

File a Motion:

99-00615-MFW PRIMARY HEALTH SYSTEMS, INC. and Official Committe of Unsecured Creditors

Notice of Electronic Filing

The following transaction was received from Kosmowski, Edward J. entered on 1/31/2002 at 7:45 PM EST and filed on 1/31/2002

Case Name: PRIMARY HEALTH SYSTEMS, INC. and Official Committe of Unsecured Creditors
Case Number: 99-00615-MFW
Document Number: 1792

Docket Text:

Joint Motion to Authorize *the Debtors and the Committee to File the Disclosure Statement Relating to Their Joint Plan of Liquidation by March 15, 2002* Filed by PRIMARY HEALTH SYSTEMS, INC.. Objections due by 2/15/2002. (Attachments: # (1) Notice of Motion# (2) Proposed Form of Order Authorizing) (Kosmowski, Edward)

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:G:/E-Filing/YCST/01-31-02/3/Motion.pdf

Electronic document Stamp:

[STAMP bkecfStamp_ID=983460418 [Date=1/31/2002] [FileNumber=413139-0] [62c5c9df111ce1ba7de128bab3501bedccc59bed1310ac053f19e2d2eb19981ccd59ec4b2c5b67aa2fbc4d6b5eb79aece8d4d2b9368afeda6a088fc4a4372242]]

Document description:Notice of Motion

Original filename:G:/E-Filing/YCST/01-31-02/3/Notice of Motion.pdf

Electronic document Stamp:

[STAMP bkecfStamp_ID=983460418 [Date=1/31/2002] [FileNumber=413139-1] [9330c28028a74e82d0892dd5a1eaa206ffe7bb247fb0cc891460abab39830d11b62002f08a56deea18db5fdf244db890f22d336d61e2cc5ace72ccdee4af2d29]]

Document description:Proposed Form of Order Authorizing

Original filename:G:/E-Filing/YCST/01-31-02/3/Order.pdf

Electronic document Stamp:

[STAMP bkecfStamp_ID=983460418 [Date=1/31/2002] [FileNumber=413139-2] [8e2d918167fb3b40d72c73fec6d593cb6ba4340403c78f74ba79ab0d5ea20144e833bf056dde662ef791cb4c678148db3c4ed27687c2f54981fd680e3fc1f0b2]]

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
PRIMARY HEALTH SYSTEMS, INC.,)	
PHS CLEVELAND, INC.,)	Case No. 99-615 (MFW)
PHS PHYSICIAN MANAGEMENT OF)	
OHIO, INC., PHS MT. SINAI, INC.,)	
PRIMARY HEALTH SYSTEMS OF)	
OHIO, L.P., PHS ST. ALEXIS, INC.,)	Jointly Administered
PHS LAURELWOOD, INC.,)	
PHS ROXBOROUGH, INC., and)	
LOWER BUCKS, INC.,)	Objection Deadline: February 15, 2002 at 4:00 p.m.
)	Hearing Date: Only if Objections are filed
Debtors.)	

NOTICE OF MOTION

TO: Neil B. Glassman Richard A. Schepacarter
(Committee Counsel) (U.S. Trustee)

All parties requesting notice pursuant to
Rule 2002

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (the "Debtors") and the Official Committee of Unsecured Creditors (the "Committee") have filed the attached **Joint Motion of the Debtors and the Official Committee of Unsecured Creditors for an Order Authorizing the Debtors and the Committee to File the Disclosure Statement Relating to Their Joint Plan of Liquidation by March 15, 2002 (the "Motion")**.

Objections to the Motion must be filed on or before **4:00 p.m. (ET) on February 15, 2002**.

At the same time, you must also serve a copy of the response upon Debtors' Counsel:

Brendan Linehan Shannon, Esquire
Edward J. Kosmowski, Esquire
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P.O. Box 391
Wilmington DE, 19899

James P. Ricciardi, Esquire
Craig A. Bruens, Esquire
Gibson Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166

and upon Committee's Counsel:

Neil B. Glassman, Esquire
Michael L. Vild, Esquire
Elio Battista, Jr., Esquire
The Bayard Firm
222 Delaware Ave., Suite 900
P.O. Box 25130
Wilmington, DE 19899

Reginald W. Jackson, Esquire
Vorys, Sater, Seymour & Pease LLP
52 East Gay Street
Columbus, OH 43215

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY ENTER AN ORDER APPROVING THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

IF OBJECTIONS ARE TIMELY FILED AND SERVED A HEARING WILL BE SCHEDULED AT THE CONVENIENCE OF THE COURT. ONLY OBJECTIONS WHICH HAVE BEEN TIMELY FILED AND SERVED WILL BE CONSIDERED AT SUCH A HEARING.

YOUNG CONAWAY STARGATT & TAYLOR LLP



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- and -

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James P. Ricciardi, P.C.
Craig A. Bruens
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New York, New York 10166
(212) 351-4000

Co-Counsel to the Debtors and Debtors in Possession

Date: January 31, 2002

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re)	
)	Chapter 11
PRIMARY HEALTH SYSTEMS, INC.,)	
PHS CLEVELAND, INC.,)	Case No. 99-615 (MFW)
PHS PHYSICIAN MANAGEMENT OF OHIO, INC.,)	
PHS MT. SINAI, INC.,)	(Jointly Administered)
PRIMARY HEALTH SYSTEMS OF OHIO, L.P.,)	
PHS ST. ALEXIS, INC.,)	
PHS LAURELWOOD, INC.,)	
PHS ROXBOROUGH, INC., and)	
LOWER BUCKS, INC.,)	
)	
Debtors.)	
)	

**JOINT MOTION OF THE DEBTORS AND THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS FOR AN ORDER
AUTHORIZING THE DEBTORS AND THE COMMITTEE TO
FILE THE DISCLOSURE STATEMENT RELATING TO
THEIR JOINT PLAN OF LIQUIDATION BY MARCH 15, 2002**

Primary Health Systems, Inc. and its affiliated debtors in possession (collectively, the "Debtors") and the Official Committee of Unsecured Creditors (the "Committee") hereby move this Court for entry of an order, pursuant to Rule 3016(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), authorizing the Debtors and the Committee to file the disclosure statement relating to the Joint Plan of Liquidation of the Debtors under Chapter 11 of the Bankruptcy Code (the "Plan") on or before March 15, 2002. In support of this Motion, the Debtors and the Committee respectfully submit:

GENERAL BACKGROUND

1. On November 20, 1998, Lower Bucks, Inc., one of the above-captioned debtors, commenced a case in this Court under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). On March 17, 1999 (the "Commencement Date"), each

of the other Debtors commenced a case under chapter 11 of the Bankruptcy Code in this Court.

2. While the majority of the assets of the Debtors have been liquidated, each of the Debtors continues to operate its remaining businesses and collect its assets as a debtor in possession in accordance with sections 1107(a) and 1108 of the Bankruptcy Code.

3. At the time of their petitions, the Debtors comprised an integrated health care services company. By order of the Court dated February 25, 2000, the Debtors ceased inpatient and outpatient operations at the Mt. Sinai Medical Center-University Circle, located in Cleveland, Ohio. By orders dated May 9, 2000, the Debtors sold the Integrated Medical Campus located in Beachwood, Ohio to The Cleveland Clinic Foundation and St. Michael Hospital, located in Cleveland, Ohio and the Mt. Sinai Medical Center-East, located in Richmond Heights, Ohio to University Hospital Medical System, Inc.

4. Pursuant to a Stipulation and Order entered by the Court on May 9, 2000, the Debtors assigned to the Committee the Debtors' right to prosecute Avoidance Actions (as defined in the Stipulation and Order). In addition, the DIP Lenders (as defined in the Stipulation and Order) agreed to fund a litigation trust in the amount of \$1,000,000. The DIP Lenders also subordinated, on a limited basis, their unsecured claims to the claims of administrative and general unsecured creditors. The litigation trust has been fully funded by the DIP Lenders.

5. By order dated September 6, 2000, the Debtors sold Deaconess Hospital located in Cleveland, Ohio to Nour Management. By order dated March 2, 2001, the

Debtors sold the building that formerly housed Mt. Sinai Medical Center-University Circle and certain related personal property to Case Western Reserve University.

6. By order dated February 15, 2001, the Court approved the Agreement of Compromise and Settlement entered between Debtors, the Committee, the DIP Lenders, Interactive Health Computing, Inc. and certain other parties (the "Global Settlement Agreement"). Since the sale of the Mt. Sinai Medical Center facility, the Debtors have continued to collect outstanding accounts receivable and liquidate any remaining assets pursuant to the terms of the Servicing Agreement incorporated within the Global Settlement Agreement. Under the Servicing Agreement, the Debtors retain or are entitled to receive a servicing fee from the proceeds of collections and the liquidation of the remaining assets. The servicing fee has funded the Debtors' operations since the Court's approval of the Global Settlement Agreement.

7. The original expiration date of the Servicing Agreement was March 31, 2001. In accordance with the terms of the Global Settlement Agreement, the Debtors and the DIP Lenders, by several letter agreements, have extended the term of the Servicing Agreement through January 31, 2002. The last such letter agreement, which extended the term of the Servicing Agreement through January 31, 2002, provided that the Servicing Agreement would be further extended automatically to March 31, 2002 if the Debtors or the Committee filed a chapter 11 plan on or before January 31, 2002.

8. Concurrently with the filing of this Motion, the Debtors and the Committee are filing such a plan of liquidation with the Court. As a result, the term of the Servicing Agreement automatically has been extended through March 31, 2002.

9. The Debtors and the Committee are currently negotiating and drafting the disclosure statement relating to the Plan (the "Disclosure Statement"). Because of the time limits in the Servicing Agreement, it was imperative that the Debtors file the Plan at this time, even though the disclosure statement has not yet been completed.

RELIEF REQUESTED

10. The Debtors and the Committee respectfully request that the Court enter an order authorizing the Debtors and the Committee to file the Disclosure Statement on or before March 15, 2002.

**CAUSE EXISTS TO AUTHORIZE THE DEBTORS
AND THE COMMITTEE TO FILE THE
DISCLOSURE STATEMENT BY MARCH 15, 2002**

11. Bankruptcy Rule 3016(b) provides that "a disclosure statement under § 1125 or evidence showing compliance with § 1126(b) of the Code shall be filed with the plan *or within a time fixed by the court.*" Fed. R. Bankr. Proc. 3016(b) (emphasis added).

12. The Debtors and the Committee are filing the Plan concurrently with this Motion in order to further extend the term of the Servicing Agreement through March 31, 2002. As described above, the Debtors and the Committee have not yet completed the Disclosure Statement and are negotiating additional time to do so. The Debtors believe that the filing of the Plan is a critical step in the completion of this case and that the authorization sought herein will afford the Debtors and the Committee the additional time needed to negotiate the contents of the Disclosure Statement.

13. The Debtors and the Committee have provided notice of this Motion to the office of the United States Trustee, the Debtors' bank lenders and each party in interest

that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors and the Committee respectfully submit that no further notice is necessary.

WHEREFORE the Debtors and the Committee respectfully request that the Court enter an order, pursuant to Bankruptcy Rule 3016, authorizing the Debtors and the Committee to file the Disclosure Statement on or before March 15, 2002, and grant such other and further relief as is just.

Dated: January 31, 2002
Wilmington, Delaware

THE BAYARD FIRM



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Counsel for the Official Committee of
Unsecured Creditors

YOUNG CONAWAY STARGATT & TAYLOR, LLP

A large, bold, handwritten signature in black ink, appearing to read 'EJK', is written over a horizontal line.

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Counsel to the Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re)	
)	Chapter 11
PRIMARY HEALTH SYSTEMS, INC.,)	
PHS CLEVELAND, INC.,)	Case No. 99-615 (MFW)
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PHS ST. ALEXIS, INC.,)	
PHS LAURELWOOD, INC.,)	
PHS ROXBOROUGH, INC., and)	
LOWER BUCKS, INC.,)	
)	
Debtors.)	
)	

**ORDER AUTHORIZING THE DEBTORS AND THE
COMMITTEE
TO FILE THE DISCLOSURE STATEMENT RELATING TO
THEIR JOINT PLAN OF LIQUIDATION BY MARCH 15, 2002**

Upon the joint motion (the "Motion") of Primary Health Systems, Inc. and its affiliated debtors in possession (collectively, the "Debtors") and the Official Committee of Unsecured Creditors (the "Committee") for an order under Rule 3016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") authorizing the Debtors and the Committee to file the disclosure statement relating to their Joint Plan of Liquidation of the Debtors under Chapter 11 of the Bankruptcy Code, which was filed with the Court on January 31, 2002 (the "Plan"), on or before March 15, 2002; and adequate notice of the Motion having been given; and any objections to the Motion having been overruled; and the Court finding that the Debtors have filed a plan of liquidation; that cause exists to grant the relief sought in the Motion, and for permitting the Debtors a limited additional period to file their disclosure statement, that such relief is in the best interests of the Debtors and their estates and creditors; and upon the record of the hearing before the

Court, if any, and the representations in the Motion; and after due deliberation and sufficient cause appearing therefore; it is hereby

ORDERED that, pursuant to Bankruptcy Rule 3016(b), the Debtors and the Committee are authorized to file the disclosure statement relating to the Plan on or before March 15, 2002.

Dated: _____, 2002
Wilmington, Delaware

MARY F. WALRATH
United States Bankruptcy Judge