of parking lots adjacent to the Debtor's Hospital facility at 1545 Atlantic Avenue that are owned by I M Foundation at no cost for so long as the primary use of that facility shall be to provide healthcare services to the surrounding community; and (c) on the Effective Date, the I M Foundation shall donate an amount to be specified in the Plan Supplement to the Covered Persons Fund solely to be used to fund a portion of the amounts available under this Plan to holders of Allowed Prepetition Medical Malpractice Claims in exchange for their release of Covered Person Claims under this Plan. If the I M Foundation does not timely accept the Plan, then all such claims shall remain unresolved.

6.9 *Plan as a Settlement.*

Pursuant to Bankruptcy Rule 9019 and Bankruptcy Code section 1123, and in consideration for the classifications, distributions, 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 whether known or unknown, foreseen or unforeseen, asserted or unasserted, by or against any Released Party or holder of a Claim, 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 and 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 and its Estate, creditors, and other parties-in-interest, and are fair, equitable and within the range of reasonableness. The provisions of this Plan, including, without limitation, the release, injunction, exculpation, and compromise provisions, are mutually dependent and non-severable.

ARTICLE VII

MEANS OF EXECUTION OF THIS PLAN

7.1 *Corporate Action.*

On the Effective Date, the Debtor shall continue to exist as the Reorganized Debtor, with all of the powers of a non-profit corporation under applicable law. The adoption of any new or amended and restated certificate of incorporation and by-laws and the other action provided for under this Plan for the Debtor or the Reorganized Debtor, as the case may be, shall be deemed to have occurred and be authorized and approved in all respects, without any requirement for further action by trustees of the Debtor or the Reorganized Debtor. The Confirmation Order shall provide that it establishes conclusive authority, and evidence of such authority, required for the Debtor and the Reorganized Debtor to undertake any and all actions required to implement or contemplated by this Plan, including without limitation, appointment of the Liquidating Trustee as selected pursuant to Section 7.4(b). Thus, no Board vote shall be required with respect thereto.

7.2 *Post-Effective Date Board of Trustees.*

As of the Effective Date, the current Board of Trustees of the Debtor shall be dissolved and shall be replaced by New Board members for the Reorganized Debtor who shall be identified in a Plan Supplement filed with the Court for consideration in connection with confirmation of this Plan.

7.3 *Post-Effective Date Management.*

The Reorganized Debtor's Post-Effective Date Management shall consist of the following:

(a) *Temporary Operator.*

Commencing on the Effective Date, IMC's new CRO, Melanie Cyganowski, shall be IMC's Temporary Operator. The Temporary Operator shall operate the Reorganized Debtor, including the Hospital and Clinics. On behalf of the Reorganized Debtor, the Temporary Operator shall implement this Plan and the work plan approved by DOH (the "**Work Plan**"). Pursuant to the Work Plan, the Hospital shall be reorganized. The Work Plan may include the expansion, reduction, restructuring, reorganization, cessation, or transfer of operations and services. The Work Plan shall conform to the goals set forth in New York's Delivery System Reform Incentive Payment ("**DSRIP**") Plan, which include reducing preventable hospitalizations and emergency department visits while increasing both the quality and delivery of healthcare to patients and their communities. More information is available at http://www.health.ny.gov/health_care/medicaid/redesign/delivery_system_reform_incentive_payment_program.htm.

(b) *Post-Effective Date CEO.*

On the Effective Date, Steven Korf, shall be the Reorganized Debtor's Chief Executive Officer.

(c) *Post Effective Date CFO.*

On the Effective Date, the Reorganized Debtor's Chief Financial Officer shall be Robert Mariani.

7.4 *The Liquidating Trust and Liquidating Trustee*

(a) *The Liquidating Trust.*

As of the Effective Date, the Liquidating Trust shall be established and receive the following IMC assets: (i) \$200,000 in Cash to be paid from funds provided by DASNY to the Debtor from the DIP Facility; (ii) the right to pursue on behalf of the Debtor's Estate the following causes of action of IMC: (A) any causes of action against (1) Kurron Shares of America, Inc., including without limitation, for the return of any prepetition or postpetition fees, not released under the Stipulation and Order, dated May 3, 2013 [Docket No. 446] or (2) any officer of the Debtor, other than Robert Mariani, provided to the Debtor by Kurron Shares of

America, Inc., but solely to the extent any such cause of action against any such officer would be satisfied by insurance; (B) any causes of action not released under the Plan identified in the Plan Supplement; and (C) the avoidance actions (i.e., actions under chapter 5 of the Bankruptcy Code) identified in the Plan Supplement; and (iii) reasonable and free use of and access to reasonable space in the Hospital for administrative purposes until March 31, 2015, subject to the ability of the Reorganized Debtor to operate the Hospital and bearing in mind any operations of the Hospital in that space; provided, however, that after reasonable notice, the Reorganized Debtor or DASNY's designee (as applicable) shall be able to move or evict the Liquidating Trust from any such space to the extent necessary in the business judgment of the Reorganized Debtor or DASNY's designee (as applicable).

The Liquidating Trust shall be responsible for: (i) liquidation of those assets; (ii) resolution of all Class 6 Claims to be satisfied by the Liquidating Trust; (iii) pursuit of any causes of action assigned to the Liquidating Trust; (iv) making any and all distributions by the Liquidating Trust provided for in this Plan; and (v) the Liquidating Trust's administration and payment of the Liquidating Trustee fees and expenses. The fees and expenses of the Liquidating Trust shall be satisfied solely out of the net proceeds from the Liquidating Trust's assets. Such fees and expenses shall be fully paid or reserved for prior to the Liquidating Trust making Distributions. The Bankruptcy Court shall retain jurisdiction to review such fees and expenses if challenged. Additionally, if Class 6 rejects the Plan, then no Distribution may be made from the Liquidating Trust on Allowed Class 6 Claims unless and until the Disbursement Agent has determined there are sufficient funds otherwise available or reserved under the Plan for all Allowed Administrative Claims and Allowed Claims in Classes 1, 2, and 3. If there are not sufficient funds otherwise available, then any funding available for Distribution from the Liquidating Trust shall be used to satisfy such Allowed Claims.

(b) The Liquidating Trustee.

On the Effective Date, the Liquidating Trustee shall be appointed by the agreement of the Debtor and the Creditor's Committee, or if no agreement is reached, by majority vote of the Debtor, the Committee, and DASNY, with each such entity holding one vote, subject to the approval of the Bankruptcy Court. The Liquidating Trustee shall be bonded in the amount of 150% of Cash in the Liquidating Trust. The Liquidating Trustee shall be entitled to seek such orders, judgments, injunctions, and rulings from the Bankruptcy Court, in addition to those specifically listed herein, as may be necessary to carry out the intentions and purposes, and to give full effect to, the Liquidating Trust Agreement. The Liquidating Trustee shall have the responsibilities specified in this Plan and the Liquidating Trust Agreement. The Bankruptcy Court shall retain jurisdiction to enter orders, judgments, injunctions, and rulings concerning the Liquidating Trust, including in any causes of action the Liquidating Trust may bring or continue. The Liquidating Trust shall pursue those claims, rights, and causes of action assigned to the Liquidating Trust in accordance with the Liquidating Trust's best interests and applicable fiduciary duties.

7.5 The Disbursement Agent.

The Disbursement Agent shall be appointed by DASNY on or before the Effective Date. The Disbursement Agent shall make Distributions on all Allowed Claims,

except Distributions from the Liquidating Trust on Allowed Class 6 Claims, from funds reserved or held in segregated accounts established pursuant to this Plan and perform such other functions as are assigned to the Disbursement Agent pursuant to this Plan.

7.6 *Additional Sources of Plan Funding.*

In the unlikely event sufficient funding is not otherwise available or reserved for payment in full of any subset of Allowed Administrative Claims or Allowed Claims in Classes 1, 2, and 3 under this Plan, then additional funds for payment of such Allowed Claims shall be available from the following sources in the following order of priority:

- (a) excess funds available or reserved for any other subset of Allowed Administrative Claims or Allowed Claims in Classes 1, 2, or 3;
- (b) net proceeds from any of the Debtor's avoidance actions or other causes of action that are retained by the Reorganized Debtor; and
- (c) if Class 6 rejects this Plan, funds that otherwise would have been available from the Liquidating Trust for Distributions on Allowed Class 6 Claims.

7.7 *Use of Restricted Funds.*

Notwithstanding any applicable restrictions or limitations established by a grantor or under state law, as of the Effective Date, all restricted funds held by the Debtor (i.e., charitable contributions to IMC or a predecessor as to which the party making the bequest placed a restriction on use related to providing health care services) may be used by the Reorganized Debtor with the sole limitation that such restricted funds may be used solely for the provision of healthcare in IMC's community, and without the necessity for any further notice or approval of the Bankruptcy Court and/or any other court and notwithstanding any applicable state or other statute, case law, or regulation.

7.8 *New Bar Dates for Filing Certain Claims.*

(a) *Fee Claims Filing Deadline.*

All applications for payment of Fee Claims that accrued on or before the Confirmation Date must be filed with the Bankruptcy Court by the date that is thirty (30) days after the Effective Date (or, if such date is not a Business Day, by the next Business Day thereafter). Any Person that fails to file such an application on or before such date shall be forever barred from asserting such Claim against the Debtor, the Reorganized Debtor, the Disbursement Agent, DASNY, DASNY's designee, or the Liquidating Trust (as applicable), 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 Claim.

Requests for payment of Fee Claims incurred after the Confirmation Date may be included in such applications or otherwise be made within a reasonable period after incurrence.

(b) Other Administrative Claims Bar Date.

Requests for payment of Administrative Claims, other than Fee Claims and Postpetition Medical Malpractice Claims, for which a Bar Date was not previously established or established by this Plan must be filed no later than thirty (30) days after service of notice of entry of the Confirmation Order, or such later date as may be established by order of the Bankruptcy Court. Holders of Administrative Claims that do not file such requests by the applicable Bar Date shall be forever barred from asserting such Claims against DASNY, DASNY's designee, the Debtor, the Reorganized Debtor, or the Liquidating Trust (as applicable), any successor thereto, and the holder of any such Claim shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, or recover any such Administrative Claim.

(c) Extended Bar Date for Prepetition Medical Malpractice Claims Concerning Which Related Covered Person Claims Will Be Released Under This Plan and Bar Date for Postpetition Medical Malpractice Claims.

Each Person that asserts a Prepetition Medical Malpractice Claim or Postpetition Medical Malpractice Claim must file proof of such Claim so that it is actually received by the Debtor's Claims Agent on or before 5:00 p.m. on the date that is ninety (90) days after the Effective Date unless such a proof of claim already was timely filed in the Chapter 11 Case. Each Person that holds such a Claim and who is required, but fails, to file a proof of claim on or before such deadline, shall: (i) be forever barred, estopped, and permanently enjoined from asserting such Claim (or filing a proof of claim with respect thereto); (ii) release any Covered Person, its successors, and properties from any and all indebtedness and/or liability respecting any Covered Person Claim related to such Medical Malpractice Claim and be subject to the Covered Person Claim Injunction in Section 9.5(f) of this Plan; (iii) not be permitted to participate in any Distribution under this Plan on account of such Prepetition or Postpetition Medical Malpractice Claim or Covered Person Claim; and (iv) not be entitled to receive any further notice in the Chapter 11 Case regarding such Claim.

(d) Bar Date for Lease and Contract Rejection Claims.

The Bar Date for Claims based on leases and contracts rejected pursuant to this Plan is covered by Section 10.3 of this Plan.

7.9 General Claims Distribution Mechanics.

- (a) Distributions Only on Allowed Claims.** Notwithstanding anything herein to the contrary, no Distribution shall be made on account of a Disputed Claim until such Disputed Claim becomes an Allowed Claim.
- (b) No Recourse.** No Claim holder shall have recourse to the Disbursement Agent, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trust (or any property thereof), other than regarding enforcement of rights or entitlement to Distributions hereunder.

- (c) Method of Cash Distributions. Any Cash payment to be made pursuant to this Plan will be in U.S. dollars and may be made by draft, check, or wire transfer, in the sole discretion of the Disbursement Agent, the Debtor, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trustee (as applicable), or as otherwise required or provided in any relevant agreement or applicable law.
- (d) No Distributions on Non-Business Days. Any payment or Distribution due on a day other than a Business Day may be made, without interest, on the next Business Day.
- (e) No Distribution in Excess of Allowed Amount of Claim. Notwithstanding anything to the contrary contained herein, no holder of an Allowed Claim shall receive respecting such Claim aggregate Distributions in excess of the Allowed amount of such Claim.
- (f) Disputed Payments. If any dispute arises as to the identity of a holder of an Allowed Claim who is to receive any Distribution, the Debtor, the Disbursement Agent, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trustee (as applicable), may, in lieu of making such Distribution to such Person, make such Distribution into a segregated account until the disposition thereof shall be determined by Court order or by written agreement among the interested parties.
- (g) Unclaimed Property. The Disbursement Agent, the Debtor, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trust (as applicable) shall hold any Unclaimed Property (and all interest, dividends, and other distributions thereon), for the benefit of the holder of the Claim entitled thereto under this Plan. At the end of 180 days following the relevant Distribution Date of the applicable Distribution, the holder(s) of Allowed Claims to that point entitled to Unclaimed Property held pursuant to this Plan shall be deemed to have forfeited such property, whereupon all right, title, and interest in and to such property shall immediately and irrevocably be retained by the Disbursement Agent, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trust, as applicable, and such holder(s) shall cease to be entitled thereto. The Disbursement Agent, the Debtor, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trustee (as applicable) shall have no obligation to attempt to locate any holder of an Allowed Claim other than by reviewing the Debtor's books and records, proofs of Claim filed against the Debtor, or relevant registers maintained for such Claims.
- (h) Distribution Minimum. None of the Disbursement Agent, the Debtor, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trust (as applicable) shall be obligated to make a

Distribution of less than \$20.00 in Cash, until the final Distribution on a Claim.

- (i) Creditor Information. Each holder of an Allowed Claim shall be required to provide to the Debtor (before the Effective Date) or the Disbursement Agent or Liquidating Trustee (as applicable after the Effective Date) with: (i) written notice of any change of address; and (ii) such holder's federal I.D. number. No Distribution shall be required to be made under this Plan absent receipt by the Debtor, Liquidating Trustee, or Disbursement Agent (as applicable) of such information.

7.10 *Withholding Taxes.*

Any federal or state withholding taxes or other amounts required to be withheld under any applicable law shall be deducted and withheld from any Distributions. All Persons holding Claims shall be required to provide any information necessary to effect the withholding of such taxes. Notwithstanding any other provision herein, each holder of an Allowed Claim that is to receive a Distribution of Cash as set forth herein shall have the sole and exclusive responsibility for satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such Distribution.

7.11 *Exemption from Certain Transfer Taxes.*

To the fullest extent permitted by applicable law, all sale transactions consummated by the Debtor and approved by the Bankruptcy Court on and after the Confirmation Date through and including the Effective Date, including transfers effectuated hereunder by the sale by the Debtor of any owned property pursuant to section 363(b) or 1123(b)(4) of the Bankruptcy Code, by any assumption, assignment, and/or sale by the Debtor of its interests in unexpired leases of non-residential real property or executory contracts pursuant to section 365(a) of the Bankruptcy Code, and by the creation, modification, consolidation or recording of any mortgage pursuant to the terms hereof or ancillary documents, shall constitute a "transfer under a plan" within the purview of section 1146 of the Bankruptcy Code, and shall not be subject to any stamp, real estate transfer, mortgage recording, or similar tax.

7.12 *Setoffs and Recoupments.*

The Disbursement Agent, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trustee (as applicable) may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off and/or recoup against any Allowed Claim, and the distributions to be made pursuant to this Plan on account of such Allowed Claim, any and all claims, rights, and causes of action the Disbursement Agent, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trustee (as applicable) may hold against the holder of such Allowed Claim after the Effective Date (with the Disbursement Agent, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trust being able to exchange setoff and/or recoupment rights without prejudice to the Estate's rights of setoff or recoupment). Neither the failure to effect a setoff or recoupment nor the allowance of any Claim under this Plan shall constitute a waiver or release by the Debtor, the Disbursement Agent, DASNY, DASNY's

designee, the Reorganized Debtor, or the Liquidating Trust (as applicable) of any and all claims, rights, and causes of action that either may possess against such holder.

7.13 Insurance Preservation and Proceeds.

Nothing contained herein, including any releases, shall diminish or impair the enforceability of any policies of insurance that cover claims against the Debtor or any other Person.

ARTICLE VIII

CONDITIONS PRECEDENT

8.1 Conditions Precedent to Confirmation.

Confirmation of this Plan is subject to the following conditions having been satisfied or waived:

- (i) entry of the Confirmation Order, which shall be in form and substance satisfactory to the Debtor and DASNY;
- (ii) availability of and binding commitments to provide funding for consummation of this Plan, including the following:
 - (A) the amounts proposed by DASNY to be provided under the DIP Facility and approved by the Bankruptcy Court to be reserved for payment by the Disbursement Agent of all Allowed Administrative Claims (including Postpetition Medical Malpractice Claims) and all Allowed Claims in each of Classes 1, 2, and 3;
 - (B) the \$200,000 of funding for the Liquidating Trust to be provided by DASNY to the Debtor pursuant to the DIP Facility for transfer to the Liquidating Trust on the Effective Date; and
 - (C) the initial funding for the Reorganized Debtor to be provided by DASNY pursuant to an exit financing facility; and
- (iii) the New Board for the Reorganized Debtor shall have been selected.

8.2 Conditions Precedent to the Effective Date.

The occurrence of the Effective Date is subject to the following conditions having been satisfied or waived:

- (i) the Confirmation Order in form and substance acceptable to the Debtor and DASNY shall have been entered and shall have become a Final Order;

- (ii) the Debtor shall have received all authorizations, consents, regulatory approvals, rulings, or documents necessary to implement this Plan;
- (iii) either DASNY, on behalf of DASNY's designee, or the Reorganized Debtor (as applicable), and each of the following shall have agreed in writing to resolve, or the Bankruptcy Court shall have resolved, any remaining disputes with and concerning:
 - counterparties as to the terms of material real property leases to be assumed by DASNY's designee or by the Reorganized Debtor;
 - counterparties as to the terms of material executory contracts to be assumed by the Reorganized Debtor;
 - critical vendors as to credit terms for the Reorganized Debtor;
 - the United States Secretary of Health and Human Services, as to the amount of liabilities assumed by the Reorganized Debtor respecting the Debtor's operator agreements;
 - CIR, 1199, NYSNA, and any other counterparty as to the terms of its respective collective bargaining agreement, employee pension and benefit agreements, or other related and analogous agreements;
 - applicable parties respecting each other material matter set forth herein that is to be agreed upon; and
- (iv) all requisite funding then due to the Liquidating Trust, Disbursement Agent, Debtor, or Reorganized Debtor shall have been provided or be the subject of a binding commitment.

8.3 *Waiver of Conditions Precedent.*

Other than the requirement that the Confirmation Order must be entered, which cannot be waived, the requirement that a particular condition be satisfied may be waived in whole or part by the Debtor, with the prior written consent of DASNY, without notice and a hearing, and the Debtor's benefits under the "mootness doctrine" shall be unaffected by any related provision hereof. The failure to satisfy or waive any condition may be asserted by the Debtor regardless of the circumstances giving rise to the failure of such condition to be satisfied (including, without limitation, any act, action, failure to act or inaction by the Debtor). The failure of the Debtor to assert the non-satisfaction of any such conditions shall not be deemed a waiver of any other rights hereunder, and each such right shall be deemed an ongoing right that may be asserted or waived (as set forth herein) at any time or from time to time.

**8.4 *Effect of Non-Occurrence of the
Conditions Precedent to Confirmation and Effective Date.***

If each of the conditions to confirmation of this Plan and occurrence of the Effective Date has not been satisfied or duly waived on or before the first Business Day that is more than 180 days after the Confirmation Date, or by such later date as is proposed by the Debtor, with the consent of DASNY, and, after notice and a hearing, approved by the Bankruptcy Court, 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 consummation 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, then this Plan shall be null and void in all respects, except for this Section 8.4 and Articles I, XI, and XII hereof, and nothing contained herein shall: (a) constitute a waiver or release of any Claims against the Debtor; or (b) prejudice in any manner the rights of the Debtor.

ARTICLE IX

EFFECTS OF PLAN CONFIRMATION

9.1 *Discharge.*

(a) Scope.

Except as otherwise expressly provided in this Plan or the Confirmation Order, in accordance with section 1141(d)(1) of the Bankruptcy Code, entry of the Confirmation Order shall act as a discharge, subject to occurrence of the Effective Date, of all debts of, Claims against, and liens on the Debtor, or its assets or properties, which debts, Claims, and liens arose at any time before the entry of the Confirmation Order. The discharge of the Debtor shall be effective as to each Claim, regardless of whether a proof of claim therefor was filed, whether the Claim is an Allowed Claim, or whether the holder thereof votes to accept this Plan. On the Effective Date, as to every discharged Claim, any holder of such Claim shall be precluded from asserting against the Debtor, the Disbursement Agent, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trust, or the assets or properties of the Debtor, DASNY, DASNY's designee, the Reorganized Debtor, or the Liquidating Trust (as applicable), any other or further Claim based upon any document, instrument, act, omission, transaction, or other activity of any kind or nature that occurred before the Confirmation Date.

(b) Injunction.

In accordance with section 524 of the Bankruptcy Code, the discharge provided by this section and section 1141 of the Bankruptcy Code will, *inter alia*, act as an injunction against the commencement or continuation of any action, employment of process, or act to collect, offset or recover the debts, Claims, and liens so discharged.

9.2 *Releases of Liens.*

Unless a particular Claim is reinstated: (i) each holder of a Claim that is purportedly secured shall, on or immediately before the Effective Date and as a condition to receiving any Distribution under this Plan: (A) turn over and release to DASNY's designee or the Reorganized Debtor, as applicable, any and all property of the Debtor or the Estate that secures or purportedly secures such Claim; and (B) execute such documents and instruments as DASNY's designee or the Reorganized Debtor, as applicable, requires to evidence such claimant's release of such property; and (ii) on the Effective Date (or such other date described in this subsection), all claims, right, title, and interest in such property shall be assigned or revert to DASNY's designee or the Reorganized Debtor, as applicable, free and clear of all Claims, including (without limitation) liens, claims, charges, pledges, encumbrances, and/or interests of any kind. All liens of the holders of such Claims on property of the Debtor, the Estate, and/or the Reorganized Debtor shall be deemed to be canceled and released as of the Effective Date (or such other date described in this subsection). Notwithstanding the immediately preceding sentence, any such holder of a Disputed Claim shall not be required to execute and deliver such release of liens until ten (10) days after such Claim becomes an Allowed Claim or a Disallowed Claim. To the extent any holder of a Claim fails to release the relevant liens as described above, DASNY's designee or the Reorganized Debtor, as applicable, may act as attorney-in-fact, on behalf of the holder of such liens, to provide any releases required for any purpose.

9.3 *Vesting and Either Retention or Assignment of Causes of Action.*

Except as otherwise expressly provided for in this Plan or the Confirmation Order, on the Effective Date, all property of the Estate shall either be vested in and: (i) retained by the Reorganized Debtor; or (ii) assigned to the Disbursement Agent, DASNY's designee, or the Liquidating Trust, as applicable, free and clear of all Claims, liens, claims, charges, pledges, encumbrances, and/or interests of any kind of holders of Claims, except for the rights to Distribution afforded to holders of certain Claims under this Plan. After the Effective Date, the Disbursement Agent, DASNY, DASNY's designee, the Liquidating Trust, and the Reorganized Debtor shall have no liability to holders of Claims other than as provided for in this Plan or the Confirmation Order.

Except as otherwise provided for in this Plan or the Confirmation Order, or in any contract, instrument, release, or other agreement entered into in connection with this Plan or by order of the Bankruptcy Court, in accordance with section 1123(b) of the Bankruptcy Code, the Debtor shall retain and may enforce any claims, rights, and causes of action the Debtor or the Estate held. Those causes of action shall not include the causes of action to be assigned to the Liquidating Trust pursuant to this Plan.

As of the Effective Date, the Reorganized Debtor may operate its business and use and acquire assets, and settle and compromise claims or interests without supervision of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by this Plan and/or the Confirmation Order.

9.4 Treatment of Certain Indemnification Obligations.

The obligations of the Debtor to indemnify individuals who now serve or served on or after the Petition Date as its trustees and/or officers, pursuant to the Debtor's operating agreements, certificates of incorporation, by-laws, applicable statutes, or pre-confirmation agreements as well as any order of the Bankruptcy Court, respecting all present and future actions, suits, and proceedings against any of such trustees or officers, based upon any act or omission in such capacity in providing such service with the Debtor on or before the Effective Date, as such obligations were in effect at the time of any such act or omission, shall be performed and honored by the Disbursement Agent from and to the extent of available funds held in a segregated account established solely for such purpose for a period no longer than three years after the Effective Date, up to an aggregate amount of \$1,000,000, regardless of whether the underlying claims for which indemnification is sought are released pursuant to this Plan; provided, however, such indemnification obligations to be performed and honored by the Disbursement Agent shall not include: (a) indemnification Claims based on causes of action assigned to the Liquidating Trust under this Plan, but solely to the extent a Final Order finds the Liquidating Trust is entitled to recovery on such causes of action; (b) indemnification Claims to the extent reimbursed by third party insurance; (c) indemnification Claims to the extent found by a Final Order to be based on Claims that are the result of fraud, gross negligence, or willful misconduct; and (d) indemnification Claims by any individual dismissed for cause from his or her position as a trustee or officer of the Debtor. Any individual who receives reimbursement for indemnification pursuant to this section shall waive any right to assert or receive Distributions in respect of any Administrative Claim or Priority Claim for indemnification: (x) for the same amount(s) paid to such individual pursuant to this section; and (y) based on any prepetition acts or omissions.

9.5 Releases, Injunctions, and Related Provisions.

(a) Satisfaction of Claims.

The treatment provided for Allowed Claims pursuant to this Plan shall be in full and final satisfaction, settlement, release, and discharge of such Claims.

(b) Release of Debtor's Claims Against Released Parties Other Than Claims Based on Fraud, Gross Negligence, or Willful Misconduct, or Against Kurron Shares of America, Inc.

Except as otherwise expressly set forth in this Plan or the Confirmation Order, as of the Effective Date, for good and valuable consideration provided by each of the Released Parties, including good faith settlement and compromise of the claims released by this Plan and the services of the Debtor's officers, directors, trustees, managers, attorneys, and advisors facilitating expeditious implementation of this Plan, the Debtor and debtor in possession and any person seeking to exercise the rights of the Debtor's Estate, including, without limitation, the Liquidating Trustee, the Reorganized Debtor, any successor to the Debtor, or any representative of the Debtor's Estate appointed or selected pursuant to sections 1103, 1104, or 1123(b)(3) of the Bankruptcy Code or under chapter 7 of the Bankruptcy Code, shall be deemed to conclusively, absolutely, unconditionally, irrevocably, and forever release and waive, and shall

be deemed to have provided a full release to each Released Party and its respective property from all claims (as such term "claim" is defined in section 101(5) of the Bankruptcy Code), obligations, debts, suits, judgments, damages, demands, rights, causes of action, remedies and liabilities whatsoever, (other than all rights, remedies, and privileges to enforce this Plan or any agreement entered into in connection with this Plan or regarding claims expressly preserved under this Plan), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise that are based on, related to, or in any manner arising from, in whole or in part, any act, omission, transaction, event, or other occurrence taking place at any time up to immediately prior to the Effective Date in any way relating to the Debtor, the Reorganized Debtor, the subject matter of, or the transactions or events giving rise to, any Claim that is treated in this Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims prior to or in the Chapter 11 Case, the parties released pursuant to Section 9.5(b) of this Plan, the Chapter 11 Case, this Plan or the Disclosure Statement, or any related contracts, instruments, releases, agreements, or documents, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, and that could have been asserted by or on behalf of the Debtor, the debtor in possession, or its Estate, or any of its affiliates, whether directly, indirectly, derivatively or in any representative or any other capacity, individually or collectively, in their own right or on behalf of the holder of any Claim or other entity, against any Released Party; provided, however, in no event shall anything described in this Section 9.5(b) be construed as a release of:

(i) claims and causes of action based on any Released Party's fraud, gross negligence, or willful misconduct, as determined by a Final Order of the Bankruptcy Court; or (ii) claims or causes of action against: (A) Kurron Shares of America, Inc., including without limitation, for the return of any prepetition or postpetition fees, to the extent not released under the Stipulation and Order, dated May 3, 2013 [Docket No. 446], or any other agreement binding on the Debtor; or (B) any officer of the Debtor, other than Robert Mariani, provided to the Debtor by Kurron Shares of America, Inc., but solely to the extent any such cause of action would be satisfied by insurance.

(c) Releases by Claim Holders.

As of the Effective Date, to the fullest extent permitted by law, each former or current holder of a Claim shall, in consideration for the obligations of the Debtor, Reorganized Debtor, and Liquidating Trustee under this Plan and the distributions, releases, and other agreements or documents to be delivered in connection with this Plan, be deemed to have forever released and waived the Released Parties from all claims, demands, debts, rights, causes of action, remedies or liabilities (other than the right to enforce the Debtor's, the Reorganized Debtor's, or the Liquidating Trustee's obligations under this Plan), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or in part on any act or omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtor, the Reorganized Debtor, the Chapter 11 Case, this Plan, the Confirmation Order, or the Disclosure Statement, in each case at any time up to immediately prior to the Effective Date; provided, however, that such release by Claim holders shall not cover causes of action based on IMC'S inability to fund its obligations under the so-called indemnity letters for medical

malpractice coverage issued pre-petition to Covered Persons, but solely to the extent any such causes of action may be satisfied by insurance.

(d) Releases by and of DASNY.

Except as otherwise expressly set forth in this Plan or the Confirmation Order, as of the Effective Date, DASNY (as DIP Lender and Prepetition Lender), on the one hand, and the Debtor, Reorganized Debtor, and Liquidating Trust, on the other, shall mutually release each other (and each other's respective officers, directors, trustees, employees, members, managers, attorneys, and advisors, each in its capacity as such) from any and all claims and obligations (other than to enforce obligations under this Plan or the Confirmation Order), including, for the avoidance of doubt: (1) any claims by DASNY as DIP Lender for repayment of the DIP Facility; (2) any Challenge (as defined in the DIP Order) respecting prepetition lien and claim matters; (3) any such claim on behalf of the Debtor's Estate that could be asserted by any party-in-interest with standing and requisite authority on behalf of the Debtor's Estate, including, without limitation, the Creditors' Committee; (4) any obligations of DASNY respecting the DIP Financing, including the Carve-Out; and (5) any claims, rights, and causes of action related to the transfer to the Liquidating Trust of control of any of the Debtor's assets.

(e) General Injunction.

Except as otherwise expressly provided in this Plan or Confirmation Order, as of the Effective Date, any Person that held or holds a Claim shall be permanently enjoined from taking any of the following actions against the Debtor, the Ombudsman, the Creditors' Committee or members thereof, DASNY, or present and former directors, officers, trustees, agents, advisors, attorneys, members, or employees of any such entity, each in its capacity as such, or any of their respective successors or assigns, on account of any Claim:

(1) commencing or continuing in any manner any action or other proceeding respecting a Claim; (2) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order respecting a Claim; (3) creating, perfecting, or enforcing any lien or encumbrance respecting a Claim; (4) asserting a setoff, right of subrogation, or recoupment of any kind respecting a Claim, 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, that nothing in such injunction shall preclude the holder of a Claim from pursuing: (i) third-parties or third-party insurance that does not cover Claims against the Debtor; or (ii) claims or causes of action based on IMC's inability to fund its obligations under so-called indemnity letters for medical malpractice coverage issued pre-petition solely to the extent any such causes of action may be satisfied by insurance.

(f) Covered Person Claims Injunction.

Except as otherwise expressly provided in the Confirmation Order, as of the Effective Date, all Persons shall be permanently enjoined from commencing or continuing any action or proceeding or from enforcing or collecting any judgment or order respecting a Covered Person Claim (i.e. any medical malpractice related claim or action against any Covered Person related to a Prepetition or Postpetition Medical Malpractice Claim); provided however, that such injunction shall not extend to pursuit of or recovery on such claims to the

extent of recoveries against any available insurance. Any Covered Person Claim shall be channeled to and (other than recoveries from insurance) receive recoveries solely under the Plan pursuant to Section 4.2 if related to a Postpetition Medical Malpractice Claim or Section 5.6(b) if related to a Prepetition Medical Malpractice Claim. In exchange for this injunction: (i) each Covered Person shall be deemed to waive any Indemnification Claim against the Debtor; and (ii) each Covered Person seeking the benefit of such protection from Prepetition Medical Malpractice Claims shall make, or have made on his or her behalf, an agreed upon financial contribution to the Covered Persons Fund as listed in the Plan Supplement.

(g) Exculpation.

None of the Released Parties shall have or incur any liability to any former or current holder of any Claim or any member of, representative of, or any organization speaking for the Debtor's community for any prepetition or postpetition act or omission in connection with, or arising out of the Debtor's restructuring, including without limitation, the negotiation and execution of this Plan, the Chapter 11 Case, the Disclosure Statement, the dissemination of this Plan, the solicitation of votes for and the pursuit of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, including, without limitation, all documents ancillary thereto, all decisions, actions, inactions, and alleged negligence or misconduct relating thereto and all prepetition or postpetition activities taken or omission in connection with this Plan or the restructuring of the Debtor, except for liability based on fraud, gross negligence, or willful misconduct, each as determined by a Final Order. The Released Parties shall be entitled to rely upon the advice of counsel respecting their duties and responsibilities under this Plan; provided, however, solely to the extent that it would contravene Rule 1.8(h)(1) of the New York Rules of Professional Conduct or any similar ethical rule of another jurisdiction, if binding on an attorney of a Released Party, no attorney of any Released Party shall be released by the Debtor or the Reorganized Debtor.

(h) Injunction Related to Exculpation.

This Plan and the Confirmation Order shall permanently enjoin the commencement or prosecution by any Person, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities released herein.

9.6 Termination of Services of Patient Care Ombudsman.

On the Effective Date, the Ombudsman shall be released from all further authority, duty, responsibility, and obligation related to the Chapter 11 Case.

9.7 Dissolution of Creditors' Committee

After the Confirmation Date, the Creditors' Committee's duties shall be limited to addressing: (i) any appeal(s) of the Confirmation Order; (ii) objections to Fee Claims; and (iii) monitoring of any matters to be handled by the Liquidating Trust after the Effective Date. On the Effective Date, the Creditors' Committee shall be dissolved and the members of the Creditors' Committee shall be released from all rights and duties arising from or related to the Chapter 11 Case; provided, however, that professionals retained by the Creditors' Committee

shall be entitled to reasonable compensation for fees and expenses incurred through the Effective Date, subject to any necessary approval by the Bankruptcy Court.

ARTICLE X

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

10.1 *Assumption and Rejection.*

Subject to the occurrence of the Effective Date, all of the Debtor's executory contracts and leases not: (a) previously rejected by the Debtor; or (b) designated by DASNY, DASNY's designee, or the Reorganized Debtor as set forth in the Plan Supplement or such other mechanism as is approved by the Bankruptcy Court and assumed by the Debtor, shall be rejected as of the Petition Date or Confirmation Date (as applicable) or such other date designated by DASNY, DASNY's designee, or the Reorganized Debtor (as applicable), with such dates to be specified on or prior to the Effective Date or as otherwise agreed to with the counterparty to such executory contract or lease; provided, however, that the Debtor's collective bargaining agreements with: (i) the New York State Nurses Association; and (ii) 1199SEIU United Healthcare Workers East shall not be rejected under this Plan and shall be assumed.

Entry of the Confirmation Order, subject to the occurrence of the Effective Date, shall constitute: (a) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption or the assumption and assignment of the executory contracts and unexpired leases assumed or assumed and assigned hereunder; and (b) the approval, pursuant to sections 365(a) and 1123(b)(2), of rejection of the executory contracts and unexpired leases rejected hereunder.

10.2 *Cure Matters.*

At the election of DASNY, DASNY's designee, or the Reorganized Debtor (as applicable), any monetary defaults under each executory contract and unexpired lease to be assumed hereunder shall be satisfied pursuant to section 365(b)(1) of the Bankruptcy Code, by either: (i) payment of the default amount (the "**Cure Amount**") in Cash on or as soon as reasonably practicable after the later to occur of (A) thirty (30) days after the determination of the Cure Amount and (B) the Effective Date or such other date as may be set by the Bankruptcy Court; or (ii) satisfaction on such other terms as agreed to by the Debtor or Reorganized Debtor and the non-Debtor party to such executory contract or unexpired lease, subject to the prior written consent of DASNY, DASNY's designee, or the Reorganized Debtor.

In the event of a dispute (each, a "**Cure Dispute**") regarding: (i) the Cure Amount; (ii) the ability of the Reorganized Debtor or DASNY's designee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (iii) any other matter pertaining to the assumption of an executory contract or unexpired lease, the cure payment required by section 365(b)(1) of the Bankruptcy Code shall be made only following entry of a Final Order resolving the Cure

Dispute and approving the assumption of such executory contract or unexpired lease. A Cure Dispute shall not delay the occurrence of the Effective Date.

10.3 *Bar Date for Rejection Damages Claims.*

Claims arising out of rejection of an executory contract or unexpired lease must be filed with the Bankruptcy Court no later than thirty (30) days after the later of: (a) the Effective Date; or (b) the date of the Debtor's or Reorganized Debtor's, as applicable, notice of determination to reject an executory contract or unexpired lease. Any Claim not filed within such time period shall be forever barred from assertion against the Debtor, the Reorganized Debtor, or the Liquidation Trust, as applicable.

ARTICLE XI

AMENDMENTS TO AND/OR WITHDRAWAL OF THIS PLAN

11.1 *Reservation of Rights.*

The Debtor reserves the right to amend or withdraw this Plan at any time before confirmation.

11.2 *Impact of Withdrawal of Plan.*

If the Debtor withdraws this Plan, nothing contained herein will be deemed to constitute a waiver or release of any claims by or against the Debtor or any other person, or to prejudice in any manner the rights of the Debtor or of any other person.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 *Closing of the Chapter 11 Case.*

When: (a) all Disputed Claims against the Debtor have become Allowed or have been Disallowed by Final Order; (b) all Distributions have been made pursuant to this Plan; and (c) no contested matter in the Chapter 11 Case remains outstanding, the Reorganized Debtor shall seek authority from the Bankruptcy Court to close the Chapter 11 Case in accordance with the Bankruptcy Code and Bankruptcy Rules.

12.2 *Retention of Jurisdiction.*

The Bankruptcy Court (and if the Bankruptcy Court cannot or will not adjudicate, the United States District Court for the Eastern District of New York) shall retain exclusive jurisdiction to adjudicate any and all claims or causes or action: (a) against any Released Party; (b) relating to the Debtor, this Plan, the Distributions, the Chapter 11 Case, or any contract, instrument, release, agreement, or document executed and delivered in connection with this Plan;

and (c) brought by the Debtor (or any successor thereto, including the Reorganized Debtor), the Liquidating Trustee, or any holder of a Claim regarding such Claim, including, without limitation, any request to enforce releases, exculpations, and/or injunctions provided for in this Plan or Confirmation Order.

12.3 *Governing Law.*

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

12.4 *Severability.*

If any provision herein is determined to be unenforceable, such determination shall not limit or affect the enforceability and operative effect of any other provision of this Plan.

12.5 *Time.*

In computing any period of time prescribed or allowed, unless otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

12.6 *Monetary Figures.*

All references herein to monetary figures shall refer to legal currency of the United States of America, unless otherwise expressly provided.

12.7 *Successors and Assigns.*

The rights, benefits, and obligations of any Person named or referred to herein shall be binding upon, and shall inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such Person.

12.8 *Controlling Documents.*

To the extent this Plan is inconsistent with the Disclosure Statement or any other agreement entered into between the Debtor and any party, this Plan shall control. To the extent this Plan is inconsistent with the Confirmation Order, the Confirmation Order (and any other orders of the Bankruptcy Court) shall control.

12.9 *Notices.*

All notices or requests in connection with this Plan shall be in writing and will be deemed to have been given when received by mail and addressed to:

(a) if to the Debtor:

Interfaith Medical Center, Inc.
1545 Atlantic Avenue

Brooklyn, New York 11213
Attention: Chief Restructuring Officer
Chief Executive Officer
Chief Financial Officer

with copies to:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019
Attention: Alan J. Lipkin, Esq.
Shaunna D. Jones, Esq.
Telecopy: (212) 728-8111
E-mail: alipkin@willkie.com
sjones@willkie.com

(b) if to DASNY:

Dormitory Authority of the State of New York
515 Broadway
Albany, New York 12207
Attention: Larry N. Volk
Telecopy: (518) 257-3101
E-mail: lvolk@dasny.org

with copies to:

Winston & Strawn LLP
200 Park Avenue
New York, New York 10166
Attention: David Neier, Esq.
Carrie V. Hardman, Esq.
Telecopy: (212) 294-6700
E-mail : dneier@winston.com
chardman@winston.com

(c) if to Committee:

Alston & Bird LLP
90 Park Avenue
New York, New York 10016
Attention: Martin G. Bunin, Esq.
Craig E. Freeman, Esq.
Telecopy: (212) 922-3892
E-mail: marty.bunin@alston.com
craig.freeman@alston.com

12.10 *Reservation of Rights.*

Except as expressly set forth herein, this Plan shall have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order. None of the filing of this Plan, any statement or provision contained herein, or the taking of any action by the Debtor respecting this Plan shall be or shall be deemed to be, an admission or waiver of any rights of the Debtor respecting any Claim or equity interest prior to the Effective Date.

Dated: April 9, 2014

Respectfully submitted,

INTERFAITH MEDICAL CENTER, INC.,
a New York State non-profit corporation

By: /s/ Albert C. Wiltshire
Albert C. Wiltshire
Chairman, IMC Board of Trustees

EXHIBIT 2

Assumptions to Pro Forma Balance Sheet and Financial Projections

These Projections (as defined below) were prepared by Interfaith Medical Center, Inc.'s ("IMC" or the "Debtor") management, with the assistance of CohnReznick, the Debtor's financial advisor. The Projections present to the best of the Debtor's management's knowledge, information, and belief, the expected cash flows of the Debtor's Hospital and Clinics (collectively, the "Reorganized Debtor") for the period June 1, 2014 through May 31, 2015. Accordingly, these Projections, including the assumptions thereto, reflect as of the date of these Projections, management's reasonable judgment and estimation, of expected future cash requirements arising from business decisions, which are subject to change. The assumptions disclosed herein are those the Debtor believes are significant to the Projections.

THE DEBTOR CAUTIONS THAT NO REPRESENTATION CAN BE MADE AS TO THE ACCURACY OF THE PROJECTED FINANCIAL INFORMATION CONTAINED HEREIN (THE "PROJECTIONS") OR THE REORGANIZED DEBTOR'S ABILITY TO ACHIEVE THE PROJECTED RESULTS. ALTHOUGH THE DEBTOR AND ITS ADVISORS BELIEVE THE ASSUMPTIONS UNDERLYING THE PROJECTIONS, WHEN CONSIDERED ON AN OVERALL BASIS, ARE REASONABLE IN LIGHT OF CURRENT CIRCUMSTANCES, NO ASSURANCE CAN BE GIVEN THAT THE ASSUMPTIONS WILL PROVE TO BE ACCURATE. MANY OF THE ASSUMPTIONS UPON WHICH THESE PROJECTIONS ARE BASED ARE NOT DIRECTLY DERIVED FROM HISTORICAL RESULTS AND ARE SUBJECT TO SIGNIFICANT ECONOMIC AND COMPETITIVE UNCERTAINTIES. IT IS LIKELY THAT SOME ASSUMPTIONS WILL NOT MATERIALIZE BECAUSE OF UNANTICIPATED EVENTS AND CIRCUMSTANCES. ACCORDINGLY, THE ACTUAL RESULTS ACHIEVED THROUGHOUT THE PROJECTION PERIOD ARE LIKELY TO VARY FROM THE PROJECTED RESULTS. THOSE VARIATIONS MIGHT BE MATERIAL AND ADVERSE.

General Assumptions

- 1) The Projections assume that during the Projection period the Reorganized Debtor's Hospital and Clinics continue to operate in the ordinary course (subject to potential operational improvements) and outpatient clinics are not transferred to a third party. The Projections also assume a Plan of Reorganization for IMC is confirmed and goes effective in May 2014.
- 2) The Projections reflect projected results through May 31, 2015.
In addition, the Debtor has identified various operating and Chapter 11 related initiatives that could enhance projected operating results. It is anticipated that updated projections appended to a Plan supplement will detail assumptions and projected results related to such initiatives.
- 3) The Projections assume DASNY advances sufficient funds to cover the high end of the estimated range of exit costs, including monies to compensate the Disbursement Agent and professionals retained by the Disbursement Agent to reconcile, negotiate, and prosecute claims objections, and to pay claims (other than general unsecured claims). In addition, the Projections assume sufficient funding for the Reorganized Debtor to meet its cash needs in the ordinary course during the post confirmation period, including post-petition accounts payable and accrued expenses, and Medicaid and Medicare recoupment liabilities, which total approximately \$6.6 million and \$15.6 million, respectively (see notes 10 and 16 below).

Balance Sheets and Cash Flows Assumptions

- 4) Working capital requirements do not materially change on a monthly basis.
- 5) The Projections reflect DASNY's prior application of marketable securities under the bond indenture (bond debt service reserve funds) to its outstanding loan balance.
- 6) Pre-petition escrowed funds for medical malpractice claim settlements are not property of estate and are reflected as reducing the corresponding medical malpractice claims.
- 7) Professional fee reserve is equal to the outstanding professional fees at the Effective Date. To the extent such reserved funds exceed the outstanding allowed fees plus fees incurred after the Effective Date (other than professionals retained by the Reorganized Debtor), excess funds will be transferred to DASNY's designee. Accordingly, the Balance Sheet reflects professional fee reserve balance of \$0 at the Effective Date.
- 8) Real property with a book value of approximately \$54.5 million is transferred to DASNY's designee on the Effective Date and all other assets, including the Debtor's interest in Health First, are assumed to remain with the Reorganized Debtor.
- 9) Capital expenditures, except specific initiatives, are projected to be \$100K per month.
- 10) Accounts payable and accrued expenses at the Effective Date are reduced for: (a) vouchered professional fees (\$2 million) that are assumed to be paid from the professional fee reserve (see note 7; and (b) East Building lease payments (\$1 million) that are addressed within the exit cost assumptions.
- 11) The post-petition liability to the Foundation is assumed to be \$0.
- 12) TD obligation is assumed to be settled for a \$300K payment on the Effective Date.
- 13) The DIP loan balance on the Effective Date is not an obligation of the Reorganized Debtor.
- 14) Balance of long-term debt in default (DASNY debt) is not an obligation of the Reorganized Debtor.
- 15) The Projections assume post Effective Date NYSNA retirement benefits are funded monthly together with other benefits. The pension benefit cost paid to the NYSNA Benefit fund is assumed to be approximately \$9K annually for each NYSNA employee. Currently, there are approximately 225 NYSNA employees.
- 16) Liabilities to third party payors (Medicare and Medicaid) at the Effective Date are assumed to equal the amounts of filed claims by State of NY Office of Medicaid and HHS (approximately \$7.4 million and \$8.2 million, respectively). Recoupments by both Medicaid and Medicare are assumed to commence at the rate of \$400K per month on the Effective Date until fully repaid. Nonetheless, the Debtor and Reorganized Debtor reserve all rights in that regard.
- 17) All other liabilities are assumed to be compromised in full at the Effective Date.

Interfaith Medical Center, Inc.
Assumptions

Statement of Operations Assumptions

- 18) Revenues are based on recent (last 3 months) historical rates per discharge/visit by service line. The census was assumed to remain constant with recent trends. The following are the recent historical results per discharge/visit and monthly discharges/visits by service line:

	<u>Inpatient Service</u>	<u>Revenue per Discharge</u>	<u>Monthly Discharges</u>	<u>Outpatient Service</u>	<u>Revenue per Visit</u>	<u>Monthly Visits</u>
Acute	\$	13,750	467	Medical Clinics	\$ 91	3,308
Psych		13,615	138	Behavioral Clinics		5,110
Rehab		9,866	23	Amb Surg	896	140
Detox		2,730	85	ED	173	2,687

Above revenue information per discharge includes the CMS passthrough for GME.

- 19) Other operating revenue is based on recent historical run rates and is primarily comprised of: (i) PCs (\$250K per month); (ii) grants (\$150K per month); (iii) Alt Housing Program (\$140K per month); (iv) medical students (\$50K per month through June 2014 and \$300K per month thereafter); and (v) Health First investment income (\$225K per month).
- 20) Salaries, insurance (except medical malpractice insurance, see below), and utilities are based on recent historical run rates.
- 21) Medical malpractice expense (for claims arising post Effective Date) is based on an actuarial report, dated March 2014, and approximates \$210K per month. The Debtor is investigating the cost of obtaining a medical malpractice insurance policy for the post Effective Date period. The Projections assume the monthly cost of insurance and/or monies funded into an escrow will be approximately \$210K per month.
- 22) Variable costs are projected based on recent historical costs as follows:
- | | |
|--------------------------------|----------------------------|
| Benefits | 33% of payroll |
| Physicians and temporary labor | 5% of net patient revenue |
| Medical Supplies | 7% of net patient revenue |
| Purchased Services | 13% of net patient revenue |
- Benefits are forecasted at a savings of approximately 2% of payroll to reflect NYSNA pension expense reduction (see note 15 above).
- 23) Rent expense to DASNY's designee and the East Building landlord are in the amounts of \$0 per month and \$25K per month, respectively. Although rent to DASNY for a triple net lease is still being discussed, it is anticipated that any rent requirements would result in an equivalent rate reimbursement increase, thus not materially impacting projected loss and cash flow.
- 24) CRO/TO, CEO, related attorney's costs, and CEO temp costs are projected to be \$400K per month.

EXHIBIT 3

Pro Forma Balance Sheet for the Reorganized Debtor

Interfaith Medical Center, Inc.
Pro Forma Balance Sheet of Reorganized Debtor

EXHIBIT 3

	Projected Balance Sheet before Effective Date Adjustments	Effective Date Adjustments	Projected Balance Sheet as of Effective Date	Ref #
Assets:				
Current assets:				
Cash and cash equivalents	\$8,780,345		\$8,780,345	4, 8
Accounts receivable, net of allowance for doubtful accounts	16,188,367		16,188,367	4, 8
Public goods pools receivable	3,005,584		3,005,584	4, 8
Grants and other receivables	1,005,550		1,005,550	4, 8
Inventory	721,839		721,839	4, 8
Prepaid expenses and other current assets	408,648		408,648	4, 8
Total current assets	30,110,333	-	30,110,333	
Long-term assets:				
Marketable securities under bond indenture	-	-	-	5
Pre-Petition Malpractice escrows	4,032,244	(4,032,244)	-	6
Professional fee reserve	5,985,606	(5,985,606)	-	7
Permanently restricted funds	1,108,848		1,108,848	8
Property, plant and equipment, net of accumulated depreciation	57,948,454	(54,448,454)	3,500,000	8, 9
Investment in Health First	14,550,529		14,550,529	8
Security deposits and other	1,226,929	(1,226,929)	-	
Total long-term assets	84,852,610	(65,693,233)	19,159,377	
Total assets	114,962,943	(65,693,233)	49,269,710	
Liabilities and net assets (deficiency)				
Liabilities not subject to compromise:				
Accounts payable and accrued expenses	9,981,193	(3,000,000)	6,981,193	4, 10
Accrued salaries and withholdings	2,286,266		2,286,266	4, 10
Accrued vacation	3,436,102		3,436,102	4, 10
Accrued benefits	2,460,782		2,460,782	4, 10
Due to Foundation	4,300,000	(4,300,000)	-	11
Post-Petition medical malpractice liabilities	3,527,475	(3,527,475)	-	3
Accrued retirement benefits	8,363,529	(8,363,529)	-	3
Other liabilities	500,000	(500,000)	-	3
Due to third party payors	25,293,800	(9,721,606)	15,572,194	3, 16
DIP loan	30,000,000	(30,000,000)	-	13
Long-term debt in default	131,494,052	(131,494,052)	-	14
Total liabilities not subject to compromise	221,643,199	(190,906,662)	30,736,537	
Liabilities subject to compromise	159,459,162	(159,459,162)	-	17
Total liabilities	381,102,361	(350,365,825)	30,736,537	
Net assets (deficiency):				
Unrestricted	(267,373,868)	284,672,592	17,298,723	
Temporarily restricted	125,602		125,602	
Permanently restricted	1,108,848		1,108,848	
Total net assets (deficiency)	(266,139,418)	284,672,592	18,533,173	
Total liabilities and net deficit	\$114,962,943	(\$65,693,233)	\$49,269,710	

EXHIBIT 4

Sources and Uses of Cash Required for Plan Consummation

Interfaith Medical Center, Inc.
Sources and Uses of Cash Required for Plan Consummation

(\$ in thousands)

Sources:

	<u>Low</u>	<u>High</u>
DIP Loan (Exit Financing)	\$9,720	\$26,420
Restricted Medical Malpractice Indemnity Fund	400	400
Funding from Covered Persons	TBD	TBD
Professional Fee Reserve	2,500	3,000
Total Sources	<u>12,620</u>	<u>29,820</u>

Uses:

Secured Claims	600	700 A
Priority Claims (including Priority Tax Claims)	2,000	3,900 A
503(b)(9) and Reclamation Claims	500	700 A
Other Administrative Claims	0	3,400 A
IRS Pension Underfunding Penalties	0	2,400 B
PBGC Premium	0	500 C
PBGC Pension Termination Premium	5,400	5,400 C
Cure Costs	0	3,000 D
KERP	300	300
Accrued Medical Malpractice Claims (Post-Petition)	0	3,900 E
Due to IM Foundation (Post-Petition)	0	0 F
East Building Liability	0	1,300 G
Professional Fees	2,500	3,000
Pre-Petition Medical Malpractice Claims against Covered Persons	TBD	TBD
U.S. Trustee Fees	120	120
Disbursement Agent Including Professionals	1,000	1,000
Liquidation Trust Funding	200	200 H
	<u>\$12,620</u>	<u>\$29,820</u>

See Assumptions to Sources and Uses on following page.

Interfaith Medical Center, Inc.
Assumptions to Sources and Uses of Cash Required for Plan Consummation

Note: The Projections assume DASNY advances sufficient funds to cover the high end of the estimated range of exit costs, including monies to compensate the Disbursement Agent and professionals retained by the Disbursement Agent to reconcile, negotiate, and prosecute claims objections, and to pay claims (other than general unsecured claims). Administrative expenses to be paid in the ordinary course shall be assumed by the Reorganized Debtor and are not included in the above schedule.

- A** The estimated secured, priority, and administrative claims are based on the Debtor's analysis of the claims register as of February 28, 2014. The above range excludes amended, duplicate, and other clearly invalid claims (such as 503(b)(9) claims for services). In addition, Other Administrative Claims (High range) includes post-petition pension costs of approximately \$3 million. Counsel is analyzing whether these costs are a valid administrative claim.
- B** Counsel is analyzing whether these claims for taxes resulting from unpaid pension contributions for 2011 through 2013, is a tax or a penalty.
- C** PBGC premiums have been paid in full by the pension plans' administrator through 2013. 2014 premiums (estimated at \$500K) are due in October 2014, and if not paid from pension plan assets, could be a liability of IMC. PBGC Pension Termination Premium is not discharged by the Plan and is based on \$1,250 per pension plan participant (approximately 1,400 participants) per year for three years. Nonetheless, the Debtor and Reorganized Debtor reserve all rights in that regard.
- D** Cure costs are estimates and do not reflect third party payor liabilities.
- E** Represents approximate actuarial computed post-petition medical malpractice liability. To date, no post-petition medical malpractice claims have been asserted against the Debtor.
- F** Although the IM Foundation might assert an administrative claim against IMC for \$4.3 million based on an alleged post petition unsecured loan to IMC, no amount is included in the exit costs for any such liability. Due to a variety of factors, IMC does not expect that any such claim will be allowed. First, any such alleged loan liability to the IM Foundation could be recharacterized as a contribution to IMC. Second, the IM Foundation could be liable to IMC for at least an equal amount based on an avoidance action. The IM Foundation, however, has not agreed to disallowance of any such claim.
- G** East Building liability is based on the contractual rate of the lease, less the aggregate amounts already paid during the post petition period pursuant to the Court approved interim stipulation. Nonetheless, the Debtor and Reorganized Debtor reserve all rights in that regard.
- H** DASNY has consented to the funding of \$200K for a liquidating trust to fund its administrative costs and initial costs to pursue certain causes of action pursuant to the Plan. Net proceeds from such actions would inure to the benefit of general unsecured creditors.

EXHIBIT 5

Financial Projections for the Reorganized Debtor Assuming a May 14, 2014 Plan Effective Date

Interfaith Medical Center, Inc.
Projected Statements of Operations of Reorganized Debtor
June 2014 - May 2015

	June	July	August	September	October	November	December	January	February	March	April	May	Total
Revenue:													
Net inpatient revenue	\$9,715,358	\$9,997,696	\$9,997,696	\$9,715,358	\$9,997,696	\$9,715,358	\$9,997,696	\$9,997,696	\$9,240,628	\$9,997,696	\$9,715,358	\$9,997,696	\$118,085,934
Net outpatient revenue	1,355,866	1,401,228	1,401,228	1,355,866	1,401,228	1,355,866	1,401,228	1,401,228	1,401,228	1,401,228	1,401,228	1,401,228	16,678,655
Bad debt expense	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)	(8,400,000)
Capitation	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,800,000
Net patient revenue	10,521,225	10,848,925	10,848,925	10,521,225	10,848,925	10,521,225	10,848,925	10,848,925	10,091,856	10,848,925	10,566,587	10,848,925	128,164,588
Other operating	840,000	1,095,000	1,095,000	1,090,000	1,090,000	1,095,000	1,095,000	1,095,000	1,095,000	1,095,000	1,095,000	1,095,000	12,875,000
Total revenue	11,361,225	11,943,925	11,943,925	11,611,225	11,938,925	11,616,225	11,943,925	11,943,925	11,186,856	11,943,925	11,661,587	11,943,925	141,039,588
Expenses:													
Salaries and wages	8,004,644	8,271,466	8,091,837	8,004,644	8,428,066	8,004,644	8,271,466	8,091,837	7,471,001	8,271,466	8,004,644	8,428,066	97,343,784
Employee benefits	2,641,533	2,729,584	2,670,306	2,641,533	2,781,262	2,641,533	2,729,584	2,670,306	2,465,430	2,729,584	2,641,533	2,781,262	32,123,449
Physicians and temp labor	493,965	510,430	510,430	493,965	510,430	493,965	510,430	510,430	461,034	510,430	493,965	510,430	6,009,903
Medical supplies	707,836	730,202	730,202	707,836	730,202	707,836	730,202	730,202	678,532	730,202	710,932	730,202	8,624,383
Other	381,143	393,185	393,185	381,143	393,185	381,143	393,185	393,185	365,363	393,185	382,810	393,185	4,643,899
Purchased services	1,400,115	1,444,355	1,444,355	1,400,115	1,444,355	1,400,115	1,444,355	1,444,355	1,342,151	1,444,355	1,406,239	1,444,355	17,059,219
Utilities	267,781	276,707	276,707	267,781	276,707	267,781	276,707	276,707	276,707	276,707	276,707	276,707	3,293,704
Insurance including malpractice	279,452	288,767	288,767	279,452	288,767	279,452	288,767	288,767	288,767	288,767	288,767	288,767	3,437,260
Interest & mortgage fees													-
Depreciation & amortization													
Total operating expenses	14,186,469	14,654,696	14,415,790	14,186,469	14,862,974	14,186,469	14,654,696	14,415,790	13,358,985	14,654,696	14,215,597	14,862,974	172,655,601
Loss from operations before Reorganization Costs	(2,825,244)	(2,710,771)	(2,471,865)	(2,575,244)	(2,924,049)	(2,570,244)	(2,710,771)	(2,471,865)	(2,172,129)	(2,710,771)	(2,554,010)	(2,919,049)	(31,616,012)
CRO/TO, CEO & Counsel	417,000	417,000	417,000	417,000	417,000	417,000	417,000	417,000	417,000	417,000	417,000	417,000	5,004,000
Reorganization costs/UST fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss from operations	(3,242,244)	(3,127,771)	(2,888,865)	(2,992,244)	(3,341,049)	(2,987,244)	(3,127,771)	(2,888,865)	(2,589,129)	(3,127,771)	(2,971,010)	(3,336,049)	(36,620,012)
EBIDA	(\$3,232,244)	(\$3,117,771)	(\$2,878,865)	(\$2,982,244)	(\$3,331,049)	(\$2,977,244)	(\$3,117,771)	(\$2,878,865)	(\$2,579,129)	(\$3,117,771)	(\$2,961,010)	(\$3,326,049)	(\$36,500,012)
Capital Expenditures	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$1,200,000)
Health First Income incl capitation	(\$375,000)	(\$375,000)	(\$375,000)	(\$375,000)	(\$375,000)	(\$375,000)	(\$375,000)	(\$375,000)	(\$375,000)	(\$375,000)	(\$375,000)	(\$25,000)	(4,150,000)
Health First Receipts	100,000	100,000	100,000	100,000			100,000				1,500,000		1,800,000
Accrued retirement benefits													-
Malpractice Accruals, net	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(4,800,000)
Recoupments													-
Net cash flow	(4,107,244)	(3,892,771)	(3,753,865)	(3,757,244)	(4,206,049)	(3,852,244)	(3,892,771)	(3,753,865)	(3,454,129)	(3,992,771)	(2,336,010)	(3,851,049)	(44,850,012)
Beginning Cash	8,780,345	4,673,101	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	8,780,345
Ending Cash before NYS funding	4,673,101	780,330	(1,753,865)	(1,757,244)	(2,206,049)	(1,852,244)	(1,892,771)	(1,753,865)	(1,454,129)	(1,992,771)	(336,010)	(1,851,049)	(36,069,667)
NYS funding	-	1,219,670	3,753,865	3,757,244	4,206,049	3,852,244	3,892,771	3,753,865	3,454,129	3,992,771	2,336,010	3,851,049	38,069,667
Ending cash	\$4,673,101	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000

EXHIBIT 6

Liquidation Analysis

Interfaith Medical Center, Inc.
Liquidation Analysis

Description	Book Value at February 28, 2014	Liquidation Value
Cash & cash equivalents (excluding restricted cash)	\$ 3,339,406	\$ 3,300,000
Patient receivables, net of allowance for doubtful accounts	16,188,367	7,500,000
Other receivables	4,986,134	3,700,000
Prepaid expenses	408,648	-
Inventory	721,839	200,000
Permanently restricted funds	1,255,854	-
Fixed assets, net	60,828,169	30,400,000
Other assets	18,676,361	5,500,000
Total Assets / Recovery	\$ 106,404,778	50,600,000
Proceeds available for distribution to Chapter 7 Administrative Claims	50,600,000	
Chapter 7 trustee fees		1,500,000
Chapter 7 professional fees		5,000,000
Closure costs, net of closure revenues (pursuant to closure plan budget)		14,400,000
Wind-down costs		2,000,000
Proceeds available for Secured Claims	27,700,000	
DASNY/DOH		131,500,000
<i>Recovery</i>		<i>21.1%</i>
Proceeds available for Chapter 11 Other Secured Claims, Administrative Claims and Priority Claims	(103,800,000)	
Chapter 11 Administrative Claims, Service Provider Claims and Priority Claims		11,500,000
<i>Recovery</i>		<i>0.0%</i>
Proceeds Available for Unsecured Claims	(115,300,000)	
General Unsecured Claims		\$ 375,000,000
<i>Recovery</i>		<i>0.0%</i>

Interfaith Medical Center, Inc.
Liquidation Analysis

1) Date of projected liquidation and closure commencement is assumed to be April 30, 2014

2) Patient receivables under a liquidation scenario are valued as follows:

		Liquidation		Comments
	Book Value	Adjustment	Value	
Medicaid	\$ 2,512,578	100%	\$ -	Assumes Medicaid setoff of payor liabilities.
Medicaid HMO	5,268,214	25%	3,951,161	
Medicare	2,021,139	100%	-	Assumes Medicare setoff of payor liabilities.
Medicare HMO	2,390,551	25%	1,792,913	
Commercial	1,553,755	25%	1,165,316	
Workers Comp	42,079	25%	31,559	
Self Pay	<u>2,400,049</u>	75%	<u>600,012</u>	Difficulty in collecting self pay receivables is exacerbated in a liquidation scenario.
	<u>\$ 16,188,365</u>		<u>\$ 7,540,962</u>	

3) Other receivables are assumed to be collected at 75%.

4) Prepaid expenses are primarily insurance premiums that expire in the April through July 2014 period. Accordingly, the liquidation value of such assets is \$0.

3) Book value of inventory is assumed to approximate its fair market value, and is valued at 25% in a liquidation.

4) Fixed assets are valued at 50% of their book value.

5) Other assets consists primarily of IMC's investment in Health First and various vendor deposits. The liquidation analysis assumes vendors will setoff deposits against their outstanding payables. The liquidation value of Health First is assumed to be \$5.5 million, pursuant to IMC's contract with Health First.

6) Chapter 7 trustee fees are estimated at 3% of gross liquidation proceeds.

7) Professional fees represent fees of attorneys, financial advisors, accountants, appraisers, and other professionals retained by the Chapter 7 Trustee.

8) Closure costs include projected costs to close the hospital and transfer patients to alternate facilities. Such costs, net of closure revenues, are based on IMC's closure plan budget filed with the court on November 1, 2013.

9) Wind-down costs consist of expenses of maintaining the Debtor's systems and payroll for certain employees necessary to collect the receivables, monetize assets and assist the Chapter 7 Trustee in the claims adjudication process.

10) Solely for this liquidation analysis, the Debtor assumes DASNY has a valid, perfected, and senior security interest in all of the Debtor's assets.

EXHIBIT 7

Nonexclusive List of Potential Avoidance Actions

Interfaith Medical Center, Inc.
Vendor Payments
90 Days Prior to Filing

Vendor Name	
1199SEIU National Benefit Fund	\$ 1,648,589.81
1545 ATLANTIC DEVELOPMENT LLC	184,060.00
2010 PUBLIC GOODS POOLS	349,895.00
3M	12,981.59
467-75 ST MARKS AVE	112,015.00
AARONSON RAPPAPORT FEINSTEIN	19,424.63
ACG OF LONG ISLAND ENTERPRISES	10,616.00
ACTION CARTING	59,712.76
ADP INC	7,074.14
ADP SCREENING & SELECTION	10,223.76
AFCO	62,718.78
ALERE NORTH AMERICA,INC	32,409.00
ARTHUR M.MAGUN,MD	6,869.00
ATLANTIC AVENUE RADIOLOGY,PC	40,485.30
B. BRAUN MEDICAL INC	18,475.92
BENJAMIN BARRAH, M.D.	20,833.32
BIO-REFERENCE LABORATORIES	12,065.00
BLACK BOX NETWORK SERVICES	18,750.04
BOSTON SCIENTIFIC CO	117,787.21
BROOKLYN AIDS TASK FORCE	60,294.70
BROOKLYN EVENT CENTER LLC	41,250.00
C.I.R. SEIU HEALTHCARE	145,800.00
CAREFUSION 2200 INC	7,811.00
CEN-MED ENTERPRISES	9,555.00
CENTRAL ABSORPTION,INC.	40,030.27
CHANTEL COOKSON	6,219.00
CHEYENNE REALTY LLC	79,336.77
CHRISTINE ANN MOONEY	46,296.29
CLEANING EQUIPMENT MAINTENANCE CORP	15,747.78
CLINICAL STAFFING RESOURCES	161,845.50
COLONIAL VOLUNTARY INSURANCE	6,108.18
COMMITTEE OF INTERNS	29,810.21
CON EDISON	65,055.72
CONMED LINVATEC	28,190.61
CORAM	13,800.00
CREATIVE HEALTH CONCEPTS LTD	30,000.00
CUSTOM STAFFING INC	100,046.93
DATA MARSHALL INC.	92,106.61
DATA-CORE SYSTEMS INC	13,605.00
DB TECHNOLOGY,LLC	12,395.11
DELL MARKETING L.P.	36,517.28
DIVERSIFIED INVESTMENT	959,072.82
DJO SURGICAL	16,893.53
EAST COAST PETROLEUM	47,156.98
ECRI	6,424.00
ELIZABETH WARREN	6,890.48
ELIZABETH WARREN AND PETERS BERGER	43,109.52
EMPIRE HEALTH CHOICE ASSURANCE INC	425,498.31
ENVIRONMENTAL ENGINEERING SOL P.C.	13,472.50
E-SCAN DATA SYSTEMS INC.	119,662.55
EV3 INC.	44,641.00

Interfaith Medical Center, Inc.
Vendor Payments
90 Days Prior to Filing

FIRST UNUM LIFE INSURANCE COMPANY	16,694.31
FIRSTDATABANK, INC	22,852.00
FRESENIUS MEDICAL CARE N.A.	112,115.00
GE HEALTHCARE SERVICES	39,804.10
GE MEDICAL SYSTEMS INFORMATION TECH	97,262.25
GLOBAL COMMUNICATION	105,630.00
HEALTH FACILITY ASSESSMENT FUND	134,088.00
HEALTH SERVICES RETIREMENT PLAN	24,675.00
HEALTH/ROI	66,204.55
HEALTHCARE REVENUE STRATEGIES	19,687.50
IATRIC	13,800.00
INNOMED, INC.	12,233.57
INTERNAP NETWORK SERVICES	6,722.86
JERKIELAH WATERMAN AND LUFTY	18,666.66
JOSEPH S. RACCUIA,MD	27,750.00
JULAINÉ DACOSTA	7,500.00
JZANUS, LTD	54,081.28
KONICA MINOLTA MEDICAL IMAGING	15,040.00
KRONOS	11,496.82
KURRON SHARES OF AMERICA	974,205.40
LABORATORY CORP OF AMERICA	47,252.89
MAS	7,865.84
MAXX HEALTH INC.	8,185.00
MCGRAW COMMUNICATION	13,146.36
McKESSON TECHNOLOGIES	16,861.18
MEDICAL INFORMATION TECHNOLOGY	130,431.00
MEDMATICA CONSULTING ASSOC INC	40,975.00
MICHAEL D NIEVES	8,200.00
MILLER & MILONE PC	77,736.34
MULLOOLY,JEFFREY,ROON	6,611.08
MUSCULOSKELETAL TRANSPLANT	17,531.65
NATIONAL GOVERNMENT SERVICES	36,427.65
NATIONAL GRID	45,567.13
NATIONAL HOSP. SPECIALTIES	9,163.00
NETWORK INFRASTRUCTURE TECHNOLOGIES	30,720.00
NEW YORK SPINAL IMPLANTS	7,250.00
NEW YORK STATE INSURANCE FUND	200,992.22
NEW YORK STATE NURSES Association	66,018.64
NEXERA	76,465.66
NIXON PEABODY LLP	92,722.57
NOUVEAU ELEVATOR IND	23,285.00
NY METHODIST HOSPITAL DEPT OF PEDIA	20,000.00
NYC WATER BOARD	70,521.11
NYS DEPARTMENT OF HEALTH	14,383.57
NYSNA BENEFITS FUND	529,879.76
OCEAN SIDE INSTITUTIONAL	81,899.94
OFFICE DEPOT	33,615.49
OSTEOMED	22,392.00
PAETEC	40,332.06
PARALLEL CONTRACTING INC	25,000.00
PARK PLACE INTERNATional	29,783.88
PAUL E. GATES, DDS MBA	15,000.00
PETRONE ASSOCIATES LLC	6,219.00

Interfaith Medical Center, Inc.
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PHILIPS HEALTHCARE	175,988.61
PRESS GANEY ASSOCIATES,INC.	50,467.64
PUTNEY, TWOMBLY, HALL & Hirson LLP	70,807.72
RADIOMETER AMERICA I	5,929.37
RELAY HEALTH INC	29,282.64
RENEE BROWN AS ADMIN	50,000.00
RISK MANAGEMENT PLANNING GROUP,INC.	37,500.00
SECURITAS SECURITY SERVICES USA,INC	389,986.34
SEDGWICK CLAIMS MANAGEMENT SERV.	35,642.50
SG RISK,LLC	10,000.00
SHANNAH SMALL	6,280.00
SHERRIE ADAMS	6,920.00
SIEMENS DIAGNOSTICS	7,162.40
SIGAL,INC.	42,715.50
SILBERSTEIN, AWAD & MILKOS, PC	11,790.46
ST. JUDE MEDICAL INC	14,667.00
STERICYCLE, INC.	14,012.50
STRYKER MEDICAL	5,883.31
SUPERIOR MAINTNANCE SUPPLY,LLC	8,585.21
THE CBORD GROUP INC.	18,596.41
THE PENSION COMPANY,AS ESCROW AGENT	197,098.22
THE TRUST ACCOUNT OF THE LAW - Lilith James	81,395.34
THE WEEKS LERMAN GROUP, LLC	9,774.00
TORRE JOHNSON	35,714.28
TOSHIBA AMERICA MEDICAL SYSTEMS,INC	18,011.50
TRIAD ISOTOPES INC	9,104.52
TRUVEN HEALTH ANALYTICS INC	17,573.50
UNIVERSAL HOSPITAL SERVICES	58,016.42
UP TO DATE INC	13,539.00
VASCULAR DIAGNOSTICS	54,250.00
W.L GORE &ASSOCIATES	8,935.00
WALTER A. MC DERMOTT	18,226.00
WILSON,ELSER, MOSKOWITZ EDLMAN & DICKER LLP	69,218.29
WRIGHT MEDICAL TECHNOLOGY	6,723.00
Grand Total	\$10,692,370.91