GARFUNKEL WILD, P.C.
111 Great Neck Road
Great Neck, New York 11021
Telephone: (516) 393-220
Facsimile: (516) 466-5964
Burton S. Weston
Afsheen A. Shah

Counsel for the Debtor
and Debtor-in-Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

SOUND SHORE MEDICAL CENTER OF WESTCHESTER, et al.[1]

Debtors.

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Chapter 11
Case No. 13-22840 (rdd)

(Jointly Administered)

Monica Terrano, pursuant to section 1746 of title 28 of the United States Code, hereby declares as follows:

1. I am the Chief Wind Down Officer for Sound Shore Medical Center of Westchester ("SSMC"), and its debtor affiliates (each a "Debtor" and together, the "Debtors"). I submit this Declaration (the "Declaration") on behalf of the Debtors in support of confirmation of the *First Amended Plan of Liquidation Under Chapter 11 of the Bankruptcy Code of Sound Shore Medical Center of Westchester, et al.*, dated September 17, 2014 [Docket No. 820] (as may be amended or modified, the "Plan")[2].

[1] The debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number include: Sound Shore Health System, Inc. (1398), Sound Shore Medical Center of Westchester (0117), The Mount Vernon Hospital (0115) ("MVH"), Howe Avenue Nursing Home, Inc., d/b/a Helen and Michael Schaffer Extended Care Center (0781) ("SECC"), NRHMC Services Corporation (9137), The M.V.H. Corporation (1514) and New Rochelle Sound Shore Housing, LLC (0117). There are certain additional affiliates of the Debtors who are not debtors and have not sought relief under Chapter 11.

[2] Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan.

2. In my capacity as the Chief Wind Down Officer, I am familiar with the Debtors' day-to-day administrative operations, financial condition, business affairs and books and records. Except as otherwise indicated, all statements in this Declaration are based upon: (a) my personal knowledge; (b) my review of the Debtors' books and records as well as other relevant documents; (c) information supplied or verified by authorized representatives and professionals of the Debtors; (d) information provided to me by persons working under my supervision; or (e) my opinion based upon my experience, expertise and knowledge of the Debtors' operations and financial condition. If called upon to testify as a witness in this matter, I would testify competently to the facts as set forth herein.

DEVELOPMENT OF THE PLAN

3. The Plan represents the culmination of extensive negotiations among the Debtors and the Committee regarding the proposed allocation of the Debtors' cash and remaining assets, following the sale of substantially all of the Debtors' assets to certain affiliated entities of Montefiore Medical Center (collectively, the "Buyers"). As a result of the Sale, the Debtors were able to preserve jobs and ensure continuity of healthcare for the southern Westchester community. The proceeds of the Sale also provided the Debtors with necessary funding for the Plan.

4. The Plan is supported by the Committee. Indeed in formulating the Plan, the Debtors worked closely with the Committee and its advisors to develop suitable terms for the Plan which are designed to benefit all parties in interest and maximize recoveries for the Debtors' creditors. The success of the parties' efforts in this regard is clearly evidenced by the support from the Debtors' unsecured creditors who overwhelmingly voted in favor of the acceptance of the Plan. As evidenced by the voting results, the Declaration of Craig Johnson of

GCG, Inc. Certifying Methodology for the Tabulation of Votes and Results of Voting with Respect to the First Amended Chapter 11 Plan of Liquidation of Sound Shore Medical Center, et al. (the "Voting Declaration")[Docket No. 884], the Plan was accepted by 96.65% in number and 97.87% in dollar amount of holders of Claims in Class 3 that voted.

5. In addition, the Plan was proposed in good faith and, based upon advice of Counsel, its provisions are consistent with and comply with the requirements of the Bankruptcy Code and other applicable law. Accordingly, under the circumstances of these cases and as further detailed herein, I believe that confirmation of the Plan is appropriate and in the best interests of all creditors and other parties in interest.

OVERVIEW OF THE PLAN

A. Implementation of the Plan

6. The provisions of the Plan provide adequate means for the Plan's implementation. It is anticipated that the Plan will be implemented by the Plan Administrator in a manner consistent with the terms and conditions set forth therein and in the Confirmation Order. As indicated above, funding for the Plan was generated largely through the sale of the Debtors' assets and revenue from outstanding receivables, claims and collections. It is anticipated that the proceeds of the liquidation or other disposition of any remaining assets of the Debtors will also be utilized to fund distributions under the Plan. As the Plan Administrator, I will be responsible for the pursuit of any outstanding claims, the liquidation of the Debtors' remaining assets (other than those already sold to Buyer) and ensuring collection of outstanding receivables and obligations.

7. As of October 27, 2014, the Debtors have cash on hand of approximately $16 million which will be sufficient to meet the Debtors' obligations under the Plan on and after the Effective Date. The Debtors anticipate payment in full of all administrative and priority claims, and a distribution to unsecured creditors of approximately 3-6%.

8. The Plan also includes other provisions regarding the implementation and effect of the Plan and its terms, including: (a) Article IV of the Plan governing distributions on account of Allowed Claims; (b) Article IX of the Plan governing procedures for resolving Disputed Claims; and (c) Article XII of the Plan governing retention of jurisdiction by the Court over certain matters after the Effective Date. The Plan is the product of arm's-length negotiations and has the support of various constituencies, including the Committee. I believe the provisions contained therein are fair and equitable, given for valuable consideration, and in the best interests of the Debtors and their Estates.

B. Rejection of Contracts and Leases

9. Article VIII of the Plan pertains to the assumption and rejection of the Debtors' executory contracts and unexpired leases. Specifically, Section 8.1 of the Plan provides that, as of the Effective Date, the Debtors shall be deemed to have rejected each executory contract and unexpired lease to which the Debtors are a party unless such contract or lease (i) was previously assumed or assumed and assigned by the Debtors pursuant to an order of the Bankruptcy Court, (ii) is the subject of a motion to assume filed on or before, and pending on, the Confirmation Date or (iii) is specifically designated as a contract to be assumed on a schedule to the Plan, which schedule, if any, shall be filed as part of the Plan Supplement. The Plan further provides that all employment and severance agreements and policies, and all employee compensation and

benefit plans, policies and programs of the Debtors shall be terminated as of the Confirmation Date.

10. In determining which contracts to assume or reject pursuant to the Plan, the Debtors, in consultation with the Buyer, conducted a review of their contracts and leases. Based on this review, I believe the Debtors have exercised their reasonable business judgment in determining whether to assume and assign or reject their executory contracts and unexpired leases pursuant to Article VIII of the Plan. In addition, for the reasons stated below regarding feasibility of the Plan, I believe that the Debtors will have more than sufficient liquidity to make any required payments with respect to the assumed leases and contracts. Accordingly, to the extent applicable, I believe that the Debtors have provided adequate assurance with respect to any executory contracts or unexpired leases that may be deemed assumed pursuant to the Plan.

C. Preservation of Causes of Action

11. Section 5.11 of the Plan provides that except where such causes of action have been expressly released, the Debtors will retain all causes of action, whether arising before or after the Petition Date, and may bring, settle, release, compromise or enforce such retained causes of action notwithstanding the Effective Date.

D. The Releases, Exculpations and Injunctions are Fair and Necessary

12. The Plan provides for certain releases, injunctions, discharges and exculpation provisions which are critical components of the Plan (collectively, the "Plan Releases"). The parties that will benefit from the approval of the Plan Releases are limited to the Debtors, the Debtors' financial advisors, the Committee and individual members thereof, financial advisors for the Committee, the Post-Effective Date Committee and members thereof, financial advisors

for the Post-Effective Date Committee, the Plan Administrator, the Ombudsman, and any of their respective present and former directors, officers, trustees, agents, attorneys, advisors, members or employees, including Covered Medical Professionals.

(i) The Debtor Releases

13. Pursuant to Section 13.2(a) of the Plan, the Debtors will provide a release to the Debtors Release Parties[3] (the "Debtor Releases") in exchange for, among other things, the services rendered by the Debtors Release Parties with respect to the efficient and prompt consummation of the sale of the Debtors' assets and in facilitating the expeditious implementation of the Plan.

14. I believe that the Debtors have exercised their reasonable business judgment in proposing the Debtor Releases and that the Debtor Releases represent valid and appropriate settlements of claims the Debtors or any successor to the Debtors or representative of the Debtors' Estates might assert against the Debtors Release Parties based on acts or omissions that took (or could take) place prior to the Effective Date. It is also my understanding that the Debtors Release Parties contributed significant value to the Debtors, these Chapter 11 Cases and the Plan.

15. To preserve any potential claims that may exist, the Plan does not release any of the Debtors Release Parties from any D&O Claim which is asserted by either the Debtors, the Plan Administrator, the Committee or the Post Effective Date Committee on or before the D&O Release Effective Date of November 6, 2014. Thus to the extent actionable claims may be

[3] The Debtors Release Parties means each of the Debtors' present and former directors, officers, and trustees (solely in their capacities as such).

asserted against any of the Debtors Release Parties, the Plan provides an appropriate mechanism for the continued pursuit of such claims, with any recovery on such claims being limited to available insurance. Notwithstanding, to the extent any such claims or causes of action are arguably available, it is likely that the related litigation costs and the likelihood of recovery would militate against prosecuting them. I further believe that the Debtor Releases are well-considered and reasonable and represents a valid settlement of whatever claims or causes of action the Debtors may have against the Debtors Release Parties and, for these reasons, should be approved.

(ii) Releases by Holders of Claims and Interests

16. Section 13.2(b) of the Plan provides a release and discharge of claims and causes of action which any holder of a Claim or Interest may be entitled to assert (the "Claim Holder Releases").

17. I understand, based on discussions with Counsel, that the Claim Holder Releases are a critical component of the Plan and enabled the Debtors to work cooperatively with each of the released parties in the development of the Plan. Indeed, without the proposed releases such cooperation may not have been as readily granted. Thus, in formulating the Plan, the Debtors remained cognizant of the need for and propriety of providing releases to those parties who had made significant contributions to, and compromises in connection with the Plan and the general administration of the Debtors' Estates.

18. Further, it is my understanding that the proposed Claim Holder Releases have been narrowly tailored and are limited to the Debtors, the Committee, the Patient Care Ombudsman and their respective present directors, officers, trustees, agents, attorneys, advisors,

members and employees (solely in their capacity as such). Each of these parties has contributed significantly to the progress of these Chapter 11 Cases, the Plan and the Plan process, which further supports the propriety of the proposed Claim Holder Releases. Finally, based on discussions with Counsel, it appears highly unlikely that any viable causes of action by third parties exist as against any of the parties covered by the Claim Holder Releases.

(iii) The Exculpation Provisions in the Plan Should be Approved

19. Section 13.3 of the Plan provides an exculpation and limitation of liability (the "Exculpation") for certain parties who played a critical role in the formulation of, and exercised good faith in the negotiation of the Plan[4]. The Exculpation provisions were specifically negotiated among the Exculpated Parties as part of the Plan negotiation process. The provisions expressly exclude acts of willful misconduct or gross negligence and are appropriate in the Debtors' business judgment. The parties' negotiations and resulting compromise were crucial to the formulation of a feasible Plan and could not have occurred without the protection from liability that the Exculpation provisions provide to the constituents involved in negotiating and supporting the Plan. In light of the circumstances, I believe the Exculpation provisions contained

[4] Specifically, the Exculpation provision covers Garfunkel Wild, P.C., in its capacities as counsel to the Debtors or counsel to the Plan Administrator; (ii) Alvarez and Marsal, in its capacity as the Debtors' financial advisor; (iii) the Debtors' trustees, in-house counsel, officers and directors (in their capacities as such); (iv) the Plan Administrator and its representatives (in their capacities as such); (v) the Committee and the Post Effective Date Committee; (vi) the members of the Committee and the members of the Post Effective Date Committee, in their capacities as members of the Committee and as members of the Post Effective Date Committee; (vii) Alston & Bird LLP, in its capacities as counsel to the Committee and as counsel to the Post Effective Date Committee; (viii) Deloitte Financial Advisory Services LLP and Deloitte Transactions and Business Analytics LLP, in their capacity as financial advisor to the Committee; (ix) Deloittee Transactions and Business Analytics LLP, in its capacity as financial advisor to the Post Effective Date Committee; (x) Polsky Advisors LLC, in its capacities as financial advisor to the Committee and as financial advisor to the Post Effective Date Committee; (xi) Daniel T. McMurray in his capacity as the Patient Care Ombudsman appointed in these Cases; (xii) Focus Management Group USA, Inc., in its capacity as consultants to the Patient Care Ombudsman; or (xiii) Neubert, Pepe & Monteith, P.C., in its capacity as counsel to the Patient Care Ombudsman.

in the Plan are necessary to the Debtors' successful completion of these cases and should be approved.

(iv) The Plan Injunctions Should be Approved

20. Section 13.1 sets out the Plan's injunction provisions (the "Injunctions"). I believe the Injunctions are necessary to preserve and enforce the Debtor Releases, the Claim Holder Releases and the Exculpation and thus necessary to the implementation of the Plan. As indicated above, the cooperation and assistance of the released parties was critical to the development of the Plan. As such, the enjoining of claims against these necessary parties is appropriate and warranted under the circumstances of these Chapter 11 Cases.

21. I also believe the Covered Medical Professional Injunction is justified. In addition to having provided continuing services to the Debtors and care to the patient population during these Chapter 11 Cases, the Covered Medical Professionals have also provided significant value to the Debtors by helping to preserve uninterrupted health care to the community and by agreeing to waive any Indemnification Claims they may have as against the Debtors, thereby facilitating the Debtors' ability to confirm and consummate the Plan. Indeed, absent the Covered Medical Professional Injunction, the Debtors would likely have been subject to the filing of sizeable administrative claims for indemnification and tail coverage which could deplete the estates of valuable funds required to fund distributions to unsecured creditors. Accordingly, I believe the Covered Medical Person Injunctions is reasonable and justified and should be approved.

SOLICITATION OF THE PLAN AND ACCEPTANCE

22. I have been advised that, by Order dated September 17, 2014 [Docket No. 822] (the "Disclosure Statement Approval Order"), the Bankruptcy Court approved the Disclosure Statement relating to the Plan as containing adequate information of a kind and in sufficient detail to enable hypothetical, reasonable investors to make an informed judgment as to whether to accept or reject the Plan. The Disclosure Statement Approval Order fixed November 3, 2014 as the date of the hearing to consider confirmation of the Plan (the "Confirmation Hearing") and established certain deadlines for voting and the filing of objections to confirmation of the Plan.

23. In accordance with the Disclosure Statement Approval Order, and as set forth in the Voting Declaration, the Disclosure Statement (with the Plan annexed as an exhibit) and related solicitation materials were timely served on all required parties. The solicitation materials included ballots for eligible holders of Claims to vote on the Plan.

24. Also pursuant to the Disclosure Statement Order, the Affidavit of Publication of Andrew E. Weissman, sworn to on October 28, 2014 [Docket No. 893], was filed with the Bankruptcy Court evidencing publication of the Confirmation Hearing Notice in *The New York Times* on September 24, 2014 and *Pluma Libra* on September 25, 2014.

25. I understand the Debtors solicited votes for acceptance or rejection of the Plan from holders of Class 3 (general unsecured) Claims. It is also my understanding that because of their deemed acceptance, the Debtors did not solicit votes from holders of Claims in Class 1 (Secured Claims) and Class 2 (Other Priority Claims). Similarly, the Debtors did not solicit votes from holders of Interests (if any) in Class 4, who are deemed to reject the Plan.

THE PLAN SATISFIES BANKRUPTCY CODE SECTION 1129

26. Based on my understanding of the Plan, the events preceding the filing of the Plan and discussions with the Debtors' legal advisors, I believe the Plan was proposed in good faith and complies with the applicable provisions of section 1129 of the Bankruptcy Code and should be confirmed.

E. *The Plan Complies with Section 1129(a)(1) of the Bankruptcy Code.*

27. Based upon my review of the Plan and all related materials, as well as discussions held with the Debtors' attorneys and financial advisors, it is my understanding that the Plan complies with the applicable provisions of the Bankruptcy Code as required by section 1129(a)(1) of the Bankruptcy Code, including without limitation sections 1122 and 1123, as follows:

> (a) Sections 1122 and 1123(a)(1) - Classification of Claims and Interests. The Plan contains separate classes of Claims against and Interests in the Debtors based on factual and legal differences among the nature of the claims. Each Class contains only Claims that are substantially similar to each other. Thus, valid business, factual and legal reasons exist for the classification scheme created under the Plan. In addition, Claims of the type described in section 507(a)(2) of the Bankruptcy Code (Administrative Expense Claims) and section 507(a)(8) of the Bankruptcy Code (Priority Tax Claims) are not classified in Article III of the Plan. Rather, their treatment is addressed in Article II of the Plan. Additionally, all Claims and Interests in any particular Class are sufficiently related to one another such that no "unfair discrimination" exists between the holders of Claims or Interests and no holders of Claims or Interest will receive more than they are legally entitled to receive for their respective Claims or Interests.
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> (b) Section 1123(a)(2)–(4) of the Bankruptcy Code. Article III of the Plan specifies whether each Class of Claims is Impaired or Unimpaired under the Plan. Article IV of the Plan also sets forth the treatment of the Impaired Classes and provides for the same treatment for each Claim within a particular Class, except to the extent a holder agrees to a less favorable treatment of its Claim.
>
> (c) Section 1123(a)(5) of the Bankruptcy Code. Article V of the Plan specifies the means for implementing the Plan, including among other things, my appointment as the Plan Administrator to complete the wind down of the affairs

of the Debtors, liquidate any remaining assets, and ultimately make distributions to creditors, consistent with the terms and provisions of the Confirmation Order. It is my understanding that the provisions of the Plan provide adequate means for the Plan's implementation. As indicated above, funding for the Plan was generated largely through the sale of the Debtors' assets. Revenue from outstanding collections, and the proceeds of the liquidation or other disposition of any remaining assets of the Debtors will also be utilized to fund distributions under the Plan. Based on current projections, I believe sufficient Cash will exist to make all allowed administrative and priority payments under the Plan and to implement all other required provisions of the Plan.

(d) Section 1123(a)(6) of the Bankruptcy Code. As not-for-profit organizations, the Debtors do not have the power to issue non-voting equity securities (or equity securities of any kind). Accordingly, section 1123(a)(6) is not applicable to the Plan.

(e) Section 1123(a)(7) of the Bankruptcy Code. Since the Plan is a plan of liquidation, it does not provide for the appointment of officers, directors, and trustees of the Debtors. The provisions of the Plan regarding the continuing existence of the Debtor and the appointment of a Plan Administrator are consistent with the inters of the Debtors, creditors and public policy.

F. ***The Plan Complies with Section 1129(a)(2) of the Bankruptcy Code***

28. To the best of my knowledge, the Debtors have complied with the applicable provisions of the Bankruptcy Code, including sections 1125 and 1126 of the Bankruptcy Code regarding disclosure and plan solicitation. To the best of my knowledge and belief, and as evidenced by the Disclosure Statement Approval Order, and the prior Orders and the filings submitted by the Debtors, the Debtors have complied with applicable Bankruptcy Code provisions, the Bankruptcy Rules and the Disclosure Statement Approval Order in transmitting the Disclosure Statement, the Plan and related documents and notices to known holders of Claims in soliciting and tabulating votes on the Plan. Further, as evidenced by the Voting Declaration, good, sufficient and timely notice of the Confirmation Hearing and all other hearings in the Chapter 11 Case has been provided to all known record holders of Claims and all other parties in interest to whom notice was required to have been provided.

29. Additionally, and as further evidenced by the Voting Declaration, it is my understanding that voting on the Plan has been properly solicited and tabulated. Accordingly, the Debtors have complied with the requirements of section 1129(a)(2) of the Bankruptcy Code.

G. *The Plan Complies with Section 1129(a)(3)*

30. The Debtors have proposed the Plan in good faith, after consultation with the Debtors' legal and financial advisors, and not by any means forbidden by law. The Plan is the result of extensive negotiations and discussions among the Debtors, the Committee and other relevant stakeholders with respect to the best means for liquidating the Debtors' assets, winding down the Debtors' affairs while maximizing distributions to holders of Allowed Claims. These negotiations or discussions addressed, among other things, (a) the treatment of Claims, (b) the means of implementing the Plan (*e.g.*, the appointment of a Plan Administrator) (c) the substantive consolidation the Debtors' estates, (d) the release injunction and exculpation provisions and (e) other specific provisions of the Plan. The Plan reflects the culmination of those efforts. It is designed to effectuate the objectives and purposes of the Bankruptcy Code by providing for the efficient liquidation and distribution of the Debtor's remaining assets in a manner that maximizes the recoveries to creditors. I also believe that the Debtors included in the Disclosure Statement all information material to the decision as to whether to accept the Plan. Accordingly, I believe that the Plan satisfies section 1129(a)(3) of the Bankruptcy Code.

H. *The Plan Complies with Section 1129(a)(4)*

31. I understand that payments made or to be made by the Debtors for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases have been approved by, or are subject to the approval

of, the Bankruptcy Court. Accordingly, I believe that the Plan satisfies section 1129(a)(4) of the Bankruptcy Code.

32. Pursuant to the interim fee application procedures established in these Chapter 11 Cases under Bankruptcy Code § 331, the Court has authorized and approved the payment of certain fees and expenses of professionals retained in the Chapter 11 Case. All fees and expenses, as well as all other accrued fees and expenses of professionals through the Effective Date, remain subject to final review by the Court under the applicable provisions of the Bankruptcy Code. In addition, the Plan requires that all fee applications be filed no later than 60 days after the Effective Date. Accordingly, I believe that the Debtors have complied with the requirements of section 1129(a)(4) of the Bankruptcy Code.

I. ***The Plan Complies with Section 1129(a)(5)***

33. The Debtors have selected me to serve as the Plan Administrator. Because the Debtors are liquidating, there will be no directors, officers, or insiders who will serve after the Effective Date of the Plan. Therefore, the Debtors have satisfied section 1129(a)(5) of the Bankruptcy Code.

J. ***The Plan Complies with Section 1129(a)(6)***

34. Section 1129(a)(6) of the Bankruptcy Code is inapplicable to these Chapter 11 Cases because the Debtors are not changing any rates that require approval by any governmental agency.

K. ***The Plan Complies with Section 1129(a)(7)***

35. I have been advised by counsel that in order to be confirmed, a plan must satisfy the best interests of creditors test contained in section 1129(a)(7) of the Bankruptcy Code. I have been further advised that Section 1129(a)(7) requires that, with respect to each impaired Class of claims and interests, it must be demonstrated that each holder of such claim or interest has either (a) accepted the Plan or (b) will receive or retain under the Plan on account of such claim or interest property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

36. I believe the Plan satisfies the "best interests" test. There are two impaired classes under the Plan as to which the "best interests" test is applicable– Class 3 (Unsecured Claims) and Class 4 (Interest). The Debtors project a recovery to unsecured creditors (Class 3) of approximately 3-6%. The holders of Impaired Claims in Class 3 can anticipate receiving not less under the Plan than they would receive if the Debtors were to be liquidated under chapter 7 of the Bankruptcy Code. It is my understanding that if these cases were converted to a chapter 7 liquidation, there would be significant incurrence of additional costs, including the cost of a chapter 7 trustee and such trustee's professional advisors, which would be entitled to priority treatment as administrative expenses. The additional costs associated with a conversion would significantly reduce – and potentially deplete - the amount of proceeds available for distribution to the Debtors' creditors. The Plan, on the other hand, provides the Debtors with the ability to complete their wind-down efforts without any undue delay, distraction or unnecessary expense.

37. In addition, while there are no actual holders of Interests in the Debtors, to the extent there were, they are already receiving under the Plan the same distribution (i.e., no distribution) that they would receive in Chapter 7. Thus, the chapter 11 liquidation proposed

under the Plan is in the best interests of the Debtors' creditors and satisfies the "best interests" test contained in section 1129(a)(7) of the Bankruptcy Code.

L. ***The Plan Complies with Section 1129(a)(8)***

38. As set forth in the Voting Declaration, Class 3 (Unsecured Creditors), which is the only Impaired Class entitled to vote on the Plan, has accepted the Plan. With respect to Class 4, which is comprised of Interests and is deemed to have rejected the Plan, the Debtors are seeking to "cram down" the Plan under section 1129(b) of the Bankruptcy Code.

M. ***The Plan Complies with Section 1129(a)(9)***

39. In accordance with sections 1129(a)(9)(A) and (B), Section 2.2(c) and section 3.3 of the Plan provide, respectively, that all Allowed Administrative Expenses under section 503(b) and all Allowed Priority Non-Tax Claims under section 507(a) (excluding Priority Tax Claims under section 507(a)(8)) will be paid in full, in Cash, on the Effective Date or as soon thereafter as is practicable. The Plan also satisfies the requirements of section 1129(a)(9)(C) in respect of the treatment of Priority Tax Claims under section 507(a)(8). Pursuant to Section 2.3 of the Plan and except as otherwise may be agreed, holders of Allowed Priority Tax Claims will be paid in full, in Cash, on the Effective Date or as soon thereafter as is reasonably practicable.

N. ***The Plan Complies with Section 1129(a)(10)***

40. As set forth in the Voting Declaration, the Plan was accepted by Class 3 (Unsecured Claims), which is the only Impaired Class entitled to vote on the Plan. As a result, at least one Class of Claims that is impaired under the Plan has accepted the Plan.

O. *The Plan Complies with Section 1129(a)(11)*

41. I believe the Debtors are able to satisfy the conditions precedent to the Effective Date and have sufficient funds to meet their post-Confirmation obligations to pay for the costs of administering and fully consummating the Plan, including the liquidation of their remaining assets. The Plan provides for the liquidation of the Debtors' remaining assets and is not likely to be followed by a further liquidation or reorganization. Thus, it is my understanding that the Plan is feasible, and that the Debtors have satisfied the requirements of section 1129(a)(11) of the Bankruptcy Code.

42. Section 1129(a)(11) of the Bankruptcy Code permits a plan to be confirmed if it is feasible, i.e., it is not likely to be followed by liquidation or the need for further financial reorganization. I understand that, in the context of the Plan, feasibility is established by demonstrating the Debtors' ability to satisfy their post-Effective Date financial obligations while maintaining sufficient liquidity and capital resources.

43. I have worked extensively with the Debtors' restructuring and financial advisors to develop the Plan and believe the Plan is feasible. In addition, I have examined and evaluated all claims and almost all facets of the Plan and am familiar with the material provisions of the Plan. Based upon the foregoing and my familiarity with the Debtors' financial position, I believe that the Plan represents the best alternative available to the Debtors under the circumstances of these cases.

44. Moreover, for purposes of determining whether the Plan satisfies the feasibility standards, I worked closely with the Debtors' advisors to analyze the claims asserted against the Debtors' estates and Debtors' ability to meet their obligations under the Plan. I have been

advised by Counsel that in the context of a liquidating plan, feasibility is established by demonstrating the Debtors' ability to satisfy any conditions precedent to the Effective Date and meet any ongoing post-confirmation date obligations, including the payment of costs related to the administration and consummation of the Plan, and closing the Chapter 11 cases. The Debtors' Plan and financial projections indicate that, after giving effect to confirmation of the Plan and the ultimate objections to claims that will be filed, the Debtors will have sufficient cash to pay their allowed administrative, secured, and unsecured obligations and fund any costs related to the administration, wind-down and closure of the Debtors' Chapter 11 cases.

P. ***The Plan Complies with Section 1129(a)(12)***

45. I understand that the Debtors have paid all chapter 11 statutory and operating fees required to be paid under 28 U.S.C. § 1930, thus satisfying the requirements of section 1129(a)(12) of the Bankruptcy Code. The Plan administrator will pay all such fees which come due after the Plan Effective Date.

Q. ***The Plan Complies with Section 1129(a)(13)***

46. The Debtors have no obligations for unpaid retiree benefits under section 1114 of the Bankruptcy Code. In addition, all required quarterly fees due and owing to the United States Trustee have been paid.

R. ***Domestic Support and Individual Debtors (11 U.S.C. §§ 1129(a)(14) and (15)).***

47. My understanding is that sections 1129(a)(14) and (15) of the Bankruptcy Code are not applicable to the Debtors' cases as the Debtors are not individuals.

S. ***Transfers of Property (11 U.S.C. § 1129(a)(16)).***

48. It is my understanding that all transfers of property under the Plan, if any, are to be made in accordance with applicable non-bankruptcy law. Accordingly, to the extent applicable, the Plan satisfies the requirements of Section 1129(a)(16) as any transfers thus far effected, or proposed to be effected, are in compliance with applicable state law requirements.

T. ***Principal Purpose of the Plan (11 U.S.C. § 1129(d)).***

49. The Plan was not filed for the purpose of avoiding taxes or the application of section 5 of the Securities Act of 1933. Moreover, no party that is a governmental unit, or any other entity, has requested that the Court decline to confirm the Plan on the grounds that the principal purpose of the Plan is the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act of 1933.

U. ***Cramdown (11 U.S.C. § 1129(b)).***

50. The holders of Class 4 Interests (the "Rejecting Class") are not receiving a distribution pursuant to the Plan and are therefore deemed to reject the Plan. No other class has rejected the Plan. Pursuant to Bankruptcy Code section 1129(b), the Plan may be confirmed notwithstanding the deemed rejection of the Plan by the Rejecting Classes as long as the Plan does not "discriminate unfairly" and is "fair and equitable" with respect to such classes.

51. It is my understanding and belief that the Plan does not discriminate unfairly with respect to the Rejecting Class because members Class 4 are treated similarly. Class 4 consists of holders of Interests (if any) in the Debtors Class 4. There are no other classes which contain Interests under the Plan. accordingly, none of these similarly situated parties will be receiving any type of distribution under the Plan

52. Further, I believe that the Plan is fair and equitable with respect to the Rejecting Class, because there are no holders of Claims or Interests junior to the holders of Class 4 Interests who will receive or retain any property under the Plan. In addition, there are no holders of Claims against the Debtors senior to the Rejecting Class who are receiving more than full payment on account of such Claims under the provisions of the Plan.

SUBSTANTIVE CONSOLIDATION

53. Substantive consolidation of the Debtors for Plan purposes is appropriate here and provides various benefits to these estates. Prior to the Petition Date, the Debtors shared a centralized cash management system, overlapping Board members and common upper level management. Their affairs were heavily intertwined and indeed so hopelessly entangled that it would be extremely difficult, incredibly costly and time consuming to extricate and unwind the transactions. At no time did the Debtors allocate expenses or costs of administration among the various entities. Instead, all such expenses were paid primarily by SSMC without regard to its actual allocable share. Further, the Debtors' DIP financing arrangement was also treated as a single facility loan. Although the facility was supported by security from multiple Debtors, there was no meaningful allocation of the collateral in relation to the funds provided to each such Debtor thereunder. The sale process also envisioned the Debtors as a single operating unit with no allocation of either the purchase price or assumed liabilities being made as to each individual Debtor.

54. In addition, the majority of the Debtors' employees were terminated shortly after the Sale. The remaining employees simply do not have the historical knowledge or information required to unwind the relevant transactions and reconstruct the Debtors' separate history and business transactions. Moreover, the potential costs to each of the Debtors' Estates for the

professionals conducting diligence on, much less pursuing, the unwinding of such transactions and any related litigation would be enormous. The potential dividend to unsecured creditors is limited in these cases. By incurring additional administrative costs in pursuing a reallocation of expenses and liabilities to the various debtor entities, meaningful dollars would be stripped from the Debtors' estates.

55. Accordingly, the substantive consolidation of the Debtors for Plan purposes will minimize costs during the Debtors' wind down and liquidation and maximize cash available for distribution to creditors. As a result, the creditor body as a whole will benefit. Moreover, since the substantive consolidation of the Debtors' estates will consolidate all assets into a single pool that will be administered for the benefit of all creditors, the overall efficiencies of these cases, including costs of administration, will also be enhanced. In addition, a host of other issues, including potential disputes over intercompany payables and receivables, can also be avoided.

56. The Debtors also do not believe there will be any harm or prejudice to creditors as a result of the substantive consolidation of their estates. Any dilution of the general unsecured claims of one Debtors by those against another will likely be minimal given that the majority of the claims filed against the Debtors' estates have been filed as against SSMC, MVH and SECC. The Debtors also are not aware of any claimant that would be unilaterally benefited at the expense of others as a result of the substantive consolidation.

57. Accordingly, based on the foregoing, the Debtors submit that substantively consolidating the Debtors into a single entity for purposes of all actions under the Plan, including for voting and distribution, is in the best interests of creditors and will provide the greatest benefit to all creditors.

CONCLUSION

58. Based on the foregoing, I believe confirmation of the Plan is appropriate, is in the best interests of all creditors and other parties in interest, satisfies the requirements of the Bankruptcy Code, and should therefore be confirmed.

59. I hereby reserve my right to amend the testimony set forth herein as necessary at the hearing to consider confirmation of the Plan.

I, the undersigned, declare under penalty of perjury that the foregoing is true and correct.

Dated: October 29, 2014
New Rochelle, New York

/s/ Monica Terrano
MONICA TERRANO, Chief Wind Down Officer