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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re : Chapter 11 Case No.
 :
IMPATH INC., et al., : 03-16113 (PCB)
 :
Debtors. : (Jointly Administered)
 :
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**DEBTORS' THIRD AMENDED DISCLOSURE STATEMENT
PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE**

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**Dated: January 20, 2005
New York, New York**

DISCLAIMER

ALL CREDITORS AND EQUITY SECURITY HOLDERS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT, INCLUDING THE FOLLOWING SUMMARY, ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, OTHER EXHIBITS ANNEXED TO THE PLAN, AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(c) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE LAW.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. THE DESCRIPTIONS SET FORTH HEREIN OF THE ACTIONS, CONCLUSIONS, OR RECOMMENDATIONS OF THE DEBTORS OR ANY OTHER PARTY-IN-INTEREST HAVE BEEN SUBMITTED TO OR APPROVED BY SUCH PARTY, BUT NO SUCH PARTY MAKES ANY REPRESENTATION REGARDING SUCH DESCRIPTIONS.

THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE REORGANIZATION AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTORS.

I. EXECUTIVE SUMMARY

The Debtors each filed a petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) on September 28, 2003. On June 30, 2004, the Debtors filed a proposed Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code, which was subsequently amended, most recently on January 20, 2005 (as so amended, the “Plan”). The Plan sets forth the manner in which Claims against and Equity Interests in the Debtors will be treated following confirmation of the Plan. This Disclosure Statement describes certain aspects of the Plan, the Debtors’ business operations, significant events occurring in the Debtors’ Chapter 11 Cases, and related matters. This Executive Summary is intended solely as a summary of the distribution provisions of the Plan and certain matters related to the Debtors’ business. FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THE DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS THERETO IN THEIR ENTIRETY. Capitalized terms used in this Executive Summary and not otherwise defined herein have the meanings ascribed to them in the Plan.

A. Summary of the Plan

The Plan provides for the liquidation and conversion of all of the Debtors’ respective assets to cash and the distribution of the proceeds thereof, net of fees and expenses, to holders of Allowed Claims and Equity Interests in accordance with their relative priority. Generally, secured and unsecured creditors will be paid in full with interest. As described more fully in Section V.A.7. of this Disclosure Statement, by order dated November 23, 2004, the Bankruptcy Court approved the payment of Allowed General Unsecured Claims in advance of Plan confirmation. Pursuant to that order, the Debtors paid a majority of their creditors in full plus interest at the Case Interest Rate (i.e. 6 5/8%) on December 15, 2004.

The residual value of the Debtors’ estates, after paying any other Allowed General Unsecured Claims, estimated at \$87,000,000[‡] (excluding contingent and/or unliquidated assets), will be transferred by the Debtors, on the Effective Date, to a liquidating trust (which will be established pursuant to Section 6.5 of the Plan). Thereafter, the Debtors will dissolve and the trustee of the liquidating trust will administer the Chapter 11 Cases, liquidate the Debtors’ assets, and divide the residual value of the Debtors’ estates between holders of Allowed Securities Litigation Claims and Equity Interests in accordance with the terms of the Class Action Settlement and the Plan. Pursuant to the Class Action Settlement and the Plan, holders of Allowed Securities Litigation Claims will receive in the aggregate (i) \$8,000,000 in cash, \$15,000,000 of proceeds recovered by the Debtors under their directors’ and officers’ liability insurance policies (subject to funds allocable to the Indemnity Reserve pursuant to the Settlement Agreement), and 22% of the net proceeds, if any, recovered on account of contingent and unliquidated claims against KPMG LLP arising from or relating to the accounting irregularities which are the subject matter of the Securities Class Action Lawsuit (the “Class 6 Allocation”). The holders of Equity Interests and Allowed Opt-Out Securities Litigation Claims, if any, will share the remaining Available Cash, estimated at \$79,000,000. See Section IV.D.9. hereof for a more detailed description of the Class Action Settlement and Section 6.5 of the Plan for a more detailed description of the Liquidating Trust.

[‡] This estimate is based upon a number of significant assumptions. The actual amount of cash may be higher or lower than such estimate.

Under the Plan, Claims against and Equity Interests in the Debtors are divided into classes. Certain unclassified Claims, including Administrative Claims and Priority Tax Claims, will receive payment in cash either on the Effective Date, as such Claims are liquidated, or as agreed with the holders of such Claims. All other Claims and all Equity Interests are classified into six (6) classes and will receive the distributions described in the table below.

The table below summarizes the classification and treatment of prepetition Claims and Equity Interests under the Plan. The classification and treatment of all classes are described in more detail under Article IV of the Plan. Unless otherwise indicated, estimated Claim amounts are based upon the Debtors' books and records dated as of September 28, 2003. There can be no assurance that the estimated amounts below are correct, and actual Claim amounts may be significantly different from the estimates. This summary is qualified in its entirety by reference to the provisions of the Plan, a copy of which is attached hereto as Exhibit A.

THE DEBTORS, THE CREDITORS COMMITTEE, AND THE EQUITY COMMITTEE STRONGLY URGE ACCEPTANCE OF THE PLAN.

Summary of Anticipated Distributions Under the Plan

Class	Description	Treatment Under The Plan	Entitled to Vote	Estimated Recovery
--	Administrative Expense Claims <i>Estimated Amount: \$500,000</i>	<i>Unimpaired</i> - Each holder of an Allowed Administrative Expense Claim will receive payment in cash (or as otherwise agreed) on the Effective Date.	No	100%
--	Priority Tax Claims <i>Estimated Amount: \$1,000,000</i>	<i>Unimpaired</i> - Each holder of an Allowed Priority Tax Claim will receive payment in full in cash, plus interest at the Case Interest Rate, or payment as otherwise agreed by stipulation or otherwise.	No	100%, plus interest
1	Priority Non-Tax Claims <i>Estimated Amount: \$0</i>	<i>Impaired</i> - Each holder of an Allowed Priority Non-Tax Claim, if any exist, will receive payment in full in cash, plus interest at the Case Interest Rate, or payment as otherwise agreed by stipulation or otherwise.	Yes*	100%, plus interest
2	Other Secured Claims <i>Estimated Amount: \$1,700,000 **</i>	<i>Impaired</i> - Each holder of an Allowed Other Secured Claim will receive (i) the amount of the proceeds actually realized from the sale of any collateral securing such Claim, less the actual costs and expenses of disposing of such collateral and/or (ii) the collateral securing such Claim, plus interest at the Case Interest Rate, or payment as otherwise agreed by stipulation or otherwise.	Yes*	100%, plus interest

Class	Description	Treatment Under The Plan	Entitled to Vote	Estimated Recovery
3	Lender Claims <i>Estimated Amount:</i> \$0	<i>Unimpaired</i> - Each holder of an Allowed Lender Claim has received or will receive payment in full in cash as provided in the Credit Agreement, plus accrued and unpaid interest calculated at the non-default rate.	No	100%, plus interest
4	General Unsecured Claims <i>Estimated Amount:</i> \$8,800,000**	<i>Impaired</i> - Each holder of an Allowed General Unsecured Claim will receive payment in full in cash, plus interest at the Case Interest Rate, or payment as otherwise agreed by stipulation or otherwise.	Yes*	100%, plus interest
5	Equity Interests	<i>Impaired</i> – On the Effective Date, all Equity Interests will be canceled and, on such date or as reasonably practical thereafter, the holders of Equity Interests will receive their (i) Pro Rata Share of Available Cash, if any, and (ii) their proportionate share of Class A Beneficial Interests in the Liquidating Trust equal to their share of Allowed Equity Interests as of the Record Date (calculated by dividing each Equity Interest holder’s total Allowed Equity Interests by the sum of all Allowed Equity Interests). Class A Beneficial Interests will entitle the holders thereof to receive distributions of Available Cash from the Liquidating Trust. After the Effective Date, on each subsequent Available Cash Distribution date, the Trustee will effectuate distributions to the holders of Equity Interests. See footnote † below.	Yes	Unknown
6	Securities Litigation Claims <i>Estimated Amount:</i> <i>Unknown</i>	<i>Impaired</i> – Securities Litigation Claims will be subordinated in payment to all other General Unsecured Claims under section 510(b) of the Bankruptcy Code. On the Effective Date, or as soon as reasonably practicable thereafter, the Disbursing Agent will transfer an amount equal to the sum of: (i) \$8,000,000, (ii) \$15,000,000 of proceeds of the Debtors’ directors and officers insurance policies with National Union, ACE American Insurance Company and Travelers Casualty & Surety Company in connection with the Securities Litigation Claims (subject to funds allocable to the Indemnity Reserve pursuant to the Settlement Agreement), and (iii) the Class B Beneficial Interest in the Liquidating Trust to the Escrow Agent to effectuate distributions to	Yes	Unknown

Class	Description	Treatment Under The Plan	Entitled to Vote	Estimated Recovery
		<p>holders of Allowed Securities Litigation Claims other than Opt-Out Securities Litigation Claims. The Class B Beneficial Interest will entitle the holders thereof to 22% of any net proceeds recovered by the Trustee on account of contingent and/or unliquidated claims held by the Debtors and/or the holders of Securities Litigation Claims arising from or relating to the accounting irregularities that are the subject of the Securities Class Action Lawsuit that are not released pursuant to the Plan or the Class Action Settlement, to the extent available. The District Court will determine the procedure by which holders of Allowed Class 6 Securities Litigation Claims will receive distributions from the Escrow Agent. Each Opt-Out Securities Litigation Claim will be deemed to be disputed and will not receive any distribution from the Disbursing Agent under the Plan unless and until the Bankruptcy Court enters a Final Order allowing such claim for distribution purposes. Opt-Out Securities Litigation Claims will not receive distributions from the Class 6 Allocation. On each Available Cash Distribution Date, each holder of an Allowed Opt-Out Securities Litigation Claim will receive its Pro Rata Share of the Class C Share of Available Cash and/or Class C Beneficial Interests.</p>		

* Such Claims are impaired due to the interest accruing on the Allowed Claims subsequent to the Commencement Date, which has not been compromised or settled by stipulation approved by the Bankruptcy Court or otherwise.

** This estimate reflects the Debtors' payment of a substantial portion of the Claims described herein, pursuant to orders approved by the Bankruptcy Court, including the order dated November 23, 2004 which authorized the payment of Allowed General Unsecured Claims prior to confirmation of the Plan. The ultimate resolution of General Unsecured Claims could result in Allowed General Unsecured Claims in amounts less than or greater than those estimated by the Debtors for purposes of this Disclosure Statement.

† **The Debtors estimate that after payment of creditors in Classes 1-4 and the Class 6 Allocation to holders of Securities Litigation Claims pursuant to the Class Action Settlement, approximately \$79,000,000 (excluding contingent and/or unliquidated assets) will ultimately be available for distribution to holders of Equity Interests in Class 5 and Allowed Opt-Out Securities Litigation Claims, if any, as determined by the Bankruptcy Court.** Contingent and/or unliquidated assets include contingent and/or unliquidated claims against third parties such as KPMG LLP, the Debtors' former auditors, arising from or relating to

the accounting irregularities and the subject matter of the securities class action lawsuits. The estimate of Available Cash is based upon a number of significant assumptions, including, among others, assumptions concerning the amount of tax refunds ultimately recoverable by the Debtors, the future costs of completing the wind-down of the Debtors' affairs and administration of their Chapter 11 Cases, and the amount of filed claims ultimately allowed in the Chapter 11 Cases. The actual amount of Available Cash may be higher or lower than such estimate.

II. INTRODUCTION

IMPATH Inc., IMPATH Physician Services, Inc., IMPATH Predictive Oncology, Inc., IMPATH Information Services, Inc., IMPATH-T, Inc. (f/k/a Tamtron Corporation) and IMPATH-M, Inc. (f/k/a Medical Registry Services, Inc.) (collectively, "Impath" or the "Debtors") submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code to holders of Claims against and Equity Interests in the Debtors in connection with (i) the solicitation of acceptances with respect to the Plan filed by the Debtors with the Bankruptcy Court and (ii) the hearing to consider confirmation of the Plan (the "Confirmation Hearing") scheduled for March 15, 2005, commencing at 2:30 p.m. prevailing Eastern Time. The Plan is a liquidating plan that provides for cash disbursements to creditors and equity holders in accordance with the priority scheme established by the Bankruptcy Code. Unless otherwise defined herein, all capitalized terms contained herein have the meanings ascribed to them in the Plan.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition history, the nature of the Chapter 11 Cases, and the anticipated organization of Impath after the Effective Date of the Plan. This Disclosure Statement also describes the Plan, including certain alternatives to the Plan, certain effects of confirmation of the Plan, and the manner in which distributions will be made under the Plan. In addition, the Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims and Equity Interests in Impaired Classes must follow for their votes to be counted.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATED TO THE PLAN, CERTAIN EVENTS IN THE CHAPTER 11 CASES, AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY INACCURACY OR OMISSION.

NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS AS TO HOLDERS OF ALLOWED CLAIMS OR ALLOWED EQUITY INTERESTS. YOU SHOULD CONSULT YOUR PERSONAL COUNSEL OR TAX ADVISOR ON ANY

QUESTIONS OR CONCERNS RESPECTING TAX, SECURITIES, OR OTHER LEGAL CONSEQUENCES OF THE PLAN.

Attached as Exhibits to this Disclosure Statement are copies of the following documents:

- The Plan (Exhibit A);
- The Debtors' Liquidation Analysis (Exhibit B); and
- Order of the Bankruptcy Court dated January __, 2005 (the "Disclosure Statement Order"), among other things, approving this Disclosure Statement and establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan (Exhibit C).

III. VOTING INSTRUCTIONS AND PROCEDURES

On January __, 2005, the Bankruptcy Court approved the Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable hypothetical, reasonable investors typical of the Debtors' creditors to make an informed judgment whether to accept or reject the Plan. **APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.**

The Disclosure Statement Order, a copy of which is annexed hereto as Exhibit C, sets forth in detail the deadlines, procedures, and instructions for voting to accept or reject the Plan and for filing objections to confirmation of the Plan, the record date for voting purposes and the applicable standards for tabulating ballots. In addition, detailed voting instructions accompany each ballot. Each holder of a Claim or Equity Interest entitled to vote on the Plan should read the Disclosure Statement, the Plan, the Disclosure Statement Order, and the instructions accompanying the ballot in their entirety before voting on the Plan. These documents contain important information concerning the classification of Claims and Equity Interests for voting purposes and the tabulation of votes. No solicitation of votes to accept the Plan may be made except pursuant to section 1125 of the Bankruptcy Code.

A. Holders of Claims and Equity Interests Entitled to Vote

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or equity interests which (i) are "impaired" by a chapter 11 plan and (ii) entitled to receive a distribution under such a plan are entitled to vote to accept or reject a proposed plan. Classes of claims or equity interests in which the holders of claims or equity interests are unimpaired, are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan. For a detailed description of the treatment of Claims and Equity Interests, See Article IV of the Plan.

Classes 1 (Priority Non-Tax Claims), 2 (Other Secured Claims), 4 (General Unsecured Claims), 5 (Equity Interests), and 6 (Securities Litigation Claims) are impaired under the Plan. To the extent Claims or Equity Interests in such Classes are Allowed Claims or Allowed Equity Interests, the holders of such Claims or Equity Interests are entitled to vote to accept or reject the Plan, subject to certain exceptions described in Article IV of the Plan. Class 3 (Lender Claims) are unimpaired by the Plan and the holders thereof are conclusively presumed to have accepted the Plan.

The Bankruptcy Code defines “acceptance” of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan. The Bankruptcy Code defines “acceptance” of a plan by a class of equity interests as acceptance by holders of equity interests in that class that hold at least two-thirds in amount of the allowed equity interests of such class that cast ballots for acceptance or rejection of the plan. Thus, acceptance of the Plan by Classes 1, 2, 4, 5 and 6 will occur only if at least two-thirds in dollar amount and a majority in number of the holders of Claims and two-thirds of the amount of Equity Interests in each Class that cast their ballots vote in favor of acceptance. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code. For a more detailed description of the requirements for confirmation of the Plan, See Section VI of the Disclosure Statement.

If the Classes of Claims or Equity Interests entitled to vote on the Plan reject the Plan, the Debtors reserve the right to amend the Plan or request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code or both. Section 1129(b) permits the confirmation of a plan of reorganization notwithstanding the non-acceptance of a plan by one or more impaired classes of claims or equity interests if the plan does not “discriminate unfairly” and is “fair and equitable” with respect to each non-accepting class. For a more detailed description of the requirements for confirmation of a nonconsensual plan, See Section VI of the Disclosure Statement.

B. Voting Procedures

If you are entitled to vote to accept or reject the Plan, a ballot is enclosed for the purpose of voting on the Plan. If you hold Claims or Equity Interests in more than one Class and you are entitled to vote such Claims or Equity Interests, you will receive separate ballots, which must be used for each separate Class of Claims or Equity Interests. Please vote and return your ballot(s) in the return envelope provided.

DO NOT RETURN ANY SECURITIES WITH YOUR BALLOT.

TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED BY NO LATER THAN 5:00 P.M., PREVAILING EASTERN TIME, ON MARCH 8, 2005.

Any Claim or Equity Interest in an impaired Class as to which an objection or request for estimation is pending or which was scheduled by the Debtors in their statements of financial affairs as unliquidated, disputed or contingent and for which no timely proof of claim has been filed is not entitled to vote unless the holder of such Claim or Equity Interest has obtained an order of the Bankruptcy Court temporarily allowing such Claim for the purpose of voting on the Plan.

The record date for determining the holders of claims and equity interests entitled to vote on the Plan is January 19, 2005. Accordingly, only holders of record as of January 19, 2005 that otherwise are entitled to vote under the Plan will receive a ballot and may vote on the Plan.

If you are a holder of a Claim or Equity Interest entitled to vote on the Plan and did not receive a ballot, received a damaged ballot or lost your ballot, or if you have any questions concerning the Disclosure Statement, the Plan or the procedures for voting on the Plan, please call The Altman Group, Inc. at (212) 681-9600.

C. Confirmation Hearing

Pursuant to section 1128 of the Bankruptcy Code, the Confirmation Hearing will be held on March 15, 2005, commencing at 2:30 p.m. prevailing Eastern Time, before the Honorable Prudence Carter Beatty, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be served and filed so that they are received on or before March __, 2005 at 5:00 p.m., prevailing Eastern Time, in the manner described below in Section VI.A of the Disclosure Statement. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF. HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD CAREFULLY READ THIS DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING THE PLAN, PRIOR TO VOTING ON THE PLAN.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS ENTITLED TO VOTE, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING. THE DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, AND NOTHING STATED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR EQUITY INTERESTS. CERTAIN OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD CAREFULLY READ AND CONSIDER FULLY THE RISK FACTORS SET FORTH IN SECTION IX.C OF THIS DISCLOSURE STATEMENT BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

SUMMARIES OF CERTAIN PROVISIONS OF AGREEMENTS REFERRED TO IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, THE FULL TEXT OF THE APPLICABLE AGREEMENT, INCLUDING THE DEFINITIONS OF TERMS CONTAINED IN SUCH AGREEMENT.

THE DEBTORS BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS, THEIR CREDITORS AND ALL PARTIES IN INTEREST.

IV. GENERAL INFORMATION

A. Introduction

As described more fully below, after filing for bankruptcy, the Debtors determined, after considering their restructuring alternatives, to sell their businesses primarily as going concerns in order to maximize value for their estates and creditor constituencies. During the Chapter 11 Cases, the Debtors, with the assistance of their advisors, consummated the sales of substantially all of their assets. Specifically, in December 2003, the Debtors sold the assets of IMPATH Information Services, Inc. and its two subsidiaries, Medical Registry Services, Inc. and Tamtron Corporation to IMPAC Medical Systems, Inc. for \$22,000,000 plus the assumption of certain specified liabilities. Thereafter, in May 2004, the Debtors sold the assets of IMPATH Physician Services, Inc. and Analytical Services, a business unit of IMPATH Predictive Oncology, Inc., for approximately \$215,000,000, subject to a working capital adjustment, plus the assumption of certain specified liabilities, to Genzyme Corporation (“Genzyme”). The Debtors have also completed the sale of some of their other assets that were not purchased by Genzyme, including the assets of the IMPATH-BCP business, the assets of GeneBank, and the assets of IMPATH Clinical Trials Network. These sale efforts have resulted in approximately \$2,450,000 of value, in the aggregate, for distribution to the Debtors’ creditors and equity holders, and the elimination of certain specified liabilities.

On the Effective Date of the Plan, all of the Debtors’ assets, including contingent and/or unliquidated claims of the Debtors that are not released pursuant to the Plan or the Class Action Settlement, will be transferred to the Liquidating Trust. Thereafter, IMPATH Inc. will be dissolved and the Liquidating Trust will administer the Chapter 11 Cases, resolve Disputed Claims, liquidate any remaining assets of the Debtors’ bankruptcy estates, distribute such assets to the holders of Equity Interests, Allowed Securities Litigation Claims, and Allowed Opt-Out Securities Litigation Claims pursuant to the terms of the Plan and the Class Action Settlement, and take all other actions that are necessary to effectuate and administer the Plan.

B. Historical Description of the Debtors’ Businesses

The Debtors operated their businesses through a group of affiliated entities. The Debtors in these Chapter 11 Cases are:

IMPATH Inc. – a Delaware Corporation
IMPATH Physician Services, Inc. (“IPS”) – a Delaware Corporation
IMPATH Predictive Oncology, Inc. (“IPO”) – a Delaware Corporation
IMPATH Information Services, Inc. (“IIS”) – a Delaware Corporation
Tamtron Corporation (“Tamtron”) – a California Corporation

Medical Registry Services, Inc. (“MRS”) – a Delaware Corporation

1. Corporate Structure

IMPATh Inc., a company whose shares currently trade over-the-counter on the Pink Sheets, directly or indirectly owns 100% of the outstanding shares of common stock of the other Debtors, and is the parent corporation of the Impath corporate group. IPS, IPO and IIS were the company’s three primary operating divisions, organized by the type of product or service that Impath offered to the medical community.

2. Debtors’ Prepetition Business Operations

As of the commencement of the Chapter 11 Cases, the Debtors were engaged in providing cancer information and analysis for the medical community. By harnessing data from Impath’s repository of over 1 million cancer profiles and the biological information it generated from analyzing thousands of cancer specimens annually, Impath’s products and services broadened the applications of this important information to the benefit of patients and the entire medical community. Specifically, through the IMPATH Physician Services division, Impath improved outcomes for cancer patients by enabling clinicians to accurately diagnose and make better treatment decisions. In addition, through Impath’s Predictive Oncology and Information Services divisions, Impath acquired and developed multiple capabilities including technologies, software, complementary cancer information (including treatment outcomes data), a tissue and serology archive of well-characterized and fully documented cancer specimens linked to information on donors of such specimens, and a network of clinical trial sites around the country, which aided and accelerated the discovery and development process of new therapeutics and treatments targeted to specific biological characteristics of cancer.

3. Market Information

The stock of IMPATH Inc. was publicly traded on the Nasdaq National Market under the symbol “IMPH.” As of August 21, 2003, there were approximately 16.8 million shares of common stock issued and outstanding which were held by approximately 61 holders of record. On August 27, 2003, Impath’s stock was de-listed from the Nasdaq Stock Market because Impath failed to file its Quarterly Report on Form 10-Q for the period ended June 30, 2003.

During the course of its Chapter 11 Cases, the board of directors of the Debtors determined that it was in the best interest of the Debtors to terminate the registration of IMPATH Inc.’s common stock, which suspended the Debtors’ obligation to file periodic and annual reports with the Securities Exchange Commission (the “SEC”). Accordingly, in July 2004, the Debtors filed a Certification and Notice of Termination of Registration pursuant to Section 12(g)-4(a)(1)(i) and Rule 12h-3(b)(1)(i) of the Securities Exchange Act of 1934 on Form 15. The de-registration of IMPATH Inc.’s common stock will not prevent such stock from trading in the over-the-counter market.

4. Significant Indebtedness and Other Obligations

Prior to the commencement of the Chapter 11 Cases, the Debtors addressed their liquidity needs through the proceeds of a senior secured credit facility (the “Prepetition Facility”), pursuant to the Credit Agreement, among each of the Debtors and Fleet National Bank, as agent and lender, and the other financial institutions from time to time party thereto as lenders

(collectively, the “Prepetition Lenders”). The Prepetition Facility provided for maximum borrowings of \$68,000,000 under a line of credit inclusive of a revolving credit facility, a term loan for \$28,000,000, and a letter of credit subfacility. As of the Commencement Date, the Debtors had \$37,300,000 outstanding under the revolving credit line and \$25,000,000 in term loans. All amounts outstanding under the Credit Agreement have been paid in full by the Debtors during the Chapter 11 Cases from the proceeds of their asset sales.

The Debtors also had a prepetition unsecured credit line in the aggregate principal amount of \$2,500,000 with Fleet (the “Unsecured Facility”) pursuant to that certain Promissory Note dated July 23, 2003, executed by the Debtors in favor of Fleet. There are no amounts outstanding under the Unsecured Facility.

Finally, the Debtors have numerous lines of credit for financing equipment, leasehold improvements, hardware, and software with various third party lenders (the “Capital Leases”). As of the Commencement Date, the Debtors had approximately \$33,000,000 in outstanding Capital Lease obligations (inclusive of disputed postpetition unmaturing interest in the approximate amount of \$2,500,000), which expire at various times through 2007.

C. Significant Events Leading to Commencement of the Chapter 11 Cases

On July 30, 2003, Impath announced that its audit committee was initiating an investigation into possible accounting irregularities involving Impath’s accounts receivable, which were overstated. Impath notified investors that they should not rely on previously filed consolidated financial statements or the independent auditors’ reports because the financial impact of Impath’s investigation would likely be material. In addition, Impath discovered certain discrepancies relating to the amount capitalized for the GeneBank asset, which could require a restatement of results from prior periods and prior years.

As a result of the overstatement of Impath’s accounts receivable, Impath defaulted on its obligations under the Prepetition Facility causing the Prepetition Lenders to suspend Impath’s ability to draw on the Prepetition Facility, thereby depriving Impath of liquidity necessary to operate its businesses on an ongoing basis. In addition, Impath was unable to file its Quarterly Report on Form 10-Q for the period ended June 30, 2003 and, therefore, was de-listed from the Nasdaq Stock Market, effective August 27, 2003.

As described further in Section IV.E.1 hereof, on August 27, 2003, the SEC initiated a formal investigation into Impath’s accounting issues and requested that Impath voluntarily provide information describing the facts and circumstances underlying Impath’s announcement. On September 5, 2003, the SEC issued a formal order of private investigation to determine whether there were violations of the federal securities laws and regulations. Impath has been fully cooperating with the SEC in connection with its investigation.

In addition, approximately sixteen securities class action lawsuits were filed against Impath and several of its current or former officers in the United States District Court for the Southern District of New York. Each of the securities class action lawsuits arises out of the disclosed accounting matters and alleges, among other things, false and misleading statements regarding Impath’s business prospects, financial condition and performance.

In light of the impact of Impath’s announcement, Impath proactively undertook several steps in an effort to restore investor and customer confidence, and maintain its liquidity

and key personnel. Impath initiated an action plan for restructuring its businesses. The key aspects of the plan involved: (i) engaging XRoads Solutions Group (“XRoads”) as financial and restructuring advisors for Impath; (ii) appointing Holly Felder Etlin, a principal of XRoads, to serve as chief restructuring officer of the Debtors; (iii) taking aggressive steps to rationalize the existing cost structure; (iv) engaging Asante Partners, LLC (“Asante”) and Miller Buckfire Lewis Ying & Co., LLC (“Miller Buckfire”) to advise Impath with respect to the potential sale of some or all of its businesses; and (v) reviewing and strengthening Impath’s internal corporate controls. Ultimately, however, Impath’s inability to access capital to fund its operations created a liquidity crisis that spurred the commencement of the Chapter 11 Cases.

D. Significant Events During the Chapter 11 Cases

1. Filing and First Day Orders

On September 28, 2003, the Debtors commenced the Chapter 11 Cases in the United States Bankruptcy Court for the Southern District of New York. On September 30, 2003, the Bankruptcy Court approved certain orders designed to minimize the disruption of the Debtors’ business operations and to facilitate either a prompt reorganization or an orderly wind-down of operations.

- *Case Administration Orders.* These Orders: (i) authorized joint administration of the Chapter 11 Cases, (ii) established interim compensation procedures for professionals, (iii) granted an extension of time to file the Debtors’ schedules of assets and liabilities and statements of financial affairs, (iv) established notice procedures, (v) authorized the Debtors to employ professionals used in the ordinary course of business, and (vi) authorized the mailing of initial notices and all other mailings directly to parties in interest.
- *Payments on Account of Certain Prepetition Claims.* The Bankruptcy Court authorized the payment of prepetition wages, compensation, and employee benefits.
- *Business Operations.* These Orders authorized the Debtors to (i) continue prepetition premium obligations under workers’ compensation insurance and other insurance policies, (ii) maintain existing bank accounts and business forms, (iii) continue their existing centralized cash management system on an interim basis, and (iv) continue their current investment policy.
- *Bankruptcy Matters.* The Bankruptcy Court authorized the Debtors to provide adequate assurance to utility companies and established procedures for determining requests for additional adequate assurance.

2. Appointment of the Creditors Committee

On October 6, 2003, the United States Trustee, pursuant to section 1102(a) and (b) of the Bankruptcy Code, appointed a seven-member committee to represent the interests of unsecured creditors of the Debtors (the “Creditors Committee”). The current members of, and the attorneys and former financial advisors retained by, the Creditors Committee are set forth below:

Creditors Committee Members	
First American Commercial Bancorp 255 Woodclift Drive Fairport, NY 14450-4226 Attn: J. Bruce Masterson, Esq.	Park National Bank & Trust of Chicago 2958 North Milwaukee Avenue Chicago, IL 60618 Attn: Patricia A. Widmar
Pullman Bank 3930 Edison Parkway, Suite 310 Mishawaka, IN 46545 Attn: Patricia A. Widmar	Pharmingen 1 Becton Drive Franklin Lakes, NJ 07417 Attn: Elise Masiee/ Becton, Dickinson, and Company
DakoCytomation California, Inc. 6392 VIA Real Carpinteria, CA 93013 Attn: Michael J. Sarrasin, Esq.	Dr. Ivetta Kogarko c/o Stassia Kogarko BIK-Collaborative Tissue Group 197 M Boston Post Road, #248 Marlborough, MA 01752
Alpha Therapeutic Corporation 5555 Valley Boulevard Los Angeles, CA 90032 Attn: Harry Knapp	
Counsel	Former Financial Advisors
Arent Fox PLLC 1675 Broadway New York, NY 10019 Attn: Andrew Silfen, Esq. and Schuyler G. Carroll, Esq.	Ernst & Young Corporate Finance LLC 5 Times Square, 21st Floor New York, NY 10036 Attn: Michael Eisenband

3. Appointment of the Equity Committee

In October 2003, Impath shareholders Mellon HBV Alternative Strategies (“Mellon”) and RH Capital Associates LLC requested by letter that the United States Trustee appoint an official committee of equity holders in the Debtors’ Chapter 11 Cases. Thereafter, on or about January 8, 2004, Mellon and certain other equity holders formed an ad hoc committee of equity security holders (the “Ad Hoc Committee”) and filed a motion on January 14, 2004 requesting the appointment of an official committee of equity security holders (the “Equity Committee”). Initially, the Debtors objected to the appointment of an Equity Committee on the grounds that an Equity Committee was not necessary to assure adequate representation of equity security holders in the Chapter 11 Cases. Thereafter, as a result of further discussions between the Debtors and the Ad Hoc Committee, at the hearing on the Ad Hoc Committee’s motion, the Debtors and the Ad Hoc Committee announced their agreement on the appointment of an Equity Committee.

On January 30, 2004, the United States Trustee originally appointed a five-member committee to represent the interests of equity security holders of the Debtors. The current members of, and the attorneys and financial advisors retained by, the Equity Committee are set forth below:

Equity Committee Members	
Harbert Management, as successor to D/R Asset Management, L.L.C. 153 East 53rd Street, 26th Floor New York, NY 10022 Attn: Anthony C. Reiner (Committee Chair)	Triage Capital Management 401 City Ave., Suite 526 Bala Cynwyd, PA 19004 Attn: Leon Frenkel
Wynnefield Partners Small Cap Value, LP I 450 Seventh Avenue, Suite 509 New York, NY 10123 Attn: Max W. Batzer	
Counsel	Former Financial Advisors
Saul Ewing, LLP 100 South Charles Street, 15th Floor Baltimore, MD 21201 Attn: John J. Jerome, Esq. and Joyce A. Kuhns, Esq.	Saybrook Capital, LLC 401 Wilshire Boulevard, Suite 850 Santa Monica, CA 90401 Attn: Cary Stanford, Managing Director

Since the formation of the Creditors Committee and the Equity Committee, the Debtors have consulted with them concerning the administration of the Chapter 11 Cases. The Debtors have also discussed their business operations with the committees' representatives and have sought their concurrence for actions and transactions outside the ordinary course of business, including the sales of the Debtors' core and non-core assets.

4. DIP Financing

On September 30, 2003, the Debtors entered into that certain Revolving Credit and Guarantee Agreement (the "DIP Credit Agreement") with Fleet and certain other financial institutions (together, with Fleet, the "DIP Lenders"). Pursuant to the DIP Credit Agreement, the DIP Lenders agreed to provide the Debtors with debtor in possession financing of up to \$15,000,000, inclusive of a \$1,000,000 letter of credit subfacility, to be used by the Debtors for, among other things, working capital and other general corporate purposes.

Pursuant to section 364(c)(1) of the Bankruptcy Code, the claims of the DIP Lenders were allowed superpriority administrative expense status in each of the Debtors' chapter 11 cases. The DIP Lenders were also granted, as collateral, (i) first priority liens on all unencumbered assets of the Debtors; (ii) junior liens on certain encumbered assets of the Debtors; and (iii) first priority priming liens on the Debtors' assets that secure the Debtors' obligations to the Prepetition Lenders under the Credit Agreement.

In addition, under the terms of the DIP Credit Agreement, the DIP Lenders and the Debtors agreed to certain requisite mileposts with respect to sales of the Debtors' core and non-core assets. The Bankruptcy Court approved the Debtors' entry into the DIP Credit Agreement on November 21, 2003. By Order dated, April 16, 2004, the maturity date of the DIP Credit Agreement was extended from March 26, 2004 to May 31, 2004.

The DIP Lenders' funding commitments under the DIP Credit Agreement terminated upon the closing of the sale of IPS on May 1, 2004, and the Debtors repaid or otherwise satisfied in full all obligations under the DIP Credit Agreement on or about May 3, 2004.

5. Sale of the Debtors' Core and Non-Core Assets

a. The Information Services Business

On the Commencement Date, the Debtors obtained Bankruptcy Court approval to retain Asante as investment advisors to, among other things, assist the Debtors in the sale of their Information Services business as a going concern. Immediately following the Commencement Date, the Debtors, together with Asante, actively marketed and solicited bids for Information Services. After completing a Court approved sales process, the Debtors determined that the bid of IMPAC Medical Systems, Inc. ("IMPAC") for substantially all of the assets of the Information Services business, including Tamtron and MRS, was the highest and best bid received. On November 24, 2003, Tamtron, MRS, and IMPAC entered into that certain Asset Purchase Agreement, dated November 24, 2003, pursuant to which IMPAC agreed to purchase the Information Services business for a cash purchase price of approximately \$22,000,000, plus the assumption of certain specified liabilities. The sale was approved by the Bankruptcy Court on December 19, 2003 and closed in December 2003.

b. Auction Procedures and Asset Sales of the Debtors' Core Businesses

(i) Prepetition Sale Efforts

Prior to the Commencement Date, the Debtors' board of directors and management determined, in their business judgment and consistent with their fiduciary obligations, that exploring a sale of the Debtors' businesses as going concerns was in the company's best interests. To that end, in September 2002, Impath retained Goldman Sachs & Co. as investment bankers to pursue a potential sale of the company. The sale process, however, was suspended in February 2003 following the resignation of Impath's former Chief Executive Officer. Thereafter, Impath's publicly disclosed accounting irregularities and inadequate liquidity prevented continued pursuit of the sales process prior to commencement of these Chapter 11 Cases.

(ii) Marketing Efforts After the Commencement Date

After the commencement of these cases, the Debtors renewed their efforts to sell their core businesses, retaining Miller Buckfire as investment bankers by Order dated September 30, 2003.

The Debtors, together with Miller Buckfire, actively marketed and solicited bids for their core physician services and predictive oncology businesses resident at IMPATH Inc., IPS, and IPO. The Debtors solicited proposals from over 135 prospective purchasers of the Debtors' assets. Out of these prospective purchasers, approximately 68 parties expressed interest in the purchase of IPS and/or IPO and executed non-disclosure agreements as a precursor to conducting due diligence with respect to these businesses. Twenty-three written expressions of interest for the purchase of IPS and/or IPO were received. Ultimately, the Debtors received several formal bids for the purchase of the IPS and/or IPO businesses.

(iii) **Purchase Agreement with Genzyme Corporation**

As the marketing process came to a close, the Debtors, in consultation with representatives of their Prepetition Lenders, the DIP Lenders, the Creditors Committee, and the Equity Committee, determined that the bid received from Genzyme was a superior bid to the other bids received in the marketing process. On February 27, 2004, the Debtors entered into that certain Purchase Agreement with Genzyme, pursuant to which Genzyme agreed to purchase substantially all of the assets of IPS and Analytical Services, a business unit of IPO, for a cash purchase price of approximately \$215,000,000, subject to a working capital adjustment, plus the assumption of certain specified liabilities. At a hearing on March 31, 2004, the Bankruptcy Court approved the proposed sale embodied in the Purchase Agreement. The sale closed on May 1, 2004.

Pursuant to the provisions of the Purchase Agreement, the Debtors and Genzyme are required to reach a post-closing agreement as to the working capital of the businesses associated with the assets acquired and liabilities assumed by Genzyme as of the date of the closing. Upon reaching agreement, an adjustment to the purchase price is possible. The potential for an adjustment to the purchase price is an anticipated event under the Purchase Agreement, and differences between the parties are being resolved in accordance with procedures set forth therein. The Debtors' and Genzyme's rights with respect to any purchase price adjustment, including an adjustment arising out of the final determination regarding working capital, are expressly reserved.

In addition, nothing contained in this Disclosure Statement, in an order confirming the Plan, or in any other order in the Chapter 11 Cases (including any order entered after any conversion of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code) will alter, conflict with, or derogate from, the provisions of the purchase agreement with Genzyme Corporation or that certain order dated April 7, 2004 approving the sale embodied in the purchase agreement with Genzyme Corporation.

c. **Other Asset Sales**

In addition to the sale of the Debtors' three primary operating segments, the Debtors also marketed certain of their other business units and assets in order to maximize the value of their estates. Ultimately, the Debtors were able to sell the following businesses and assets:

- IMPATH –BCP was sold to ZeptoMetrix Corporation for a cash purchase price of \$500,000, plus the assumption of certain specified liabilities. The Bankruptcy Court approved the sale on April 19, 2004.
- Certain assets of GeneBank were sold to Ventana Medical Systems, Inc. for a cash purchase price of \$1,000,000. The sale was approved by the Bankruptcy Court on April 19, 2004.
- Impath Clinical Trial Network was sold to US Oncology Research, Inc. for a cash purchase price of \$400,000, plus the assumption of certain specified liabilities. The Bankruptcy Court approved the sale on May 26, 2004.

- Certain assets of GeneBank were sold to Genzyme in the ordinary course of business for a cash purchase price of \$550,000.

6. Equipment “Lessor” Settlements

Prior to the Commencement Date, the Debtors entered into 191 financing arrangements for tangible collateral and non-realizable items, which were in the form of leases. The Debtors various equipment lessors asserted Claims against the Debtors in the Chapter 11 Cases in the aggregate amount of approximately \$34,500,000.

After the Commencement Date, the Debtors reviewed these financing arrangements and determined that 185 of these were in fact secured financings under the Uniform Commercial Code or applicable state law. The other 6 financing arrangements were true leases. The Debtors also reviewed the items financed under the secured financings and classified such items as either tangible collateral or non-realizable items. The Debtors extensively negotiated with the counterparties to such financing arrangements over the appropriate adequate protection for the collateral securing their respective claims, the amount of their secured and unsecured claims, and/or their entitlement to post-Commencement Date interest on their claims. The Debtors were able to reach consensual settlements with most of their lessors. To date, the Bankruptcy Court has approved numerous stipulations between the Debtors and various purported equipment lessors, covering approximately 90% of the leases or secured financings. In addition, the Debtors have made adequate protection payments and/or remittances of secured claim amounts of \$14,633,948.41 as of December 31, 2004. The Debtors continue to negotiate the settlement of the remaining equipment finance claims.

7. Bar Date and Claims Process

a. Schedules and Statements

On December 15, 2003, the Debtors filed their statements of financial affairs, schedules of assets and liabilities, and schedules of executory contracts and unexpired leases (collectively, as amended, the “Schedules”).

b. Bar Dates

By order dated February 11, 2004 (the “Bar Date Order”), the Bankruptcy Court fixed March 12, 2004 at 5:00 p.m. (the “Bar Date”) as the last date and time by which proofs of claim were required to be filed in the Chapter 11 Cases. In accordance with the Bar Date Order, on or about February 14, 2004, the Debtors mailed or caused to be mailed, notices informing creditors of the last date and time to timely file proofs of claims and a “customized” proof of claim form reflecting the nature, amount, and status of each creditor’s claim as reflected in the Schedules. Notice of the Bar Date was published in the Wall Street Journal (National Edition) on February 13, 2004. The Debtors received approximately 900 proofs of claim by the Bar Date. The Debtors also received several additional claims in connection with the amendments to the Schedules which were filed by the Debtors on two separate occasions.

By order dated July 22, 2004 (the “Securities Bar Date Order”), the Bankruptcy Court fixed September 8, 2004 at 5:00 p.m. (the “Securities Bar Date”) as the last date and time for potential plaintiff class members in any putative securities class action lawsuit (“Securities

Claimants”) pending against IMPATH Inc. to file proofs of claim against the Debtors. In accordance with the Securities Bar Date Order, on or about July 26, 2004, the Debtors’ claims and noticing agent mailed notices of the Securities Bar Date to each bank, brokerage, or other custodian firm, transfer agent, or nominee (or the agent therefor) (each a “Security Intermediary”) identified by them as an entity through which Securities Claimants could be identified. Pursuant to the Securities Bar Date Order, the Security Intermediaries were required to mail notice of the Securities Bar Date and a proof of claim form to all persons or entities having beneficial ownership of Impath’s common stock on February 24, 2000, February 21, 2001, April 25, 2001, and July 29, 2003. Notice of the Securities Bar Date was published in the Wall Street Journal (National Edition) on August 11, 2004. The Debtors received approximately 1900 proofs of claim by the Securities Bar Date, including a class proof of claim (the “Class Claim”) filed by the Lead Plaintiffs on behalf of all Securities Claimants. As discussed below in Section IV.D.9. hereof, pursuant to the Plan, the Class Claim will be Allowed in the amount of the Class 6 Allocation for distribution purposes and the Lead Plaintiffs will be entitled to vote such Class Claim on behalf of all holders of Class 6 Securities Litigation Claims (other than Opt-Out Securities Litigation Claims). All other proofs of claim filed by holders of Securities Litigation Claims, including those listed on Exhibit B to the Plan, will be disallowed and expunged as duplicative of the Class Claim.

8. Exclusivity

On January 13, 2004, the Debtors filed a motion to extend the exclusive period during which the Debtors would file a chapter 11 plan and solicit acceptances thereof. Section 1121(c)(3) of the Bankruptcy Code provides an initial period of 120 days after the commencement of a chapter 11 case during which a debtor has the exclusive right to propose and file a chapter 11 plan and a period of 180 days after the commencement of the cases to obtain acceptance of such plan. The Debtors initially requested a five month extension of their exclusive periods to June 28, 2004 and August 27, 2004, respectively. Both the Creditors Committee and the Equity Committee objected to the Debtors’ requested extension arguing for a shorter extension period. Ultimately, the Debtors agreed to an extension of the exclusive periods to April 26, 2004 and June 24, 2004, respectively, which was approved by the Bankruptcy Court. Thereafter, by mutual agreement of the Debtors, the Debtors’ Prepetition Lenders, the DIP Lenders, the Creditors Committee, and the Equity Committee, the period in which the Debtors can solicit acceptances of their chapter 11 plan has been extended until February 28, 2005.

9. The Class Action Settlement

On January 14, 2005, the Debtors, the Lead Plaintiffs, the D&O Insurers, and certain former officers of the Debtors, entered into a settlement agreement which provides for the settlement, release and dismissal of the Securities Class Action Lawsuit. In return, pursuant to the Plan, holders of Securities Litigation Claims (other than Opt-Out Securities Litigation Claims) will be entitled to receive, in the aggregate, the sum of (i) \$8,000,000, (ii) \$15,000,000 of proceeds of the Debtors’ directors and officers insurance policies with the D&O Insurers in connection with the Securities Litigation Claims (subject to funds allocable to the Indemnity Reserve pursuant to the Settlement Agreement), and (iii) 22% of any net proceeds recovered by the Trustee on account of contingent and/or unliquidated claims held by the Debtors and/or the holders of Securities Litigation Claims against the Debtors’ former auditors arising from or relating to the accounting irregularities that are the subject of the Securities Class Action Lawsuit (the “Class 6 Allocation”). In addition, the Class Action Settlement contains releases by and among the Debtors, the holders of Securities Litigation Claims (other than holders of Opt-Out

Securities Litigation Claims), the defendants in the Securities Class Action Lawsuit, and the D&O Insurers for claims arising from or relating to the Securities Class Action Lawsuit. The Class Action Settlement is attached as Exhibit A to the Plan and is incorporated herein by reference. The Class Action Settlement, is conditioned upon final approval of the Bankruptcy Court and the District Court.

If the Class Action Settlement is approved by the Bankruptcy Court and the District Court by Final Order, on, or as soon as reasonably practicable following the Effective Date of the Plan, the Debtors or their designee will transfer an amount equal to the Class 6 Allocation (in the form of cash and the Class B Beneficial Interest) to the Escrow Agent to make distributions to holders of Securities Litigation Claims in accordance with the Class Action Settlement. The District Court will determine the procedure by which holders of Class 6 Securities Litigation Claims will receive distributions. Opt-Out Securities Litigation Claims will not be entitled to a distribution from the Debtors under the Plan unless and until their claims are allowed by the Bankruptcy Court by Final Order.

Pursuant to the Plan, the Debtors are seeking to allow for distribution purposes the Class Claim in the amount of the Class 6 Allocation and to disallow and expunge all other Securities Litigation Claims (other than timely filed Opt-Out Securities Litigation Claims), including those listed on Exhibit B to the Plan. Accordingly, upon confirmation of the Plan, (i) the Class Claim will be deemed reduced and Allowed in the amount of the Class 6 Allocation and (ii) all other proofs of claim asserting Securities Litigation Claims, other than timely filed Allowed Opt-Out Securities Litigation Claims, will be disallowed and/or expunged as duplicative of the Class Claim; provided, however, that the allowance of the Class Claim on these terms will not inure to the benefit of any one individual holder of a Securities Litigation Claim.

E. Certain Pending Litigation and Other Matters

1. The Investigation by the Securities Exchange Commission and the United States Attorney

As described above, on August 27, 2003, the SEC began a formal investigation into the accounting irregularities disclosed in Impath's July 30, 2003 press release. The United States Attorney for the Southern District of New York (the "U.S. Attorney") has also been investigating these matters. The Debtors have produced, and are continuing to produce, documents to the SEC and the U.S. Attorney in connection with its inquiry.

2. The Forensic Investigation

After the Commencement Date, Impath retained Schiff Hardin LLP ("Schiff Hardin") as special counsel to the audit committee (the "Audit Committee") of Impath's board of directors for the purpose of investigating Impath's accounting irregularities (the "Forensic Investigation"). Impath also retained Corporate Review Services LLC ("CRS") and Goldin Associates, LLC ("Goldin") as special consultants to the Audit Committee to assist Schiff Hardin in the Forensic Investigation. The Debtors' retention of Schiff Hardin, CRS, and Goldin was approved by the Bankruptcy Court by orders dated December 19, 2003.

As of the date of this Disclosure Statement, the Forensic Investigation is still continuing. It is anticipated, barring unforeseen circumstances, to be completed in the first quarter of 2005.

3. Securities Litigation

Commencing in August 2003, sixteen (16) purported securities class action lawsuits were filed in the United States District Court for the Southern District of New York (the “District Court”) against Impath and several of its current and former officers and directors.[§] Generally, the securities class actions allege violations of Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 as against all defendants, and violation of Section 20(a) of the Securities Exchange Act of 1934 as against the individual defendants. Because of the commencement of the Chapter 11 Cases, all of the securities actions have been stayed as against the Debtors. On July 15, 2004, the District Court entered an order consolidating the securities lawsuits into the Securities Class Action Lawsuit entitled In re Impath Inc. Securities Litigation, Master File No. 03-CIV-5667 (DAB) (SDNY) and appointing Southwest Carpenters Pension Trust, f/k/a Carpenters Pension Trust for Southern California and United Brotherhood of Carpenters Pensions Fund, lead plaintiffs in the Securities Class Action Lawsuit and Lerach Coughlin Stoia Geller Rudman & Robbins LLP as lead plaintiffs’ counsel.

4. Shareholder Derivative Actions

Commencing in September 2003, three (3) shareholder derivative actions were filed in the United States District Court for the Southern District of New York against certain of the Debtors’ directors and officers alleging breaches of fiduciary duties under the Sarbanes-Oxley Act of 2002, abuse of control, gross mismanagement, and waste of corporate assets in connection with the issuance of and/or preparation of allegedly false and/or misleading statements to the public during the period February 2001 through September 2003. As of the Commencement Date, these actions were automatically stayed.

Upon the commencement of the Chapter 11 Cases, the shareholder derivative actions became property of the Debtors’ estates. Pursuant to the Class Action Settlement, upon the Effective Date of the Plan, the derivative actions will be dismissed with prejudice against all defendants named therein.

5. Tax Returns

During the Chapter 11 Cases, the Debtors determined that income taxes paid within the past five years were primarily calculated based upon financial statements which contained certain accounting errors. The Debtors believe that correction of these errors in the proper periods and at the correct subsidiary and/or legal entity will yield the appropriate tax position and will enable the Debtors to recover prior year tax over-payments. Accordingly, the Debtors are in the process of amending and re-filing approximately 150 federal and state tax

[§] The class actions are captioned: Adler v. IMPATH Inc., et al., 03-CV-6484; Altman v. IMPATH Inc., et al., 03-CV-5670; Casden v. IMPATH Inc., et al., 03-CV-7358; Corwin v. IMPATH Inc., et al., 03-CV-5800; Epstein v. IMPATH Inc., et al., 03-CV-5737; Ferrari v. IMPATH Inc. et al., 03-CV-05667; Heyer v. IMPATH Inc., et al., 03-CV-6418; Isenberg v. IMPATH Inc., et al., 03-CV-7200; Jackson v. IMPATH Inc., et al., 03-CV-6703; Lacoff v. IMPATH Inc., et al., 03-CV-5860; M. Lacoff v. IMPATH Inc., et al., 03-CV-6073; MacDonald v. IMPATH Inc., et al., 03-CV-6689; Nomm v. IMPATH Inc., et al., 03-CV-5902; Oliver Eng v. IMPATH Inc., et al., 03-CV-7490; Rolnick v. IMPATH Inc., et al., 03-CV-6083; and Wolbrom v. IMPATH Inc., et al., 03-CV-6123.

returns for the years 1999 through 2003. In September 2003, the Debtors filed federal and state tax returns for year 2002 and thereafter received refunds for the over-payment of estimated taxes totaling approximately \$3,000,000. The Debtors have also filed amended returns seeking an additional \$23,000,000 in tax refunds. Due to the size and nature of the refunds anticipated by the Debtors, the Debtors may be subject to one or more audits prior to recovery of the refunds. As a result, there may be a delay in receiving such funds.

V. THE PLAN OF REORGANIZATION

The Plan provides for the wind-down and liquidation of the Debtors' assets and a distribution of the proceeds of such liquidation to the holders of Allowed Claims and Equity Interests. The Debtors believe that liquidation pursuant to the Plan will provide holders of Allowed Claims and Equity Interests with a greater distribution than they would receive if the Chapter 11 Cases were converted to chapter 7 of the Bankruptcy Code.

The Plan is annexed hereto as Exhibit A and forms a part of this Disclosure Statement. The summary of the Plan set forth below is qualified in its entirety by reference to the provisions of the Plan.

A. Classification and Treatment of Claims and Equity Interests

The Plan classifies Claims and Equity Interests separately and provides different treatment for different Classes of Claims and Equity Interests in accordance with the Bankruptcy Code. As described more fully below, the Plan provides that holders of certain Claims and Equity Interests will receive various amounts and types of consideration, thereby giving effect to the different rights of holders of Claims and Equity Interests in each Class.

1. Administrative Expense Claims

Administrative Expense Claims are Claims constituting a cost or expense of administration of the Chapter 11 Cases allowed under sections 503(b) and 507(a)(1) of the Bankruptcy Code. Such Claims include, without limitation, all actual and necessary costs and expenses of preserving the Debtors' estates, all actual and necessary costs and expenses of operating the Debtors' businesses, any indebtedness or obligations incurred or assumed by the Debtors, as debtors in possession, during the Chapter 11 Cases, all allowances of compensation and reimbursement of expenses to the extent allowed by Final Order under sections 330 or 503 of the Bankruptcy Code, and all fees or charges assessed against the estates of the Debtors under section 1930 of chapter 123 of title 28 of the United States Code.

Except as provided in the following provision with respect to ordinary course obligations and in Section V of the Disclosure Statement with respect to professional compensation and reimbursement Claims and unless a holder of an Allowed Administrative Expense Claim agrees to a different treatment, each holder of an Allowed Administrative Expense Claim will receive, in full satisfaction, settlement, and release of and in exchange for such Allowed Administrative Claim, cash in an amount equal to such Allowed Claim, on the later of the Effective Date and the date that is ten (10) Business Days after such Administrative Expense Claim becomes an Allowed Administrative Expense Claim pursuant to a Final Order of the Bankruptcy Court, or as soon after such date as is practicable; provided, however, that Allowed Administrative Expense Claims representing obligations incurred in the ordinary course of business of the Debtors (including, without limitation, amounts owed to vendors and suppliers

that have sold goods or furnished services to the Debtors since the Commencement Date) will be paid in full by the Disbursing Agent in the ordinary course, consistent with past practice of the Debtors and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.

The Debtors estimate that Allowed Administrative Expense Claims payable on the Effective Date, exclusive of compensation and reimbursement of expenses payable to Professionals retained in the Chapter 11 Cases, will be approximately \$500,000.

In addition, while the Debtors have already paid and satisfied in full all outstanding monetary obligations under the DIP Credit Agreement, any remaining Allowed Claims of the DIP Lenders under the DIP Credit Agreement will be paid on the Effective Date.

2. Professional Compensation and Reimbursement Claims

Pursuant to Section 2.2 of the Plan, each holder of a Professional Compensation and Reimbursement Claim will file its final application for the allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date by no later than the date that is 60 days after the Effective Date or such other date as may be fixed by the Bankruptcy Court. If granted such an award by the Bankruptcy Court, such Professional will be paid in full in such amounts as are Allowed by the Bankruptcy Court (i) on the date such Professional Compensation and Reimbursement Claim becomes an Allowed Claim, or as soon thereafter as is practicable or (ii) upon such other terms as may be mutually agreed upon between the Debtors and a Professional entitled to an Administrative Expense Claim for compensation and reimbursement of fees and expenses.

In addition, section 503(b) of the Bankruptcy Code provides for payment of compensation to creditors, indenture trustees, and other entities making a “substantial contribution” to a reorganization case and to attorneys for and other professional advisors to such entities. The amounts, if any, which may be sought by entities for such compensation are not known by the Debtors at this time. Requests for compensation must be approved by the Bankruptcy Court after a hearing on notice at which the Debtors and other parties in interest may participate and object to the allowance of any claims for compensation and reimbursement of expenses. The Ad Hoc Committee has advised the Debtors that they may seek compensation under section 503(b) for fees and expenses related to these chapter 11 cases.

3. Priority Tax Claims

Priority Tax Claims are Claims of governmental units for taxes entitled to priority in payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code. Pursuant to the Plan, except to the extent that any governmental unit entitled to payment of any Allowed Priority Tax Claim has previously agreed or agrees to different treatment by stipulation or otherwise, pursuant to section 1129(a)(9) of the Bankruptcy Code, each holder of an Allowed Priority Tax Claim, will receive, in full satisfaction, settlement, and release of and in exchange for such Allowed Priority Tax Claim, cash, in an amount equal to such Allowed Priority Tax Claim, together with interest at the Case Interest Rate, on the later of the Effective Date, and to the extent such Priority Tax Claim is not an Allowed Claim on the Effective Date, on the first Subsequent Distribution Date following allowance of such Claim.

4. Class 1 – Priority Non-Tax Claims

Priority Non-Tax Claims are Claims that are entitled to priority in accordance with sections 507(a)(2)-(7) and (9) of the Bankruptcy Code (other than Administrative Expense Claims and Priority Tax Claims). Such Claims include Claims for (a) accrued employee compensation earned within 90 days prior to commencement of the Chapter 11 Cases to the extent of \$4,650 per employee and (b) contributions to employee benefit plans arising from services rendered within 180 days prior to the commencement of the Chapter 11 Cases, but only for each such plan to the extent of (i) the number of employees covered by such plan multiplied by \$4,650, less (ii) the aggregate amount paid to such employees from the estates for wages, salaries or commissions during the 90 days prior to the Commencement Date. The Debtors believe that all Priority Non-Tax Claims previously have been paid pursuant to an order of the Bankruptcy Court. Accordingly, the Debtors believe that there should be no Allowed Priority Non-Tax Claims.

Pursuant to the Plan, except to the extent that a holder of an Allowed Priority Non-Tax Claim has been paid by the Debtors prior to the Effective Date or has previously agreed or agrees to a different treatment by stipulation or otherwise, each holder of an Allowed Priority Non-Tax Claim, if any exist, will receive in full and complete satisfaction, settlement and release of and in exchange for such holder's Allowed Priority Non-Tax Claim, cash in an amount equal to such Allowed Priority Non-Tax Claim, together with interest at the Case Interest Rate, on the later of the Effective Date and, to the extent such Priority Non-Tax Claim is not an Allowed Claim on the Effective Date, on the first Subsequent Distribution Date following allowance of such Claim.

Class 1 is impaired by the Plan. Each holder of an Allowed Priority Non-Tax Claim is entitled to vote to accept or reject the Plan.

5. Class 2 – Other Secured Claims

Other Secured Claims consist of all Secured Claims, other than the Lender Claims. Based upon the Debtors' Schedules and the proofs of claim filed in the Chapter 11 Cases, the Debtors believe that the Other Secured Claims include, among other Claims, Claims relating to mechanics' and materialmen's liens, Claims relating to Capital Leases, and contingent Claims for reimbursement obligations under letters of credit and cash management accounts.

Pursuant to the Plan, on the Effective Date, unless a holder of an Allowed Other Secured Claim has been paid by the Debtors prior to the Effective Date or has previously agreed or agrees to a different treatment, each holder of an Allowed Secured Claim will receive (i) the amount of the proceeds actually realized from the sale of any Collateral securing such Claim, less the actual costs and expenses of disposing of such Collateral and/or (ii) the Collateral securing such Claim, but in neither case in an amount greater than necessary to pay such Allowed Secured Claim in full, plus (a) if the Collateral securing such Allowed Secured Claim exceeds the Allowed amount of such Claim, any interest (including post-petition interest at the non-default rate) on such Allowed Secured Claim and any reasonable fees, costs or charges provided for under the governing agreements, to the extent allowed pursuant to section 506(b) of the Bankruptcy Code or (b) if the amount of such Allowed Secured Claim exceeds the value of the Collateral securing such Claim, interest at the Case Interest Rate. To the extent that the amount of an Allowed Other Secured Claim exceeds the value of the Collateral securing it, that portion of the Claim will be treated as an unsecured deficiency Claim in Class 4.

Class 2 is impaired by the Plan. Each holder of an Allowed Other Secured Claim is entitled to vote to accept or reject the Plan.

6. Class 3 – Lender Claims

A Lender Claim is a Claim of any Lender (i) arising under or in connection with the Credit Agreement and all documents relating thereto or, (ii) arising under or in connection with any guaranty of the obligations under the Credit Agreement. The Debtors have already paid and satisfied in full all outstanding monetary obligations owed in connection with the Lender Claims. To the extent any amounts become due on account of the Lender Claims that are not paid as of the Effective Date, such amounts, to the extent they constitute Allowed Claims, will be paid on the Effective Date. See Section 4.3 of the Plan.

Class 3 is unimpaired by the Plan. Each holder of an Allowed Lender Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

Pursuant to the Plan, except to the extent a holder of an Allowed Lender Claim has been paid by the Debtors prior to the Effective Date, each holder of an Allowed Lender Claim will receive, in full and complete satisfaction, settlement, and release of and in exchange for such holder's Allowed Lender Claim, its proportionate share as provided in the Credit Agreement of cash in an amount equal to such Lender Claim, together with accrued and unpaid interest, calculated at the non-default rate, and any reasonable fees, costs, or charges provided for under the Credit Agreement to the extent allowed pursuant to section 506(b) of the Bankruptcy Code.

7. Class 4 – General Unsecured Claims

General Unsecured Claims consist of any unsecured, non-priority Claims against the Debtors. General Unsecured Claims include, without limitation, (a) Claims arising from the rejection of leases of nonresidential real property and executory contracts, (b) Claims relating to personal injury, property damage, products liability, discrimination, employment or any other similar litigation claims asserted against any of the Debtors (the "Tort Claims"), (c) Claims relating to prepetition litigation against the Debtors, other than Securities Litigation Claims, and (d) Claims of the Debtors' trade vendors, suppliers and service providers.

The aggregate amount of General Unsecured Claims, as reflected in timely filed proofs of claim, or, in the event no proof of claim was filed, in the Debtors' Schedules is approximately \$132,000,000. Nevertheless, the Debtors estimate that the amount of Allowed General Unsecured Claims will aggregate approximately \$35,000,000 - \$40,000,000. The ultimate resolution of General Unsecured Claims could result in Allowed General Unsecured Claims in amounts less than or greater than those estimated by the Debtors for purposes of this Disclosure Statement.

On November 23, 2004, the Bankruptcy Court entered an order (the "Prepayment Order") authorizing the Debtors to pay holders of Allowed General Unsecured Claims as of November 29, 2004, in full, plus interest at the Case Interest Rate, prior to confirmation of the Plan. The Debtors made distributions to holders of Allowed General Unsecured Claims in accordance with the Prepayment Order on December 15, 2004. By accepting a payment pursuant the Prepayment Order, holders of Allowed General Unsecured Claims were deemed to (a) acknowledge and agree that payment was made in full and complete satisfaction, settlement, and

release of and in exchange for their General Unsecured Claims, including any right to interest or other charges, (b) waive any and all potential objections to confirmation of the Plan, and (c) completely and unconditionally release the Debtors, their present and former directors, and certain other parties-in-interest from any and all liabilities or claims relating to the recipient's General Unsecured Claim.

Pursuant to Section 4.4(b) of the Plan, except to the extent that a holder of an Allowed General Unsecured Claim has been paid by the Debtors prior to the Effective Date or has previously agreed or agrees to a different treatment by stipulation or otherwise, each holder of an Allowed General Unsecured Claim will receive in full and complete satisfaction, settlement, and release of and in exchange for such holder's Allowed General Unsecured Claim, cash in an amount equal to such Allowed General Unsecured Claim, together with interest, at the Case Interest Rate (i.e., unless otherwise stipulated, 6 5/8%) on the later of the Effective Date and, to the extent such General Unsecured Claim is not an Allowed Claim on the Effective Date, on the First Subsequent Distribution Date following allowance of such Claim, provided, however, that interest on lease or executory contract rejection damage Claims will commence accruing on the date following the effective date of rejection.

Class 4 is impaired by the Plan. Each holder of an Allowed General Unsecured Claim is entitled to vote to accept or reject the Plan.

8. Class 5 – Equity Interests

Equity Interests consist of any Equity Interest relating to the common stock of IMPATH Inc. issued, outstanding, or otherwise authorized as of the Commencement Date, whether or not transferable, including any existing options, warrants or rights, contractual or otherwise, to acquire such equity securities.

Class 5 is impaired by the Plan. Each holder of an Allowed Equity Interest is entitled to vote to accept or reject the Plan. Equity Interests are Allowed and are not required to file proofs of interest.

Subject to Sections 4.5(b) and 6.5 of the Plan, on the Effective Date, all Equity Interests will be canceled and, on such date or as reasonably practical thereafter, the Trustee will distribute to holders of Equity Interests their (i) Pro Rata Share of Available Cash, if any, and (ii) their proportionate share of Class A Beneficial Interests in the Liquidating Trust equal to their share of Allowed Equity Interests as of the Record Date (calculated by dividing each Equity Interest holder's total Allowed Equity Interests by the sum of all Allowed Equity Interests); provided, however, that any options, warrants, or rights, contractual or otherwise, to acquire an Equity Interest in the Debtors which are not exercised by the Record Date for the first Available Cash Distribution Date will be canceled effective as of that Record Date. After the Effective Date, on each subsequent Available Cash Distribution Date, the Trustee will effectuate distributions to holders of Equity Interests.

Pursuant to Section 4.5(c) of the Plan, in the event of any net recovery from prosecution of contingent and/or unliquidated claims, the Equity Value for purposes of distributions will be adjusted upward, from time to time, by the amount of the net recovery, and the amounts of the distributions to holders of Class A and Class C Beneficial Interests shall be adjusted so that the total cash previously distributed and to be distributed to such holders will be determined based on the Equity Value adjusted to include the net recovery, in order to provide

holders of Class A and Class C Beneficial Interests total distributions equal to what they would have received if the initial calculation of Equity Value and prior distributions were determined as if the net litigation recovery was taken into account.

9. Class 6 – Securities Litigation Claims

Securities Litigation Claims consist of Claims against any of the Debtors, whether or not subject to an existing lawsuit, for damages arising from the purchase or sale of a security of the Debtors.

Securities Litigation Claims are subordinated in payment to all other General Unsecured Claims under section 510(b) of the Bankruptcy Code.

Class 6 is impaired by the Plan. Pursuant to the Plan and solely for purposes of the Plan, the Class Claim filed by the Lead Plaintiffs will be allowed for distribution purposes in the amount of the Class 6 Allocation. In addition, the Lead Plaintiffs will be entitled to vote such Class Claim to accept or reject the Plan on behalf of all holders of Securities Litigation Claim, other than those holders of Securities Litigation Claims who timely file a motion to allow their claims for voting purposes pursuant to Bankruptcy Rule 3018(a) which is approved by the Bankruptcy Court.

Each holder of an Allowed Class 6 Securities Litigation Claim, other than holders of Opt-Out Securities Litigation Claims, will receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Class 6 Securities Litigation Claim, its share of the Class 6 Allocation pursuant to a plan of allocation to be approved by the District Court. On the Effective Date, or as soon as reasonably practicable thereafter, the Disbursing Agent will transfer an amount of Cash equal to the Class 6 Allocation (to the extent then available) and the Class B Beneficial Interest in the Liquidating Trust to the Escrow Agent to effectuate distributions to holders of Allowed Securities Litigation Claims other than the Opt-Out Securities Litigation Claims. The District Court will determine the procedure by which holders of Allowed Class 6 Securities Litigation Claims will receive distributions from the Escrow Agent.

In addition, each holder of an Allowed Opt-Out Securities Litigation Claim will be deemed to be disputed and will not receive any distribution from the Disbursing Agent under the Plan unless and until the Bankruptcy Court enters a Final Order allowing such claim for distribution purposes. Opt-Out Securities Litigation Claims will not receive distributions from the Class 6 Allocation. On each Available Cash Distribution Date, each holder of an Allowed Opt-Out Securities Litigation Claim will receive, directly or indirectly, its Pro Rata Share of the Class C Share of Available Cash and/or Class C Beneficial Interests, subject to any adjustment required by Section 4.5(c) of the Plan.

B. Method of Distributions Under the Plan

Subject to Section 6.5 of the Plan, all distributions under the Plan will be made by the Disbursing Agent. ^{**} See Section 5.4 of the Plan for a detailed description of the procedures which will be used by the Disbursing Agent for making distributions under the Plan.

^{**} Pursuant to the Plan, the Disbursing Agent is not required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. The United States Trustee

C. Timing of Distributions Under the Plan

1. Distributions on the Effective Date

Payments and distributions to holders of Allowed Administrative Expense Claims, Allowed Priority Tax Claims, Allowed Priority Non-Tax Claims, Allowed Other Secured Claims, Lender Claims, and Allowed General Unsecured Claims will be made on the Effective Date, or as soon thereafter as is practicable. Payments to holders of Allowed Equity Interests and Allowed Opt-Out Securities Litigation Claims will be made on the Effective Date or, as soon thereafter as is practicable, and any distributions and deliveries to holders of beneficial interests in the Liquidating Trust will be made in accordance with Section 6.5 of the Plan. The procedures for and timing of distributions from the Escrow Agent to holders of Securities Litigation Claims (other than Opt-Out Securities Litigation Claims) will be determined by the District Court.

2. Distributions Subsequent to First Available Cash Distribution Date

Unless otherwise provided in the Plan, to the extent that there is Available Cash, the Disbursing Agent will, on each Available Cash Distribution Date, subsequent to the first Available Cash Distribution Date, and the Final Distribution Date, distribute to or on behalf of holders of Allowed Equity Interests and Allowed Opt-Out Securities Litigation Claims, an amount of Available Cash so that, holders of such Equity Interests and Allowed Opt-Out Securities Litigation Claims will have received in respect of such Interests and Claims the distribution that such holders would have received on the first Available Cash Distribution Date if (x) such Available Cash had been available for distribution on that date, (y) such Equity Interests and Allowed Opt-Out Securities Litigation Claims had been Allowed on the first Available Cash Distribution Date in the amounts in which they are Allowed on the subsequent Available Cash Distribution Date or the Final Distribution Date, as the case may be, and (z) Equity Interests and Allowed Opt-Out Securities Litigation Claims or portions thereof that have become disallowed subsequent to the first Available Cash Distribution Date and on or before the subsequent Available Cash Distribution Date or the Final Distribution Date, as the case may be, had been disallowed on the first Available Cash Distribution Date; provided, however, that on a subsequent Available Cash Distribution Date or the Final Distribution Date, the Disbursing Agent will not be obligated to make such a distribution if it is expected that the cost of such distribution would exceed the amount of Available Cash then on hand.

D. Treatment of Executory Contracts and Unexpired Leases; Bar Date for Rejection of Such Contracts and Leases

Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, on the Confirmation Date, all executory contracts and unexpired leases that exist between the Debtors and any person will be deemed rejected as of the Effective Date, except for any executory contract or unexpired lease (i) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Confirmation Date, or (ii) as to which a motion for approval of the assumption or rejection of such executory contract or unexpired lease has been filed and served prior to the Confirmation Date, provided, however, that any options, warrants, or

believes that the absence of a bond, surety, or other security may expose creditors to a risk of loss in the event of defalcation, and reserves its rights in connection therewith.

rights contractual or otherwise, to acquire an Equity Interest in the Debtors which are not exercised by the Record Date will be canceled effective as of the Record Date.

Claims arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan must be filed with the Bankruptcy Court no later than twenty (20) days after the Confirmation Date. All Claims not filed within such time will be forever barred from assertion against the Debtors' bankruptcy estates or from the Liquidating Trust.

E. Substantive Consolidation of the Debtors

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 on obligations are ignored.

The Debtors believe that, as to their creditors, the foregoing deemed consolidation of their respective estates is warranted. Accordingly, pursuant to the Plan, entry of the Confirmation Order will constitute the approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the substantive consolidation of the Chapter 11 Cases for purposes relating to the Plan. On and after the Effective Date, (i) all assets and liabilities of the Debtors will be deemed merged so that all of the assets of the Debtors will be available to pay all of the liabilities under the Plan as if it were one company, (ii) no distributions will be made under the Plan on account of intercompany claims among the Debtors, (iii) no distributions will be made under the Plan on account of Impath's interests in its subsidiaries, (iv) all guarantees of the Debtors of the obligations of any other Debtor will be eliminated so that any claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors will be deemed to be one obligation of the consolidated Debtors, and (v) each and every Claim filed or to be filed in the Chapter 11 Case of any of the Debtors will be deemed filed against the consolidated Debtors, and will be deemed one Claim against, and obligation of, the consolidated Debtors.

F. The Liquidating Trust

On the Effective Date, the Debtors will transfer all of their assets, other than any assets distributed by the Debtors to holders of Allowed Claims (including Allowed Securities Litigation Claims) on the Effective Date in accordance with the Plan, to the Liquidating Trust. Thereafter, the Debtors will dissolve and the Trustee will prosecute certain of the Debtors' claims and causes of actions, liquidate the Debtors' assets and distribute such assets to the holders of Equity Interests, Allowed Securities Litigation Claims, and Allowed Opt-Out Securities Litigation Claims pursuant to the terms of the Plan and the Class Action Settlement. In addition, the Trustee of the Liquidating Trust will wind-up the Debtors' affairs and close the Chapter 11 Cases. The holders of Allowed Securities Litigation Claims and Equity Interests entitled to distributions under the Plan will receive beneficial interests in the Liquidating Trust entitling them to share in the proceeds of the Liquidating Trust Assets in accordance with the terms of the Plan.

(a) Execution of Liquidating Trust Agreement

Prior to the Effective Date, the Liquidating Trust Agreement, in a form acceptable to the Debtors and the Trustee and reasonably acceptable to the Equity Committee and the Lead Plaintiffs, will be executed, and all other necessary steps will be taken to establish the Liquidating Trust. Assets in the Liquidating Trust will be for the benefit of the holders of Allowed Securities Litigation Claims and Equity Interests entitled to a distribution under this Plan. Section 6.5 of the Plan sets forth certain of the rights, duties, and obligations of the Trustee. In the event of any conflict between the terms of Section 6.5 of the Plan and the terms of the Liquidating Trust Agreement, the terms of the Liquidating Trust Agreement will govern.

(b) Purpose of Liquidating Trust

As described above, the Liquidating Trust will be established for the purpose of liquidating and distributing its assets and for prosecuting certain of the Debtors' claims and causes of action, in accordance with Treasury Regulation section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business.

(c) Liquidating Trust Assets

The Liquidating Trust will consist of the Liquidating Trust Assets. On the Effective Date, the Debtors will transfer and deliver all the Liquidating Trust Assets to the Liquidating Trust, subject to (i) any and all claims (excluding Securities Litigation Claims, but including Opt-Out Securities Litigation Claims) provided for in Articles II and IV of the Plan that have not been paid as of the Effective Date and (ii) any expenses incurred and unpaid by the Debtors in respect of, among other things, consummation of the Plan and winding up of their estates. In addition, all bank accounts established by the Debtors to fund Claims and Equity Interests receiving payments under the Plan will be held by the Trustee in the name of the Liquidating Trust subject to the provisions of the Plan. The Debtors also will transfer and deliver to the Trustee all books, records, and other documents, including computer files and other electronic media necessary or desirable for the Liquidating Trustee's administration of the Liquidating Trust and the completion of the wind-up of the Debtors' affairs.

(d) The Trustee

Anthony H.N. Schnelling of Bridge Associates, LLC will be the initial Trustee of the Liquidating Trust as of the Effective Date. Mr. Schnelling has over 15 years experience representing and managing distressed companies. Notably, Mr. Schnelling has led crisis management and bankruptcy advisory teams in restructurings in diverse fields such as transportation, computer, distribution, entertainment, hospitality, amusement park, media, airline, retail drug and jewelry, real estate, international banking, consumer finance, building materials and industrial manufacturing. Prior to joining Bridge Associates, Mr. Schnelling was also an attorney at Stroock & Stroock & Lavan where he represented security issuers, debtors, secured lenders, and creditors in numerous bankruptcy-related proceedings.

(e) Duties of the Trustee

In furtherance of and consistent with the purpose of the Liquidating Trust and the Plan, the Trustee will have the power, authority, standing, and duty to (A) hold, manage, sell, and distribute the Liquidating Trust Assets to the holders of Allowed Claims and Equity Interests in

accordance with the Plan, (B) prosecute and resolve, in the names of the Debtors and/or the name of the Trustee, the Debtors' interests in all claims and causes of action, including, without limitation, the Debtors' claims against their former auditors relating to the alleged accounting issues that are the subject of the Securities Litigation Claims, (C) prosecute and resolve objections to Disputed Claims, (D) perform all of the obligations and functions of the Debtors and/or the Trustee under the Plan and applicable law, and (E) administer the closure of the Chapter 11 Cases. The Trustee will also be responsible for all decisions and duties with respect to the Liquidating Trust and the Liquidating Trust Assets. In all circumstances, the Trustee will act in the best interests of all beneficiaries of the Liquidating Trust and in furtherance of the purpose of the Liquidating Trust. The Trustee will consult with Lead Plaintiffs and their counsel in connection with the prosecution or settlement of contingent and/or unliquidated claims held by the Debtors and/or the holders of Securities Litigation Claims arising from or relating to the accounting irregularities that are the subject of the Securities Class Action Lawsuit that are not released pursuant to the Plan or the Class Action Settlement. In addition, and at the option of the Trustee in his sole discretion, the Trustee will be deemed to be the assignee of all of the rights and interests of the holders of Securities Litigation Claims with respect to claims arising from or relating to the alleged accounting issues that are the subject of the Securities Litigation Claims that are not released pursuant to the Plan or the Class Action Settlement, with the exclusive power, authority, and standing to prosecute and settle such claims for the benefit of the Liquidating Trust.

As of the Effective Date, the Trustee will be authorized and directed to exercise all powers regarding the Debtors' tax matters, including filing tax returns, to the same extent as if the Trustee were the debtor in possession. The Trustee will (A) complete and file within the applicable time periods proscribed by law, to the extent not previously filed, the Debtors' final federal, state, and local tax returns, (B) request an expedited determination of any unpaid tax liability of the Debtors under section 505(b) of the Bankruptcy Code for all tax periods of the Debtors ending after the Commencement Date through the liquidation of the Debtors as determined under applicable tax laws, to the extent not previously requested, and (C) represent the interest and account of the Debtors before any taxing authority in all matters, including, but not limited to, any action, suit, proceeding, or audit.

(f) Transferability of Liquidating Trust Interests

The Class B Beneficial Interests and Class C Beneficial Interests in the Liquidating Trust will not be certificated and will not be transferable (except as otherwise provided in the Liquidating Trust Agreement). The Class A Beneficial Interests in the Liquidating Trust will be certificated and shall be transferable; provided, however, that, if at any time, the number of holders of Class A and Class C Beneficial Interests, in the aggregate, equals 450, then the Trustee will by notice to the holders of Class A Beneficial Interests, terminate all further transfers of record of the Class A Beneficial Interests, except as provided below. Following such notice to the holders of Class A Beneficial Interests, the holder of a Class A Beneficial Interest will only be entitled to transfer its interest to another holder of a Class A Beneficial Interest or the holder of a Class A Beneficial Interest may transfer its entire Class A Beneficial Interest to any one person. Alternatively, the Trustee may seek relief from the Securities and Exchange Commission in connection with the reporting requirements of the Liquidating Trust under the Securities Exchange Act of 1934, as amended. If such relief is obtained in a manner acceptable to the Trustee in his discretion, there will be no such restrictions on transfers of the Class A Beneficial Interests when the number of holders of Class A and Class

C Beneficial Interests, in the aggregate, equals 450. If the Trustee determines, in his discretion, based on advice from counsel, the Securities and Exchange Commission or otherwise, that the Class A and Class C Beneficial Interests should be treated as separate classes of securities for purposes of the Securities Exchange Act of 1934, as amended, the 450 limitation will apply only to the Class A Beneficial Interests, without regard to the number of holders of Class C Beneficial Interests.

(g) Cash

The Trustee may invest Cash (including any earnings thereon or proceeds therefrom) as permitted by section 345 of the Bankruptcy Code; provided, however, that such investments are investments that are not prohibited to be made by a liquidating trust under Treasury Regulation section 301.7701-4(d), as reflected therein, or under applicable Internal Revenue Service guidelines, rulings, or other controlling authorities.

(h) Compensation of the Trustee

The Trustee will be entitled to reasonable compensation in an amount consistent with that of similar functionaries in similar types of bankruptcy proceedings. The costs and expenses of the Liquidating Trust, including the fees and expenses of the Trustee and his retained professionals will be paid out of the Liquidating Trust Assets. Such costs and expenses will be considered administrative expenses of the Debtors' estates. Prior to closing the Chapter 11 Cases, the Trustee will file a final application for approval of all of the Trustee's fees and expenses.

(i) Distribution of Liquidating Trust Assets

The Trustee will distribute from the Liquidating Trust at least annually and in accordance with the Liquidating Trust Agreement (with an initial distribution as soon after the Effective Date as is practicable) to each holder of a beneficial interest in the Liquidating Trust, such holder's respective share of Cash on hand (including any Cash received from the Debtors on the Effective Date, treating as Cash for purposes of Section 6.5 of the Plan any permitted investments under Section 6.5(h) of the Plan; provided, however, that the Trustee will not be obligated to make a distribution if it is expected that the cost of such distribution would exceed the amount of Available Cash; and provided, further, however, that prior to making any distribution to holders of beneficial interests in the Liquidating Trust, the Trustee will retain such amounts (i) as would be distributable to a holder of a Disputed Claim if such Disputed Claim had been Allowed prior to the time of such distribution (but only until such Claim is resolved), (ii) as are reasonably necessary to meet contingent liabilities and to maintain the value of the Liquidating Trust Assets during liquidation, (iii) to pay reasonable expenses (including, but not limited to, any taxes imposed on the Liquidating Trust or in respect of the Liquidating Trust Assets), (iv) to pay anticipated attorneys' fees and other costs of litigation with respect to the Trustee's prosecution of claims and other proceedings, and (v) to satisfy other liabilities incurred by the Liquidating Trust in accordance with this Plan or the Liquidating Trust Agreement.

(j) Retention of Professionals by the Trustee

The Trustee may retain and reasonably compensate counsel and other professionals to assist in his duties as Trustee on such terms as the Trustee deems appropriate without Bankruptcy Court approval. The Trustee may retain any professional who represented parties in interest in the Chapter 11 Cases. Any dispute concerning the reasonableness of fees

and expenses paid to professionals retained by the Trustee will be submitted to the Bankruptcy Court.

(k) Income Tax Treatment of Liquidating Trust

The Plan provides for the following tax treatment of the Liquidating Trust and the holders of beneficial interests in the Liquidating Trust. For additional discussion of such treatment see Article VIII hereof “Certain Federal Income Tax Consequences of the Plan.”

(i) Liquidating Trust Assets Treated as Owned by Creditors

For all federal income tax purposes, all parties (including, without limitation, the Debtors, the Trustee, and the holders of Allowed Claims and Equity Interests) will treat the transfer of the Liquidating Trust Assets to the Liquidating Trust for the benefit of the holders of Allowed Securities Litigation Claims and Equity Interests, whether Allowed on or after the Effective Date, as (A) a transfer of the Liquidating Trust Assets directly to the holders of Equity Interests and Opt-Out Securities Litigation Claims and to the Escrow Agent, on behalf of all other holders of Allowed Securities Litigation Claims in satisfaction of such Claims and Equity Interests (other than to the extent allocable to Disputed Claims), followed by (B) the transfer by such holders to the Liquidating Trust of the Liquidating Trust Assets in exchange for beneficial interests in the Liquidating Trust. Accordingly, the holders of such Claims and Equity Interests and the escrow established for the benefit of holders of Securities Litigation Claims (*see* Section 5.5 of the Plan) will be treated for federal income tax purposes as the grantors and owners of their respective shares of the Liquidating Trust Assets. The foregoing treatment will also apply, to the extent permitted by applicable law, for state and local income tax purposes.

(ii) Tax Reporting

(a) The Trustee will file returns for the Liquidating Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a) and in accordance with Section 6.5(1) of the Plan. The Trustee will also annually send to each record holder of a beneficial interest a separate statement setting forth the holder’s share of items of income, gain, loss, deduction, or credit and will instruct all such holders to report such items on their federal income tax returns or to forward the appropriate information to the beneficial holders with instructions to report such items on their federal income tax returns. The Liquidating Trust’s taxable income, gain, loss, deduction, or credit will be allocated (subject to Sections 6.5(1)(ii)(3) and (4) of the Plan) to the holders of Class A, Class B, and Class C Beneficial Interests in accordance with their relative beneficial interests in the Liquidating Trust.

(b) As soon as possible after the Effective Date, the Trustee will make a good faith valuation of the Liquidating Trust Assets. Such valuation will be made available from time to time, to the extent relevant, and used consistently by all parties (including, without limitation, the Debtors, the Trustee, the Escrow Agent and the holders of Class A, Class B, and Class C Beneficial Interests) for all federal income tax purposes. The Trustee will also file (or cause to be filed) any other statements, returns, or disclosures relating to the Liquidating Trust that are required by any governmental unit.

(c) Allocation of Liquidating Trust income or loss to the holders of Class A, Class B, and Class C Beneficial Interests will be determined with reference to their

respective economic interests in the underlying assets of the Liquidating Trust and the income earned therefrom (as reasonably determined by the Trustee). The income or loss allocated to a class of beneficial interests will be allocated among the beneficial interests in that class on a pro-rata basis (subject to Section 6.5(1)(ii)(4) of the Plan in respect of Opt-Out Securities Litigation Claims). In addition, tax accounting principles prescribed by the Internal Revenue Code of 1986, as amended (“Tax Code”), the applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements will also apply to the allocation of any income or loss to the Class A, Class B, and Class C Beneficial Interests.

(d) Subject to definitive guidance from the Internal Revenue Service or a court of competent jurisdiction to the contrary (including the receipt by the Trustee of a private letter ruling if the Trustee so requests one, or the receipt of an adverse determination by the Internal Revenue Service upon audit if not contested by the Trustee), the Trustee will:

(1) treat any Liquidating Trust Assets allocable to, or retained on account of, Opt-Out Securities Litigation Claims as held by a discrete trust for federal income tax purposes (the “Liquidating Trust Claims Reserve”), consisting of separate and independent shares to be established in respect of each Opt-Out Securities Litigation Claim, in accordance with the trust provisions of the Tax Code (section 641 *et seq.*) (it being understood that the Trustee will not be required to actually segregate such assets);

(2) treat as taxable income or loss of the Liquidating Trust Claims Reserve with respect to any given taxable year, the portion of the taxable income or loss of the Liquidating Trust that would have been allocated to the holders of Opt-Out Securities Litigation Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are unresolved);

(3) treat as a distribution from the Liquidating Trust Claims Reserve any increased amounts distributed by the Liquidating Trust as a result of any Opt-Out Securities Litigation Claims resolved earlier in the taxable year, to the extent such distributions relate to taxable income or loss of the Liquidating Trust Claims Reserve determined in accordance with the provisions hereof (reduced as provided in Section 6.5(1) of the Plan, below, for any income taxes paid by the Liquidating Trust with respect to the taxable income accumulated on behalf of such Claims);

(4) and to the extent permitted by applicable law, report consistent with the foregoing for state and local income tax purposes;

unless the Trustee determines that the Liquidating Trust Claims Reserve is held in a “qualified settlement fund” within the meaning of Treasury Regulation § 1.468B-1, in which case the Trustee will treat the Liquidating Trust Claims Reserve consistent therewith. All holders of Claims will report, for tax purposes, consistent with the foregoing.

(e) The Trustee will be responsible for payments, out of the Liquidating Trust Assets, of any taxes imposed on the Liquidating Trust or the Liquidating Trust Assets, including the Liquidating Trust Claims Reserve. In the event, and to the extent, any Cash

retained on account of Opt-Out Securities Litigation Claims in the Liquidating Trust Claims Reserve is insufficient to pay the portion of any such taxes attributable to the taxable income arising from the assets allocable to, or retained on account of, Opt-Out Securities Litigation Claims, such taxes will be (i) reimbursed from any subsequent Cash amounts retained on account of Opt-Out Securities Litigation Claims, or (ii) to the extent such Opt-Out Securities Litigation Claims have subsequently been resolved, deducted from any amounts distributable by the Trustee as a result of the resolutions of such Opt-Out Securities Litigation Claims.

(f) The Trustee may request an expedited determination of taxes of the Liquidating Trust, including the Liquidating Trust Claims Reserve, under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Liquidating Trust for all taxable periods through the dissolution of the Liquidating Trust.

(iii) Dissolution

The Trustee and the Liquidating Trust will be discharged or dissolved, as the case may be, at such time as (i) all Disputed Claims have been resolved, (ii) all Liquidating Trust Assets have been liquidated, and (iii) all distributions required to be made by the Trustee under the Plan have been made, but in no event will the Liquidating Trust be dissolved later than five (5) years from the Effective Date unless the Bankruptcy Court, upon motion within the six (6) month period prior to the fifth (5th) anniversary of the Effective Date (and, in the case of any extension, within six (6) months prior to the end of such extension), determines that a fixed period extension is necessary to facilitate or complete the recovery and liquidation of the Liquidating Trust Assets and winding up of the Debtors' affairs.

(iv) Indemnification of Trustee

The Trustee and his agents and professionals will not be liable for actions taken or omitted in his capacity as, or on behalf of, the Trustee, except those acts arising out of his or their own willful misconduct, gross negligence, bad faith, self-dealing, breach of fiduciary duty, or ultra vires acts, and each will be entitled to indemnification and reimbursement for fees and expenses in defending any and all of his actions or inactions in his capacity as, or on behalf of, the Trustee, except for any actions or inactions involving willful misconduct, gross negligence, bad faith, self-dealing, breach of fiduciary duty, or ultra vires acts. Any indemnification claim of the Trustee (and the other parties entitled to indemnification under this subsection (iv)) will be satisfied from the Liquidating Trust Assets and any insurance coverages procured by the Trustee on behalf of the Liquidating Trust. The Trustee will be entitled to rely, in good faith, on the advice of his retained professionals.

(v) Closing of Chapter 11 Cases

When all Disputed Claims filed against the Debtors have become Allowed Claims or have been disallowed by Final Order, and all of the Liquidating Trust Assets have been distributed in accordance with the Plan, the Trustee will seek authority from the Bankruptcy Court to close the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.

(vi) Closing of Chapter 11 Cases by Charitable Gift

If at any time the Trustee determines, in reliance upon such professionals as the Trustee may retain, that the expense of administering the Liquidating Trust so as to make a final distribution to its beneficiaries is likely to exceed the value of the assets remaining in the Liquidating Trust, the Trustee will apply to the Bankruptcy Court for authority to (i) reserve any amounts necessary to close the Chapter 11 Cases, (ii) donate any balance to a charitable organization exempt from federal income tax under section 501(c)(3) of the Tax Code that is unrelated to IMPATH, Inc., the Liquidating Trust, and any insider of the Trustee, and (iii) close the Chapter 11 Cases in accordance with the Bankruptcy Code and Bankruptcy Rules. Notice of such application will be given electronically, to the extent practicable, to those parties who have filed requests for notices and whose electronic addresses remain current and operating.

G. Provisions for Treatment of Disputed Claims

Disputed Claims are those Claims, or portions thereof, for which the Debtors, or the Trustee (as applicable) 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, will be deemed Allowed in the amount the Debtors admit owing, if any, and Disputed as to the excess.

All Tort Claims are Disputed Claims. Any Tort Claim as to which a proof of claim was timely filed in the Chapter 11 Cases will, at the option of the Debtors or the Trustee, as the case may be, either be estimated or determined and liquidated in the Bankruptcy Court or 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. Any Tort Claim estimated or determined and liquidated pursuant to a judgment obtained in accordance with Section 7.1(b) of the Plan and applicable non-bankruptcy law that is no longer subject to appeal or other review will be deemed to be an Allowed Claim in Class 4 in such liquidated amount and satisfied in accordance with the Plan. Nothing contained in Section 7.1(b) of the Plan will constitute or be deemed a waiver of any claim, right, or cause of action that the Debtors or the Trustee, as the case may be, may have against any person in connection with or arising out of any Tort Claim, including, without limitation, any rights under section 157(b) of title 28 of the United States Code.

After the Effective Date, the Trustee, will have the authority to compromise, settle, otherwise resolve or withdraw any objections to Claims and compromise, settle or otherwise resolve Disputed Claims without approval of the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, the Trustee will make and file all objections to Disputed Claims that are the subject of proofs of claim or requests for payment filed with the Bankruptcy Court (other than applications for allowances of compensation and reimbursement of expenses under sections 330 and 503 of the Bankruptcy Code) and serve such objections upon the holders of the Claims to which the objections are made as soon as is practicable, but in no event later than 120 days after the Effective Date or such later date as may be approved by the Bankruptcy Court.

On and after the Effective Date, the Trustee will retain an amount of cash and/or Class C Beneficial Interests, pending the allowance or disallowance of any Disputed Claims

(including Opt-Out Securities Litigation Claims), sufficient to pay to each holder of a Disputed Claim (i) the amount that such holder would have been entitled to receive under the Plan if such Claim had been an Allowed Claim on the Effective Date or any Subsequent Distribution Date, or (ii) such lesser amount as the Bankruptcy Court may estimate pursuant to section 502(c) of the Bankruptcy Code and Section 7.3 of the Plan. Prior to or upon the Effective Date, the Bankruptcy Court will determine the amount of cash and/or Class C Beneficial Interests to be retained by the Trustee on account of all Opt-Out Securities Litigation Claims pending their allowance or disallowance by the Bankruptcy Court. The Trustee will withhold from the property to be distributed to holders of beneficial interest in the Liquidating Trust the portion of such property allocable to Opt-Out Securities Litigation Claims. If any Claims are disallowed, the Liquidating Trust Assets withheld will be released as and to the extent the Trustee determines such property is no longer necessary to fund unresolved Disputed Claims, and such Liquidating Trust Assets will become part of Available Cash to be distributed to holders of Class A and Class C Beneficial Interests.

The holder of a Disputed Claim that becomes an Allowed Claim subsequent to the Effective Date will receive the distribution of cash that would have been made to such holder under Section 4.4 of the Plan if the Disputed General Unsecured Claim had been an Allowed Claim on or prior to the Effective Date. To the extent that all or a portion of a Disputed Claim is disallowed, the holder of such Claim will not receive any distribution on account of the portion of such Claim that is disallowed and such amount will be retained by the Disbursing Agent for distribution in accordance with the Plan. See Sections 7.4 and 7.5 of the Plan.

H. Conditions Precedent to Effectiveness of the Plan

The Plan will not become effective unless and until the following conditions will have been satisfied pursuant to Section 10.1 of the Plan:

- The Confirmation Order, will have been signed by the judge presiding over the Chapter 11 Cases;
- No stay or injunction will be in effect at the time the other conditions set forth herein are satisfied or waived;
- All actions, documents and agreements necessary to implement the Plan, including the Liquidating Trust Agreement, will have been effected or executed;
- The Settlement Agreement will be in full force and effect, and all conditions precedent thereto will have been satisfied; and
- The Class Action Settlement will have been approved by the District Court by Final Order.

I. Implementation and Effect of Confirmation of the Plan; Injunctions

On and after the Confirmation Date, the Disbursing Agent may, without further approval of the Bankruptcy Court, use, sell, acquire, transfer, abandon or otherwise dispose of at a public or private sale any of the Debtors' remaining assets for the purpose of liquidating and converting such assets to cash, making distributions and fully consummating the Plan.

All injunctions and stays provided for in the Chapter 11 Cases under sections 105 and 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, will remain in full force and effect until the close of the Chapter 11 Cases. Accordingly, by reason of the continuation of the automatic stay, no person may transfer any stock of Impath, or any other interest in each Debtor that would be considered “stock” within the meaning of section 382 of the Internal Revenue Code of 1986, as amended, if such transfer would result in the imposition of limitations on the Debtors’ or the Liquidating Trust’s ability to utilize any net operating loss carryforwards thereafter. All holders of Claims and Equity Interests are urged to consult their tax advisor.

Pursuant to sections 105 and 1141 of the Bankruptcy Code, on and after the Confirmation Date, all persons are permanently enjoined from commencing or continuing in any manner:

(a) any action or proceeding (whether directly, indirectly, derivatively or otherwise) on account of or respecting any claim, debt, right or cause of action of the Debtors and Debtors in Possession (i) for which the Debtors, the Debtors in Possession, or the Liquidating Trust retain sole and exclusive authority to pursue in accordance with the Plan or (ii) which has been released or extinguished pursuant to Sections 8.5, 9.4, or 9.5 of the Plan; and

(b) any suit, action or other proceeding against the D&O Insurers, based upon or with respect to (i) any and all claims arising out of any action or alleged breach of fiduciary duty, neglect, error, misstatement, misleading statement, omission or act by the Debtors and/or its directors, officers, and employees, and (ii) National Union Executive Organization Liability Insurance Policy No. 382-61-89, ACE Policy No. DOXG 21657827001, and Travelers Policy No. 103307250.

J. Certain Causes of Action Extinguished

1. Derivative Claims. Pursuant to Section 9.4(a) of the Plan and the Class Action Settlement, as of the Effective Date, any and all claims and causes of action accruing to the Debtors against their directors and officers will be extinguished and released, whether or not then pending.

2. Avoidance Claims. From and after the Confirmation Date, any and all rights, claims, causes of action, avoiding powers, suits and proceedings arising under sections 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code will be preserved.

3. Release of Directors, Officers and Employees. Pursuant to Section 9.5 of the Plan and other than as set forth in the Settlement Agreement, as of the Effective Date, the Debtors will be deemed to have waived and released their present and former directors, officers and employees from any and all claims of the Debtors, including, without limitation, claims which the Debtors or Debtors in Possession otherwise have legal power to assert, compromise or settle in connection with the Chapter 11 Cases, arising on or prior to the Effective Date. This release is without prejudice to, and does not affect, the Debtors’ claims against any other parties. In addition, any holder of an Allowed Securities Litigation Claim or an Allowed Opt-Out Securities Litigation Claim accepting any distribution pursuant to the Plan or the Class Action Settlement will be presumed conclusively to have released the Debtors, their present and former directors, officers and employees (collectively, the “Released Parties”), from any and all actions, causes of action, liabilities, obligations, rights, suits, accounts, covenants, contracts, agreements,

promises, damages, judgments, claims, debts, remedies and demands whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, at equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the commencement of the Chapter 11 Cases or during the course of the Chapter 11 Cases (including through the Effective Date), including but not limited to, acts or omissions with respect to the Debtors, the Chapter 11 Cases, the Plan, negotiations regarding or concerning the Plan, and the ownership, management, and operation of the Debtors, that the Debtors or Reorganized Debtors, their stockholders and/or creditors would have been legally entitled to assert in their own right (whether individually or collectively) or that any holder of a Securities Litigation Claim would have been legally entitled to assert on behalf of itself, the Debtors or their estates (the "Released Claim"). Such holders of Securities Litigation Claims, along with their respective principals, shareholders, employees, agents, representatives, officers, directors, members, partners, professionals, successors and assigns, and any person claimed to be liable derivatively through any of the foregoing, will be permanently enjoined from and after the Effective Date from directly or indirectly commencing or continuing, in any manner, a judicial, administrative, or other action or proceeding against the Released Parties or enforcing against the Released Parties a judgment obtained on account of or in respect of the Released Claims.

4. Exculpation. Pursuant to Section 9.6 of the Plan, neither the Debtors, the Trustee, the Lenders, the DIP Lenders, the Creditors Committee, the Equity Committee, the Lead Plaintiffs, nor any of their respective directors, officers, employees, members, attorneys, consultants, advisors and agents (acting in such capacity), will have or incur any liability to any Entity for any act taken or omitted to be taken in the formulation, preparation, dissemination, implementation, confirmation or approval of the Plan, the Disclosure Statement related thereto or any contract, instrument, release or other agreement or document provided for or contemplated in connection with the consummation of the transactions set forth in the Plan; provided, however, that the provisions of Section 9.6 of the Plan will not affect the liability of any entity that otherwise would result from any such act or omission to the extent that such act or omission is determined in a Final Order to have constituted gross negligence, willful misconduct or breach of fiduciary duty. Any of the foregoing parties in all respects will be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

K. 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. Indemnification and Reimbursement Obligations

Any indemnification obligations of the Debtors, pursuant to corporate charters, by-laws, or other agreements to those directors, officers, and/or employees who served in such capacity on or after the Commencement Date will be assumed by the Debtors on the Effective Date provided, however, that, notwithstanding the foregoing, such obligations will not be extended to any directors or officers whose term in all such capacities expired or was terminated prior to October 1, 2003. Any other prepetition indemnification obligations will be limited to the reimbursement of directors, officers, and/or employees, other than Culpable Individuals, for legal fees and expenses and will be assumed under and survive confirmation of the Plan in a total amount not to exceed \$300,000 for fees and expenses incurred as of the date of the Settlement

Agreement and \$1,000,000 for fees and expenses incurred thereafter payable solely from the Indemnity Reserve, in the aggregate for all directors, officers, and/or employees. Funds from such Indemnity Reserve will be paid to eligible directors, officers and/or employees pursuant to the terms of the Settlement Agreement. In addition, during any governmental investigation or judicial proceeding to determine whether present or former officers, directors, or employees are Culpable Individuals, each present or former officer, director, or employee, named as a defendant in the Securities Class Action Lawsuit, (i) will be entitled, upon application to the Debtors or the Trustee, as the case may be, to be reimbursed, in an amount up to \$200,000, for legal fees and expenses incurred in connection with such proceedings and investigations and thereafter (ii) may, by application to and approval of the District Court, request reimbursement for legal fees and expenses incurred in connection with such proceedings and investigations, in excess of \$200,000; provided, however, that the total amount of all Indemnification and Reimbursement Claims incurred after the date of the Settlement Agreement and paid from the Indemnity Reserve, pursuant to the terms set forth herein, does not exceed \$1,000,000 in the aggregate for all directors, officers, and/or employees. By accepting a distribution under Section 8.5 of the Plan, any officer, director or employee who served in such capacity at any time prior to or after the Commencement Date will be deemed to have waived any and all Claims against the Debtors that meet the requirements of section 502(e)(1)(B) of the Bankruptcy Code. To the extent that the aggregate amount of all Indemnification and Reimbursement Claims paid by the Debtors or the Trustee pursuant to the terms set forth herein, is less than the Indemnity Reserve, 40% of the difference will be distributed to holders of Allowed Securities Litigation Claims and 60% of the difference will be distributed to holders of Allowed Equity Interests. Other than as set forth in the preceding sentence, all of the Debtors' other prepetition indemnification obligations will be rejected pursuant to the Plan. For purposes of this Section, "Culpable Individual" means any present or former director, officer, or employee of the Debtors who is or has been convicted of a crime, or found in fact in any judicial proceeding to have committed knowing and intentional fraud, with respect to matters alleged as a basis for liability in the Securities Class Action Lawsuit.

2. Modification of the Plan

The Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan at any time prior to the entry of the Confirmation Order. After the entry of the Confirmation Order, the Debtors and/or the Trustee, as the case may be, may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan. A holder of an Allowed Claim or Equity Interest that has accepted the Plan will be deemed to have accepted the Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim or Equity Interest of such holder.

3. Cancellation of Existing Securities and Agreements

Pursuant to the Plan, except for purposes of evidencing a right to distributions under the Plan or otherwise provided for in the Plan, on the Effective Date (i) the Common Stock, to the extent not already canceled, will be canceled, and (ii) the obligations of the Debtors under the Common Stock and under the Debtors' certificate of incorporation, any agreements or certificates of designations governing the Common Stock will be extinguished. For more information on the rights of a holder of an Equity Interest that is administered by an agent or servicer, see Section 6.5 of the Plan.

4. Revocation or Withdrawal of the Plan

The Debtors may withdraw or revoke the Plan at any time prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, or if the Confirmation Date does not occur, then the Plan will be deemed null and void. In such event, nothing contained herein or in the Plan will be deemed to constitute a waiver or release of any Claim or Equity Interest by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any other person in any further proceedings involving the Debtors.

5. Dissolution of Creditors Committee and Equity Committee

On the Effective Date, and in the case of the Equity Committee, after the establishment of the Liquidating Trust, the Creditors Committee and the Equity Committee will be dissolved and the members thereof will be released and discharged of and from all further authority, duties, responsibilities, and obligations related to and arising from and in connection with the Chapter 11 Cases, and the retention or employment of their attorneys, accountants, and other agents, will terminate. The Creditors Committee and the Equity Committee will continue to exist after such date solely with respect to (i) all applications filed pursuant to sections 330 and 331 of the Bankruptcy Code seeking payment of fees and expenses incurred by any professional and (ii) any post-confirmation modifications to, or motions or other actions seeking the enforcement or implementation of the provisions of the Plan or the Confirmation Order.

6. Termination of Audit Committee

On the Effective Date, the Audit Committee of Impath Inc., and its professionals, will be terminated and its members released and discharged of and from any further authority, duties, responsibilities or obligations relating to or arising from and in connection with the Chapter 11 Cases. At the Trustee's request, the Audit Committee and its professionals will deliver to the Trustee all reports, documents and other materials relating to the Audit Committee's investigation.

7. Claims Preserved

Except as provided in Sections 9.4 and 9.5 of the Plan, on and after the Effective Date, any and all claims or causes of action accruing to the Debtors and Debtors in Possession, including, without limitation, claims against the Debtors' former auditors, will be preserved and retained by the Liquidating Trust and the Trustee, who will have the exclusive right and standing to enforce such causes of action. The Trustee may pursue, abandon, settle or release any or all such rights of action upon Bankruptcy Court approval after notice and a hearing.

8. Effectuating Documents and Further Transactions

Pursuant to the Plan, upon entry of the Confirmation Order, each of the Debtors and the Trustee is authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents and take such other actions as may be reasonably necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

9. Corporate Action

Pursuant to the Plan (and except as otherwise provided therein), on the Effective Date, all matters provided for under the Plan, or that are contemplated by the Plan (including the liquidation of the remaining assets of the Debtors and their estates) that would otherwise require approval of the stockholders or directors will be deemed to have occurred without having to have obtained such approval and will be in effect from and after the Effective Date pursuant to the applicable general corporation law of the states in which the Debtors are incorporated, without any requirement of further action by the stockholders or further action by the directors of the Debtors.

10. Setoffs

The Disbursing Agent may, in accordance with Section 5.4(h) of the Plan, set off against or recoup from any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim), the claims, rights and causes of action of any nature that the Debtors may hold against the holder of such Allowed Claim; provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim hereunder will constitute a waiver or release by the Debtors, the Debtors in Possession (or any successor thereto) of any such claims, rights and causes of action that the Debtors or the Debtors in Possession may possess against such holder; and provided further, however, that any claims of the Debtors (or any successor thereto) arising before the Commencement Date will first be setoff against Claims against the Debtors arising before the Commencement Date.

11. Post-Effective Date Fees and Expenses

From and after the Effective Date, the Trustee will, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses of professional persons thereafter employed by the Debtors, the Creditors Committee, the Equity Committee, or the Liquidating Trust, incurred in connection with the implementation and consummation of the Plan, the reconciliation of Claims and Equity Interests, and the prosecution of causes of action belonging to the Debtors, or any other matters as to which such professionals are employed. The fees and expenses of such professionals will be paid by the Trustee within ten (10) Business Days after submission to the Trustee of an invoice therefor, except to the extent the invoice is disputed. If the Trustee disputes the reasonableness of any such invoice, the Trustee will timely pay the undisputed portion of such invoice, and the Trustee or the affected professionals may submit such dispute to the Bankruptcy Court for a determination of the reasonableness of such invoice. The fees and expenses of the Trustee will be paid in accordance with Section 6.5 of the Plan.

The Disbursing Agent will pay the claims of the United States Trustee against the Debtors' estates to the extent payable under Section 1930 of chapter 123 of title 11 of the United States Code.

VI. CONFIRMATION AND CONSUMMATION PROCEDURE

A. The Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing. The Confirmation Hearing in respect of the Plan has been scheduled for March 15, 2005, commencing at 2:30 p.m. prevailing Eastern Time, before the Honorable Prudence Carter Beatty, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be served and filed so that they are received on or before March __, 2005 at 5:00 p.m. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing. Any objection to confirmation must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or number of shares of Common Stock held by the objector. Objections must be timely served upon the following parties:

IMPATH, Inc.
11 Penn Plaza, 5th Floor
New York, New York 10001
Attn: E. Rocky Bendrihem

Weil, Gotshal & Manges LLP
Attorneys for Debtors and
Debtors in Possession
767 Fifth Avenue
New York, New York 10153
Attn: George A. Davis, Esq.

IMPATH, Inc.
11 Penn Plaza, 5th Floor
New York, New York 1000
Attn: Holly Felder Etlin

Arent Fox PLLC
Attorneys for the Creditors Committee
1675 Broadway
New York, New York 10019
Attn: Andrew Silfen, Esq.
and Schuyler G. Carroll, Esq.

Mayer, Brown, Rowe & Maw LLP
Attorneys for the Debtors' prepetition and
postpetition lenders
1675 Broadway
New York, New York 10019
Attn: Frederick Hyman, Esq.

Saul Ewing LLP
Attorneys for Equity Committee
100 South Charles Street, 15th Floor
Baltimore, Maryland 21201
Attn: John J. Jerome, Esq.
and Joyce A. Kuhns, Esq.

Lowenstein Sandler PC
Bankruptcy Attorneys for Lead Plaintiffs
65 Livingston Avenue
Roseland, New Jersey 07068
Attn: Michael S. Etkin, Esq.

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014.

B. Confirmation

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan are that the Plan is (i) accepted by all impaired classes of claims and equity interests or, if rejected by an impaired class, that the plan “does not discriminate unfairly” and is “fair and equitable” as to such class, (ii) feasible and (iii) in the “best interests” of creditors and stockholders that are impaired under the plan.

1. Acceptance

Classes 1, 2, 4, 5, and 6 of the Plan are impaired under the Plan and are entitled to vote to accept or reject the Plan. Class 3 of the Plan is unimpaired and, therefore, is conclusively presumed to have voted to accept the Plan.

2. Unfair Discrimination and Fair and Equitable Tests

To obtain nonconsensual confirmation of the Plan, it must be demonstrated to the Bankruptcy Court that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each impaired, non-accepting Class. The Bankruptcy Code provides a non-exclusive definition of the phrase “fair and equitable.” The Bankruptcy Code establishes “cram down” tests for secured creditors, unsecured creditors, and equity holders, as follows:

- Secured Creditors. Either (i) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the “indubitable equivalent” of its allowed secured claim or (iii) the property securing the claim is sold free and clear of liens with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (i) or (ii) above.
- Unsecured Creditors. Either (i) each impaired unsecured creditor receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.
- Equity Interests. Either (i) each holder of an equity interest will receive or retain under the plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled or the value of the interest or (ii) the holder of an interest that is junior to the non-accepting class will not receive or retain any property under the plan.

A plan does not “discriminate unfairly” with respect to a non-accepting class if the value of the cash and/or securities to be distributed to the non-accepting class is equal to, or otherwise fair when compared to, the value of the distributions to other classes whose legal rights are the same as those of the non-accepting class.

The Debtors believe that these requirements are met and that the Plan may be confirmed on a nonconsensual basis (provided that at least one impaired class of claims votes to

accept the Plan). The Debtors will demonstrate at the Confirmation Hearing that the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code as to any non-accepting Class.

3. Feasibility

Section 1129(a)(11) of the Bankruptcy Code provides that a chapter 11 plan may be confirmed only if the Bankruptcy Court finds that such plan is feasible. A feasible plan is one which will not lead to a need for further reorganization or liquidation of the debtor, unless such reorganization or liquidation is proposed in the plan. Since the Plan provides for the liquidation of the Debtors, the Bankruptcy Court will find that the Plan is feasible if it determines that the Debtors will be able to satisfy the conditions precedent to the Effective Date and otherwise have sufficient funds to meet their post-Confirmation Date obligations to pay for the costs of administering and fully consummating the Plan and closing the Chapter 11 Cases. The Debtors believe that the Plan satisfies the financial feasibility requirements imposed by the Bankruptcy Code.

4. Best Interests Test

With respect to each impaired Class of Claims and Equity Interests, confirmation of the Plan requires that each holder of a Claim or Equity Interest either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

The starting point in determining whether the Plan meets the “best interests” test is a determination of the amount of proceeds that would be generated from the liquidation of the Debtors’ remaining assets in the context of a chapter 7 liquidation. Such value must then be reduced by the costs of such liquidation, including costs incurred during the Chapter 11 Cases and allowed under chapter 7 of the Bankruptcy Code (such as professionals’ fees and expenses), a trustee’s fees, and the fees and expenses of professionals retained by a trustee. The potential chapter 7 liquidation distribution in respect of each Class must be further reduced by costs imposed by the delay caused by conversion to chapter 7. The net present value of a hypothetical chapter 7 liquidation distribution in respect of an impaired Class is then compared to the recovery in respect of such Class provided for in the Plan. A liquidation analysis is annexed hereto as Exhibit B.

The Debtors submit that each impaired Class will receive under the Plan a recovery at least equal in value to the recovery such Class would receive pursuant to a liquidation of each Debtor under chapter 7 of the Bankruptcy Code.

C. Consummation

The Plan will be consummated on the Effective Date. The Effective Date of the Plan will occur on the first Business Day on which the conditions precedent to the effectiveness of the Plan, as set forth in Section 10.1 of the Plan, have been satisfied or waived by the Debtors. For a more detailed discussion of the conditions precedent to the Plan and the consequences of the failure to meet such conditions, See Sections 10.1 and 12.17 of the Plan.

VII. DISSOLUTION OF THE DEBTORS

On the Effective Date, except to the extent that the Debtors determine otherwise, each of the Debtors will be merged with and into one or more of the other Debtors and/or deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the Debtors or payments to be made in connection therewith; provided, however, that each Debtor will file with the Office of the Secretary of State for the state of its incorporation, a certificate of merger or dissolution which may be executed by an officer of such Debtor without the need for approval by the Board of Directors or shareholders. From and after the Effective Date, the Debtors will not be required to file any document, or take any other action, or obtain any approval from the Board of Directors or shareholders, to withdraw their business operations from any states in which the Debtors previously conducted their business operations.

VIII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and to holders of General Unsecured Claims, Equity Interests, and Securities Litigation Claims, based on the Tax Code, existing and proposed Treasury regulations promulgated thereunder (the “Treasury Regulations”), judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (“IRS”), all as in effect on the date hereof. These rules are subject to change, possibly on a retroactive basis, and any such change could significantly affect the federal income tax consequences described below. The following summary does not address the federal income tax consequences to holders of Priority Non-Tax Claims, Other Secured Claims, Lender Claims, or to holders of General Unsecured Claims that received distributions pursuant to the Prepayment Order.

The following discussion generally assumes that the Plan will be treated as a plan of liquidation of the Debtors for federal income tax purposes and that all distributions to holders of Claims and Equity Interests will be taxed accordingly.

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors have not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this summary does not discuss all aspects of federal income taxation that may be relevant to a particular holder in light of its individual investment circumstances or to certain types of holders subject to special treatment under the federal income tax laws (such as foreign taxpayers, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax-exempt organizations, persons holding a General Unsecured Claim, Securities Litigation Claim or Equity Interest as part of a hedging, integrated constructive sale or straddle, and investors in pass-through entities). There also may be state, local or foreign income or other tax considerations applicable to each holder.

Accordingly, the following summary of certain federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of a Claim or Equity Interest. All holders of Claims or Equity Interests are urged to consult their own tax advisors for the federal, state, local and other tax consequences applicable to them under the Plan.

A. Consequences to the Debtors

For federal income tax purposes, the Debtors are members of an affiliated group of corporations of which IMPATH Inc. is the common parent (the "Impath Group"), and join in the filing of a consolidated federal income tax return. As of December 31, 2003, taking into account adjustments stemming from the restatement of their financial statements, the Debtors estimated that they had incurred significant consolidated net operating losses ("NOLs"), a portion of which has been (or will be) carried back to generate a refund of certain prior year taxes. The remaining portion is expected to be utilized to offset a portion of the gain recognized upon the disposition of certain of the Debtors' assets in early 2004, absent any additional NOLs being incurred. It is possible that, as a result of the implementation of the Plan, that the Debtors may incur additional losses, particularly in respect of distributions to holders of Securities Litigation Claims. The amount of the Debtors' NOLs (whether carried back or utilized to offset gains from asset dispositions) and any limitations with respect to the utilization of such NOLs remain subject to audit by the IRS. Any NOLs not otherwise utilized prior to the Effective Date will be eliminated upon the transfer of the Debtors' assets to the Liquidating Trust and the termination of the Debtors.

For federal income tax purposes, the transfer of the Liquidating Trust Assets to the Liquidating Trust will be a taxable event. Accordingly, the transfer of the Liquidating Trust Assets by the Debtors will result in the recognition of gain by the Debtors to the extent that such assets are valued in excess of their tax basis. In addition, as a result of the implementation of the Plan, the Debtors may incur losses, particularly in respect of distributions to holders of Securities Litigation Claims. To the extent that the implementation of the Plan results in net gain, the Debtors will not have any prior losses to offset such gain.

B. Consequences to Holders of Allowed General Unsecured Claims

Pursuant to the Plan and the Prepayment Order, holders of Allowed General Unsecured Claims will receive, in satisfaction of such Claims, cash in an amount equal to such Allowed General Unsecured Claim plus interest at the Case Interest Rate.

The U.S. federal income tax consequences of the Plan to a holder of a General Unsecured Claim may depend, in part, on whether the Case Interest Rate (which was negotiated between the Debtors and the holders of Allowed Claims) represents solely a clarification of law or a change in the true rate, as relates to such holder's claim. The following discussion assumes that no significant change in a holder's Claim was effected by the setting of the Case Interest Rate. Each holder of a Claim is urged to consult its tax advisor regarding the federal income tax consequences of the setting of the Case Interest Rate in connection with the Plan.

In general, a holder of an Allowed General Unsecured Claim will recognize gain or loss in an amount equal to the difference between (i) the amount of cash received in respect of its Claim (other than any Claim for accrued but unpaid interest, and excluding any portion required to be treated as imputed interest, as discussed below) and (ii) such holder's adjusted tax basis in such Claim (other than any Claim for accrued but unpaid interest). To the extent that an amount received by a holder of debt is received in satisfaction of accrued interest or original issue discount during its holding period, such amount generally will be taxable to the holder as interest income (if not previously included in the holder's gross income). Conversely, a holder generally recognizes a deductible loss to the extent any accrued interest previously included in its gross income is not paid in full.

Depending, in part, on the rate used as the Case Interest Rate, the “applicable federal rate” in effect on the Effective Date and the timing of the Effective Date, the imputed interest provisions of the Tax Code may apply to treat a portion of the amounts received by holders of Allowed General Unsecured Claims as imputed interest.

Where gain or loss is recognized by a holder, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the claim constitutes a capital asset in the hands of the holder and how long it has been held, whether the claim was acquired at a market discount, and whether and to what extent the holder previously had claimed a bad debt deduction. Such a holder of an Allowed Claim which purchased its claim from a prior holder at a market discount may be subject to the market discount rules of the Tax Code. Under those rules, assuming that the holder has made no election to amortize the market discount into income on a current basis with respect to any market discount instrument, any gain recognized by a holder in respect of its claim (subject to a *de minimis* rule) generally would be characterized as ordinary income to the extent of the accrued market discount on such claim.

C. Consequences to Holders of Allowed Equity Interests and Securities Litigation Claims

Pursuant to the Plan, holders of Allowed Equity Interests and holders of Allowed Opt-Out Securities Litigation claims, if any, will receive in satisfaction of such interests or Claims and Class A and Class C Beneficial Interests, respectively, and their Pro Rata Share of Available Cash as and when distributed in accordance with the Plan. In addition, holders of Allowed Securities Litigation Claims (other than holders of Allowed Opt-Out Securities Litigation Claims), if any, will receive in satisfaction of such Claims, their share of the Class 6 Allocation and Class B Beneficial Interests as determined by the District Court (which will be held and administered by the Escrow Agent pending distribution), as and when distributed as determined by the District Court.

1. Treatment of Transfers to Liquidating Trust

The Liquidating Trust has been structured to qualify as a “grantor trust” for federal income tax purposes. Accordingly, the Escrow Agent (on behalf of the holders of Securities Litigation Claims, see C.2. below) and each holder of an Allowed Opt-Out Securities Litigation Claim or Allowed Equity Interest will be treated for federal income tax purposes as directly receiving, and as a direct owner of, its allocable portion of the Liquidating Trust Assets as of the Effective Date. Accordingly, the amounts realized by a holder will take into account its undivided interests of the Liquidating Trust Assets as if it were a direct holder of such assets. Pursuant to the Plan, the Trustee must make a good faith valuation of the Transferred Assets, and all parties (including the Debtors, the Escrow Agent and all holders of Allowed Opt-Out Securities Litigation Claims and Equity Interests) consistently use such valuation for all federal income tax purposes. See D. “Tax Treatment of the Liquidating Trust and Holders of Beneficial Interest,” below.

2. Holders of Allowed Equity Interests

A holder of an Allowed Equity Interest will generally recognize gain or loss in an amount equal to the difference between (i) the sum of the amount of cash received on the Effective Date and the fair market value of its interest in the Liquidating Trust Assets (see B.1. above) taking into account any liabilities assumed by the Liquidating Trust or to which the

Liquidating Trust Assets are subject to and (ii) such holder's adjusted tax basis in such Equity Interest.

After the Effective Date, any amount such holder receives as a distribution from the Liquidating Trust in respect of its beneficial interests in the Liquidating Trust (other than possibly as a result of the subsequent disallowance of a Disputed Claim) should generally not be included, for federal income tax purposes, in the holder's amount realized in respect of its Equity Interest, but should be separately treated as a distribution received in respect of such holder's Class A Beneficial Interest. In the event that the value of certain Liquidating Trust Assets is determined to be unascertainable on the Effective Date, which the IRS believes to be only in rare and unusual circumstances, any amounts recovered with respect to such assets will be treated as an additional amount realized in respect of a holder's Equity Interest (see D.2. below). In addition, holders of previously Allowed Equity Interests may become entitled to an increased share of the Liquidating Trust Assets as any Disputed Claims are resolved. Holders of Equity Interests are urged to consult their own tax advisors regarding the possible deferral of any loss, and a portion of any gain, realized by such holders in respect of their Equity Interests until the Final Distribution Date.

Where gain or loss is recognized by a holder, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the Equity Interest constitutes a capital asset in the hands of the holder, how long it has been held and whether the imputed interest provisions of the Tax Code apply to treat a portion of any distribution as imputed interest.

In general, a holder's tax basis in its undivided interest in the Liquidating Trust Assets will equal the fair market value of such assets, and the holding period for such assets generally will begin the day following the holder's receipt of such assets.

3. Holders of Allowed Securities Litigation Claims

Under applicable Treasury Regulations, the amounts transferred to and held by the Escrow Agent for the benefit of holders of Allowed Securities Litigation Claims should be – and pursuant to the Plan will be – treated as held in a “qualified settlement fund” for federal income tax purposes, and thus subject to a separate entity level tax on any earnings. Accordingly, holders of Allowed Securities Litigation Claims should not be taxed with respect to the initial transfer of funds or beneficial interests in the Liquidating Trust to the Escrow Agent and amounts subsequently received by a holder from the Escrow Agent generally should be treated as received in respect of such holder's Allowed Claim.

The amount, character and timing of income, gain or loss recognized by a holder of an Allowed Securities Litigation Claim depends significantly on a holder's particular circumstances, including, among other things, whether the holder still holds the underlying security, whether the holder treated the disposition of the underlying security as a “closed” transaction, the timing of distributions relative to when the Claim is resolved, the tax status of the holder, whether the Claim constitutes a capital asset in the hands of the holder and how long the Claim was held.

Holders of Securities Litigation Claims are urged to consult their own tax advisors regarding the tax consequences to them of the Plan.

4. Holders of Allowed Opt-Out Securities Litigation Claims

The amount, character and timing of income, gain or loss recognized by a holder of an Allowed Opt-Out Securities Litigation Claim depends significantly on a holder's particular circumstances, including, among other things, whether the holder still holds the underlying security, whether the holder treated the disposition of the underlying security as a "closed" transaction, the timing of distributions relative to when the Claim is resolved, the tax status of the holder, whether the Claim constitutes a capital asset in the hands of the holder, and how long the Claim was held. In addition, such items may depend on whether such holder may become, and whether the holder does become, entitled to an increased share of the Liquidating Trust Assets as any Disputed Claims are resolved. See also D.2., below, regarding the tax treatment accorded to the Liquidating Trust Assets allocable to Disputed Opt-Out Securities Litigation Claims.

Holders of Opt-Out Securities Litigation Claims are urged to consult their own tax advisors regarding the tax consequences to them of the Plan.

D. Tax Treatment of the Liquidating Trust and Holders of Beneficial Interests

1. Classification of the Liquidating Trust

The Liquidating Trust is intended to qualify as a liquidating trust for U.S. federal income tax purposes. In general, a liquidating trust is not a separate taxable entity, but rather is treated for federal income tax purposes as a "grantor trust" (i.e., a pass-through entity). However, merely establishing a trust as a liquidating trust does not ensure that it will be treated as a grantor trust for U.S. federal income tax purposes. The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan. The Liquidating Trust has been structured with the intention of complying with such general criteria. Pursuant to the Plan, and in conformity with Revenue Procedure 94-45, all parties (including, without limitation, the Debtors, the Trustee, the Escrow Agent, holders of Allowed Opt-Out Securities Litigation Claims and Equity Interests) are required to treat, for federal income tax purposes, the Liquidating Trust as a grantor trust of which the Escrow Agent (on behalf of Allowed Securities Litigation Claims), and holders of Opt-Out Securities Litigation Claims and Equity Interests are the owners and grantors, and the following discussion assumes that the Liquidating Trust will be so respected for U.S. federal income tax purposes. However, no ruling has been requested from the IRS and no opinion of counsel has been requested concerning the tax status of the Liquidating Trust as a grantor trust. Accordingly, there can be no assurance that the IRS would not take a contrary position. If the IRS were to challenge successfully the classification of the Liquidating Trust, the federal income tax consequences to the Liquidating Trust, the holders of Opt-Out Securities Litigation Claims and Equity Interests, the Debtors, and indirectly the holders of Securities Litigation Claims, could vary from those discussed herein.

2. General Tax Reporting by the Liquidating Trust and Beneficiaries

For all U.S. federal income tax purposes, all parties (including, without limitation, the Debtors, the Trustee, the Escrow Agent (on behalf of holders of Securities Litigation Claims, *see* C.2.c., above) and the holders of Allowed Opt-Out Securities Litigation Claims and Equity Interests) must treat the transfer of the Liquidating Trust Assets to the Liquidating Trust, in accordance with the terms of the Plan, as a transfer of the Liquidating Trust Assets directly to the Escrow Agent and holders of Opt-Out Securities Litigation Claims and

Equity Interests in satisfaction of their Claims and Interests, followed by the transfer by the Escrow Agent and such holders to the Liquidating Trust of such Liquidating Trust Assets in exchange for beneficial interests in the Liquidating Trust. Accordingly, all parties must treat the Liquidating Trust as a grantor trust of which the Escrow Agent and such holders are the owners and grantors. Thus, such holders and the escrow established for the benefit of holders of Allowed Securities Litigation Claims (and any subsequent holders of interests in the Liquidating Trust) will be treated as the direct owners of an undivided interest in the assets of the Liquidating Trust for all U.S. federal income tax purposes (which assets will generally have a tax basis equal to their fair market value on the Effective Date). Pursuant to the Plan, as soon as possible after the Effective Date, the Trustee will make a good faith valuation of the Liquidating Trust Assets; and all parties (including, without limitation, the Debtors, the Trustee, the Escrow Agent, and holders of Allowed Opt-Out Securities Litigation Claims and Equity Interests) must consistently use such valuation for all federal income tax purposes. The valuation will be made available as necessary for tax reporting purposes (on an asset or aggregate basis, as relevant).

Allocation of Liquidating Trust income or loss to the holders of Class A, Class B, and Class C Beneficial Interests will be determined with reference to their respective economic interests in the underlying assets of the Liquidating Trust and the income earned therefrom (as reasonably determined by the Trustee). For example, the recovery by the Liquidating Trust of any income tax refunds of the Debtors will be for the benefit of the holders of Class A and Class C Beneficial Interests; and thus, any income or loss with respect to that recovery would be allocated to the Class A and Class C Beneficial Interests (treating all Opt-Out Securities Litigation Claims as a part of the Class C Beneficial Interests as if they were Allowed Claims, see Section 6.5(1)(ii)(4) of the Plan). In turn, if there is a recovery by the Liquidating Trust from the claims arising from or relating to the accounting irregularities that are the subject of the Securities Class Action Lawsuit, any income or loss would be allocated to the holders of Class A and Class C Beneficial Interests (subject to Section 6.5(1)(ii)(4) of the Plan in respect of Opt-Out Securities Litigation Claims) and Class B Beneficial Interests taking into account their relative economic interests in such claims (*see, e.g.*, the definition of Available Cash and Class 6 Allocation). The income or loss allocated to a class of beneficial interests will be allocated among the beneficial interests in that class on a pro-rata basis (subject to Section 6.5(1)(ii)(4) of the Plan in respect of Opt-Out Securities Litigation Claims). In addition, tax accounting principles prescribed by the Tax Code, the applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements will also apply to the allocation of any income or loss to the Class A, Class B, and Class C Beneficial Interests.

The U.S. federal income tax obligations of a holder are not dependent on the Liquidating Trust's distributing any cash or other proceeds. Therefore, a holder may incur a federal income tax liability with respect to its allocable share of the income of the trust regardless of the fact that the Liquidating Trust has not made any concurrent distribution to the holder. In general, other than in respect of cash retained on account of Opt-Out Securities Litigation Claims that have not been Allowed and subsequently distributed, a distribution of cash by the Liquidating Trust to the Escrow Agent and holders of Allowed Opt-Out Securities Litigation Claims and Equity Interests will not be taxable to the Escrow Agent or the holder since the Escrow Agent or such holder will already be regarded for federal income tax purposes as owning the underlying assets.

The Trustee will file with the IRS returns for the Liquidating Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a). Except as discussed below with respect

to the Liquidation Trust Claims Reserve, the Trustee will also annually send to each record holder of a beneficial interest a separate statement setting forth the holder's share of items of income, gain, loss, deduction, or credit and will instruct all such holders to report such items on their federal income tax returns or to forward the appropriate information to the beneficial holders with instructions to report such items on their federal income tax returns. The Trustee will also file, or cause to be filed, all appropriate tax returns with respect to any Liquidating Trust Assets allocable to Opt-Out Securities Litigation Claims that have not been Allowed, as discussed below.

3. Tax Reporting for Liquidating Trust Assets Allocable to Disputed Opt-Out Securities Litigation Claims

Absent definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the issuance of applicable Treasury Regulations, the receipt by the Trustee of a private letter ruling if the Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Trustee), the Trustee will:

- a. treat any Liquidating Trust Assets allocable to, or retained on account of, Opt-Out Securities Litigation Claims in the Liquidating Trust Claims Reserve, in accordance with the trust provisions of the Tax Code (section 641 *et seq.*) - meaning that (as provided in (b) below) taxable income with respect to such assets will be taxed at the Liquidating Trust level as income accumulated for the benefit of such Claims;
- b. treat as taxable income or loss of the Liquidating Trust Claims Reserve with respect to any given taxable year, the portion of the taxable income or loss of the Liquidating Trust that would have been allocated to the holders of Opt-Out Securities Litigation Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are unresolved);
- c. treat as a distribution from the Liquidating Trust Claims Reserve any increased amounts distributed by the Liquidating Trust as a result of any Opt-Out Securities Litigation Claims resolved earlier in the taxable year (reduced as provided in Section 6.5(1)(ii)(5) of the Plan for any income taxes paid by the Liquidating Trust with respect to the taxable income accumulated on behalf of such Claims), to the extent such distributions relate to taxable income or loss of the Liquidating Trust Claims Reserve determined in accordance with the provisions hereof; and
- d. to the extent permitted by applicable law, report consistently for state and local income tax purposes;

unless the Trustee determines that the Liquidating Trust Claims Reserve is held in a "qualified settlement fund" within the meaning of Treasury Regulation § 1.468B-1. In the event that it is determined that the Liquidating Trust Claims Reserve should be treated as a qualified settlement fund, the Liquidating Trust Claims Reserve would be subject to tax annually on any income earned with respect to the assets in such reserve and holders of Opt-Out Litigation Claims would treat all distributions from such reserve as received in respect of their Claims. In addition, pursuant to the Plan, the Escrow Agent and all holders of Claims and Equity Interests are required to report consistently with such treatment.

Accordingly, unless the Trustee determines that the Liquidation Trust Claims Reserve is a qualified settlement fund, and subject to issuance of definitive guidance, (i) the Trustee will report on the basis that any amounts earned by this separate trust and any taxable income of the Liquidating Trust allocable to it are subject to a separate entity level tax, except to the extent such earnings are distributed during the same taxable year and (ii) any amounts earned by or attributable to the separate trust and distributed to a holder during the same taxable year will be includible in such holder's gross income.

E. Information Reporting and Withholding

All distributions to holders of Allowed Claims and Equity Interest under the Plan are subject to any applicable withholding (including employment tax withholding). Under federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable rate (currently 28%). Backup withholding generally applies if the holder (i) fails to furnish its social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails properly to report interest or dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is a United States person that is not subject to backup withholding. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax and the appropriate information is supplied to the IRS.

The Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated after January 1, 2003, including, among other types of transactions, the following: (1) certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds; and (2) certain transactions in which the taxpayer's book-tax differences exceed a specified threshold in any tax year. These categories are very broad; however, there are numerous exceptions. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

THE FOREGOING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE PARTICULAR CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM OR EQUITY INTEREST.

IX. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed and consummated, the Debtors' alternatives include (i) liquidation of the Debtors under chapter 7 of the Bankruptcy Code and (ii) the preparation and presentation of an alternative plan or plans of liquidation.

A. Liquidation Under Chapter 7

If the Plan or any other chapter 11 plan for the Debtors cannot be confirmed under section 1129(a) and (b) of the Bankruptcy Code, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, in which case a trustee(s) would be elected or appointed to liquidate any remaining assets of the Debtors for distribution to creditors pursuant to chapter 7 of the Bankruptcy Code.

B. Alternative Chapter 11 Plan

If the Plan is not confirmed, the Debtors, or any other party in interest, may attempt to formulate an alternative chapter 11 plan which might provide for the liquidation and distribution of the Debtors' remaining assets other than as provided by the Plan. However, since substantially all of the Debtors' assets have already been liquidated and converted to cash and the Plan provides for the distribution of the sale proceeds in accordance with the statutory priorities established by the Bankruptcy Code, the Debtors believe that any alternative chapter 11 plan will necessarily be substantially similar to the Plan. Any attempt to formulate an alternative chapter 11 plan would unnecessarily delay creditors' receipt of distributions yet to be made and, due to the incurrence of additional administrative expenses during such period of delay, may provide for smaller distributions to holders of Claims and Equity Interests than are currently provided for in the Plan. Accordingly, the Debtors believe that the Plan will enable all parties in interest to realize the greatest possible recovery on their respective Claims and Equity Interests with the least delay.

C. Certain Risk Factors

In the event that the Plan is not confirmed or the Chapter 11 Cases are converted to cases under chapter 7 of the Bankruptcy Code, the Debtors believe that such inaction or action, as the case may be, will cause the Debtors to incur substantial expenses and otherwise serve only to prolong unnecessarily the administration of the Debtors' assets and negatively affect creditors' recoveries on their Claims or Equity Interests.

X. CONCLUSION AND RECOMMENDATION

The Debtors believe that confirmation and implementation of the Plan is preferable to any of the alternatives described above because it will provide the greatest recoveries to holders of Claims and Equity Interests. Other alternatives would involve significant delay, uncertainty and substantial additional administrative costs. The Debtors urge holders of impaired Claims or Equity Interests entitled to vote on the Plan to accept the Plan and to evidence such acceptance by returning their ballots so that they will be received no later than 5:00 p.m., prevailing Eastern Time, on March 8, 2005.

Dated: January 20, 2005
New York, New York

IMPATH, Inc.,
a Delaware corporation
(for itself and on behalf of each of the Debtors)

By: /s/ George S. Frazza
Name: George S. Frazza
Title: Director & Responsible Officer

GLOSSARY

<i>Administrative Expense Claim</i>	Any expense relating to the administration of the Debtors' Chapter 11 Cases, including, (a) any actual and necessary costs and expenses of preserving the Debtors' estates and operating the Debtors' businesses, (b) any indebtedness or obligations incurred or assumed by the Debtors during the Chapter 11 Cases, (c) allowances for compensation and reimbursement of expenses to the extent allowed by the Bankruptcy Court, and (d) certain statutory fees chargeable against the Debtors' estates.
<i>Allowed</i>	Any claim against the Debtors (a) listed by the Debtors in their Schedules, as liquidated in amount and not disputed or contingent and for which no contrary proof of claim has been filed, (b) allowed pursuant to the Plan, (c) which is not Disputed, (d) that is compromised, settled or otherwise resolved by order of the Bankruptcy Court or under the Plan, (e) which, if Disputed, has been Allowed by final order. Equity Interests are deemed Allowed if registered in the stock register maintained by or on behalf of the Debtors as of the applicable Record Date. Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court are not considered "Allowed Claims."
<i>Available Cash</i>	As of any given date, all cash of the Debtors or the Liquidating Trust realized from the sale or other disposition or realization of their assets and all interest of the Debtors or the Liquidating Trust earned on invested funds or from any other source, and all recoveries on contingent and/or unrealized assets, such as, without limitation, claims against third parties for damages arising in respect of the subject matter underlying the Securities Litigation Claims, less (i) cash of the Debtors' estates or the Liquidating Trust to be distributed to the holders of Allowed Claims, and to the holders of Disputed Claims (other than Opt-Out Securities Litigation Claims) to the extent they become Allowed Claims, (ii) the Estimated Liquidation Expenses, (iii) the Class 6 Allocation, and (iv) the amount of Cash to be contributed by the Debtors or the Trustee to the Indemnity Reserve; <u>provided, however</u> , that Available Cash does not include collateral security or any proceeds of collateral to the extent securing any Allowed Secured Claims.
<i>Available Cash Distribution Dates</i>	The Effective Date and the subsequent dates upon which distributions of Available Cash will be made to holders of beneficial interests in the Liquidating Trust.
<i>Bankruptcy Code</i>	Title 11 of the United States Code.
<i>Bankruptcy Court</i>	The United States Bankruptcy Court for the Southern District of New York.
<i>Bar Dates</i>	The dates designated by the Bankruptcy Court as the last dates for filing proofs of claim against the Debtors.
<i>Business Day</i>	Any day other than a Saturday, a Sunday or any other day on which commercial banks in New York, New York are required or authorized to close by law or executive order, and the Friday after Thanksgiving Day.

<i>Case Interest Rate</i>	Except to the extent a holder of an Allowed Claim has previously agreed or agrees to a different treatment, simple interest at the rate of 6 5/8% per annum from the Commencement Date through the respective dates on which Allowed Claims are paid, provided, that, Allowed General Unsecured Claims paid by the Debtors prior to confirmation of the Plan, the holders of which did not negotiate their payment checks within ninety (90) days of the issuance of such checks, will only be entitled to interest through the date on which their checks were originally issued.
<i>Chapter 11 Cases</i>	The Debtors' jointly administered chapter 11 cases pending in the Bankruptcy Court.
<i>Claim</i>	As defined in section 101(5) of the Bankruptcy Code, against any Debtor.
<i>Class 6 Allocation</i>	The sum of: (i) \$8,000,000, (ii) \$15,000,000 of proceeds of the Debtors' directors and officers insurance policies with the D&O Insurers in connection with the Securities Litigation Claims (subject to funds allocable to the Indemnity Reserve pursuant to the Settlement Agreement), and (iii) 22% of any net proceeds recovered by the Trustee on account of contingent and/or unliquidated claims held by the Debtors and/or the holders of Securities Litigation Claims arising from or relating to the accounting irregularities that are the subject of the Securities Class Action Lawsuit that are not released pursuant to the Plan or the Class Action Settlement.
<i>Class A Beneficial Interest</i>	A beneficial interest in the Liquidating Trust to be issued to each holder of an Allowed Equity Interest, which entitles its holder to receive its Pro Rata Share of distributions from the Liquidating Trust of Available Cash.
<i>Class A Share</i>	The percentage calculated by dividing the Equity Value by the sum of the Equity Value plus the total amount of the Allowed Opt-Out Securities Litigation Claims.
<i>Class B Beneficial Interest</i>	A beneficial interest in the Liquidating Trust which entitles the Escrow Agent to receive any unpaid portion of the Class 6 Allocation from the Liquidating Trust after the Effective Date.
<i>Class C Beneficial Interest</i>	A beneficial interest in the Liquidating Trust to be issued to holders of Allowed Opt-Out Securities Litigation Claims (if any) pursuant to Section 4.6(b) of the Plan which will entitle its holder to receive its Pro Rata Share of distributions from the Liquidating Trust of Available Cash.
<i>Class C Share</i>	The percentage calculated by dividing the total amount of the Allowed Opt-Out Securities Litigation Claims by the sum of the Equity Value and the total amount of the Allowed Opt-Out Securities Litigation Claims.
<i>Class Action Settlement</i>	The settlement and release of the Securities Class Action Lawsuit, the terms and conditions for which are set forth in the Settlement Agreement.
<i>Commencement Date</i>	September 28, 2003, the date on which the Debtors commenced their Chapter 11 Cases.

<i>Common Stock</i>	The common stock of IMPATH Inc. authorized as of the Commencement Date.
<i>Confirmation Date</i>	The date of entry of the order by the clerk of the Bankruptcy Court confirming the Plan.
<i>Credit Agreement</i>	That certain credit agreement dated as of June 4, 2001 by and among the Debtors, Fleet National Bank, for itself, as agent and lender, and the other lenders, as amended.
<i>D&O Insurers</i>	National Union Fire Insurance of Pittsburgh, PA, ACE America Insurance Company, or Travelers Casualty & Surety Company, the issuers of the Debtors' directors and officers insurance policies and party to the Class Action Settlement.
<i>Debtors</i>	Collectively, IMPATH Inc., IMPATH Physician Services, Inc., IMPATH Predictive Oncology, Inc., IMPATH Information Services, Inc., IMPATH-T, Inc. (f/k/a Tamtron Corporation), and IMPATH-M, Inc. (f/k/a Medical Registry Services, Inc.).
<i>Disbursing Agent</i>	On or prior to the Effective Date, the Debtors or any designee of the Debtors, including the Trustee, and, after the Effective Date, the Trustee or any of his designees, all in their sole discretion, to serve as disbursing agent under the Plan in respect of Allowed Claims and Equity Interests and beneficial interests in the Liquidating Trust.
<i>Disclosure Statement</i>	This document, together with the annexed exhibits and schedules.
<i>Disputed Claim</i>	Any Claim not Allowed or paid pursuant to the Plan or an order of the Bankruptcy Court (i) which is listed in the Debtors' Schedules as unliquidated, contingent, or disputed and which has not been resolved by agreement of the parties or an order of the Bankruptcy Court, (ii) which is disputed under the Plan, (iii) as to which any Debtor or the Trustee has interposed a timely objection and/or request for estimation and (iv) 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.
<i>Effective Date</i>	The first Business Day on which the conditions specified in Section 10.1 of the Plan have been satisfied or waived.
<i>Escrow Agent</i>	The person designated by the United States District Court for the Southern District of New York to make distributions to holders of Securities Litigation Claims in accordance with the Class Action Settlement.
<i>District Court</i>	The United States District Court for the Southern District of New York.
<i>Equity Interest</i>	The interest of any holder of equity securities of the Debtors represented by the issued and outstanding shares of common stock of IMPATH Inc.

<i>Equity Value</i>	The total amount of the “Funds Available to Distribute to Holders of Equity Interests and Securities Litigation Claims,” as calculated in the Liquidation Analysis attached as Exhibit B to this Disclosure Statement, determined by the Bankruptcy Court as of the Confirmation Date, less \$8,000,000, provided, however, that in the event of any net recovery from the prosecution of contingent and/or unliquidated claims, the amount of the Equity Value shall be adjusted upward by the amount of such net recovery.
<i>Estimated Liquidation Expenses</i>	The amount of cash estimated by the Debtors or the Trustee, as the case may be, from time to time, to be necessary to fund adequately the Plan, to pursue and recover contingent assets, and complete the administration of the Chapter 11 Cases on and after the Effective Date .
<i>Final Distribution Date</i>	A date, as determined by the Trustee, (i) which is after the liquidation into Cash of all Liquidating Trust Assets (other than those assets abandoned by the Trustee) and collection of other sums due or otherwise remitted or returned to the Trustee, including from the prosecution of claims against third parties and (ii) on or after final resolution of all Disputed Claims.
<i>General Unsecured Claim</i>	Any unsecured, non-priority prepetition claim against the Debtors.
<i>Impaired</i>	When used with reference to a Claim or Equity Interest, a Claim or Equity Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.
<i>Indemnity Reserve</i>	The reserve established and maintained by the Liquidating Trust into which the Disbursing Agent will deposit \$1,300,000 on the Effective Date for payment of indemnification and reimbursement obligations pursuant to Section 8.5 of the Plan.
<i>Lead Plaintiffs</i>	Southwest Carpenters Pension Trust, f/k/a Carpenters Pension Trust for Southern California and United Brotherhood of Carpenters Pensions Fund, lead plaintiffs in the Securities Class Action Lawsuit.
<i>Lender Claim</i>	A Claim of any lender (i) arising under or in connection with the Credit Agreement and all documents relating thereto, or (ii) arising under or in connection with any guaranty of the obligations under the Credit Agreement.
<i>Liquidating Trust</i>	The liquidating trust described in Section 6.5 of the Plan.
<i>Liquidating Trust Agreement</i>	The agreement governing the Liquidating Trust, the form of which will be filed with the Bankruptcy Court prior to the Confirmation Date.

<i>Liquidating Trust Assets</i>	All of the assets of the Debtors as of the Effective Date, other than any assets distributed by the Debtors to holders of Allowed Claims (including Allowed Securities Litigation Claims) on the Effective Date in accordance with the Plan, including, without limitation, all cash and bank accounts and all contingent and/or unliquidated claims arising from or relating to the accounting irregularities that are the subject of the Securities Class Action Lawsuit that are not released pursuant to the Plan or the Class Action Settlement.
<i>Litigation Trust Claims Reserve</i>	Any Liquidating Trust Assets allocable to, or retained on account of, Opt-Out Securities Litigation Claims as held by a discrete trust for federal income tax purposes consisting of separate and independent shares to be established in respect of each Opt-Out Securities Litigation Claim, in accordance with the trust provisions of the Tax Code (section 641 <i>et seq.</i>). The Trustee is not required to segregate such assets.
<i>Opt-Out Securities Litigation Claims</i>	Any and all Securities Litigation Claims, the holders of which have timely filed proofs of claim in these Chapter 11 Cases relating thereto and timely elected to opt out of the Class Action Settlement.
<i>Other Secured Claim</i>	Any claim secured by collateral, other than Lender Claims and the Claims of the lenders under the postpetition credit agreement.
<i>Plan</i>	The Debtors' Joint Chapter 11 Plan of Liquidation Under Chapter 11 of the Bankruptcy Code annexed as Exhibit A to this Disclosure Statement, as may be amended from time to time.
<i>Priority Non-Tax Claim</i>	Any Claim entitled to priority under the Bankruptcy Code other than an Administrative Expense Claim or a Priority Tax Claim.
<i>Priority Tax Claim</i>	A Claim of a governmental entity for taxes that are entitled to priority in payment under the Bankruptcy Code.
<i>Pro Rata Share</i>	At any time, with respect to distributions from the Liquidating Trust to holders of Class A Beneficial Interests and Class C Beneficial Interests, (i) for holders of Class A Beneficial Interests, the proportion that each such holder's Class A Beneficial Interests bears to the total amount of all Class A Beneficial Interests, multiplied by the Class A Share of the distribution, and (ii) for holders of Class C Beneficial Interests, the proportion that each such holder's Class C Beneficial Interests bears to the total amount of all Class C Beneficial Interests, multiplied by the Class C Share of the distribution.
<i>Record Date</i>	With respect to Claims, the close of business on the fifth Business Day prior to the Confirmation Date, with respect to Securities Litigation Claims, such other date as may be established by the District Court, or with respect to Equity Interests, the close of business on the fifth Business Day prior to the first Available Cash Distribution Date.

<i>Schedules</i>	The schedules of assets and liabilities and the statements of financial affairs filed by each of the Debtors on December 15, 2003 as required by section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, including any supplements or amendments thereto through the Confirmation Date.
<i>Securities Class Action Lawsuit</i>	The consolidated federal securities class action lawsuit pending against Impath Inc. and certain of its former officers in the District Court entitled In re Impath Inc. Securities Litigation, Master File No. 03-CIV-5667 (DAB) (SDNY).
<i>Securities Litigation Claim</i>	Any claim against any of the Debtors, whether or not subject to an existing lawsuit, for damages or rescission arising from the purchase or sale of a security of the Debtors, that is subordinated to other claims in accordance with section 510(b) of the Bankruptcy Code.
<i>Settlement Agreement</i>	The agreement, dated January 14, 2005, by and among IMPATH Inc., the Lead Plaintiffs, the D&O Insurers, and certain former officers of the Debtors, providing for the settlement, release and dismissal of the Securities Class Action Lawsuit, a copy of which is annexed as Exhibit A to the Plan.

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