

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

In re:)	
)	
CARRAWAY METHODIST HEALTH SYSTEMS, an Alabama nonprofit corporation,)	Case No. 06-03501-TOM-11
)	Chapter 11 Proceeding
Debtor.)	
)	
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In re:)	
)	
CARRAWAY MEDICAL FOUNDATION, an Alabama nonprofit corporation,)	Case No. 06-03502-TOM-11
)	Chapter 11 Proceeding
Debtor.)	
)	
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In re:)	
)	
CARRAWAY HEALTH SERVICES, INC.,)	Case No. 06-03503-TOM-11
)	Chapter 11 Proceeding
Debtor.)	
)	
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In re:)	
)	
ADVANCE HEALTHLINK, L.L.C.,)	Case No. 06-03504-TOM-11
)	Chapter 11 Proceeding
Debtor.)	
)	
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DEBTORS' JOINT CHAPTER 11 PLAN OF LIQUIDATION

January 16, 2007

Patrick Darby
Chris Hawkins
Helen Ball
BRADLEY ARANT ROSE & WHITE LLP
One Federal Place
1819 Fifth Avenue North
Birmingham, Alabama 35203-2104
Telephone: (205) 521-8000
Facsimile: (205) 521-8500
COUNSEL FOR DEBTORS AND DEBTORS IN POSSESSION

INTRODUCTION

Carraway Methodist Health Systems, together with its subsidiaries Carraway Medical Foundation and Carraway Health Services, Inc., and Advance Healthlink, L.L.C., debtors and debtors-in-possession (collectively, the “Debtors”), propose the following joint chapter 11 liquidating plan (as amended from time to time, the “Plan”).

This Plan is a liquidating plan. The Debtors have sold substantially all their operating assets pursuant to 11 U.S.C. § 363(f). The Plan provides for distribution of the net proceeds of the sale (to the extent not previously distributed) and the creation of a liquidation trust that will administer and liquidate all property of the Debtor not sold or liquidated before the Effective Date of the Plan. The Plan provides for payment of Administrative Expense Claims and Priority Claims and the funding of the liquidation trust. The Plan further provides for the termination of all Interests in the Debtors and the dissolution and wind up of the affairs of the Debtors.

The Plan substantively consolidates the Debtors’ cases and estates. Accordingly, any Claim against the Estate of any of the Debtors, to the extent Allowed, shall be deemed a Claim against the Estates of all the Debtors. Moreover, Cash, Causes of Action, Remaining Assets, and the proceeds thereof, shall be pooled and considered as a unitary source of distributions under the Plan without regard for which Estate may have been the source thereof. Inter-company claims between the Debtors shall be released and discharged.

For a discussion of the Debtors’ history, business, operations, assets and financial information, and for a summary and analysis of the Plan, all parties entitled to vote on the Plan should consult the Disclosure Statement accompanying the Plan, including the Exhibits thereto (the “Disclosure Statement”).

No solicitation materials other than the Disclosure Statement and related materials transmitted therewith have been approved for use in soliciting acceptances and rejections of the Plan. Nothing in the Plan should be construed as constituting a solicitation of acceptances of the Plan unless and until the Disclosure Statement has been approved and distributed to all holders of Claims and Interests to the extent required by 11 U.S.C. § 1125.

All holders of Claims entitled to vote on the Plan are encouraged to read carefully the Disclosure Statement and the Plan, each in its entirety, before voting to accept or reject the Plan.

SECTION I
DEFINITIONS AND RULES OF INTERPRETATION

A. DEFINITIONS.

A TERM USED AND NOT DEFINED IN THE PLAN AND DEFINED IN THE BANKRUPTCY CODE OR IN THE BANKRUPTCY RULES SHALL HAVE THE MEANING ASSIGNED TO SUCH TERM IN THE BANKRUPTCY CODE OR IN THE BANKRUPTCY RULES. AS USED IN THE PLAN, THE FOLLOWING TERMS HAVE THE RESPECTIVE MEANINGS SPECIFIED BELOW:

1. **1995 Bonds** means the \$98,000,000.00 Revenue Bonds, Series 1995-A (Carraway Methodist Health Systems) issued under the 1995 Indenture.

2. **1995 Indenture** means the Bond Trust Indenture dated October 15, 1995 between the Authority and The Bank of New York, as successor bond trustee.

3. **1995 Note** means the Series 1995-A Note issued by Carraway to The Bank of New York, as successor bond trustee for the purposes of evidencing and securing Carraway's obligations in respect of the 1995 Bonds.

4. **1998 Bonds** means the \$30,000,000.00 Revenue Bonds, Series 1998-A (Carraway Methodist Health Systems) issued under the 1998 Indenture.

5. **1998 Indenture** means the Bond Trust Indenture dated May 1, 1998 between the Authority and The Bank of New York, as successor bond trustee.

6. **1998 Notes** means the Series 1998-A Notes issued to AmSouth and to The Bank of New York, as successor bond trustee, for the purpose of evidencing and securing Carraway's obligations in respect of the 1998 Bonds.

7. **2002 Mortgage** means the Mortgage and Security Agreement dated July 15, 2002 executed by Carraway, CMF and CHS in favor of the Master Trustee.

8. **2004 Mortgages** means the two Open-End Mortgages, Assignment of Leases and Rents and Security Agreements, dated as of March 11, 2004, executed by Carraway in favor of the Collateral Agent.

9. **AAC** means Ambac Assurance Corporation.

10. **Administrative Expense Claim** means a Claim against a Debtor for costs and expenses of administration under section 503(b) or 507(b) of the Bankruptcy Code, including: (a) all Claims for the actual and necessary costs and expenses incurred after the Filing Date of preserving the Estate and operating the business of such Debtor (such as wages, salaries or commissions for services and payments for goods and other services and leased premises); (b) all fees and charges assessed against the Debtors' Estates under section 1930, chapter 123 of Title 28, United States Code; (c) all Fee Claims; (d) all Post-Petition Med Mal Claims (to the extent entitled to administrative expense priority); (e) all Post-Petition Workers Comp Claims (to the extent

entitled to administrative expense priority); (f) all Post-Petition Unemployment Claims (to the extent entitled to administrative expense priority); and (g) all Goods Claims Allowed under section 503(b)(9) of the Bankruptcy Code.

11. ***Administrative and Priority Claim Reserve*** means a portion of the Cash Collateral sufficient to pay Allowed Administrative Expense Claims and Allowed Priority Claims unpaid as of the Effective Date, if any, pursuant to Sections III.A.1(a), III.A.1(d), III.A.2 and III.B.2 of the Plan.

12. ***AHL*** means Advance Healthlink, L.L.C., debtor and debtor-in-possession.

13. ***Allowed*** means, with reference to any Claim or Interest and with respect to a Debtor, (a) any Claim against or Interest in the Debtor that (i) has been listed by the Debtor in the Schedules, as may be amended by the Debtor from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and for which no contrary proof of claim or interest has been Filed, or (ii) has been allowed under the Plan, or (iii) has been allowed by Final Order of the Bankruptcy Court, or (iv) as to which a proof of claim has been timely Filed in a liquidated amount with the Bankruptcy Court pursuant to the Bankruptcy Code or any order of the Bankruptcy Court, or Filed late with leave of the Bankruptcy Court after notice and a hearing, and (b) in respect of which no objection to the allowance of such Claim or Interest has been interposed within any applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules, a Final Order or other applicable law.

14. ***Ambac Entities*** means, collectively, AAC, APH and CLIC.

15. ***APH*** means Ambac Private Holdings, LLC, a wholly-owned subsidiary of AAC.

16. ***AmSouth*** means AmSouth Bank, as predecessor in interest to Regions Bank, successor by merger to AmSouth Bank.

17. ***Asset Purchase Agreement*** means the agreement dated November 7, 2006 by and between the Debtors and the Buyer.

18. ***Assumed Cost Report Claims*** means Claims of third party payors of patient receivables for retrospective settlements or adjustments (including, without limitation, pursuant to Medicare and Medicaid cost reports filed or to be filed by the Debtors for periods prior to the Closing Date) that have been assumed as a liability of the Buyer pursuant to the Asset Purchase Agreement and in connection with the Sale.

19. ***Avoidance Action*** means any claim or cause of action of the Debtors or the Estates, or any of them, that is or may be the subject of an adversary proceeding under sections 510, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, or 553 of the Bankruptcy Code, or other applicable law.

20. ***Bankruptcy Code*** means title 11 of the United States Code, 11 U.S.C. §§ 101-1532 as amended from time to time.

21. **Bankruptcy Court** means the United States Bankruptcy Court for the Northern District of Alabama, or any other United States District Court, or unit thereof, exercising jurisdiction over the Cases.

22. **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure, as promulgated by the United States Supreme Court under 28 U.S.C. § 2075, and the local rules of the Bankruptcy Court, as amended from time to time.

23. **Bar Date** means the date(s) established by the Plan or by a Final Order of the Bankruptcy Court as the final date(s) to file proofs of claim, requests for allowance of an Administrative Expense Claim, or any other notice, objection or other document to evidence, support or seek Allowance of any Claim.

24. **Bond Insurance Policy** means the Bond Insurance policy issued by CLIC to secure timely payment of scheduled principal and interest to holders of the 1995 Bonds.

25. **Business Day** means any day other than a Saturday, Sunday or Legal Holiday.

26. **Buyer** means, collectively, Physicians Medical Center, LLC, a Delaware limited liability company, and its assignees or designees as applicable, including, without limitation, CMMC Development Company, L.P.

27. **Carraway** means Carraway Methodist Health Systems, debtor and debtor-in-possession.

28. **Carveout** has the meaning set forth in the Cash Collateral Agreement, as modified by the Cash Collateral Order.

29. **Cases** means the jointly administered cases of the Debtors under chapter 11 of the Bankruptcy Code.

30. **Cash** means legal tender of the United States of America, which may be conveyed by check or wire transfer.

31. **Cash Collateral** means all Cash and Cash equivalents on hand as of the Effective Date in which the Lenders hold a Lien pursuant to the Lender Documents and the Cash Collateral Order, including, without limitation, the Special Funds (subject to the provisions of Section V.B.4 of the Plan).

32. **Cash Collateral Agreement** means the agreement regarding use of cash collateral, and adequate protection dated September 18, 2006 by and among the Debtors, AmSouth and APH as modified by the Cash Collateral Order.

33. **Cash Collateral Order** means the Final Order by Consent Approving Debtors' Motion for Interim and Final Order: (A) Authorizing Use of Cash Collateral Pursuant to 11 U.S.C. § 363(c)(2) and Bankruptcy Rule 4001(b); and (B) Providing Adequate Protection Pursuant to 11 U.S.C. § § 361 and 363 entered by the Bankruptcy Court in the cases on October 20, 2006, including the terms and conditions of the Cash Collateral Agreement incorporated by reference subject to the modifications therein.

34. **CHS** means Carraway Health Services, Inc., debtor and debtor-in-possession.

35. **Causes of Action** means all Claims and causes of action now owned or hereafter acquired by the Debtors or the Estates, or any of them, or which may be maintained by the Debtors or the Estates, or any of them, for the benefit of creditors, whether arising under any contract or under the Bankruptcy Code or other federal or state law, including, without limitation, Avoidance Actions, but excluding (a) Claims related to accounts receivable and other Claims and causes of action and related recoveries sold to the Buyer pursuant to the Sale; and (b) Claims and causes of action and related recoveries released, exculpated or waived pursuant to the Plan.

36. **Claim** has the meaning set forth in section 101(5) of the Bankruptcy Code.

37. **Class** means a category of holders of Claims or Interests as set forth in Section II of the Plan.

38. **Class 3 Dividend** means, to the extent not previously distributed, the Net Sale Proceeds, plus the Cash Collateral, less the Reserves..

39. **Class 5 Dividend** means the Net Proceeds of (a) the Estate Distribution and (b) the Remaining Assets.

40. **CLIC** means Connie Lee Insurance Company, a wholly-owned subsidiary of AAC.

41. **Closing Date** means November 14, 2006, the date of the closing of the Sale.

42. **CMF** means Carraway Medical Foundation, debtor and debtor-in-possession.

43. **Collateral** means property subject to a Lien, to the extent of the interest of the holder of such Lien in the interest of the Estate in such property.

44. **Collateral Agent** means U.S. Bank, N.A., as collateral agent under the Intercreditor Agreement.

45. **Committee** means the official committee of unsecured creditors appointed by the Bankruptcy Administrator in the Cases pursuant to Section 1102(a) of the Bankruptcy Code.

46. **Confirmation** means entry of the Confirmation Order on the Bankruptcy Court's docket in the Cases.

47. **Confirmation Date** means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the Bankruptcy Court's docket in the Cases.

48. **Confirmation Hearing** means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

49. **Confirmation Order** means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

50. **Control Agreement** means the Deposit Account Control Agreement, dated March 11, 2004 between Carraway, CMF, CHS, the Collateral Agent, and Regions Bank.

51. **Credit Agreement** means that certain Revolving Line of Credit Agreement dated March 11, 2004 by and among Carraway, CMF, CHS, AmSouth and APH, as amended.

52. **Credit Agreement Notes** means, collectively, the Series 2004-A Revolving Secured Promissory Note issued by Carraway, CMF and CHS to APH and the Series 2004-B Revolving Secured Promissory Note issued by Carraway, CMF and CHS to AmSouth pursuant to the Credit Agreement.

53. **Debtors** means, collectively, Carraway, CMF, CHS and AHL, debtors and debtors-in-possession.

54. **Disclosure Statement** means the disclosure statement that relates to the Plan and is approved by the Court pursuant to section 1125 of the Bankruptcy Code, as such Disclosure Statement may be amended, modified, or supplemented (and all exhibits and schedules annexed thereto or referred to therein).

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

56. **Disputed Claim** means a Claim against a Debtor that is not Allowed, including:

- a. if no proof of Claim has been filed by the applicable Bar Date or has otherwise been deemed timely Filed under applicable law: (i) a Claim that is listed on the Schedules as disputed, contingent or unliquidated; or (ii) a Claim that is listed on the Schedules as other than disputed, contingent or unliquidated, but as to which the Debtors, or any other party in interest with standing to object to Claims under the Plan or applicable law, has Filed an objection by the Claims Objection Bar Date, unless such objection has been withdrawn or denied by a Final Order; or
- b. if a proof of Claim or request for payment of an Administrative Claim has been Filed by the applicable Bar Date or has otherwise been deemed timely Filed under applicable law: (i) a Claim for which a corresponding Claim is listed on the Schedules as disputed, contingent or unliquidated; or (ii) a Claim for which an objection has been Filed by the Debtor to which the claim relates, or any other party in interest with standing to object to Claims under the Plan or applicable law, by the Claims Objections Bar Date, unless such objection has been withdrawn or denied by a Final Order.

57. **Distribution** means any distribution pursuant to the Plan to the holders of Allowed Claims.

58. **Distribution Date** means any date on which a Distribution is made pursuant to the Plan.

59. **Effective Date** means the first Business Day following the date on which the Confirmation Order becomes a Final Order.

60. **Estate Distribution** means (a) Cash equal to 1% of the gross Cash proceeds of the Sale; plus (b) the Causes of Action and all recoveries and proceeds thereof.

61. **Estates** means the estates created by the commencement of the Cases pursuant to Section 541 of the Bankruptcy Code, including, without limitation, any and all rights, Claims and interests of the Debtors and any and all interests in property, whether real, personal or mixed, rights, causes of action, Avoidance Actions, avoidance powers or extensions of time that the Debtors or their estates shall have had effective as of the commencement of the Cases, or which such estates acquired after the commencement of the Cases, whether by virtue of sections 544, 545, 546, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code or otherwise.

62. **Exculpated Parties** has the meaning set forth in Section V.C.2 of the Plan.

63. **Fee Claim** means a Claim for compensation or reimbursement of expenses under Sections 327, 328, 330, 331 503(b) or 1103 of the Bankruptcy Code including compensation requested pursuant to section 503(b)(3) and (4) of the Bankruptcy Code for substantial contribution in the Cases and compensation and reimbursement of each Ombudsman.

64. **File, Filed or Filing** means file, filed, or filing with the Bankruptcy Court or its designee in the Cases.

65. **Filing Date** means September 18, 2006, the date of the Filing of the Debtors' petitions commencing the Cases under chapter 11 of the Bankruptcy Code.

66. **Final Distribution Date** means the date of the last Distribution from the Liquidation Trust under the Plan.

67. **Final Order** means an order or judgment (a) as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending; or (b) as to which any right to appeal, move for a stay pending appeal, petition for certiorari, reargue, or rehear shall have been waived in writing in form and substance satisfactory to the Debtors or, (c) in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order shall have been denied by the highest court to which such order was appealed, no further certiorari, reargument or rehearing shall have been taken, and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired; *provided, however*, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure or Bankruptcy Rules 9023 or 9024 may be filed with respect to such order shall not cause such order not to be a final order.

68. **Goods Claim** means a Claim Allowed as an administrative expense under Section 503(b)(9) of the Bankruptcy Code pursuant to the Court's order of January 9, 2007.

69. **Goods Claim Bar Date** means October 31, 2006, the Bar Date established by the Bankruptcy Court for filing requests for Allowance of Administrative Expense Claims under section 503(b)(9) of the Bankruptcy Code.

70. **Initial Distribution Date** means a Business Day, as determined by the Liquidation Trustee, as soon as practical after the Effective Date, but not less than fifteen (15) Business Days after the funding of the Liquidation Trust pursuant to Section V.B of the Plan.

71. **Insured Parties** has the meaning set forth in Section VII.B of the Plan.

72. **Intercreditor Agreement** means the Intercreditor and Collateral Agency Agreement by and among AmSouth, APH, CLIC and the Collateral Agent dated as of March 11, 2004.

73. **Interest** means any ownership interest in a Debtor.

74. **Lenders** means, collectively, AmSouth and the Ambac Entities.

75. **Lender Documents** means, collectively, the Master Indenture, the 1998 Indenture, the 1995 Indenture, the 1998 Notes, the 1995 Notes, the Bond Insurance Policy, the Letter of Credit, the Credit Agreement, the Credit Agreement Notes, the Mortgages, the Control Agreement, the Intercreditor Agreement, and the Cash Collateral Agreement.

76. **Legal Holiday** has the meaning set forth in Bankruptcy Rule 9006(a).

77. **Letter of Credit** means the Irrevocable Letter of Credit issued by AmSouth to secure timely payment of scheduled principal and interest to holders of the 1998 Bonds.

78. **Lien** has the meaning set forth in section 101(37) of the Bankruptcy Code and shall include, without limitation, all liens, security interest, replacement liens, adequate protection, carve out rights and all charges and interests created or imposed on property by any order of the Bankruptcy Court.

79. **Liquidation Committee** means the committee established on the Effective Date to oversee the Liquidation Trust pursuant to Section V.A. of the Plan.

80. **Liquidation Trust** means the trust established on the Effective Date pursuant to Section V.A of the Plan.

81. **Liquidation Trustee** means PWCO Services, Inc., a Delaware corporation, appointed pursuant to Section V.A.5 of the Plan to administer and act as trustee of the Liquidation Trust.

82. **Master Indenture** means the Master Indenture dated as of October 15, 1995 by and among the Debtors Carraway, CMF, CHS and the Bank of New York, as successor master trustee, as supplemented and amended.

83. **Med Mal Claim** means any Claim against the Estates or any non-Debtor Beneficiary (as defined in the Med Mal Trust) occurring before the Filing Date, or any of them, arising out of or related to an Occurrence (as defined in the Med Mal Trust) and payable under the Med Mal Trust.

84. **Med Mal Fund** means the fund established and administered pursuant to the Med Mal Trust.

85. **Med Mal Residual** means the portion of the Med Mal Fund, if any, payable to the Participant (as defined in the Med Mal Trust), net of the Termination Reserve Fund (as defined in the Med Mal Trust) upon termination of the Med Mal Trust, plus the balance remaining and payable to the Participant from the Termination Reserve Fund, if any, upon payment of all benefits and other amounts payable with respect to all Occurrences under the Med Mal Trust.

86. **Med Mal Trust** means the Carraway Methodist Medical Center Contingent Liability Management Revocable Trust Agreement dated June 30, 1976, as amended.

87. **Mortgages** means the 2002 Mortgage and the 2004 Mortgages.

88. **Net Sale Proceeds** means the Net Proceeds of the Sale, less (a) all costs and expenses of the Sale and the Closing, as set forth in the Asset Purchase Agreement; (b) all fees payable to FTI Cambio Health Solutions on account of the Sale; (c) the Carveout; and (d) 1% of the gross sales proceeds to fund, in part, the Estate Distribution.

89. **Net Proceeds** means such amounts collected from the sale or liquidation of assets after payment of all costs and expenses of such sale or liquidation, including, without limitation, attorney's fees, and satisfaction of any Liens on or Allowed Claims for set off or recoupment against such assets.

90. **Ombudsman** means any ombudsman appointed in the Cases under sections 332 and 333 of the Bankruptcy Code.

91. **Other Priority Claim** means any Claim against any Debtor that is entitled to priority under Section 507(a) of the Bankruptcy Code, other than Administrative Expense Claims or Priority Tax Claims.

92. **Other Secured Claim** means a Secured Claim other than the Class 1 Claims and the Class 3 Claims, if any.

93. **Person** has the meaning set forth in section 101(41) of the Bankruptcy Code.

94. **Plan** means this chapter 11 plan of the Debtors, including, without limitation, all documents referenced herein and all exhibits, supplements, appendices and schedules hereto, either in its present form or as the same may be altered, amended or modified from time to time.

95. **Post-Petition Med Mal Claim** means any Claim against the Estates for medical malpractice arising on or after the Filing Date.

96. **Post-Petition Unemployment Claim** means any Claim against the Estates for unemployment benefits arising on or after the Filing Date.

97. **Post-Petition Workers Comp Claim** means any Claim against the Estates for workers compensation arising on or after the Filing Date.

98. **Priority Claims** means, collectively, all Priority Tax Claims and all Other Priority Claims.

99. **Priority Tax Claim** means any Claim against any Debtor of a governmental unit of the kind specified in sections 502(i) or 507(a)(8) of the Bankruptcy Code.

100. **Pro Rata** means proportionally, so that with respect to an Allowed Claim, the ratio of (a)(i) the amount of property distributed on account of a particular Allowed Claim to (ii) the amount of the Allowed Claim is equal to the ratio of (b)(i) the amount of property distributed on account of all Allowed Claims of the Class in which the particular Allowed Claim is included to (ii) the amount of all Claims in that Class (including Disputed Claims and Disputed Interests, until disallowed).

101. **Professional Reserve** means a portion of the Cash Collateral (not to exceed the Carveout) sufficient to pay Allowed Fee Claims to the extent, if any, unpaid as of the Effective Date, pursuant to the Plan, including, without limitation, Fee Claims for fees and expenses incurred, but not yet Allowed, as of the Effective Date.

102. **Remaining Assets** means all assets of the Debtors or the Estates (other than the Estate Distribution), if any, not constituting Cash Collateral or other Collateral subject to a Lien.

103. **Reserve Distribution Account** means an account to be established and maintained by the Liquidation Trustee (a) for the purpose of (i) depositing the Reserves, and (ii) making distributions from the Reserves pursuant to the Plan, and (b) which shall not constitute a part of the *res* of the Liquidation Trust, except as otherwise provided in the Plan.

104. **Reserves** means, in the aggregate, the Administrative and Priority Claim Reserve, the Professional Reserve and the Trust Reserve.

105. **Sale** means the sale of substantially all the assets of the Debtors and related transactions pursuant to the Asset Purchase Agreement and the Bankruptcy Court's Order dated November 8, 2006.

106. **Schedules** means the schedules of assets and liabilities, the lists of holders of Interests and the statements of financial affairs filed by the Debtors under section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, and all amendments and modifications thereto through the Confirmation Date.

107. **Secured Claim** means the portion of any Claim against a Debtor, (a) determined in accordance with section 506(a) of the Bankruptcy Code, as of the Confirmation Date, secured by a valid, perfected and unavoidable Lien, to the extent of the value of the holder's interest in the Debtor's interest in the subject Collateral; or (b) subject to offset under Section 553 of the Bankruptcy Code, to the extent of the amount subject to offset.

108. **Security Agreement** means the Security Agreement dated March 11, 2004 between Carraway, CMF, CHS and the Collateral Agent.

109. **Special Funds** means the Cash, certificates of deposit and stock, and the Net Proceeds thereof, listed on Exhibit A to the Plan, which is incorporated by reference.

110. **Trust Agreement** means the agreement to be executed as of the Effective Date establishing the Liquidation Trust pursuant to the Plan, in a form satisfactory to the Committee and the Lenders, to be submitted prior to the Confirmation Hearing.

111. **Trust Budget** means the budget approved by the Bankruptcy Court at the Confirmation Hearing, subject to the approval of the Lenders, as necessary to pay the reasonable fees, costs and expenses of the Liquidation Trust related to the wind-down of the Estates and the administration and liquidation of the Lenders' Collateral; *provided, however*, that the Trust Budget shall not include the fees, costs and expenses of the Liquidation Trust related to the liquidation or administration of the Estate Distribution or the Remaining Assets or any portion thereof.

112. **Trust Reserve** means a portion of the Cash Collateral sufficient to pay the Trust Budget in accordance with the Plan.

113. **Unemployment Fund** means the \$400,000.00 cash deposit posted by the Debtors with the Unemployment Compensation Division of the Alabama Department of Industrial Relations with respect to unemployment claims.

114. **Unsecured Claim** means any Claim against any of the Debtors that is not an Administrative Expense Claim, Priority Claim, Med Mal Claim, Class 3 Claim, or Secured Claim.

115. **Workers Comp Fund** means the \$500,000.00 cash deposit posted by the Debtors with the Alabama State Workers Compensation Self-Insurance Fund or the Alabama Department of Industrial Relations with respect to workers' compensation claims.

B. RULES OF INTERPRETATION.

1. **Computation of Time.** In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

2. **Rules of Construction.** Unless otherwise provided herein, for purposes of the Plan: (a) whenever appropriate from the context, each term, whether stated in the singular or the plural, shall include both the singular and the plural; (b) any reference in the Plan to a contract, instrument, release or other 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; (c) any reference in the Plan to an existing document or exhibit

means such document or exhibit as it may have been or may be amended, modified or supplemented from time to time and shall include all addenda, exhibits and schedules attached thereto or referenced therein; (d) unless otherwise specified, any reference to an entity as a holder of a Claim or an Interest includes that entity's successors, assigns and affiliates; (e) unless otherwise specified, all references to sections and articles are references to sections of or to the Plan; (f) unless otherwise specified, all references in the Plan to exhibits are references to exhibits of or to the Plan or the Disclosure Statement; (g) the words "herein," "hereunder" or "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (h) captions and headings to articles, sections and exhibits are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretations of the Plan; and (i) unless otherwise specified, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply.

3. **Governing Law.** Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State in which the Bankruptcy Court resides, without giving effect to the principles of conflicts of laws thereof.

SECTION II

CLASSIFICATION OF CLAIMS AND INTERESTS

Claims and Interests (excluding unclassified Administrative Expense Claims and Priority Tax Claims) shall be classified as set forth in this Section II of the Plan.

A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of the Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that such Claim or Interest is Allowed in that Class and has not been paid or otherwise settled before the Effective Date. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, and Priority Tax Claims have not been classified but shall be treated as set forth in Section III.A of the Plan.

A. UNIMPAIRED CLASSES.

1. **Class 1 – Assumed Cost Report Claims.** Class 1 shall consist of Allowed Assumed Cost Report Claims.

2. **Class 2 – Other Priority Claims.** Class 2 shall consist of Allowed Other Priority Claims.

B. IMPAIRED CLASSES.

1. **Class 3 – Lender Claims.** Class 3 shall consist of the Allowed Claims of the Lenders under the Lender Documents.

2. **Class 4 – Other Secured Claims.** Class 4 shall consist of all Allowed Secured Claims other than Allowed Class 1 Claims, if any, and Allowed Class 3 Claims.

3. **Class 5 – Other Claims.** Class 5 shall consist of all Allowed Unsecured Claims.

4. **Class 6 – Med Mal Claims.** Class 6 shall consist of all Allowed Med Mal Claims (excluding punitive damages) arising before the Filing Date.

5. **Class 7 – Punitive Damage Claims.** Class 7 shall consist of all claims for damages other than compensatory damages.

6. **Class 8 – Interests.** Class 6 shall consist of all Interests in the Debtors.

SECTION III

TREATMENT OF CLAIMS AND INTERESTS

No Claim or Interest shall entitle the holder thereof to a Distribution of Cash or to other consideration pursuant to the Plan unless, and only to the extent that, such Claim or Interest is an Allowed Claim or Allowed Interest. Except as otherwise provided in the Plan or an order of the Bankruptcy Court, all Distributions of Cash on account of Allowed Claims and Allowed Interests shall be made on the Distribution Date(s).

A. UNCLASSIFIED CLAIMS.

1. Administrative Expense Claims.

(a) **Statutory Fees.** Administrative Expense Claims for fees payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, will be paid in full in Cash by the Liquidation Trust from the Administrative and Priority Claim Reserve, on the Effective Date, to the extent not previously paid.

(b) **Allowance and Payment of Fee Claims.** Except as provided by prior order of the Bankruptcy Court, professionals or other entities asserting a Fee Claim must file and serve on the Debtors, the Bankruptcy Administrator, the Lenders, the Liquidation Trustee, and such other entities as are designated by the Bankruptcy Rules, the Confirmation Order or other Final Order of the Bankruptcy Court, an application for final allowance of compensation and reimbursement of expenses no later than thirty (30) days after the Effective Date. Failure to timely and properly file an application for Allowance of a Fee Claim as set forth herein shall result in such Fee Claim being forever barred and discharged. Objections to an application for allowance of a Fee Claim must be filed and served on the Debtors, the Bankruptcy Administrator, the Lenders, the Liquidation Trust, and the applicant no later than twenty (20) days after the filing of the application for allowance of such Fee Claim. Any Allowed Fee Claim unpaid as of the Effective Date shall be paid on the Effective Date or, if later, the fifteenth (15th) Business Day after such Fee Claim becomes Allowed, Cash equal to such allowed Fee Claim from the Professional Reserve.

(c) **General Allowance Procedures for Administrative Expense Claims Other Than Fee Claims and Goods Claims.** Pursuant to Section 502 of the Bankruptcy Code, Requests for payment of an Administrative Expense Claim, other than statutory fees, Fee Claims Goods Claims, and Claims asserted under Section III.A.1(e) of the Plan, arising before the Effective Date must be filed and served on the Debtors, the Lenders, the Liquidation Trustee, and the Bankruptcy Administrator, pursuant to procedures set forth in the Confirmation Order, no later than thirty (30) days after the Effective Date; *provided, however*, all requests for payment of Administrative Expense Claims arising between the Filing Date and November 14, 2006 must be filed before the Bar Date established by the Bankruptcy Court's Order of November 27, 2006 and any such request filed after such Bar Date shall be denied, barred and discharged as untimely. Each such request for payment of an Administrative Expense Claim must include, at a minimum, (i) the name of the holder of the Claim, (ii) the amount of the Claim, (iii) the basis for the Claim, and (iv) documents evidencing or supporting the Claim. Failure to timely and properly file a request for payment of an Administrative Expense Claim as set forth herein shall result in the Administrative Expense Claim being forever barred and discharged. Objections to any such request may be made by the Debtors or any party in interest and such objections, if any, must be filed and served on the Debtors, the Bankruptcy Administrator, the Committee, the Lenders, the Liquidation Trust, and the requesting party by the later of twenty (20) days after the Effective Date or twenty (20) days after the filing of the applicable request for payment.

(d) **Payment of Goods Claims and Administrative Expense Claims Allowed Under Section III.A.1(c) of the Plan.** Subject to the allowance procedures set forth herein, unless such holder agrees to other treatment (in which event, such other agreement shall govern), each holder of a Goods Claim or an Allowed Administrative Expense Claim Allowed pursuant to Section III.A.1(c) of the Plan, shall be paid on the Effective Date or, if later, no later than the fifteenth (15th) Business Day after such Claim becomes Allowed, Cash from the Administrative and Priority Claim Reserve equal to such Allowed Administrative Expense Claim.

(e) **Special Provisions Regarding Administrative Expense Claims Not Otherwise Treated.**

(i) **Administrative Expense Claims Under Cash Collateral Order.** Notwithstanding any other term or provision of the Plan, each holder of an Allowed Administrative Expense Claim arising under the Cash Collateral Agreement or the Cash Collateral Order shall receive payment only in accordance with the treatment of the Allowed Class 3 Claims pursuant to Section III.C.1 of the Plan.

(ii) **Post-Petition Med Mal Claims.** Notwithstanding any other term or provision of the Plan, each holder of an Allowed Post-Petition Med Mal Claim shall be paid Cash from the Med Mal Fund in an amount equal to the amount of such Allowed Med Mal Claim (excluding punitive damages) pursuant to the procedures set forth in Section VI.C of the Plan.

(iii) **Post-Petition Workers Comp Claims.** Notwithstanding any other term or provision of the Plan, each holder of an Allowed Post-Petition Workers Comp Claim shall be paid Cash from the Workers Comp Fund in an amount equal to the amount of such Allowed Workers Comp Claim. Pursuant to Section V.C.5 of the Plan, the automatic stay shall be

terminated with respect to the Workers' Comp Fund as of the Effective Date to allow liquidation and payment of such Claims in accordance with applicable law.

(iv) **Post-Petition Unemployment Claims.** Notwithstanding any other term or provision of the Plan, each holder of an Allowed Post-Petition Unemployment Claim shall be paid Cash from the Unemployment Fund in an amount equal to the amount of such Allowed Unemployment Claim. Pursuant to Section V.C.5 of the Plan, the automatic stay shall be terminated with respect to the Unemployment Fund as of the Effective Date to allow liquidation and payment of such Claims in accordance with applicable law.

2. **Priority Tax Claims.** Unless such holder agrees to other treatment (in which event, such other agreement shall govern), each holder of an Allowed Priority Tax Claim shall be paid on the Effective Date or, if later, on the fifteenth (15th) Business Day after such Claim becomes Allowed, Cash from the Administrative and Priority Claim Reserve in an amount equal to such Allowed Priority Tax Claim.

B. TREATMENT OF UNIMPAIRED CLASS.

1. Class 1 — Allowed Assumed Cost Report Claims.

(a) The Buyer assumed the Assumed Cost Report Claims on the terms and conditions set forth in the Asset Purchase Agreement. Each holder of an Allowed Class 1 Claim shall retain, and the Plan shall leave unaltered, the legal, equitable, and contractual rights with respect to such Allowed Assumed Cost Report Claim.

(b) Claims in Class 1 are not impaired under the Plan. Therefore, pursuant to section 1126(f) of the Bankruptcy Code, the holders of Claims in Class 1 conclusively are presumed to have accepted the Plan and are not entitled to vote.

2. Class 2 — Allowed Other Priority Claims.

(a) Unless such holder agrees to other treatment (in which event, such other agreement shall govern), each holder of an Allowed Class 2 Claim shall be paid on the Effective Date or, if later, on the fifteenth (15th) Business Day after such Claim becomes Allowed, Cash from the Administrative and Priority Claim Reserve equal to such Allowed Class 2 Claim.

(b) Claims in Class 2 are not impaired under the Plan. Pursuant to Section 1126(f) of the Bankruptcy Code, the holders of the Class 2 Claims are presumed to have accepted the Plan and are not entitled to vote.

C. TREATMENT OF IMPAIRED CLASSES.

1. Class 3 – Allowed Lender Claims.

(a) Each holder of an Allowed Class 3 Claim shall receive, Pro Rata, in accordance with the Intercreditor Agreement (i) on the Initial Distribution Date, the Class 3 Dividend; (ii) on the first Distribution Date after payment of all Allowed Claims otherwise payable from the Reserves, the balance of the Reserves, if any; and (iii) on such Distribution Dates

as reasonably determined by the Liquidation Trustee in accordance with the Trust Agreement, the Net Proceeds of the liquidation of all other Collateral subject to the Lenders' Liens, including, without limitation, the Med Mal Residual and the Estate's residual interest, if any, in the Unemployment Fund and the Workers Comp Fund.

(b) Pursuant to section 1126(a) of the Bankruptcy Code, the holders of the Class 3 Claims are entitled to vote to accept or reject the Plan.

2. Class 4 – Other Secured Claims.

(a) There shall be no Allowed Class 4 Claim, except to the extent Allowed pursuant to this Section III.C.2 of the Plan. Each Person asserting an Other Secured Claim shall, in addition to any previously filed proof of claim, on or before ten (10) days prior to the Confirmation Hearing, File and serve on the Debtors a statement of such Other Secured Claim that specifies any interests in property allegedly securing such Claim and attaches all supporting documents, including, without limitation, evidence of perfection. The Debtors, the Lenders and all other parties in interest reserve the right to object to allowance of such Claims at Confirmation. If a Person asserts a Lien in any property of the Debtors' Estates and such Person has failed to File and serve on the Debtors a statement of such Other Secured Claim as set forth in this Section III.C.2 of the Plan at least ten (10) days prior to the Confirmation Hearing: (i) such Person shall be deemed for all purposes in these Cases to have waived and released its Lien in any property of the Debtors' Estates for the benefit of the Debtors' Estates; and (ii) such Person shall be deemed to be a holder of an Unsecured Claim, which shall be treated as a Class 5 Claim.

(b) Each holder of an Allowed Class 4 Claim shall receive on the Effective Date or, if later, the fifteenth (15th) Business Day after such Claim becomes an Allowed Class 4 Claim (i) to the extent the Collateral securing such Claim was included in the Sale, the Net Proceeds of the Sale allocable to such holder's lien, if any, pursuant to the Sale Order; and (ii) otherwise, at the option of the Liquidation Trustee: (I) the Collateral securing such Claim, without representation, warranty or recourse; or (II) Cash equal to the amount of such Allowed Class 4 Claim from the Net Proceeds of such Collateral.

(c) Pursuant to section 1126(a) of the Bankruptcy Code, the holders of the Class 4 Claims are entitled to vote to accept or reject the Plan.

3. Class 5 – Unsecured Claims.

(a) The holders of Allowed Class 5 Claims shall receive, Pro Rata, the Class 5 Dividend.

(b) Pursuant to section 1126(a) of the Bankruptcy Code, the holders of the Class 5 Claims are entitled to vote to accept or reject the Plan.

4. Class 6 – Med Mal Claims.

(a) Allowed Med Mal Claims shall be treated and paid from the Med Mal Fund in accordance with the Med Mal Trust. All parties in interest shall reserve all rights, Claims, interests and defenses with respect to all Med Mal Claims under the Med Mal Trust and applicable

law; *provided, however*, (i) Med Mal Claims shall be liquidated and Allowed in accordance with the procedures set forth in section VI.C of the Plan; (ii) any portion of a Med Mal Claim allocable to punitive or otherwise non-compensatory damages shall be classified and treated as a Class 7 Claim; and (iii) to the extent any Allowed Class 6 Claim is not paid from the Med Mal Fund, such Claim shall be classified and treated as a Class 5 Claim.

(b) Pursuant to section 1126(a) of the Bankruptcy Code, the holders of Class 6 Claims are entitled to vote to accept or reject the Plan

5. Class 7 – Punitive Damages Claims.

(a) All Allowed Claims for damages other than compensatory damages shall be subordinated to the payment, in full, of all other Allowed Claims under the Plan.

(b) Pursuant to section 1126(a) of the Bankruptcy Code, the holders of Class 7 Claims are entitled to vote to accept or reject the Plan.

6. Class 8 – Interests.

(a) All Interests, and all stock certificates, instruments and other documents evidencing such Interests, shall be cancelled as of the Effective Date. The holders of Interests in Class 6 shall not receive or retain any Distribution or other property on account of such Interests.

(b) Pursuant to section 1126(g) of the Bankruptcy Code, holders of Interests in Class 6 are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

SECTION IV
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Pursuant to section 1123(b)(2) of the Bankruptcy Code, except for those executory contracts and unexpired leases, if any, assumed pursuant to the Plan or as to which a Debtor has filed prior to the Confirmation Date a motion to assume and assign or a motion to reject, all executory contracts and unexpired leases to which any Debtor is or was a party and not previously rejected or assumed and assigned pursuant to prior order of the Bankruptcy Court, are deemed rejected pursuant to Section 365(a) of the Bankruptcy Code as of the Effective Date.

Each party to an executory contract or unexpired lease rejected pursuant to the Plan (and only such entities) asserting a Claim for damages arising from such rejection shall File, not later than thirty (30) days following the Confirmation Date, a proof of such Claim; *provided, however*, that (1) the Bar Date established for rejection damages claims in this Section IV of the Plan shall not apply to Persons that may assert a Claim on account of an executory contract or unexpired lease that was rejected by a Debtor before Confirmation for which a prior Bar Date was established; and (2) any Person asserting a claim for rejection damages that does not timely File a proof of claim in accordance with the Plan shall be forever enjoined and barred from asserting such Claim against the Debtors, the Estates or any property of the Estates.

SECTION V
IMPLEMENTATION OF PLAN

A. LIQUIDATION TRUST.

1. **Liquidation Trust.** The Liquidation Trust shall be established and shall become effective on the Effective Date. The Liquidation Trust shall hold and administer the following assets and the Net Proceeds thereof for the benefit of holders of Allowed Claims on the terms and conditions set forth in the Plan:

(a) the Class 5 Dividend, which shall be deemed assigned by the Debtors to the Liquidation Trust on the Effective Date for liquidation and distribution to holders of Allowed Class 5 Claims in accordance with the Plan;

(b) the Med Mal Residual and the Estate's residual interest, if any, in the Unemployment Fund and the Workers Comp Fund, which shall be deemed assigned by the Debtor to the Liquidation Trust, subject to the Lender's Liens, to be administered in accordance with the Plan; and

(c) the Reserves, which shall not constitute part of the *res* of the Liquidation Trust, but which shall be held separate by the Liquidation Trustee in the Distribution Account, subject to the Lender's Liens to be administered in accordance with the Plan.

Such assets shall vest in the Liquidation Trust as of the Effective Date free and clear of all Liens, Claims, encumbrances and interests, (except Liens, Claims, encumbrances and interests arising under or specifically preserved by the Plan or the Sale Order) and shall be administered and liquidated by the Liquidation Trust in accordance with the Plan.

2. **Liquidation Committee.** The Liquidation Committee shall be comprised of three (3) representatives designated by the Committee prior to the Effective Date. The designation of the Liquidation Committee shall be effective as of the Effective Date. The Liquidation Committee shall oversee and direct the Liquidation Trustee's discharge of his powers and duties pursuant to the Plan with respect to the Class 5 Dividend, the Allowance of Class 5 Claims and other matters affecting Class 5 and shall have standing to file appropriate motions before the Bankruptcy Court in furtherance of the Plan, on the terms and conditions set forth in the Trust Agreement. The Liquidation Committee shall have no oversight authority with respect to the Class 3 Dividend, the Reserves or the administration, liquidation or distribution of Collateral. The Liquidation Committee's consent shall be required for the Liquidation Trustee to institute litigation with respect to, or to settle Causes of Action or to appoint a successor trustee. The Liquidation Committee shall adopt by-laws to govern its internal administration and oversight of the Liquidation Trust in accordance with the Plan; *provided, however*, such by-laws shall not conflict with or be inconsistent with the Plan or the Trust Agreement.

3. **Duration of Liquidation Trust and Liquidation Committee.** The Liquidation Trust and the Liquidation Committee shall continue to exist until entry of a Final Order by the Bankruptcy Court closing the Bankruptcy Cases pursuant to Section 350(a) of the Bankruptcy Code. As soon as practicable after the last distribution under the Plan is made, the Liquidation

Trustee shall seek entry of a Final Order closing the Case pursuant to Section 350 of the Bankruptcy Code.

4. **Preservation of Priority.** Except as specifically provided in the Plan, no term or provision of the Plan shall alter or affect the priority scheme of the Bankruptcy Code. Without limitation, before any Distribution on account of Allowed Class 5 Claims, all Allowed Priority Claims and Allowed Administrative Expense Claims shall be paid in full from the Net Proceeds of the Class 5 Dividend but only to the extent not otherwise paid in accordance with the Plan or otherwise agreed by the holder of such Allowed Claim.

5. **Liquidation Trustee.**

(a) **Appointment.** The Liquidation Trustee shall be PWCO Services, Inc. The appointment of the Liquidation Trustee shall be effective as of the Effective Date. Successor Liquidation Trustee(s) shall be appointed by the Liquidation Committee as set forth in the Trust Agreement.

(b) **Term.** The Liquidating Trustee's term, and that of any successor, shall expire upon entry of a Final Order closing the Case.

(c) **Powers and Duties.** The Liquidation Trustee shall have the rights and powers set forth in the Trust Agreement, subject to the oversight of the Lenders and the Liquidation Committee as set forth in the Plan, including, but not limited to, the powers of a debtor-in-possession under sections 1107 and 1108 of the Bankruptcy Code; *provided, however*, the Liquidation Trustee shall have no authority to operate the Debtors' businesses and shall have no authority or responsibility for the management, ownership, administration or governance of the Debtors, other than to wind up and dissolve the Debtors as set forth herein. The Liquidation Trustee shall be governed in all things by the terms of the Trust Agreement and the Plan. The Liquidation Trustee shall administer the Liquidation Trust, and its assets, and make Distributions from the proceeds of the assets of Liquidation Trust in accordance with the Plan. Subject to the oversight of the Lenders and the Liquidation Committee, the Liquidation Trustee shall be authorized, empowered and directed to take all actions necessary to comply with the Plan and exercise and fulfill the duties and obligations arising thereunder, including, without limitation, to:

- (i) employ, retain, and replace one or more actuaries, attorneys, accountants, auctioneers, brokers, managers, consultants, other professionals, agents, investigators, expert witnesses, consultants and advisors as necessary to discharge the duties of the Liquidation Trustee under the Plan;
- (ii) object to the Allowance of Claims pursuant to the terms of the Plan and administer the liquidation of Med Mal Claims for the benefit of the Estates, pursuant to the Plan;
- (iii) establish reserves and open, maintain and administer bank accounts as necessary to discharge the duties of the Liquidation Trustee under the Plan;

- (iv) pay reasonable and necessary professional fees, costs and expenses as set forth in the Plan;
- (v) investigate, analyze, commence, prosecute, litigate, compromise, collect and otherwise administer the Causes of Action for the benefit of the Liquidation Trust and its beneficiaries, as set forth in the Plan, and take all other necessary and appropriate steps to collect, recover, liquidate, or otherwise reduce to Cash the Causes of Action;
- (vi) administer, sell, liquidate or otherwise dispose of the Remaining Assets, or any portion thereof, in accordance with the terms of the Plan;
- (vii) represent the Estate before the Bankruptcy Court and other courts of competent jurisdiction with respect to matters concerning the Liquidation Trust;
- (viii) seek the examination of any entity under and subject to the provisions of Bankruptcy Rule 2004;
- (ix) comply with applicable orders of the Bankruptcy Court and any other court of competent jurisdiction over the matters set forth herein;
- (x) comply with all applicable laws and regulations concerning the matters set forth herein;
- (xi) exercise such other powers as may be vested in the Liquidation Trustee pursuant to the Trust Agreement, the Plan, or other Final Orders of the Bankruptcy Court;
- (xii) wind up the financial affairs of the Debtors in accordance with the Plan, Trust Agreement and applicable law;
- (xiii) administer the Debtors' and the Estates' interests in the Med Mal Trust as the Participant thereunder, the Unemployment Fund and the Workers Comp Fund;
- (xiv) succeed the Debtors as the Participant under the Med Mal Trust and exercise all rights, powers and duties as the Participant under the Med Mal Trust, including, without limitation, the termination and revocation of the Med Mal Trust and the appointment of the Actuary, creation of the Termination Reserve Fund and execution of all related functions as specified and defined in the Med Mal Trust;
- (xv) administer the Estates' rights, Claims, defenses and interests under the Med Mal Trust with respect to the Allowance, coverage and payment of Med Mal Claims; and

(xvi) execute any documents, instruments, contracts and agreements necessary and appropriate to carry out the powers and duties of the Liquidation Trustee.

(d) **Fees and Expenses.** From the Effective Date forward, the Liquidation Trustee's compensation shall be as provided in the Trust Agreement. Compensation of the Liquidation Trustee and the costs and expenses of the Liquidation Trustee, and the Liquidation Trust (including, without limitation, professional fees and expenses) shall be paid (i) to the extent related to the wind-down of the Debtors or the administration, preservation, maintenance or liquidation of Collateral subject to the Lenders' Liens, from the Trust Reserve in accordance with the Trust Budget; and (ii) to the extent related to the administration, preservation, maintenance or liquidation of the Class 5 Dividend, from the Net Proceeds of such liquidation; *provided, however*, all fees and expenses related to liquidation of Med Mal Claims shall be paid from the Med Mal Fund in accordance with the Med Mal Trust. The reasonable expenses of the members of Liquidation Committee shall be paid from the Net Proceeds of the liquidation of the Class 5 Dividend, on the terms and conditions set forth in the Trust Agreement. Without limitation of the forgoing, the Liquidation Trustee shall pay, without further order, notice or application to the Bankruptcy Court, the reasonable fees and expenses of the Liquidation Trustee and the Liquidation Trustee's professionals, as necessary to discharge the Liquidation Trustee's duties under the Plan, subject only to such notice procedures as set forth in the Trust Agreement. .

(e) **Retention of Professionals and Compensation Procedure.** On and after the Effective Date, the Liquidation Trustee may engage such professionals and experts as deemed necessary and appropriate by the Liquidation Trustee to assist the Liquidation Trustee in carrying out the provisions of the Plan. The Liquidation Committee may retain professional Persons only as provided with the Trust Agreement. For services performed from and after the Effective Date, professional Persons engaged by the Liquidation Trustee or the Liquidation Committee shall receive compensation and reimbursement of expenses in the manner set forth in the Trust Agreement.

(f) **Compromising Claims.** Pursuant to Bankruptcy Rule 9019(b) and the Plan the Liquidation Trustee is authorized to, (i) subject to the consent of the Liquidation Committee compromise the Causes of Action and Disputed Class 6 Claims or other Claims or actions against the Debtor or their affiliates with respect to the Class 5 Dividend, (ii) subject to the consent of the Lenders, compromise Med Mal Claims pursuant to the Med Mal Trust and the Plan; and (iii) execute necessary documents, including a stipulations of settlement or release, without approval of the Bankruptcy Court and the notice and other requirements of the Bankruptcy Rules and applicable law.

B. DISPOSITION OF PROPERTY.

1. **Distribution Account.** The Liquidation Trustee shall establish the Distribution Account as of the Effective Date. On the Effective Date, the Liquidation Trustee shall deposit the Reserves in the Distribution Account. The Liquidation Trustee shall pay Allowed Priority Claims and Allowed Administrative Expense Claims from the Administrative and Priority Reserve on the terms and conditions set forth in the Plan. On the terms and conditions set forth in the Plan, the Liquidation Trustee shall pay from the Trust Reserve all reasonable and necessary costs and

expenses arising out of or related to the wind-down and dissolution of the Debtors on the administration, preservation, maintenance or liquidation of Collateral subject to the Lenders' Liens. The Liquidation Trustee shall pay Allowed Fee Claims first from the Professional Reserve, on the terms and conditions set forth in the Plan. Upon payment of all Claims, costs, fees and other expenses payable from the Reserves, the Liquidation Trustee shall distribute the unused portion of the Reserves, if any, Pro Rata to the Collateral Agent for the benefit of the holders of Allowed Class 3 Claims in accordance with the Plan.

2. **Liquidation of Assets by Liquidation Trust.** Notwithstanding any other provision of the Plan, on the Effective Date or as soon as practicable thereafter, the Liquidation Trustee, on behalf of the Liquidation Trust for the benefit of the beneficiaries of the Liquidation Trust (without further motion, notice or order of the Bankruptcy Court, subject to the terms of the Liquidation Trust), expeditiously shall liquidate all Collateral and the Class 5 Dividend on the terms and conditions set forth in the Plan and distribute the Net Proceeds thereof in accordance with the Plan. All sales of assets by the Liquidation Trust shall be deemed made pursuant to the Plan and authorized by the Confirmation Order and (a) shall be free and clear of all Liens, Claims, encumbrances and other Interests pursuant to section 363(f) of the Bankruptcy Code, with all such Liens, Claims, encumbrances and other interests attaching to the Net Proceeds of such sales subject to the terms and conditions of the Plan; and (b) pursuant to section 1146(a) of the Bankruptcy Code shall not be taxed under any law imposing a stamp tax or similar tax.

3. **Trust Distributions.** Distributions from the Liquidation Trust shall be made by the Liquidation Trustee as follows:

(a) the Liquidation Trustee shall liquidate all Collateral in accordance with the Plan and distribute the Net Proceeds of the Lenders' Collateral to the Collateral Agent for the benefit of the holders of Allowed Class 3 Claims in accordance with the Plan;

(b) the Liquidation Trustee shall liquidate the Class 5 Dividend in accordance with the Plan shall distribute the Net Proceeds thereof as follows: (i) first to pay the reasonable costs and expenses of the Liquidation Trust (including professional fees) incurred in administering, maintaining, preserving or liquidating the Class 5 Dividend (to the extent not otherwise paid pursuant to the Plan); (ii) second to pay the reasonable costs and expenses of the members of the Liquidation Committee and the fees and expenses, if any, of any professional Person retained by the Liquidation Committee in accordance with the Trust Agreement; (iii) third, to pay any Allowed Administrative Expense Claims and any Allowed Priority Claims not previously paid, if any, pursuant to Section V.A.4 of the Plan; and (iv) fourth Pro Rata to the holders of Allowed Class 5 Claims on the terms and conditions set forth in the Plan;

(c) the Trust Reserve shall be used to pay the reasonable costs and expenses of the Liquidation Trust and its professionals related to the wind-down and dissolution of the Debtors and the liquidation of Collateral in accordance with the Plan, provided that upon payment of all such Claims, any unused portion of the Trust Reserve shall be distributed to the Collateral Agent for the benefit of holders of Allowed Class 3 Claims, in accordance with the Plan; and

(e) the Administrative and Priority Claim Reserve shall be used to pay Allowed Administrative Expense Claims and Allowed Priority Claims in accordance with the Plan; provided that upon payment of all such Claims, any unused portion of the Administrative and Priority Reserve shall be distributed to the Collateral Agent for the benefit of holders of Allowed Class 3 Claims, in accordance with the Plan.

4. **Special Provisions Regarding Special Funds.** Notwithstanding any other term or provision of the Plan, Confirmation shall be without prejudice to the right of the Committee, and no other, to File, on or before the Effective Date, a written objection to the inclusion of the Special Funds in the Cash Collateral. The Committee and the Lenders respectively reserve all rights, claims and defenses under the Cash Collateral Order, the Lender Documents and applicable law. In the event the Committee Files such an objection, (a) the Plan otherwise will be effective and all Distributions other than the Distribution of the special Funds as part of the class 3 Dividend shall proceed in accordance with the Plan; (b) the Special Funds shall not constitute part of the res of the Liquidation Trustee, but shall be held by the Liquidation Trustee in the Distribution Account pending further order of the Bankruptcy Court; (c) the Liquidation Committee solely shall have standing to prosecute such objection, (d) the Bankruptcy Court shall retain exclusive jurisdiction to hear and decide such objection; and (e) upon entry of a Final Order resolving such objection, the Liquidation Trustee shall distribute the Special Funds as directed by the Bankruptcy Court in such Final Order.

C. SETTLEMENT, RELEASE, SATISFACTION AND INJUNCTION.

1. **Full and Final Satisfaction.** The treatment of Claims and Interests provided in the Plan shall be in full and final satisfaction, settlement and discharge of all liabilities of, Claims against, or Interests in the Debtors. Except as provided in the Plan or the Confirmation Order, the rights afforded under the Plan will be in exchange for and in complete satisfaction, discharge and release of all Claims and liabilities and termination of all Interests arising on or before the Effective Date, including any interest accrued after the Filing Date

2. **Exculpation.** From and after the Effective Date, (a) the Debtors; (b) all current officers and directors, and all other agents, employees, professionals, and representatives of the Debtors; (c) the Liquidation Trustee; (d) all officers, agents, employees, professionals and representatives of the Liquidation Trust; (e) the Committee, its members and its professionals; (f) the Lenders and their respective current officers, directors, agents, employees, professionals and representatives; (g) each Ombudsman and (to the extent applicable) such Ombudsman's current officers, directors, agents, employees, professionals and representatives; and (h) each member of the Liquidation Committee (collectively, with their each of their predecessors and successors in interest and their respective general and limited partners, officers, directors, employees, agents, professionals and other representatives, the "Exculpated Parties") shall neither have nor incur any liability to any Person or entity for any act taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, implementation, administration, confirmation or consummation of the Plan, the Sale, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan, or any other act taken or omitted to be taken in connection with the Cases or the Sale; *provided, however*, that the foregoing provisions of this Section V.C.2. shall have no effect on the liability of any Person or entity that results from any such act or omission that is determined in a

Final Order to have constituted gross negligence or willful misconduct. From and after the Confirmation Date, all Persons are permanently enjoined from commencing or continuing in any manner, any suit, action or other proceeding, on account of or respecting any claim, obligation, debt, right, cause of action, remedy or liability released or to be released against an Exculpated Party pursuant to the Plan.

3. **Release.** In consideration of the funding of the Plan provided by the Lenders from Collateral and the Net Proceeds of Collateral, the consideration recited in the Asset Purchase Agreement, and the services rendered by the Committee and Debtors' directors and officers serving in such position during the pendency of the Cases (collectively, the "Officers and Directors"), including, without limitation, the negotiation, formulation and implementation of the Plan to provide Distributions to holders of Claims other than the Lenders, as of the Effective Date the Debtors, the Lenders, the Buyer, the Committee, the Officers and Directors, and each holder of a Claim who votes in favor the Plan or who receives a Distribution under the Plan (collectively, the "Released Parties") and each of the Released Parties' respective predecessors and successors in interest, general and limited partners, other affiliates, and each and every Person claiming a right in a derivative capacity in their behalf, and each of the officers, directors, shareholders, members, agents, employees, professionals and other representatives of the foregoing, are irrevocably and unconditionally released, remised and forever discharged from any and all direct, indirect or derivative Claims, obligations, suits, actions, causes of actions, liabilities, obligations, demands, damages, judgments, orders, decrees, rights of contribution and indemnification, or other right to payment, and other disputes or controversies of every kind, type, nature, description, whether known or unknown, foreseen or unforeseen, fixed or contingent, matured or unmatured, liquidated or unliquidated, existing or hereafter arising in law, equity or otherwise, related to, connected with or arising with respect to the Debtors, or any of them, the Cases, the Plan, the Sale, any asset sale, transaction or settlement approved by the Bankruptcy Court, or the management, operation, business, legal or financial affairs of the Debtors, or any of them, before or after the Filing Date, including, without limitation, any legal or equitable Claim for tort, fraud, contract, breach of fiduciary or other duty or violation of federal securities law, but excluding rights, claims, and causes of action reserved in the Plan or the Disclosure Statement (including, without limitation the Causes of Action), which shall be reserved and shall not be released, remised, discharged or otherwise affected by the provisions of this Section V.C.3. of the Plan.

4. **Reservation of Police and Regulatory Powers of Governmental Units.** Notwithstanding any other provision in the Plan, any discharge, release, exculpation or injunction provided in the Plan shall not preclude any action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power.

5. **Insurance Claims for Personal Injury or Wrongful Death Claims.** Notwithstanding any other provision of the Plan, any discharge or injunction contained in the Plan shall not prejudice, impair or increase any right of the holder of any personal injury or wrongful death Claim to collect from the Med Mal Fund, the Unemployment Fund, the Workers Comp Fund, any insurer of the Debtors or the insurer of any agent of the Debtors under any applicable property, liability or casualty insurance policy. Without limitation, all rights, claims and defenses with respect to Med Mal Claims hereby are preserved in accordance with the terms of the Med Mal Trust, subject to the procedures set forth in section VI.C of the Plan. On the Effective Date of the Plan the stay shall be modified pursuant to section 362(d) of the Bankruptcy Code to the extent

necessary to allow any such holder of a personal injury or wrongful death claim to collect from the Unemployment Fund, the Workers Comp Fund, any insurer of the Debtors or the insurer of any agent of the Debtors under any applicable property, liability or casualty insurance policy; *provided, however*, (a) that any such claim may be liquidated and enforced only in accordance with the Plan; and (b) the stay shall be modified with respect to the Med Mal Fund only in accordance with section VI.C_of the Plan.

D. PLAN ADMINISTRATION.

1. **General.** From and after the Effective Date, the Liquidation Trustee shall fulfill the specific duties assigned in accordance with the Plan. The Liquidation Trustee shall execute, deliver, file or record such documents, instruments, releases and other agreements, and take such actions as may be necessary or appropriate to implement, effectuate and further evidence the terms and conditions of the Plan.

2. **Cancellation of Equity Interests.** On the Effective Date (a) all outstanding shares or membership interests in the Debtors shall be cancelled and extinguished and all certificates representing Interests in the Debtors shall become void without the need for further action; and (b) the articles of incorporation or organization and the by-laws or operating agreement of the Debtors (to the extent necessary) shall be deemed amended and restated as necessary to effectuate the Plan.

3. **Board of Directors.** On the Effective Date, all officers, directors, members and managers of the Debtors shall resign and shall be discharged from any further duties and responsibilities in such capacity.

4. **Debtors' Existence.** After the Effective Date, the Debtors shall continue in existence solely for the purpose of effectuating the Plan. On and after the Effective Date, the Debtors' remaining assets and affairs shall be managed by the Liquidation Trustee in accordance with the Plan. As soon as reasonably practicable, the Liquidation Trustee shall take such actions necessary and appropriate to dissolve or permit dissolution of the Debtors in accordance with applicable law.

5. **Dissolution of Committee.** On the Effective Date, (a) the Committee shall dissolve and its members shall be released of their respective duties, responsibilities and obligations in connection with the Cases or the Plan; and (b) the retention or employment of the Committee's respective professionals and agents shall be terminated.

6. **Corporate Authority.** The Confirmation Order shall constitute full and complete corporate authority for the Debtors and the Liquidation Trustee to take all other actions that may be necessary, useful or appropriate to consummate the Plan without any further corporate or judicial authority.

E. SUBSTANTIVE CONSOLIDATION.

Confirmation of the Plan shall effect the substantive consolidation of the estates of the Debtors. Any Claim against the Estate of any of the Debtors, to the extent Allowed, shall be deemed a Claim against the Estates of all of the Debtors. All Cash, Causes of Action, or

Remaining Assets, and the proceeds thereof, shall be pooled and considered as a unitary source of distributions under the Plan without regard for which Estate may have been the source thereof. All Claims and Causes of Action held by one of the Debtors against another of the Debtors are hereby waived and released.

SECTION VI

PROVISIONS GOVERNING DISTRIBUTIONS

A. PROCEDURE FOR DETERMINATION OF CLAIMS.

1. **Objections to Claims.** Notwithstanding the occurrence of the Confirmation Date, and except as to any Claim that has been Allowed prior to such date or pursuant to this Plan, the Debtors, the Committee, the Lenders, the Liquidation Trustee or any other Person authorized under Section 502(a) of the Bankruptcy Code, may object to the allowance of any Claim against the Debtors or seek estimation thereof on any grounds permitted by the Bankruptcy Code; *provided, however*, that after the Effective Date the Liquidation Trustee shall have exclusive authority and responsibility to prosecute objections to Claims.

2. **Disputed Claims.** Payments or Distributions under the Plan on Account of Disputed Claims shall be held in reserve pending the Allowance or disallowance of the Claim. To the extent any property is distributed to an entity on account of a Claim that is not an Allowed Claim, such property shall promptly be returned to the Liquidation Trustee for deposit in the Distribution Account. To the extent that a Disputed Claim ultimately becomes an Allowed Claim, payments and Distributions on account of such Allowed Claim shall be made in accordance with the provisions of the Plan. On the Distribution Date next following the date that the order or judgment of the Bankruptcy Court allowing such Claim becomes a Final Order, any property held in reserve pursuant to the Plan that would have been distributed prior to the date on which a Disputed Claim becomes an Allowed Claim shall be distributed to the holder of such Allowed Claim, together with any dividends, payments or other distributions made on account of such property from the date such Distributions would have been due had such Claim then been an Allowed Claim to the date such Distributions are made.

B. DISTRIBUTIONS.

1. **Distributions on Allowed Claims.** Except as otherwise provided herein, Distributions to holders of Allowed Claims shall be made: (a) at the addresses set forth on the respective proofs of Claim filed by such holders; (b) at the addresses set forth in any written notice of address change delivered to the Debtors, or the Liquidation Trustee after the date of the filing of any related proof of Claim; or (c) at the address reflected in the Schedules or the Debtors' books and records if no proof of Claim has been filed and if the Debtors or the Liquidation Trustee has not received written notice of a change of address, as set forth herein. The distributions to holders of Allowed Claims shall be on the Initial Distribution Date and the Final Distribution Date, subject to the provisions in the Trust Agreement regarding interim Distribution Dates. Notwithstanding any other provision of this paragraph, all Distributions to holders of Claims shall be subject to the provisions of the Plan concerning reserves for Disputed Claims.

2. **Undeliverable Distributions.** If a Distribution is returned as undeliverable, the Liquidation Trustee shall hold such Distribution and shall not be required to take any further action with respect to the delivery of the Distribution unless and until the earlier of (a) the date on which the Liquidation Trustee is notified in writing of the then current address of the holder entitled to receive the Distribution and (b) six (6) months after said Distribution, except as the Bankruptcy Court may otherwise order. If the Liquidation Trustee is notified in writing of the then current address of the holder before six (6) months after said Distribution the Liquidation Trustee promptly shall make the Distribution required by the Plan to the holder at such address. If the Liquidation Trustee is not so notified by six (6) months after said Distribution, and the holder of the Claim does not by such date assert a right to such undeliverable Distribution, the holder shall be forever barred from asserting a Claim to such undeliverable Distribution, which shall become available for distribution to holders of other Allowed Claims as provided in the Plan.

3. **Manner of Payment.** Distributions by the Liquidation Trustee may be made, at the option of the Liquidation Trustee, in Cash, by wire transfer or by check drawn on such accounts established by the Liquidation Trustee as necessary to effectuate the Plan.

4. **Interest.** Unless otherwise required by Final Order of the Bankruptcy Court or applicable bankruptcy law, interest shall not accrue or be paid after the Filing Date on any Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Filing Date on any Claim.

5. **Fractional Dollars; De Minimis Distributions.**

(a) Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole cent.

(b) No interim Distribution will be made on account of any Allowed Class 5 Claim if the amount of such Distribution is less than \$25.00. On the Final Distribution Date, the Liquidation Trustee shall (i) aggregate the amount of all Distributions that would have been made on account of an Allowed Claim but for this de minimis provision and (ii) make a Distribution on account of such Allowed Claim in accordance with the Plan.

6. **Distributions on Claims Allowed Pursuant to Section 502(h) of the Bankruptcy Code.** Except as otherwise provided in the Plan, no Distributions shall be made on account of a Claim arising as a result of a Final Order entered in an Avoidance Action until such Claim becomes an Allowed Claim. Any Claim that is Allowed pursuant to Section 502(h) of the Bankruptcy Code prior to the Initial Distribution Date as a result of the entry of a Final Order in any Avoidance Action will be treated in accordance with the provisions of the Plan. All holders of such Claims that become Allowed Claims after the Initial Distribution Date will receive an initial distribution on the Distribution Date next following the date on which their Claim becomes an Allowed Claim and shall receive subsequent Distributions, if any, in accordance with the provisions of the Plan. Distributions under the Plan on account of anticipated Claims that may arise or become allowable as a result of the entry of a Final Order in any Avoidance Action that are not Allowed Claims as of the Initial Distribution Date may be held in reserve, at the discretion of the Liquidation Trustee, pending the allowance or disallowance of such Claims.

7. **Liquidation Trustee's Compliance with Tax Requirements.** In compliance with Section 346 of the Bankruptcy Code, to the extent applicable, the Liquidation Trustee shall comply with all withholding and reporting requirements imposed by federal, state or local taxing authorities in connection with making Distributions pursuant to the Plan. The Liquidation Trustee shall be authorized to take any and all action necessary and appropriate to comply with such requirements. As a condition to making any Distribution under the Plan, the Liquidation Trustee may require the holder of an Allowed Claim to provide such holder's taxpayer identification number, and such other information, certification or forms as necessary to comply with applicable tax reporting and withholding laws. Notwithstanding any other provision of this Plan, each entity receiving a Distribution of Cash pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction and payment of tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of any such Distribution.

8. **Reserve for Disputed Claims.** Except as otherwise provided in the Plan, no Distributions shall be made on account of a Disputed Claim until such claim becomes an Allowed Claim. In making any Distribution on Allowed Claims, the Liquidation Trustee shall calculate the amount of such Distribution (for purposes of making a Pro Rata calculation) as if each Disputed Claim were an Allowed Claim, unless the Bankruptcy Court enters an order specifying that the Disputed Claim should be treated as being a different amount for purposes of such calculation. The Liquidation Trustee shall reserve from Distributions a sufficient amount to make a Distribution on a Disputed Claim in the event it becomes an Allowed Claim (unless the Bankruptcy Court orders otherwise). To the extent a Disputed Claim is disallowed pursuant to a Final Order, any reserves attributable to the disallowed portion of the Disputed Claim shall be distributed on account of Allowed Claims pursuant to the terms of the Plan.

9. **Setoffs.** Subject to Section 553 of the Bankruptcy Code, in the event any Debtor has a Claim of any nature whatsoever against a holder of a Claim, the Liquidation Trustee may, but is not required to, set off or recoup such Debtor's Claim against such Claim (and any Distributions or other rights to receive property arising out of such Claim under the Plan) unless any such claim of the Debtor is or will be released under the Plan. Neither the failure to set off nor the allowance of any Claim under the Plan shall constitute a waiver or release of any Claim of the Debtors.

10. **Reliance on Claims Register.** In making Distributions under the Plan, the Liquidation Trustee may rely upon the accuracy of the claims register maintained by the Bankruptcy Court or its designee as claims agent in the Cases, as modified by any Final Order of the Bankruptcy Court disallowing Claims in whole or in part.

C. SPECIAL PROVISIONS REGARDING ALLOWANCE OF MED MAL CLAIMS AND POST-PETITION MED MAL CLAIMS.

Notwithstanding any other term or provision of the Plan, each Med Mal Claim and Post-Petition Med Mal Claim (for the purposes of this section VI.C of the Plan only, a "Claim" or "Claims" in the plural) shall be liquidated and Allowed according to the following terms and conditions:

1. Automatic Stay. Notwithstanding the occurrence of the Effective Date, the automatic stay shall remain in effect with respect to all Claims against the Debtors, the Estates and all Beneficiaries (as defined in the Med Mal Trust) and all litigation arising out of or related to such Claims, pending the completion of the resolution procedures set forth in this section VI.C of the Plan; *provided, however*, (a) the stay shall be terminated as of the Effective Date to allow any holder of a Claim (a “Claimholder” or “Claimholders” in the plural) to liquidate and collect such Claim from any Insurer or other third party that is not a Debtor or a Beneficiary; (b) the liquidation or collection of any such Claim from an Insurer or third party shall be without prejudice to the rights, claims or defenses of the Debtors, the Estates or any Beneficiary; (c) any recovery on any such Claim from any Insurer or third party shall constitute a credit with respect to any remaining Claim against the Debtors, the Estates and the Beneficiaries; and (d) any limitations or repose period applicable to any such Claim shall be tolled as to the Debtors, the Estates and the Beneficiaries until the first Business Day that is 30 days after such termination of the stay.

2. Settlement. Subject to Bankruptcy Rule 9019, the parties may at any time settle a Claim, dismiss pending litigation, execute releases, and process and pay Allowed Claims in accordance with the Plan and the Med Mal Trust.

3. Mandatory Pre-Mediation Resolution Procedures. Within 30 days of the Effective Date, each Claimholder shall serve on the Liquidation Trustee a written settlement offer containing such holder’s good faith demand; *provided, however*, such settlement offer may not exceed the amount of the Claim indicated in any proof of claim filed by the Claimholder with respect to the Claim or, if the Claimholder has not filed a proof of claim, the amount of such Claim indicated in the Schedules. Not later than 15 days after receipt of such written settlement offer, the Liquidation Trustee shall respond to such written settlement offer with a written counter-offer. Thereafter, each party shall respond in writing to subsequent written counter-offers within 10 days of receipt. If a Claimholder fails to respond to a counter-offer from the Liquidation Trustee in a timely fashion, the Claimholder shall be deemed to have stipulated to Allowance of such Claim in the amount of the Liquidation Trustee’s last counter-offer and such Claim shall be Allowed in such amount. If the Liquidation Trustee fails to respond to an offer or counter-offer from a Claimholder in a timely fashion, the Claimholder may terminate negotiations, shall be under no obligation to mediate and may request the Bankruptcy Court to terminate the stay to litigate the Claim pursuant to section VI.C.7.

4. Mandatory Mediation. At any time by mutual consent, and upon the request of either party on or after June 1, 2007, the parties may mediate a Claim. If the parties cannot agree on a mediator, either may petition the Bankruptcy Court, which shall appoint a mediator. The parties shall share the costs of mediation equally. The Liquidation Trustee shall schedule mediations as promptly as reasonably possible taking into account the schedules of the parties, their counsel and the mediator. The mediator shall establish procedures for the mediation. The mediation shall occur in Birmingham or such other location mutually agreeable to the parties. Either party may notify and invite to the mediation any co-defendant or other party to a Claim. If mediation does not result in settlement on or before December 31, 2007, either party may request the Bankruptcy Court to terminate the stay to proceed with litigation; *provided, however*, no party shall be entitled to stay relief hereunder unless the Bankruptcy Court finds such party has participated in the mandatory pre-mediation resolution procedures and any mandatory mediation in good faith.

5. Exchange of Information. At any time prior to mediation (a) a Claimholder shall provide to the Liquidation Trustee, within 30 days of receipt of a written request for production, documents and other information supporting the Claim, including liability and damages; (b) the Liquidation Trustee shall provide to a Claimholder, within 30 days of receipt of a written request for production, to the extent available to the Liquidation Trustee, (i) information regarding the number and amount of Claims against the Med Mal Trust and the amount of the Med Mal Fund; and (ii) medical records and personnel files regarding the Claim in the Liquidation Trustee's possession and control (the Liquidation Trustee shall have no obligation to produce records in the possession and control of the Buyer or any other third party); and (c) a Claimholder may subpoena from any third party pursuant to Bankruptcy Rule 9016 any medical records and personnel files regarding the Claim. The Bankruptcy Court shall retain exclusive jurisdiction pursuant to the Bankruptcy Rules over any objection, motion to compel or motion to quash with respect to any request for production or information or subpoena under this section VI.C.5 of the Plan.

6. Confidentiality. All information, communications, offers, counter-offers, records and documents exchanged by the parties hereunder, all settlement discussions and negotiations and mediations shall remain confidential and shall not be admissible in any subsequent proceedings pursuant to Rule 408 of the Federal Rules of Evidence.

7. Litigation. The Bankruptcy Court shall hear any request for stay relief under this section VI.C of the Plan after notice and a hearing. Upon termination of the stay hereunder, the parties may proceed to liquidate and reduce the Claim to judgment before any court of competent jurisdiction, subject to all applicable rights regarding venue, forum selection, choice of law, removal, remand, abstention and all similar or related rights. All parties reserve all substantive and procedural rights, claims and defenses, including, without limitation, with respect to any claim for punitive damages; *provided, however*, any punitive damages shall be subordinated pursuant to the Plan.

8. Treatment of Claims. Any Claim Allowed hereunder shall be paid on the next Distribution Date after the order or judgment Allowing such Claim becomes a final order, from the Med Mal Fund, on the terms and conditions set forth in the Plan and the Med Mal Trust. Except to the extent a Final Order Allows a Claim as an Administrative Expense Claim, all Allowed Claims shall be treated as Allowed Class 5 Claims.

D. CANCELLATION OF NOTES/STOCK INSTRUMENTS/AGREEMENTS.

Except as specifically provided herein, all Interests in the Debtors, and all notes, bonds, indentures, agreements, contracts or other instruments or documents evidencing or creating any indebtedness, obligation or liability of any of the Debtors shall be deemed canceled on the Effective Date and shall have no force and effect against the Debtors, except for the purpose of evidencing the right to participate in the Distributions and other treatment provided by the Plan.

E. RESERVATION OF RIGHTS OF THE ESTATE.

All claims, rights to payment, causes of action, cross-claims and counterclaims of the Debtor of any kind or nature whatsoever including, without limitation, Causes of Action and Avoidance Actions, against third parties arising before the Confirmation Date that have not been

disposed of prior to the Effective Date shall be preserved and treated in accordance with the Plan, for the benefit of the Liquidation Trust as set forth in the Plan, except to the extent released or enjoined by the Plan or pursuant to a Final Order. Without limitation of the foregoing, pursuant to section 1123(b) of the Bankruptcy Code, the following shall be assigned to the Liquidation Trustee for enforcement (a) the Causes of Action, including, Avoidance Actions; (b) all rights, claims and interests of the Debtors, the Estates and each of them, in and to the Med Mal Trust, the Unemployment Fund, and the Workers Comp Fund; and (c) all other Claims, causes of action, rights to payment and related recoveries of any nature or type whatsoever, at law or in equity, against any Person or entity other than the Exculpated Parties or any other Person released pursuant the Plan or to a Final Order, whether or not filed prior to the Effective Date.

SECTION VII.
MISCELLANEOUS

A. RETENTION OF JURISDICTION.

1. Following the Effective Date, the Bankruptcy Court shall retain such jurisdiction as is set forth in the Plan. Without limitation, the Bankruptcy Court shall retain jurisdiction for the following purposes:

a. Except as otherwise provided in the Plan, to determine the allowance, classification, priority or subordination of Claims and Interests upon objection, or to estimate, pursuant to section 502(c) of the Bankruptcy Code, the amount of any Claim that is or is anticipated to be contingent or unliquidated as of the Effective Date, or to hear proceedings to subordinate Claims or Interests brought by any party in interest with standing to bring such objection or proceeding, including, without limitation, the Liquidation Trustee;

b. To construe and enforce the Plan, and the documents and agreements filed in connection with the Plan and issue such orders as may be necessary for the implementation, execution and consummation of the Plan, including, but not limited to, issuing orders enforcing the releases and injunctions contained in the Plan;

c. To determine any and all applications for allowance of Fee Claims for periods on or before the Confirmation Date, and to determine any other request for payment of administrative expenses;

d. To determine all matters pending before the Bankruptcy Court on or before the Effective Date, including, without limitation, any objection filed pursuant to section V.B.4 of the Plan;

e. To resolve any dispute regarding the implementation or interpretation of the Plan that arises at any time before the Cases are closed, including, without limitation, determination, to the extent a dispute arises, of the entities entitled to a Distribution within any particular Class of Claims;

f. To determine all applications, adversary proceedings, contested matters and other litigated matters that were brought or that could have been brought on or before the Effective Date;

g. To determine all disputes, controversies, or claims related to or arising in connection with the Asset Purchase Agreement or the Sale;

h. To determine matters concerning local, state and federal taxes in accordance with Sections 106, 346, 505 and 1146 of the Bankruptcy Code, and to determine any tax claims that may arise against the Debtors as a result of the transactions contemplated by the Plan;

i. To determine all disputes, controversies or issues related to or arising in connection with the interpretation or enforcement of the Plan, or the Confirmation Order, including, but not limited to, the interpretation and enforcement of the releases and injunctions contained in the Plan;

j. To determine such other matters, or for such other purposes, as may be provided in the Confirmation Order;

k. To modify the Plan pursuant to Section 1127 of the Bankruptcy Code, or to remedy any apparent defect or omission in the Plan, or to reconcile any inconsistency in the Plan so as to carry out its intent and purposes;

l. To enter a final decree closing the Cases; and

m. To hear and determine all Causes of Action and other claims asserted by the Liquidation Trustee on behalf of the Liquidation Trust.

B. INSURANCE PRESERVATION.

Any policies of insurance or indemnification escrows that may cover or apply to any Claims against any other officer, director, employee, agent or other representative of the Debtors (collectively the “Insured Parties”), including, without limitation, any directors or officers liability insurance policy, shall be preserved and shall remain in full force and effect following entry of the Confirmation Order and nothing in the Plan, including any releases, shall diminish, impair or prejudice the rights, claims, interests or defenses of any Insured Party.

C. TAX INJUNCTION.

In accordance with Section 346 of the Bankruptcy Code for purposes of any state or local law imposing a tax, income will not be realized by the Debtors or by reason of forgiveness or discharge or indebtedness resulting from the Cases. As a result, each state or local taxing authority is permanently enjoined and restrained, after the Confirmation Date, from commencing, continuing or taking any act to impose, collect or recover in any manner any tax against the Debtors arising by reason of the forgiveness or discharge of any such Person under the Plan.

D. EFFECTUATING DOCUMENTS; FURTHER TRANSACTION; EXEMPTION FROM TRANSFER TAXES.

1. Upon Confirmation, the Debtors and the Liquidation Trustee shall be authorized to (a) execute, deliver, file or record such contracts, instruments, releases and other agreements or documents contemplated by or entered into in connection with the Plan; and (b) take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. Pursuant to section 1146(c) of the Bankruptcy Code, the creation or transfer of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, and executed in connection with the liquidation of assets shall not be subject to any stamp tax, real estate tax or similar tax.

2. On the Effective Date, all provisions of the Plan, including all releases, injunctions, agreements, instruments and other documents filed in accordance with the Plan, shall be binding and have res judicata, collateral estoppel, claim preclusion and issue preclusion effect upon the Debtors, all holders of Claims and Interests and all other entities that are affected in any manner by the Plan. All agreements, instruments and other documents filed in connection with the Plan shall have full force and effect, and shall bind all parties thereto as of the Effective Date, whether or not such exhibits actually shall be executed by parties other than the Debtors or shall be issued, delivered or recorded on the Effective Date or thereafter.

E. NONCONSENSUAL CONFIRMATION.

If all impaired classes do not vote in favor of the Plan, the Debtors shall seek confirmation of the Plan in accordance with section 1129(b) of the Bankruptcy Code either under the terms provided herein or upon such terms as may exist if the Plan is modified in accordance with section 1127(a) of the Bankruptcy Code.

F. RESERVATION OF RIGHTS.

If the Plan is not confirmed by Final Order, or if the Plan is confirmed and the Effective Date does not occur, the rights of the Debtors and all parties in interest in the Cases are and will be reserved in full. Any concessions, settlements or statements reflected therein are made for the purposes of the Plan only, and if Confirmation or the Effective Date does not occur, no party in interest in the Cases shall be bound or deemed prejudiced by any concession, settlement or statement.

G. MODIFICATION OF PLAN.

The Debtors may alter, amend or modify this Plan pursuant to section 1127 of the Bankruptcy Code at any time prior to the time that the Bankruptcy Court has signed the Confirmation Order. After such time and prior to the substantial consummation of the Plan, the Debtor may, so long as the treatment of holders of Claims and Interests under the Plan is not adversely affected, institute proceedings in Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order

and any other matters as may be necessary to carry out the purposes and effects of the Plan; *provided, however*, that prior notice of such proceedings shall be served in accordance with Bankruptcy Rule 2002. The Debtors intend that the provisions of the Plan (including the implementation thereof) shall be in compliance with all applicable laws and any rules and regulations promulgated thereunder. If the Debtors conclude that the Plan may not comply with applicable law, then and in such event the Debtors shall amend the Plan in such respect as they deem necessary to bring the Plan into compliance therewith.

H. NOTICE.

Except as specifically provided otherwise in the order approving the Disclosure Statement, any notice, pleading, objection or other document required by the Plan or the Confirmation Order, shall be sent by overnight delivery service, facsimile transmission or hand delivery to:

1. If to the Debtors:

Patrick Darby, Esq.
Chris Hawkins, Esq.
Bradley Arant Rose & White LLP
One Federal Place
1819 Fifth Avenue North
Birmingham, AL 35203

2. If to the Liquidation Trustee:

As set forth in the Confirmation Order.

3. If to AmSouth:

Carl Ferris
Regions Bank
1901 6th Avenue North
Mail Stop: AHP-19
Birmingham, AL 35203

With a copy to:

Jayna Partain Lamar, Esq.
Maynard Cooper & Gale, P.C.
2400 AmSouth/Harbert Plaza
1901 6th Avenue North
Birmingham, AL 35203

4. If to the Committee:

James R. Sacca Esq.
Greenberg Traurig LLP
3290 Northside Parkway, N.W.
The Forum, Suite 400
Atlanta, GA 30327

5. If to Ambac:

Steven P. Rofsky
Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004

With a copy to:

William P. Smith, Esq.
Miles W. Hughes, Esq.
McDermott Will & Emery LLP
227 West Monroe Street
Chicago, IL 60606-5096

7. If to the Bankruptcy Administrator:

J. Thomas Corbett, Esq.
Office of the Bankruptcy Administrator
United States Bankruptcy Court
Robert S. Vance Federal Building
1800 5th Ave. North
Birmingham, AL 35203

I. SEVERABILITY; CONFLICT OF TERMS; SUCCESSORS AND ASSIGNS.

1. To the extent that any provision of this Plan would, by its inclusion in this Plan, prevent or preclude the Bankruptcy Court from entering the Confirmation Order, the Debtor may modify or amend such provision, in whole or in part as necessary to cure any defect or remove any impediment to the confirmation of this Plan existing by reason of such provision.

2. To the extent the Disclosure Statement and the Plan are inconsistent, the terms of the Plan shall control.

3. The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the heir, executor, administrator, successor or assignee of such Person.

Dated: January 16, 2007.

Carroway Methodist Health Systems

/s/ Thomas Singleton
By: Tom Singleton
Its: Chief Restructuring Officer

Carroway Health Services, Inc.

/s/ Thomas Singleton
By: Tom Singleton
Its: Chief Restructuring Officer

Carroway Medical Foundation

/s/ Thomas Singleton
By: Tom Singleton
Its: Chief Restructuring Officer

Advance Healthlink, L.L.C.

/s/ Thomas Singleton
By: Tom Singleton
Its: Chief Restructuring Officer

OF COUNSEL:

Patrick Darby
Chris Hawkins
Helen Ball
BRADLEY ARANT ROSE & WHITE LLP
One Federal Place
1819 Fifth Avenue North
Birmingham, Alabama 35203-2104
Telephone: (205) 521-8000
Facsimile: (205) 521-8500

**COUNSEL FOR DEBTORS AND
DEBTORS IN POSSESSION**