3. *Priority Tax Claims*

Except to the extent that any entity entitled to payment of any Allowed Priority Tax Claim agrees to different treatment, the relevant Reorganized Debtor(s) under the Recapitalization Proposal, assuming it is the Winning Bid, or if otherwise specifically assumed pursuant to the terms of a Winning Bid, shall pay to each holder of an Allowed Priority Tax Claim equal annual Cash payments in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest at a fixed annual rate equal to four percent (4%), over a period through the sixth anniversary of the date of assessment of such Allowed Priority Tax Claim, but the LLC Agent shall pay any Allowed Priority Claim not assumed by a Reorganized Debtor or Winning Bidder, as applicable, in full in Cash on the later of the Effective Date and the date such Allowed Priority Tax Claim becomes and Allowed Priority Tax Claim, or as soon thereafter as is practicable (with the first payment commencing on the first anniversary of the Effective Date).

4. *Class 1—DIP Claims*

In full and complete satisfaction, settlement and release of and in exchange for the DIP Claim, the holder(s) of the DIP Claim, except to the extent the holder(s) of the DIP Claim has been paid by the Debtors prior to the Effective Date or agrees to different treatment, shall be paid in full in Cash on the Effective Date pursuant to the terms of the DIP Agreement from the Distribution LLC.

5. *Class 2—Other Priority Claims*

In full and complete satisfaction, settlement and release of and in exchange for the Allowed Other Priority Claims, each holder of an Allowed Other Priority Claim shall receive, except to the extent that such holder of an Allowed Other Priority Claim has been paid by the Debtors prior to the Effective Date or agrees to a different treatment, Cash from the LLC Agent in an amount equal to such Allowed Other Priority Claim on the later of the Effective Date and the date such Allowed Other Priority Claim becomes an Allowed Other Priority Claim, or as soon thereafter as is practicable.

6. *Class 3—HCRI Senior Secured Claim*

In full and complete satisfaction, settlement and release of and in exchange for any Allowed HCRI Senior Secured Claim, the holder of such Allowed HCRI Senior Secured Claim shall receive, except to the extent that the holder of such Allowed HCRI Senior Secured Claim has been paid by the Debtors prior to the Effective Date or agrees to different treatment,[12] on any Closing Date when any of the HCRI Pacifica Collateral is transferred to a Winning Bidder(s) or another party pursuant to a sale arranged by the LLC Agent, or as soon thereafter as is practicable, Cash from the Distribution LLC in the amount of the net proceeds received from such Winning Bidder(s) or other party attributable to such HCRI Pacifica Collateral; provided,

[12] HCRI may be a bidder for the HCRI Collateral in the Sale. To the extent it is, it may credit bid its Secured Claim in the Sale. HCRI has also agreed that if the New Stock is issued pursuant to the Recapitalization Proposal, it will retain its lien and restructure its debt as described in Exhibits [7] and [7D] to this Disclosure Statement. Certain payments are required to be made to HCRI in connection with the restructuring of its debt under the Recapitalization Proposal. Those payments will be made by the Distribution LLC if the Recapitalization Proposal is the Winning Bid.

however, that the sum of distributions provided to the holder of the Allowed HCRI Senior Secured Claim shall not exceed $18.8 million, plus accrued interest at the non-default rate since the Commencement Date; provided further, however, in the sole discretion of the LLC Agent, in the event any HCRI Pacifica Collateral constitutes Non-auctioned Property, the holder of such Allowed HCRI Senior Secured Claim may receive such Non-auctioned Property and the amount of the Allowed HCRI Senior Secured Claim shall be reduced by the value of such Non-auctioned Property.

7. *Class 4—Medline Senior Secured Claim*

In full and complete satisfaction, settlement and release of and in exchange for any Allowed Medline Senior Secured Claim, the holder of such Allowed Medline Senior Secured Claim shall receive, except to the extent that the holder of such Allowed Medline Senior Secured Claim has been paid by the Debtors prior to the Effective Date or agrees to different treatment,[13] on any Closing Date when any of the Medline Michael Reese Collateral is transferred to a Winning Bidder or another party pursuant to a sale arranged by the LLC Agent, or as soon thereafter as is practicable, Cash from the Distribution LLC in the amount of the net proceeds received from such Winning Bidder or such other party attributable to such Medline Michael Reese Collateral; provided, however, that the sum of distributions provided to the holder of the Allowed Medline Senior Secured Claim shall not exceed $15.6 million, plus accrued interest at the non-default rate since the Commencement Date; provided further, however, in the sole discretion of the LLC Agent, in the event any Medline Michael Reese Collateral constitutes Non-auctioned Property, the holder of such Allowed Medline Senior Secured Claim may receive such Non-auctioned Property and the amount of the Allowed Medline Senior Secured Claim shall be reduced by the value of such Non-auctioned Property.

8. *Class 5—Other Secured Claims*

In full and complete satisfaction, settlement and release of and in exchange for the Allowed Other Secured Claims, except to the extent that the holder of an Allowed Other Secured Claim has been paid by the Debtors prior to the Effective Date or agrees to different treatment, on the later of the Closing Date when the Collateral securing such Allowed Other Secured Claim is transferred to a Winning Bidder or another party pursuant to a sale arrangement by the LLC Agent and the date such Allowed Other Secured Claim becomes an Allowed Other Secured Claim, or as soon thereafter as is practicable, as determined by the terms of the Winning Bid(s), (i) such Allowed Other Secured Claim shall be reinstated and rendered unimpaired in accordance with section 1124(2) of the Bankruptcy Code, or (ii) the holder of such Allowed Other Secured Claim shall receive Cash from the LLC Agent in an amount equal to the lesser of the amount of the net proceeds received from such Winning Bidder or such other party attributable to such Collateral, after the satisfaction of all Senior Claims thereto, and the amount of such Allowed Other Secured Claim; provided, however, in the sole discretion of the LLC Agent, in the event such Collateral constitutes Non-auctioned Property, the holder of such Allowed Other Secured

[13] Medline may be a bidder for the Medline Michael Reese Collateral in the Sale. To the extent it is, it may credit bid its Secured Claim in the Sale. Medline has also agreed that if the New Stock is issued pursuant to the Recapitalization Proposal, it, among other things, will acquire Michael Reese's real property and certain equity in Reorganized DCHC for $24 million, to be paid in cash and the cancellation of its Secured Claim and to lease back to Reorganized Michael Reese land and buildings sufficient to run its operations, all as more fully described in Exhibits [7] and [7C] to this Disclosure Statement.

Claim may receive such Non-auctioned Property after the satisfaction of all Senior Claims thereto and the amount of the Allowed Other Secured Claim shall be reduced by the value of such Non-auctioned Property.

9. *Class 6—Medical Malpractice Claims*

Except if the Recapitalization Proposal is the Winning Bid, in full and complete satisfaction, settlement and release of and in exchange for the Allowed Medical Malpractice Claims, prior to the Effective Date, the Debtors will cause the following to occur: (i) the execution of the Medical Malpractice Claimants Trust Agreement, thereby establishing the Medical Malpractice Claimants Trust; (ii) the payment by the Insurer(s) of an aggregate amount of $_____ to the Medical Malpractice Claimants Trust to satisfy Allowed Medical Malpractice Claims against Michael Reese; (iii) the payment by the Insurer(s) of an aggregate amount of $_____ to the Medical Malpractice Claimants Trust to satisfy Allowed Medical Malpractice Claims against Greater Southeast, Hadley, Pacifica and DCHC. The Medical Malpractice Claimants Trust will assume full responsibility for (i) resolving all Medical Malpractice Claims pursuant to the Medical Malpractice Claimants Trust Agreement and the Malpractice Claims Resolution Process provided therein, (ii) making payments in full on account of Medical Malpractice Claims that become Allowed under the conditions set forth in the Medical Malpractice Claimants Trust Agreement, (iii) fulfilling its other obligations under the Medical Malpractice Claimants Trust Agreement and (iv) paying its own costs and expenses. The Debtors are currently in negotiations with their insurers with respect to funding the Medical Malpractice Claimants Trust. Holders of Medical Malpractice Claims shall have recourse only against the Medical Malpractice Claimants' Trust on account of their Medical Malpractice Claims. To the extent that funding of the Medical Malpractice Claimants' Trust is not forthcoming and the Recapitalization Proposal is not the Winning Bid, the Debtors will amend the Plan to eliminate Class 6 and Class 10(a) and the holders of Class 6 and Class 10(a) claims will be classified as Class 10 General Unsecured Claims.

If, however, the Recapitalization Proposal is the Winning Bid, the Reorganized Debtors shall assume liability for all of their respective Medical Malpractice Claims and joint and several liability for all Medical Malpractice Claims of Pine Grove, and the legal, equitable and contractual rights to which a Medical Malpractice Claim entitles the holder thereof shall be unaltered. The Reorganized Debtors also will assume and be entitled to the benefits of any insurance that is available to the Debtors for Medical Malpractice Claims, in accordance with the provisions set forth for Class 10(a), as discussed below. Medical Malpractice Claims will be paid by the Reorganized Debtors, as, when and to the extent liquidated by a court or tribunal of competent jurisdiction or settlement.

10. *Class 7—NCFE Secured Claims*

In full and complete satisfaction, settlement and release of and in exchange for any Allowed NCFE Secured Claim, the holder of such Allowed NCFE Secured Claim shall receive, except to the extent that the holder of such Allowed NCFE Secured Claim has been paid by the Debtors prior to the Effective Date or agrees to different treatment, on the later of any Closing Date when any of the Collateral securing such Allowed NCFE Secured Claim is transferred to a Winning Bidder or another party pursuant to a sale arranged by the LLC Agent and the date such Allowed NCFE Secured Claim becomes an Allowed NCFE Secured Claim, or

as soon thereafter as is practicable, Cash from the Distribution LLC equal to the lesser of the amount of the net proceeds received from such Winning Bidder or such other party attributable to such Collateral, after the satisfaction of all Senior Claims thereto, and the amount of such Allowed NCFE Secured Claim; provided, however, in the sole discretion of the LLC Agent, in the event such Collateral constitutes Non-auctioned Property, the holder of such Allowed NCFE Secured Claim may receive such Collateral after the satisfaction of all Senior Claims thereto and the amount of such Allowed NCFE Secured Claim shall be reduced by the value of such Non-auctioned Property; provided further, however:

(i) To the extent the total distribution received by the holder of such Allowed NCFE Secured Claim is less than the amount of such Allowed NCFE Secured Claim, and to the extent such deficiency is attributable to the use by the Debtors of Cash Collateral, the priming of such Allowed NCFE Secured Claim by the DIP Claim or the imposition of the automatic stay pursuant to Section 362 of the Bankruptcy Code, the holder of such Allowed NCFE Secured Claim shall receive a Junior Secured Claim in an amount equal to such deficiency; but

(ii) To the extent the total distribution received by the holder of such Allowed NCFE Secured Claim is less than the amount of such Allowed NCFE Secured Claim, and to the extent such deficiency is not attributable to the use by the Debtors of Cash Collateral, the priming of such Allowed NCFE Secured Claim by the DIP Claim or the imposition of the automatic stay pursuant to Section 362 of the Bankruptcy Code, the holder of such Allowed NCFE Secured Claim shall receive a General Unsecured Claim in an amount equal to such deficiency.

11. *Class 8—NCFE Ownership Claims*

In full and complete satisfaction, settlement and release of and in exchange for any Allowed NCFE Ownership Claim, the holder of such Allowed NCFE Ownership Claim shall receive, except to the extent that the holder of such Allowed NCFE Ownership Claim has been paid by the Debtors prior to the Effective Date or agrees to different treatment, on the later of any Closing Date when any property that is the subject of such Allowed NCFE Ownership Claim is transferred to a Winning Bidder(s) or another party pursuant to a sale arranged by the LLC Agent and the date such Allowed NCFE Ownership Claim becomes an Allowed NCFE Ownership Claim, or as soon thereafter as is practicable, Cash from the Distribution LLC equal to the lesser of the amount of the net proceeds received from such Winning Bidder or such other party attributable to the property that is the subject of such Allowed NCFE Ownership Claim, after the satisfaction of all Senior Claims thereto, and the amount of such Allowed NCFE Ownership Claim; provided, however, in the sole discretion of the LLC Agent, in the event such property that is the subject of an Allowed NCFE Ownership Claim constitutes Non-auctioned Property, the holder of such Allowed NCFE Ownership Claim may receive such property after the satisfaction of all Senior Claims thereto and the amount of such Allowed NCFE Ownership Claim shall be reduced by the value of such Non-auctioned Property; provided further, however:

(A) To the extent the total distribution received by the holder of such Allowed NCFE Ownership Claim is less than the amount of such Allowed NCFE Ownership

Claim, and to the extent such deficiency is attributable to the use by the Debtors of Cash Collateral, the priming of such Allowed NCFE Ownership Claim by the DIP Claim or the imposition of the automatic stay pursuant to Section 362 of the Bankruptcy Code, the holder of such Allowed NCFE Ownership Claim shall receive a Junior Secured Claim in an amount equal to such deficiency; but

(B) To the extent the total distribution received by the holder of such Allowed NCFE Ownership Claim is less than the amount of such Allowed NCFE Ownership Claim, and to the extent such deficiency is not attributable to the use by the Debtors of Cash Collateral, the priming of such Allowed NCFE Ownership Claim by the DIP Claim or the imposition of the automatic stay pursuant to Section 362 of the Bankruptcy Code, the holder of such Allowed NCFE Ownership Claim shall receive a General Unsecured Claim in an amount equal to such deficiency.

12. *Class 9—Junior Secured Claims*

In full and complete satisfaction, settlement and release of and in exchange for the Allowed Junior Secured Claims, each holder of an Allowed Junior Secured Claim shall receive, except to the extent such holder of an Allowed Junior Secured Claim has been paid by the Debtors prior to the Effective Date or agrees to a different treatment, the following:

(i) Upon the latest of the Effective Date, the date such Allowed Junior Secured Claim becomes an Allowed Junior Secured Claim or the Closing Date when the Collateral securing such Allowed Junior Secured Claim is transferred to a Winning Bidder or another party pursuant to a sale arranged by the LLC Agent, or as soon thereafter as practicable, the holder of such Allowed Junior Secured Claim shall receive an amount equal to its Pro Rata share of the net proceeds received from such Winning Bidder or such other party attributable to the Collateral securing such Allowed Junior Secured Claim after all Senior Claims thereto have been satisfied.

(ii) Notwithstanding the foregoing, in the sole discretion of the LLC Agent, in the event that the Collateral securing such Junior Secured Claim constitutes Non-auctioned Property, the holder of such Junior Secured Claim may receive such Collateral after the satisfaction of all Senior Claims and pari passu Claims thereto and the amount of such Allowed Junior Secured Claim shall be reduced by the value of such Non-auctioned Property.

13. *Class 10—General Unsecured Claims*

In full and complete satisfaction, settlement and release of and in exchange for the Allowed General Unsecured Claims, each holder of an Allowed General Unsecured Claim shall receive, except to the extent such holder of an Allowed General Unsecured Claim has been paid by the Debtors prior to the Effective Date or agrees to a different treatment, on the later of the Effective Date or the date such Allowed General Unsecured Claim becomes an Allowed General Unsecured Claim, or as soon thereafter as practicable, an LLC Interest entitling such holder to an amount equal to its Pro Rata share of the net proceeds remaining in the Distribution LLC after all

Senior Claims thereto have been satisfied; provided, however, no such distribution shall be made to the extent any Disputed Senior Claims to such proceeds remain and for which payment in the Disputed amount has been not otherwise reserved.

14. *Class 10(a)—Professional Liability Insurer Claims*

Except if the Recapitalization Proposal is the Winning Bid, in full and complete satisfaction, settlement and release of, and in exchange for, any Allowed Professional Liability Insurer Claim, the holder of such Allowed Professional Liability Insurer Claim shall be entitled to the benefits and protection of the Medical Malpractice Claimants Trust; provided, however, any holder of a Professional Liability Insurer Claim that does not fund the Medical Malpractice Claimants Trust shall not be entitled to the benefits and protection of the Medical Malpractice Trust and such Professional Liability Insurer Claim shall be treated as a General Unsecured Claim. The Debtors are currently in negotiations with their insurers with respect to funding the Medical Malpractice Claimants Trust. To the extent that this funding is not forthcoming and the Recapitalization Proposal is not the Winning Bid, the Debtors will amend the Plan to eliminate Class 6 and Class 10(a) and the holders of Class 6 and Class 10(a) claims will be classified as Class 10 General Unsecured Claims.

If the Recapitalization Proposal is the Winning Bid, the Reorganized Debtors shall assume all professional liability insurance, will be entitled to the benefits of that insurance in respect of Medical Malpractice Claims, and shall be liable for all Allowed Professional Liability Insurer Claims and Allowed Medical Malpractice Claims, as, when and only to the extent each becomes owing in the ordinary course of business. In such an event, each holder of a Professional Liability Insurer Claim will be conclusively presumed to have accepted the Plan and its vote, to the extent cast, shall be disregarded.

15. *Class 11—Equity Interests*

The holders of Equity Interests shall not receive any distributions on account of the Equity Interests. The Equity Interests of DCHC will be cancelled on the Effective Date. The Equity Interests of the other Debtors, which are directly or indirectly wholly-owned by DCHC, will be cancelled only if such Debtor is not to be retained in the same capacity as a direct or indirect wholly-owned subsidiary of a Reorganized DCHC.

B. Method of Distributions Under the Plan.

The LLC Agent shall make all distributions required by the Plan, other than, to the extent applicable, the Assumed Liabilities or as otherwise provided pursuant to the terms of the Winning Bid(s). The appropriate Reorganized Debtor(s) shall reimburse the Distribution LLC to the extent any funds from the Distribution LLC are used to satisfy any Assumed Liabilities thereof. Any payment of Cash made by the LLC Agent, a Reorganized Debtor or a Winning Bidder pursuant to the Plan may be made at the option of such party either by check drawn on a domestic bank or by wire transfer from a domestic bank.

As soon as is reasonably practical on or after the Effective Date, the LLC Agent shall remit to holders of Allowed Administrative Expense Claims, Allowed Priority Tax Claims and Allowed Other Priority Claims an amount in Cash equal to the Allowed amount of such Claims, or such lesser amounts as agreed to by such holders.

Generally, any distribution to be made by the LLC Agent or the Reorganized Debtors shall be made to the extent and at the time provided in article [IV] of the Plan. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day but shall be deemed to have been completed as of the required date.

Subject to Bankruptcy Rule 9010, all distributions to any holder of an Allowed Claim shall be made at the address of such holder as set forth on the Schedules filed with the Bankruptcy Court or on the books and records of the Debtors or their agents, copies of which will be provided to the LLC Agent and the Reorganized Debtors. The LLC Agent and the Reorganized Debtors must be notified in writing of a change of address. Neither the LLC Agent nor the Reorganized Debtors shall be liable for any distribution sent to the address of record.

As of the close of business on the Record Date, the claims register, as applicable, shall be closed, and there shall be no further changes in the record holder of any Claim. Neither the LLC Agent nor the Reorganized Debtors shall have any obligation to recognize any transfer of any Claim occurring after the Record Date. The LLC Agent and the Reorganized Debtors shall instead be authorized and entitled to recognize and deal for all purposes under the Plan with only those record holders stated on the claims register as of the close of business on the Record Date.

If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made unless and until the LLC Agent, the relevant Reorganized Debtor(s) or the relevant Winning Bidder(s), as appropriate, is notified of such holder's then-current address, at which time all missed distributions shall be made as soon as is practicable to such holder, without interest. Checks issued by the LLC Agent, a Reorganized Debtor or a Winning Bidder in respect of Allowed Claims shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for re-issuance of any check shall be made in accordance with the notice provisions of section [12.10] of the Plan and to the LLC Agent, the relevant Reorganized Debtor(s) or the relevant Winning Bidder(s), as appropriate, by the holder of the Allowed Claim to whom such check originally was issued. All claims for undeliverable distributions or voided checks shall be made on or before ninety (90) days after the date such undeliverable distribution was initially made. After such dates, all such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and shall become unencumbered Cash of the Distribution LLC, the relevant Reorganized Debtor(s) or the relevant Winning Bidder(s), as the case may be. The holder of any such Claim shall not be entitled to any other or further distribution under the Plan on account of such Claim.

C. Executory Contracts and Unexpired Leases

On the Effective Date (unless such deadline is extended by the terms of the Winning Bid(s)), any executory contracts or unexpired leases not rejected or assumed and assigned in connection with a sale of assets and/or New Stock or otherwise shall be transferred to the Distribution LLC as part of the Remaining For-Sale Property.

Certain executory contracts and/or unexpired leases may be selected by the Winning Bidder(s) and in accordance with the Winning Bid(s) to be assumed by the appropriate Debtor(s) and assigned to the Winning Bidder(s) or the appropriate Reorganized Debtor(s). Any

executory contracts and/or unexpired leases so selected shall be assumed and assigned accordingly on the relevant Closing Date or as otherwise provided by the terms of the Winning Bid(s). In the case of the Recapitalization Proposal, its proponents will identify by November 21, 2003, those executory contracts and/or unexpired leases they wish to assume for the benefit of the Reorganized Debtors. The Debtors understand that the proponents of the Recapitalization Proposal intend to assume provider agreements with Medicare, Medicaid and any similar state or federal programs and to assume third-party payor agreements.

As part of its authority to liquidate the Pine Grove Remaining Assets and the Non-auctioned Assets, the LLC Agent shall have sole discretion whether to assume and assign or reject any remaining executory contracts or unexpired leases of Pine Grove or any executory contracts or unexpired leases that have not been assumed or rejected pursuant to section [8.1(b)] of the Plan or otherwise. Notwithstanding the foregoing, any such executory contracts or unexpired leases that have not been assumed by the close of ninety (90) days after the Effective Date shall be deemed rejected.

Except as otherwise agreed by the parties or provided pursuant to a Winning Bid, the LLC Agent shall cure all undisputed defaults under any assumed executory contract or unexpired lease in accordance with section 365(b)(1) of the Bankruptcy Code. All disputed defaults that are required to be cured by section 365(b) of the Bankruptcy Code shall be cured either within thirty (30) days after the entry of a Final Order determining the amount, if any, of the liability with respect thereto, or as may otherwise be agreed to by the parties.

Claims arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan must be filed with the Bankruptcy Court and served upon the Debtors or, on and after the Effective Date, the Reorganized Debtors and the LLC Agent, by no later than thirty (30) days after the effective date of rejection. Any Claims not filed within such applicable time periods will be forever barred from assertion against the Debtors and their estates, the Distribution LLC or the Reorganized Debtors and their property.

D. Deemed Substantive Consolidation for Plan Purposes.

Substantive consolidation is an equitable remedy that a bankruptcy court may be asked to apply in chapter 11 cases involving affiliated debtors. Substantive consolidation involves the pooling and merging of the assets and liabilities of the affected debtors. All of the debtors in the substantively consolidated group are treated as if they were a single corporate and economic entity. Consequently, a creditor of one of the substantively consolidated debtors is treated as a creditor of the substantively consolidated group of debtors, and issues of individual corporate ownership of property and individual corporate liability for obligations are ignored.

Substantive consolidation of two or more debtors' estates generally results in (i) the deemed consolidation of the assets and liabilities of the debtors; (ii) the deemed elimination of intercompany claims, subsidiary equity or ownership interests, multiple and duplicative creditor claims, joint and several liability claims and guarantees; and (iii) the payment of allowed claims from a common fund.

The estates of the Debtors shall be deemed consolidated for purposes of voting on and distributions made under the Plan. Accordingly, (i) no distributions shall be made under the Plan on account of intercompany Claims among the Debtors, (ii) no distributions will be made

under the Plan on account of any Equity Interest held by one Debtor in any other Debtor, although a Reorganized DCHC may continue to hold all of the equity of any other Reorganized Debtor, in the same capacity, either directly or indirectly, unless such equity is otherwise cancelled in accordance with the provisions of the Plan, (iii) all guarantees of the Debtors of the obligations of any other Debtor shall be deemed eliminated so that any Claim against any Debtors and any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors shall be deemed to be one obligation of the consolidated Debtors and (iv) each and every Claim filed or to be filed in the Chapter 11 Case of any of the Debtors shall be deemed filed against the consolidated Debtors and shall be deemed one Claim against the consolidated Debtors.

The deemed consolidation of the Debtors shall not (other than for purposes related to voting on and funding distributions under the Plan as set forth above in this section) affect: (i) the legal and organizational structure of the Debtors, (ii) pre- and post-Commencement Date guarantees, liens and security interests that are required to be maintained (A) in connection with executory contracts or unexpired leases that were entered into during the Chapter 11 Cases or that have been or will be assumed or (B) pursuant to the Plan, (iii) defenses to any cause of action or requirements for any third party to establish mutuality in order to assert a right of setoff and (iv) distributions out of any insurance policies or proceeds of such policies.

The Debtors believe that the deemed consolidation of their estates is warranted because of the great accounting difficulties associated with untangling the various intercompany transactions and loans made among the Debtors and providing for the payment of those intercompany obligations. The Debtors believe that the costs of doing so, if possible, would exceed any benefit derived by any Debtor's estate. Further, major creditors have dealt with the Debtors on a group rather than individual basis, both before and after the Commencement Date. By way of example and not limiting the generality of the foregoing, the Debtors are jointly and severally liable under the DIP Agreement and NCFE's Claims are allegedly secured by Collateral from all of the Debtors through cross-collateralization agreements. The Debtors also believe that the benefits of substantive consolidation generally will outweigh the detriment to creditors of particular Debtors, particularly through the elimination of intercompany obligations, as noted above. For example, the Debtors believe that certain Debtors whose assets (without accounting for any secured or similar debt) may be perceived to more valuable than the assets of other Debtors, may nonetheless owe significantly more intercompany debt than those Debtors with less valuable assets (again without accounting for any secured or similar debt on those assets). Thus, by eliminating these intercompany obligations, all creditors will benefit as more available assets will be distributed to them.

E. Provisions for Treatment of Disputed Claims

Disputed Claims are those Claims, or portions thereof, for which the Debtors have interposed (or have determined to interpose) a timely objection and/or request for estimation in accordance with section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018, which objection and/or request for estimation has not been withdrawn or determined by a Final Order. Any Claim proof of which was required to be filed by order of the Bankruptcy Court but as to which a proof of claim was not timely or properly filed is a Disputed Claim. A Claim that is Disputed by the Debtors as to its amount only, shall be deemed Allowed in the amount the Debtors admit owing, if any, and Disputed as to the excess.

All Tort Claims are Disputed Claims. Pursuant to section 157(b) of title 28 of the United States Code, the Bankruptcy Court may not hear and determine the liquidation or estimation of contingent or unliquidated personal injury tort or wrongful death claims against the Debtors for purposes of distribution in these Chapter 11 Cases. Accordingly, any Tort Claim as to which a proof of claim was timely filed in the Chapter 11 Cases shall be determined and liquidated in the administrative or judicial tribunal in which it is pending on the Confirmation Date or, if no such action was pending on the Confirmation Date, in any administrative or judicial tribunal of appropriate jurisdiction.

Similarly, any Medical Malpractice Claim (Class 6) as to which a proof of claim was timely filed in the Chapter 11 Cases shall be determined and liquidated in the administrative or judicial tribunal in which it is pending on the Confirmation Date or, if no such action was pending on the Confirmation Date, in any administrative or judicial tribunal of appropriate jurisdiction; provided, however, that the holder of any timely-filed Medical Malpractice Claim first participates in any alternative dispute resolution process established in connection with the Medical Malpractice Claimants' Trust.

If any portion of a Claim is a Disputed Claim, no payment or distribution provided under the Plan shall be made on any portion of such Claim that is Disputed unless and until and only to the extent such portion becomes Allowed.

Other than with respect to Claims expressly assumed by a Reorganized Debtor, the LLC Agent shall have the right to the exclusion of all others (except as to applications for allowances of compensation and reimbursement of expenses under sections 330 and 503 of the Bankruptcy Code) to make, file and prosecute objections to Claims. With respect to Claims expressly assumed by a Reorganized Debtor, such Reorganized Debtor shall have the right to the exclusion of all others (except as to applications for allowances of compensation and reimbursement of expenses under sections 330 and 503 of the Bankruptcy Code) to make, file and prosecute objections to Claims. The LLC Agent and the Reorganized Debtors each shall bear their own costs in pursuing objections to Claims. The LLC Agent or the Reorganized Debtor(s), as the case may be, shall serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable, unless such Claim was already the subject of a valid objection by the Debtors. In no event shall the service of such an objection be later than 120 days after the Effective Date, unless such date is extended by order of the Bankruptcy Court. All objections shall be litigated to a Final Order except to the extent that the LLC Agent and/or the Reorganized Debtor(s), whichever prosecuted the objection, elects to withdraw such objection, or the LLC Agent and/or the Reorganized Debtor(s), as the case may be, and the holder of the Disputed Claim compromise, settle or otherwise resolve any such objections, in which event they may settle, compromise or otherwise resolve any Disputed Claim without approval of the Bankruptcy Court.

On and after the Effective Date, the LLC Agent shall hold in the GUC Disputed Claims Reserve (i) Cash in an aggregate amount sufficient to pay to each holder of a Disputed General Unsecured Claim the amount that such holder currently would be entitled to receive under the Plan if such Disputed General Unsecured Claim immediately becomes Allowed in full, (ii) net earnings on such Cash and (iii) LLC Interests representing the interests that such holders would be entitled to receive under the Plan if such Disputed Claim becomes Allowed in full. All Cash and cash equivalents and earnings thereon contained in the GUC Disputed Claims Reserve

shall be used to satisfy any expense incurred in connection with the maintenance of such reserve, including administrative expenses incurred in the operation of the applicable trust and taxes payable on such interest income.

On and after the Effective Date, the LLC Agent shall hold, in a separate reserve, Cash in an aggregate amount sufficient to pay to each holder of a Disputed Claim (other than a General Unsecured Claim) the amount that such holder currently would be entitled to receive under the Plan if such Disputed Claim immediately becomes Allowed in full. All net earnings on such Cash shall be transferred to the Distribution LLC for the benefit of the holders of Allowed General Unsecured Claims. The reserve for Disputed Claims other than General Unsecured Claims will not be treated as a separate taxable entity for federal income tax purposes.

The LLC Agent or, if applicable and subject to the terms of the relevant Winning Bid(s), the appropriate Reorganized Debtor(s) may, at any time, request the Bankruptcy Court to estimate any Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the Debtors have previously objected to such Claim, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time, including during litigation concerning any objection to such Claim. In the event the Bankruptcy Court estimates any Disputed Claim, that estimated amount may constitute either the Allowed amount of such Claim or a maximum limitation on the Allowed amount of such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the Allowed amount of such Claim, the LLC Agent or the Reorganized Debtor(s) may elect to pursue any supplemental proceedings to object to any ultimate payment of such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another.

If, on or after the Effective Date, any Disputed Claim, or portion thereof, becomes an Allowed Claim, the LLC Agent shall, as soon as practicable following the date on which the Disputed Claim, or portion thereof, becomes an Allowed Claim, distribute to the holder of such Allowed Claim the amount, without any interest thereon, that such holder would have received pursuant to article [IV] of the Plan had the Disputed Claim, or portion thereof, always been an Allowed Claim, which amount shall not exceed the amount of Cash reserved on account of such Claim.

To the extent that all or a portion of a Disputed Claim is disallowed, the holder of such Claim shall not receive any distribution on account of the portion of such Claim that is disallowed, and any Cash or LLC Interests reserved on account of the disallowed portion of such Claim shall be available for the LLC Agent to distribute to holders of Allowed Claims, as appropriate, pursuant to the terms of the Plan.

F. Conditions Precedent to the Effective Date.

The following are conditions precedent to the Effective Date of the Plan:

- The Bankruptcy Court shall have entered the Confirmation Order, which shall be in form and substance satisfactory to the Debtors and the Investors;

- No stay of the Confirmation Order shall then be in effect at the time the other conditions to effectiveness of the Plan are satisfied or waived;

- A Final Order shall have been entered approving the Bidding Procedures;

- As estimated jointly by the Debtors and the Committee, and the Bankruptcy Court if they do not agree, the aggregate amount of all Allowed General Unsecured Claims, excluding any unsecured claim of the NCFE Entities, to share in distributions from the Distribution LLC shall be no more than $60,000,000.00 but only if the Recapitalization Proposal is the Winning Bid;

- All authorizations, consents, and regulatory approvals required (if any) in connection with the effectiveness of the Plan shall have been obtained;

- All documents, instruments and agreements, in form and substance satisfactory to the Debtors, provided for under or necessary to implement the Plan shall have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the parties benefited thereby;

- The Distribution LLC shall have been established and all the relevant documents with respect thereto executed;

- In the event the Winning Bid is not the Recapitalization Proposal and the Debtors have not exercised their retained right to eliminate Class 6 and Class 10(a), the Medical Malpractice Claimants Trust shall have been established and funded by the Professional Liability Insurers and all the relevant documents with respect thereto executed;

- In the event that the Recapitalization Proposal is the Winning Bid, the Reorganized Articles of Incorporation and Reorganized By-laws shall have been adopted by each of the Debtors other than Pine Grove;

- If the Winning Bid is the Recapitalization Proposal, all conditions to closing shall have occurred or been waived by the party benefiting thereby. If the Winning Bid is not the Recapitalization Proposal, all conditions to closing relating to the Sale of assets and/or New Stock of at least two (2) of the Debtors shall have occurred or been waived by the party benefiting thereby; and

- The Debtors shall have filed a Notice of Effectiveness with the Bankruptcy Court and served a copy of the same on the counsel for the Committee, by electronic mail or facsimile.

The Debtors may waive, by a writing signed by an authorized representative of the Debtors and subsequently filed with the Bankruptcy Court, one or more of the conditions precedent to effectiveness of the Plan set forth above, other than the condition that the aggregate amount of all Allowed General Unsecured Claims be no more than [_____], which only may be waived by the Committee.

In the event that one or more of the conditions of the Plan set forth above have not occurred, or been waived, on or before the date that is 180 days after the Confirmation Date, (a) the Confirmation Order shall be vacated, (b) no distributions under the Plan shall be made, (c) the Debtors and all holders of Claims and Equity Interests shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date

never occurred and (d) the Debtors' obligations with respect to Claims and Equity Interests shall remain unchanged and nothing contained in the Plan shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtors or any other Person or Entity or to prejudice in any manner the rights of the Debtors or any Person or Entity in any further proceedings involving the Debtors

G. Implementation

1. *Sale*

(a) Bidding Procedures. Prior to the filing of the Plan and this Disclosure Statement, the Debtors filed a motion with the Bankruptcy Court requesting approval of the Bidding Procedures. The Bidding Procedures were approved by the Bankruptcy Court on October 24, 2003. As discussed above, the Bidding Procedures provide, among other things, for the Sale of DCHC, Hadley, Greater Southeast, Pacifica and Michael Reese and/or their respective assets. Bids will be considered to acquire the New Stock of any of the foregoing Debtors and/or purchase substantially all of their respective assets. A Winning Bid will be a Bid that the acceptance of which, in the sole discretion of the Independent Director and in accordance with the Bidding Procedures, either by itself or in conjunction with the acceptance of another Winning Bid or other Winning Bids, provides the greatest benefit to the Debtors' estates and the creditors' thereof.

(b) Transfer of Assets. On the relevant Closing Date, in exchange for the payment of the Sale Proceeds and the assumption of the Assumed Liabilities related thereto, the assets and, if applicable, the New Stock that are the subject of a Winning Bid shall be retained by the Reorganized Debtors or conveyed to the Winning Bidder(s) or other part(ies) as provided by the terms of the Winning Bid(s), free and clear of all claims, liens, and encumbrances or other interests therein, except to the extent otherwise provided in the Winning Bid(s). If the relevant Closing Date occurs after the Effective Date, such assets and/or New Stock will be so transferred by the LLC Agent to the Winning Bidder(s). If the relevant Closing Date occurs on the Effective Date, such assets and/or New Stock will be transferred by the appropriate Debtor(s) to the Winning Bidder(s). In either event, the Winning Bidder(s) will transfer the Sale Proceeds to the Distribution LLC on the relevant Closing Date, and any lien or encumbrance on or interest in any assets transferred to the Winning Bidder, or retained by the Reorganized Debtors, shall attach to the Sale Proceeds attributable to such assets and be afforded the same priority status.

(c) Assumed Liabilities. The Winning Bidder(s) will assume their respective Assumed Liabilities in accordance with their Winning Bid(s); provided, however, that with respect to any Allowed Claim that a Winning Bidder proposes to assume, if the treatment proposed by such Winning Bidder of such Allowed Claim is different than that provided in article [IV] of the Plan, excepting any requirement in article [IV] that the relevant distribution be paid by the LLC Agent, the holder of such Allowed Claim must consent to such different treatment. In the event that the holder of such Allowed Claim does not so consent, the Winning Bidder shall satisfy such Allowed Claim in accordance with article [IV] of the Plan.

(d) Unsold Facilities. The Bidding Procedures permit the Debtors the opportunity to reject any Winning Bid as inadequate or to choose to liquidate Hadley, Greater Southeast, Michael Reese and/or Pacifica if doing so would provide greater value to the Debtors'

estates than any bid therefor. In such an event, the Debtors will transfer any such "Unsold Facilities" to the Distribution LLC to be wound down and liquidated.

2. *Reorganized Debtors*

(a) Reorganized Articles of Incorporation. Each Debtor (other than Pine Grove) shall adopt Reorganized Articles of Incorporation prior to, but effective as of, the Closing Date of any sale pursuant to a Winning Bid providing for the conveyance of New Stock relating to such Debtor.

(b) Reorganized By-laws. Each Debtor (other than Pine Grove) shall adopt Reorganized By-laws prior to, but effective as of, the Closing Date of any sale pursuant to a Winning Bid providing for the conveyance of New Stock relating to such Debtor.

(c) New Stock. With respect to each Debtor (other than Pine Grove), New Stock for such Debtor shall be issued to the Winning Bidder(s) therefor in accordance with the terms of the Winning Bid, the Debtor's Reorganized Articles of Incorporation and the Debtor's Reorganized By-laws; provided, however, no New Stock for a Debtor shall be issued if such Debtor is to be transferred to a Winning Bidder, in its current capacity as a wholly-owned direct or indirect subsidiary of DCHC, as part of the issuance of New Stock of DCHC to a Winning Bidder.

3. *Cancellation of Equity Interests.*

On the Effective Date, the Equity Interests of DCHC will be terminated, cancelled and of no further force or effect. The Equity Interests of the other Debtors, which are directly or indirectly wholly-owned by DCHC, will be cancelled only if such Debtor is not to be retained in the same capacity as a direct or indirect wholly-owned subsidiary of a Reorganized DCHC.

4. *The Distribution LLC.*

(a) Establishment of the Distribution LLC. Prior to the Effective Date, the Debtors shall execute the Distribution LLC Agreement, which shall designate the LLC Agent as the manager of the Distribution LLC. The LLC Agent shall thereupon be authorized to take all other steps necessary to complete the formation of the Distribution LLC. The LLC Agent shall have all duties, powers, standing and authority necessary to implement the Plan and to administer and liquidate the assets of the Distribution LLC for the benefit of the holders of LLC Interests.

(b) Transfer of Assets. As of the Effective Date, the Debtors shall assign and transfer to the Distribution LLC all of their rights, title and interests in and to the Distribution LLC Assets. The Debtors or such other Persons that may have possession or control of such Distribution LLC Assets shall transfer possession or control of such property to the Distribution LLC prior to or as of the Effective Date and shall execute the documents or instruments necessary to effectuate such transfers. Such transfers shall be free and clear of any liens, claims and encumbrances, other than Continuing Liens, and no other entity, including the Debtors or Debtors in Possession, shall have any interest, legal, beneficial, or otherwise, in the Distribution LLC or the assets of the Distribution LLC upon their assignment and transfer to the Distribution LLC; provided, however, that all such assets will be transferred to the Distribution

LLC subject only to the obligation of the Distribution LLC to pay (i) Administrative Expense Claims, Priority Tax Claims, the DIP Claim, Other Priority Claims and Secured Claims that have not been paid or Allowed as of the Effective Date (but which are subsequently Allowed), (ii) any expenses incurred and unpaid, or to be incurred by the Debtors in respect of consummation of the Plan and winding up of the Debtors' estates, (iii) in the event there exists any Disputed Claims on the Effective Date, such Claims to the extent such Claims are subsequently Allowed, as set forth more fully in article [VII] of the Plan and (iv) post-Effective Date obligations of the Debtors, if any. In addition, in the event there exists any Disputed Claims on the Effective Date, the Distribution LLC shall at all times hold and maintain sufficient cash in an amount no less than that which would be required to distribute to the holders of Disputed Claims if all such Claims are subsequently Allowed, as set forth more fully in article [VII] of the Plan.

On the Effective Date, the LLC Agent and each holder of an Allowed General Unsecured Claim shall, by operation of the Plan, (i) be admitted to the Distribution LLC as a member of the Distribution LLC, (ii) become bound by the Distribution LLC Agreement, and (iii) receive an LLC Interest.

(c) Distributions; Beneficial Interests. All distributions from the Distribution LLC to holders of LLC Interests shall be made in accordance with such holders' relative beneficial ownership interests, at such times and in such amounts as shall be determined by the LLC Agent. The LLC Agent shall cause the Distribution LLC to retain sufficient funds as are reasonably necessary for the Distribution LLC to (i) meet contingent liabilities and to maintain the value of its non-cash assets until such assets are liquidated, (ii) pay reasonable administrative expenses of the Debtors and the Distribution LLC that have not been paid (including the Debtors' professional fees and expenses), or have not been Allowed as of the Effective Date but which are subsequently Allowed (including, but not limited to, the expenses of the LLC Agent and the Debtors' professional fees and expenses), (iii) fund the distribution to holders of Disputed Claims if and to the extent such Claims are subsequently Allowed and (iv) satisfy other liabilities incurred by the Distribution LLC in accordance with the Plan.

(d) Purpose of the Distribution LLC. The Distribution LLC shall be established for the sole purpose of liquidating its assets in furtherance of the Plan for the sole benefit of the holders of LLC Interests, with no objective to continue or engage in the conduct of a trade or business. The Distribution LLC shall be deemed not to be the same legal entity as any of the Debtors, but only an assignee of such assets of the Debtors that are transferred to the Distribution LLC within the meaning of section 1123(b)(3) of the Bankruptcy Code.

(e) Appointment of an LLC Agent. Prior to the Effective Date, the [members of the Committee] shall appoint the LLC Agent.

(f) Liquidation of Assets; Responsibility of LLC Agent. The LLC Agent shall have the power to (i) prosecute, compromise or settle for the benefit of the beneficiaries of the Distribution LLC all Litigation Claims, (ii) object to, oppose, negotiate and settle any Claims, (iii) liquidate the Distribution LLC Assets, (vi) wind down the affairs of the Debtors, including winding down any Unsold Facilities, and (v) otherwise perform the functions and take the actions provided for or permitted herein or in any other agreement executed by the LLC Agent pursuant to the Plan, in each case subject to the provisions of the Distribution LLC Agreement.

The LLC Agent shall, in an expeditious but orderly manner and subject to the provisions of the Distribution LLC Agreement, liquidate and convert to cash the Distribution LLC Assets, including conveying the Remaining For-Sale Property pursuant to the results of the Sale and collecting the Sale Proceeds, and, in a timely manner, distribute the resulting net proceeds, including the Litigation Proceeds, Cash and other Distribution LLC Assets pursuant to the distribution scheme set forth herein. In so doing, the LLC Agent shall exercise its reasonable business judgment in liquidating the assets of the Distribution LLC to maximize recoveries. The liquidation of such assets of the Distribution LLC may be accomplished either through the sale of the assets of the Distribution LLC (in whole or in combination, and including the sale of any Litigation Claims) or through the prosecution, compromise and settlement, abandonment or dismissal of any or all claims or Litigation Claims, or otherwise. The LLC Agent shall, subject to the provisions of the Distribution LLC Agreement, have discretion to elect whether to pursue any and all Litigation Claims as the LLC Agent may determine are in the best interests of the members of the Distribution LLC, consistent with the purposes of the Distribution LLC. The LLC Agent shall have no liability to the Debtors, their estates, the members of the Distribution LLC, the Committee or any other party for the outcome of its decisions in this regard. The LLC Agent may incur any reasonable and necessary expenses in connection with the liquidation and conversion of the assets of the Distribution LLC to Cash.

(g) Prosecuting Litigation Claims. As soon as possible, the LLC Agent shall segregate exactly $3 million in Cash from the assets of the Distribution LLC to fund the prosecution, negotiation and settlement of the Litigation Claims and Disputed Claims. Thereafter, the LLC Agent shall further fund such activities from any Litigation Proceeds it collects, provided that those Litigation Proceeds are not subject to a Continuing Lien. Any funds designated by the LLC Agent to be used to fund the prosecution, negotiation and settlement of the Litigation Claims and Disputed Claims that are not so used, shall be made available for distribution to holders of Allowed Claims in accordance with distribution scheme set forth herein.

(h) Investing Powers. The right and power of the LLC Agent to invest any Cash transferred to the Distribution LLC, the cash proceeds from the liquidation of any assets transferred to the Distribution LLC and the realization or disposition of any Litigation Claims, and any income earned by the Distribution LLC shall be limited to the right and power to invest such cash in United States Treasury Bills, interest-bearing certificates of deposit, tax exempt securities or investments permitted by section 345 of the Bankruptcy Code or otherwise authorized by the Bankruptcy Court, using prudent efforts to enhance the rates of interest earned on such Cash without inordinate credit risk or interest rate risk.

(i) Reporting Duties. The Distribution LLC will be treated as a partnership for federal tax purposes and, to the extent permitted under applicable law, for state and local income tax purposes. The LLC Agent shall be responsible for filing informational returns on behalf of the Distribution LLC and distributing information statements to holders of LLC Interests, setting forth each such holder's allocable share of the income, loss, deduction or credit of the Distribution LLC.

For federal income tax purposes, the Distribution LLC's taxable income (or loss) shall be allocated among the holders of LLC Interests in a manner consistent with applicable Treasury Regulations, taking into account such holders' relative economic interests in the

Distribution LLC. Each holder of an LLC Interest will be required to take into account its allocable share of the income, loss, deduction or credit of the Distribution LLC in determining its taxable income for federal income tax purposes.

The LLC Agent shall file (or cause to be filed) any other statements, returns or disclosures relating to the Distribution LLC, including the GUC Disputed Claims Reserve, that are required by any governmental unit or applicable law.

(j) Implementation of Distribution LLC. On the Effective Date, the Distribution LLC will become effective for the benefit of Allowed General Unsecured Claims subject to the obligations of the Distribution LLC set forth in section [6.5] of the Plan. The Distribution LLC Agreement shall be filed in the Plan Supplement and shall contain provisions customary for agreements of Delaware limited liability companies utilized in comparable circumstances, including, but not limited to, any and all provisions necessary to ensure the continued treatment of the Distribution LLC as a partnership for federal income tax purposes.

(k) Income Tax and Related Information. The LLC Agent shall be authorized to collect such tax and fiscal information from holders of LLC Interests (including, without limitation, social security numbers and/or other tax identification numbers) as it in its sole discretion deems necessary to effectuate the Plan, and the Confirmation Order shall expressly provide this authority. Failure by any holder of an LLC Interest to furnish this information in a timely fashion will cause a waiver of some or all of such holder's rights (if any) under the Plan and the Confirmation Order.

(l) Expedited Determinations of Taxes. The LLC Agent may request an expedited determination of taxes of the Distribution LLC or the GUC Disputed Claims Reserve, under section 505(b) of the Bankruptcy Code, for all returns filed for, or on behalf of, the Distribution LLC or the GUC Disputed Claims Reserve for all taxable periods through the dissolution of such entities.

(m) Non-transferable; Registry of Beneficial Interests. Upon issuance thereof, beneficial interests in the Distribution LLC shall be non-transferable, except with respect to a transfer by will or under the laws of descent and distribution. Any such transfer, however, shall not be effective until and unless the LLC Agent receives written notice of such transfer. The LLC Agent shall maintain a registry of the holders of LLC Interests.

(n) Termination. The Distribution LLC will terminate after its liquidation, administration and distribution of the Distribution LLC Assets in accordance with the Plan and its material completion of all other duties and functions set forth herein or in the Distribution LLC Agreement, but in no event later than three (3) years after the Effective Date, unless extended by the LLC Agent pursuant to the terms of the Distribution LLC Agreement.

5. *Medical Malpractice Claimants Trust*

Prior to the Effective Date, but only if the Recapitalization Proposal is not the Winning Bid and the Debtors have not exercised their retained right to eliminate Class 6 and Class 10(a), the Medical Malpractice Claimants Trust Agreement shall be executed establishing the Medical Malpractice Claimants Trust, which shall be funded by (i) the payment by the

Insurer(s) of an aggregate amount of $_____ to the Medical Malpractice Claimants Trust to satisfy Allowed Medical Malpractice Claims against Michael Reese; (ii) the payment by the Insurer(s) of an aggregate amount of $_____ to the Medical Malpractice Claimants Trust to satisfy Allowed Medical Malpractice Claims against Greater Southeast, Hadley, Pacifica and DCHC. All holders of Medical Malpractice Claims shall have recourse against the Medical Malpractice Claimants' Trust on account of their Medical Malpractice Claims but shall not have any recourse against the Debtors, the Reorganized Debtors, the Distribution LLC or the Insurer(s) with respect to their Medical Malpractice Claims. Each holder of a Medical Malpractice Claim must participate in the Claims Resolution Process in order to establish the Allowed amount, if any, of such Medical Malpractice Claim.

H. Summary of Other Provisions of the Plan

The following subsections summarize certain other significant provisions of the Plan. The Plan should be referred to for the complete text of these and other provisions of the Plan.

1. *Releases and Exculpations*

Except as otherwise expressly provided in the Plan, the Debtors shall release their officers, directors, employees and shareholders (the "Released Parties") from any and all Claims, debts, obligations, rights, suits, damages, actions, causes of action, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, at equity, or otherwise, that any of the Debtors would have been legally entitled to assert in its own right (whether individually or collectively) or that any holder of a claim or equity interest or other person or entity would have been legally entitled to assert on behalf of any of the Debtors or any of their estates, based in whole or in part upon any act or omission, transaction, agreement, event, or other occurrence taking place before or on the Effective Date, and, without limiting the generality of the foregoing, to the extent permitted by law, waive all rights under any statutory provision purporting to limit the scope or effect of a general release, whether due to lack of knowledge or otherwise, including, but not limited to, any rights under section 1542 of the California Civil Code. The Released Parties include, without limitation, Paul R. Tuft, Erich Mounce, Steven Dietlin, Donna Talbot, Susan Engelhard, David Denslaw, Alan Tuft, Casey Fatch, Enrique Beckmann, Ermanno Mariani, Cindy Sehr, Karen Dale and Janine Finck-Boyle. This release shall include a release of any and all Claims for loans made to the Released Parties, provided that this release shall not include a release of Claims against Mel Redman or other individuals who were officers or directors of the Debtors prior to, but at no point after, the commencement of the Debtors' chapter 11 cases. Further, holders of Claims who vote in favor of the Plan and accept distributions under the Plan shall be deemed to have released any direct Claims related to the Debtors that they might have against the Released Parties (the "Releasing Creditors"). The release by the Debtors and the Releasing Creditors of the Released Parties shall also effectuate a release by the Debtors and Releasing Creditors of Claims against third parties but only to the extent that any such third party has a Claim for indemnification against the Released Parties for contribution and/or indemnification. Thus, by way of example only, if the Debtors have a Claim against a third party for $100, but that third party has an indemnification or contribution claim against any or all of the Released Parties for $50, the Debtors' claims against the third party shall be deemed released to the extent of $50.