UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

In re:	:	Chapter 11
	:	
Wordsworth Academy, *et al.*,[1]	:	Case No. 17- 14463 (AMC)
	:	
Debtors.	:	Jointly Administered
	:	

MEMORANDUM OF LAW IN SUPPORT OF CONFIRMATION OF THE DEBTORS' CHAPTER 11 PLAN DATED DECEMBER 13, 2017

The above-captioned Debtors (the "Debtors")[2] hereby submit this memorandum of law in support of its Amended Chapter 11 Plan dated December 13, 2017.

I. BACKGROUND

1. On June 30, 2017 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief with the Court under chapter 11 of title 11 of the Bankruptcy Code.

2. The Debtors are operating their businesses and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases (the "Chapter 11 Cases"). An Official Committee of Unsecured Creditors has been appointed.

4. The Bankruptcy cases of the Debtors are jointly administered.

5. Debtor Wordsworth Academy ("Wordsworth") is a Pennsylvania non-profit corporation. Its mission is to provide education, behavioral health and child welfare services to

[1] The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: Wordsworth Academy (9031); Wordsworth CUA 5, LLC (0983); and Wordsworth CUA 10, LLC (5980). Wordsworth Academy has an address at 3300 Henry Ave., Philadelphia, PA 19129.

[2] Any capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Fourth Amended Plan.

children and youth who have emotional, behavioral and academic challenges so that they are empowered to reach their potential and lead productive, fulfilling lives. In addition to other programs, Wordsworth provides services through two Community Umbrella Agencies. Wordsworth is the sole member of Debtors Wordsworth CUA 5, LLC ("CUA 5") and Wordsworth CUA 10, LLC ("CUA 10") (together, the "CUAs"), which are Pennsylvania non-profit limited liability companies.

II. THE COURT SHOULD CONFIRM THE DEBTORS' PLAN

Pursuant to the Bankruptcy Code, the Court "shall" confirm a chapter 11 plan if all of the requirements of 11 U.S.C. § 1129(a)(1) through (16) are satisfied. As discussed more fully herein, the Plan should be confirmed because the Debtors have satisfied each of the requirements of section 1129(a).

A. The Plan Meets All of the Requirements for Confirmation Under Section 1129(a) of the Bankruptcy Code.

To confirm the Plan, the Debtors must demonstrate that the Plan satisfies the provisions of section 1129 of the Bankruptcy Code. The Debtors must prove all of the elements necessary for confirmation by a preponderance of the evidence. *See, e.g., In re Armstrong World Indus.*, 348 B.R. 111, 120-22 (D. Del. 2006).

1. The Plan complies with the applicable provisions of the Bankruptcy Code, as required by section 1129(a)(1).

Pursuant to section 1129(a)(1) of the Bankruptcy Code, a plan must comply with the "applicable provisions" of the Bankruptcy Code. 11 U.S.C. § 1129(a)(1). The legislative history of section 1129(a)(1) explains that this provision encompasses the requirements of sections 1122 and 1123 governing classification of claims and contents of the plan, respectively. *See* H.R. Rep. No. 595, 95th Cong., 1st Sess. 412 (1977); S. Rep. No. 989, 95th Cong., 2d Sess. 126 (1978).

As demonstrated herein, the Plan fully complies with the requirements of sections 1122 and 1123 of the Bankruptcy Code, as well as other applicable provisions of the Bankruptcy Code.

a. The Plan complies with the requirements of section 1122 and is reasonable and necessary.

Section 1122(a) of the Bankruptcy Code provides as follows:

> Except as provided in subsection (b) of this section, a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class.[3]

11 U.S.C. § 1122(a). Under this section, a plan may provide for multiple classes of claims or interests as long as each class consists only of claims or interests that are "substantially similar." The plan proponent is afforded flexibility in classifying claims or interests, as long as there is a reasonable basis for the classification structure. *In re Jersey City Med. Ctr.*, 817 F.2d 1055, 1060-61 (3d Cir. 1987) ("[T]he authorities recognize that the classification of the claims or interests must be reasonable.").

The Plan provides for separate classifications of claims into the following Classes based upon differences in the legal nature and/or priority of such Claims. Such classification is reasonable and necessary. All substantially similar claims are classified together, while each specific type of claim or interest is given its own class. Thus, Priority Claims (Class 1), M & T Secured Claim (Class 2), Litigation Claims (Class 3), Subcontractor Claims (Class 4), General Unsecured Claims (Class 5), and Interests (Class 6) each have a separate class. This clearly complies with the standards set forth in section 1122 and articulated by the Third Circuit. The separate classification of Claims in Classes 3, 4 and 5 is appropriate in these cases because these claims are not substantially similar to any other claimants and due to differing collateral and priority interests. *See In re Global Ocean Carriers Ltd.*, 251 B.R. 31, 42 n.8 (Bankr. D. Del.

[3] Section 1122(b) allows for a "convenience class" of unsecured claims that are less than a certain amount. The Plan provides for a Class 5 Convenience Class for General Unsecured Claims below $1,000.

2000) ("[A]s a secured creditor, [the claimant] is entitled to a separate class."). Thus, the classification of these Claims into separate classes is in keeping with the requirements of section 1122(a).

The Plan classification scheme recognizes the divergent legal and equitable rights of the various claimants provided for in the Plan. It properly distinguishes between creditors and interest holders, secured and unsecured creditors, and priority and non-priority claims. As such, the classification structure is appropriate and satisfies the requirements of section 1122. No party in interest has objected to the Plan classification scheme.

b. The Plan specifies impaired classes and their treatment.

Section 1123(a)(2) requires that the Plan "specify any class of claims or interests that is not impaired under the plan." 11 U.S.C. § 1123(a)(2). As indicated in Article II of the Plan, Class 1 (Priority Claims), are unimpaired by the Plan. Section 1123(a)(3) further requires that the Plan "specify the treatment of any class of claims or interests that is impaired under the plan." 11 U.S.C. § 1123(a)(3). Article II of the Plan also indicates that Class 2 (M & T Secured Claim) Class 3 (Litigation Claims, Class 4 Subcontractor Claims) and Class 5 (General Unsecured Claims) are impaired. Thus, Article II of the Plan specifically identifies all classes of claims and interests, including whether they are impaired or unimpaired above, and Article III of the Plan outlines the treatment that is proposed for each Class under the Plan, satisfying 1123(a)(3).

c. The Plan provides for equal treatment of each member of each Class.

Pursuant to section 1123(a)(4), the Plan must "provide the same treatment for each claim or interest of a particular class, unless the holder of a particular claim or interest agrees to a less favorable treatment of such particular claim or interest." 11 U.S.C. § 1123(a)(4). The Plan

satisfies this standard. Of those classes consisting of multiple members, all class members will receive the same treatment.

d. The Plan provides adequate means for its implementation.

Section 1123(a)(5) requires that the Plan provide "adequate means" for its implementation. 11 U.S.C. § 1123(a)(5). The focus of section 1123(a)(5) is whether the plan itself contains adequate means for implementation, not on whether alternative means exist. *See In re Stuart Glass & Mirror, Inc.*, 71 B.R. 332, 334 (Bankr. S.D. Fla. 1987). Article VII of the Plan contains detailed provisions outlining the means for its implementation. These provisions provide an adequate means for its implementation.

e. The Plan contains only provisions that are consistent with the interests of creditors.

Section 1123(a)(7) requires that the Plan "contain only provisions that are consistent with the interests of creditors and equity security holders and with public policy with respect to the manner of selection of any officer, director, or trustee under the plan and any successor to such officer, director, or trustee." 11 U.S.C. § 1123(a)(7). Pursuant to section 1129(a)(5), the Debtors have fully and accurately disclosed in Section 7.01 of the Plan the identity and affiliations of those individuals proposed to serve as officers of the Debtors after the Plan is confirmed and upon the occurrence of the Effective Date. The Debtors' proposed officers are well-qualified and highly capable, consistent with the interests of creditors and public policy. Accordingly, the Debtors have satisfied section 1123(a)(7).

f. Section 1123(a)(8) is not applicable to these cases.

Section 1123(a)(8) applies to individual debtors and is not applicable in these cases.

2. The Debtors have complied with the applicable provisions of title 11, as required by section 1129(a)(2).

Section 1129(a)(2) requires that the plan proponent comply with the applicable provisions of the Bankruptcy Code. 11 U.S.C. § 1129(a)(2). The legislative history of section 1129(a)(2) reflects that this provision is intended to encompass the disclosure and solicitation requirements under sections 1125 and 1126. *See In re Resorts Int'l, Inc.*, 145 B.R. 412, 468-69 (Bankr. D.N.J. 1990); *In re Texaco, Inc.*, 84 B.R. 893, 906-07 (Bankr. S.D.N.Y. 1988). Here, the Debtors have complied with the applicable provisions of the Bankruptcy Code, including the provisions of section 1125.

On November 9, 2017, this Court entered the Solicitation Order approving the Debtors' Disclosure Statement, solicitation procedures, and related notice and objection procedures. The Debtors filed certificates of service demonstrating compliance with the Solicitation Order. *See Docket No.410.*

Adequate, sufficient and timely notice of the Confirmation Hearing and all other hearings was given to all creditors and other parties in interest. The Debtors properly solicited votes on the Plan in good faith and in compliance with section 1125. No party in interest has objected to the adequacy, sufficiency or timeliness of the Debtors' notice or to the Debtors' solicitation of votes.

3. The Plan was proposed in good faith, as required by section 1129(a)(3).

Section 1129(a)(3) requires that a plan be "proposed in good faith and not by any means forbidden by law." 11 U.S.C. § 1129(a)(3). The good faith standard requires that a plan be "proposed with honesty, good intentions and a basis for expecting that a reorganization can be effected with results consistent with the objectives and purposes of the Bankruptcy Code." *In re Zenith Elecs. Corp.*, 241 B.R. 92, 107 (Bankr. D. Del. 1999); *see also In re Century Glove, Inc.*,

1993 WL 239489, at *4 (holding that the good faith requirement is met when the plan is proposed with a legitimate and honest purpose and has a reasonable hope of success).

The primary goal of chapter 11 is to promote the rehabilitation of debtors. Congress has recognized that the continuation of the operation of a debtors' business as a viable entity benefits the national economy through the preservation of jobs and continued production of goods and services. The Supreme Court similarly has recognized that "[t]he fundamental purpose of reorganization is to prevent a debtor from going into liquidation, with an attendant loss of jobs and possible misuse of economic resources." *NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 528 (1984).

The Plan accomplishes these rehabilitative goals by providing the means through which the Debtors will continue to operate as viable enterprises. The Plan is also in the best interests of creditors.

The Court should consider the totality of the circumstances surrounding a proposed plan when determining whether it has been proposed in good faith. *In re Coram Healthcare Corp.*, 271 B.R. 228, 234 (Bankr. D. Del. 2001). The Debtors filed their bankruptcy cases in good faith and proposed the Plan with the honest and legitimate intent to pay their debts to the extent possible and to reorganize. The Debtors have worked with the Committee and others throughout these cases to arrive at an agreeable Plan, and the Plan has been accepted by each and every voting class which voted. Accordingly, the Debtors have demonstrated good faith with respect to the proposed Plan. No party in interest has raised an issue with the Debtors' good faith.

4. Provisions for payment for services and expenses incurred in connection with the Debtors' bankruptcy cases are consistent with section 1129(a)(4).

Section 1129(a)(4) requires that any payments by the Debtors "for services or for costs and expenses in or in connection with the case, or in connection with the plan and incident to the

case" either be approved by the Court as reasonable or be subject to approval by the Court as reasonable. 11 U.S.C. § 1129(a)(4). Section 1129(a)(4) has been construed to require that all payments of professional fees made from estate assets be subject to review and approval as to their reasonableness by the Bankruptcy Court. *See* 7 Collier on Bankruptcy ¶ 1129.03[4] (15th ed., rev. 2006).

The Debtors have complied with this provision. They have not and will not make any payments of the type described in section 1129(a)(4) unless such payments have been approved by the Court as reasonable. Section 11.01 of the Plan provides that the Court will retain jurisdiction after the Effective Date of the Plan to hear and determine all applications for allowance of compensation or reimbursement of expenses for periods ending on or before the Effective Date. In addition, section 3.03 only allows for payment of "Allowed" Administrative Claims. Thus, no Administrative Claims will be paid unless and until approved by this Court. This process for the Court's review and ultimate determination of fees and expenses to be paid by the Debtors satisfies the requirements of section 1129(a)(4). *See Resorts*, 145 B.R. at 475 (holding that as long as fees and expenses are subject to final approval by the court, section 1129(a)(4) is satisfied).

5. The Debtors have made the appropriate disclosures pursuant to section 1129(a)(5).

The Debtors have also complied with section 1129(a)(5), which requires the plan proponent to make various disclosures. In accordance with section 1129(a)(5), the Debtors have fully and accurately disclosed in Section 7.01 of the Plan the identity and affiliations of those individuals proposed to serve as officers and managers of the Debtors after the Plan is confirmed. As stated above, the Debtors' proposed officers are well-qualified and highly capable, consistent

with the interests of creditors and public policy. No party in interest has objected to the Debtors' disclosures.

6. The Plan does not provide for any rate change subject to regulatory approval pursuant to section 1129(a)(6).

Section 1129(a)(6) is applicable only where the debtor's rates are subject to governmental regulatory authority and the debtor's plan contemplates a rate change which must be approved. Here, section 1129(a)(6) of the Bankruptcy Code is not applicable because, although the Debtors are subject to certain regulatory authority, the Plan does not contemplate any rate changes that would require regulatory approval.

7. The Plan satisfies the "best interests" test of section 1129(a)(7).

Section 1129(a)(7) of the Bankruptcy Code provides, in relevant part, that:

> With respect to each impaired class of claims or interests —
>
> (A) each holder of a claim or interest of such class —
>
> (i) has accepted the plan; or
>
> (ii) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of this title on such date.

U.S.C. § 1129(a)(7)(A).

This section is referred to as the "best interests" test. A plan satisfies this test if the court determines that each non-consenting member of an impaired class will receive at least as much under the plan as it would receive in a hypothetical liquidation under chapter 7. *Bank of Am. Nat'l Trust & Sav. Ass'n v. 203 North LaSalle Street P'ship*, 526 U.S. 434, 441 n.13 (1999).

The "best interests" test has been satisfied here. As set forth in the Report of Plan Voting there were no non-accepting votes from Classes 2, 3A, 3B, 4B or 4C creditors. Only one creditor, representing approximately 0.05% of Class 5A, voted against confirmation of the Plan.

The remainder of that class voted in favor of Plan confirmation, as did all creditors who submitted ballots in Classes 5B and 5C. Accordingly, section 1129(a)(7)(A)(i) has been satisfied as to those classes.

With respect to the non-consenting member of Class 5A, the Debtors are prepared to demonstrate at the Confirmation Hearing that the Plan provides they will receive property of a value that is not less than what they would receive in a chapter 7 liquidation.[4]

Appendix C to the Disclosure Statement sets forth the Debtors' liquidation analysis. This analysis demonstrates that, if the Debtors' property were liquidated, general unsecured creditors would receive a distribution of 0.1% or less. Under the Plan, however, general unsecured creditors will enjoy their *pro rata* share of the Distributable Cash.

No party-in-interest has challenged the Debtors' liquidation analysis and, therefore, this Court can conclude that the best interests test has been met. *See In re PWS Holding Corp.*, 228 F.3d 224, 250 (3d Cir. 2000) (debtor satisfied best interest test where debtor's liquidation analysis was not challenged).

8. The Plan satisfies section 1129(a)(8).

Section 1129(a)(8) requires that "with respect to each class of claims or interests – (A) such class has accepted the plan; or (B) such class is not impaired under the plan." 11 U.S.C. § 1129(a)(8). As reflected in the Report of Plan Voting and discussed further below, all impaired classes in which ballots were submitted voted to accept the Plan. No votes were submitted in class 3C because creditors hold claims in that class. Further, no votes were submitted by Class 4A. Although Class 4A claims existed as of the Petition Date, the Debtors

[4] Due to the pending Committee Adversary Proceeding and in view of RUS's failure to prosecute its Motion to Allow Claims Temporarily for Voting Purposes [D.I. 525] (the "Estimation Motion"), pursuant to paragraph 10.f. of the Solicitation Order, any RUS claims are temporarily disallowed for voting purposes. Moreover, RUS is conclusively presumed to have accepted the Plan for purposes of its Class 2 RUS Secured Claim because it is unimpaired.

paid those claims in full pursuant to authority granted before the Plan was filed. Because there are no presently existing claims in Classes 3C or 4A, all existing impaired classes have accepted the Plan. Accordingly, the Debtors have satisfied section 1129(a)(8), and it is not necessary for the Debtors to satisfy the requirements of section 1129(b) as to any dissenting classes, of which there is none.

9. The Plan's treatment of priority claims complies with section 1129(a)(9).

Section 1129(a)(9) of the Bankruptcy Code requires that persons holding claims entitled to priority under section 507(a) of the Bankruptcy Code receive specified cash payments under a plan. 11 U.S.C. § 1129(a)(9). Under the Plan, holders of priority claims are unimpaired and will be paid in full on the Effective Date unless they agree to different terms. These provisions satisfy the requirements of section 1129(a)(9)(A) and (B), which provides that such claimants must be paid cash equal to the allowed amount of such claims on the effective date, "[e]xcept to the extent that the holder of a particular claim has agreed to a different treatment of such claim."

10. The Plan satisfies section 1129(a)(10) in that all classes of impaired claims have accepted the Plan.

The Plan has been accepted by all classes of existing impaired claims: Where a plan contains at least one impaired class of claims, section 1129(a)(10) requires that "at least one class of claims that is impaired under the plan has accepted the plan, determined without including any acceptance of the plan by any insider," before the plan can be confirmed. 11 U.S.C. § 1129(a)(10). Because all classes of impaired claims have accepted the Debtors' Plan, without including any acceptances by insiders, section 1129(a)(10) has been satisfied.

a. Classes 2, 3, 4, and 5 are impaired.

A claim is "impaired" for purposes of section 1129 unless the plan "leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest." 11 U.S.C. § 1124(1).

Classes 2, 3, 4, and 5 are impaired.

b. Classes 2, 3, 4 and 5 have voted in favor of the Plan by more than one-half in number and two-thirds in amount of the claims within the class.

Section 1126(c) provides that a:

> class of claims has accepted a plan if such plan has been accepted by creditors, other than any entity designated under subsection (e) of this section, that hold at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors, other than any entity designated under subsection (e) of this section, that have accepted or rejected such plan.

U.S.C. § 1126(c). This requirement has been satisfied here where Classes 2, 3, 4 and 5 have voted in favor of the plan.

As demonstrated by the Report of Plan Voting, 100% in number and amount of Classes 2, 3 and 4 claimants who submitted ballots voted in favor of the Plan. 90% of Class 5A claimants who submitted ballots voted in favor of the Plan. There is no question that these percentages meet the thresholds of section 1126, and the Debtors have met the requirement of an impaired accepting class.

11. <u>The Plan is feasible in accordance with section 1129(a)(11).</u>

Section 1129(a)(11) of the Bankruptcy Code requires that, as a condition precedent to confirmation, a court determine that a plan is feasible. The standard for feasibility is one of reasonableness. 11 U.S.C. § 1129(a)(11) provides that a plan may be confirmed if

> [c]onfirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

U.S.C. § 1129(a)(11). This test requires the Court to find a "reasonable assurance of compliance with plan terms and a reasonable assurance that the plan can be effectuated." *In re Valley View Shopping Ctr., L.P.*, 260 B.R. 10, 33 (Bankr. D. Kan. 2001). Thus, although it must show that it is reasonably likely that the plan can be carried out, a debtor is not required to demonstrate that successful performance under the plan is guaranteed.

In determining whether a plan can reasonably be carried out, courts have identified the following factors:

> (1) the adequacy of the debtor's capital structure;
> (2) the earning power of its business;
> (3) economic conditions;
> (4) the ability of the debtor's management;
> (5) the probability of the continuation of the same management; and
> (6) any other related matters which determine the prospects of a sufficiently successful operation to enable performance of the provisions of the plan.

In re LaGuardia Assocs., L.P., Nos. 04-34512 and 04-34514, 2006 WL 6601650, at *33 (Bankr. E.D. Pa. Sept. 13, 2006); *In re Prussia Assocs., L.P.*, 322 B.R. 572, 584 (Bankr. E.D. Pa. 2005). Consideration of such factors in these cases demonstrates that there is a very reasonable likelihood that the Reorganization Effective Date of the Plan will be realized.

a. The Debtors will have sufficient cash on hand to make all payments required on the Effective Date.

Creditor Delta Community Support has objected on grounds of feasibility. The Debtors intend to put forth evidence at the Confirmation Hearing that the Plan is feasible and all required payments will be made.

Importantly, the Debtors' creditors have overwhelmingly voted in favor of the Plan which, while not a stated component of feasibility, speaks to the confidence of the creditor body in these Debtors and the common goal of supporting the Debtors' emergence from chapter 11

protection and ensuring the Debtors' survival for the benefit of the constituents that the Debtors serve.

b. Consideration of the relevant factors above demonstrates that the Plan is feasible.

The evidence supports a finding of feasibility and weighs heavily in favor of confirmation of the Debtors' Plan. The Debtors' strong management team and backing by PHMC are positioning the Reorganized Debtors for a sustainable future. For these reasons, the Debtors have met their burden of proof that the Plan is feasible, and the Plan should be confirmed.

12. All statutory fees have been or will be paid.

Section 1129(a)(12) requires payment of "[a]ll fees payable under Section 1930 [of title 28 of the United States Code], as determined by the court at the hearing on confirmation of the plan." 11 U.S.C. § 1129(a)(12). Section 507 of the Bankruptcy Code provides that "any fees and charges assessed against the estate under [Section 1930 of] chapter 123 of title 28" are afforded priority as administrative expenses. 11 U.S.C. § 507(a)(2). In accordance with sections 507 and 1129(a)(12) of the Bankruptcy Code, section 10.09 of the Plan provides that all such fees and charges, to the extent not previously paid, will be paid on or before the Effective Date. Thus, the Plan satisfies the requirements of section 1129(a)(12) of the Bankruptcy Code.

13. Section 1129(a)(13) regarding the continuation of retiree benefits is not applicable in these cases.

Section 1129(a)(13) does not apply in these cases because the Debtors have no retiree obligations.

14. Section 1129(a)(14) regarding domestic support obligations is not applicable in these cases.

Section 1129(a)(14) does not apply in these cases because the Debtors have no domestic support obligations.

15. Section 1129(a)(15) is not applicable in these cases.

Because the Debtors are not individuals, section 1129(a)(15) does not apply to these cases.

16. All transfers of property under the Plan shall be made in accordance with applicable non-bankruptcy law and section 1129(a)(16).

Any transfer under the Plan will not conflict with applicable non-bankruptcy law. Accordingly, the Plan comports with the requirements of section 1129(a)(16).

B. The Plan is Overwhelmingly Accepted by Creditors, and Should be Confirmed.

As set forth in detail herein, the Plan meets all relevant criteria under the Bankruptcy Code in order to be confirmed.

The Plan has a reasonable likelihood of success and has been accepted by overwhelming majorities of the voting creditor constituencies. The Debtors maintain that this Plan is in the best interests of the Debtors, their creditors, and all parties-in-interest to these cases. As such, the Plan should be confirmed.

III. CONCLUSION

As was its objective at the outset, the Debtors have worked diligently to advance these cases to a prompt conclusion that provides fair, negotiated treatment and significant recoveries for the Debtors' major creditor constituencies. Yet, this success is not a product of the Debtors' efforts alone. Rather, it has come only through the assistance of the Committee, the cooperation of M & T, Play & Learn, and Siena Lending Group and the support of PHMC and general unsecured and other creditors. These constituencies – in addition to the Debtors' management – have aided the Debtors in arriving at this juncture, facing imminent emergence from bankruptcy

protection, less than six months after commencing on a chapter 11 path. Any remaining objections should not thwart this significant progress and the Debtors' chance at survival.

WHEREFORE, the Debtors respectfully request that this Court confirm their Joint Chapter 11 Plan.

Dated: December 15, 2017
Philadelphia, Pennsylvania

/s/ Anne M. Aaronson

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