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PROPOSED ATTORNEYS FOR THE DEBTORS  
AND DEBTORS IN POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

<b>In re:</b>	§	<b>CASE NO. 14-32821-11</b>
	§	
<b>SEARS METHODIST RETIREMENT SYSTEM, INC., <i>et al.</i><sup>1</sup></b>	§	<b>CHAPTER 11</b>
	§	
<b>Debtors.</b>	§	<b>Joint Administration Pending</b>
	§	

**APPLICATION OF THE DEBTORS FOR AUTHORITY TO EMPLOY AND RETAIN  
GCG, INC. AS NOTICE, CLAIMS, AND SOLICITATION AGENT TO  
THE DEBTORS NUNC PRO TUNC TO THE PETITION DATE**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”), by their proposed attorneys, DLA Piper LLP (US), file this application (the “GCG Retention Application”), pursuant to section 156(c) of title 28 of the United States Code and sections 105(a) and 503(b) of title 11 of the United States Code (the “Bankruptcy Code”), for entry of an order, substantially in the form attached hereto as Exhibit A, authorizing the Debtors to employ

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<sup>1</sup> The debtors in these chapter 11 cases, along with the last four (4) digits of their taxpayer identification numbers, are: Sears Methodist Retirement System, Inc. (6330), Canyons Senior Living, L.P. (8545), Odessa Methodist Housing, Inc. (9569), Sears Brazos Retirement Corporation (8053), Sears Caprock Retirement Corporation (9581), Sears Methodist Centers, Inc. (4917), Sears Methodist Foundation (2545), Sears Panhandle Retirement Corporation (3233), Sears Permian Retirement Corporation (7608), Sears Plains Retirement Corporation (8233), Sears Tyler Methodist Retirement Corporation (0571) and Senior Dimensions, Inc. (4016). The mailing address of each of the debtors, solely for purposes of notices and communications, is 2100 Ross Avenue 21st Floor, c/o Paul Rundell, Dallas, Texas 75201.

and retain GCG, Inc. (“GCG”) as notice, claims, and solicitation agent, *nunc pro tunc* to the Petition Date (as defined herein), in connection with the above-captioned chapter 11 cases (collectively, the “Chapter 11 Cases”). In support of the GCG Retention Application, the Debtors submit the Declaration of Emily Gottlieb (the “Gottlieb Declaration”), dated June 10, 2014, attached hereto as Exhibit B and incorporated herein by reference. In further support of the GCG Retention Application, the Debtors respectfully represent as follows:

**Jurisdiction**

1. The Court has jurisdiction over the GCG Retention Application pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b).
2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory bases for the relief requested herein are section 156(c) of title 28 of the United States Code and Bankruptcy Code sections 105(a) and 503(b).

**Background**

4. On June 10, 2014 (the “Petition Date”), the Debtors commenced these cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.
5. The Debtors remain in possession of their assets and continue to operate and manage their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107 and 1108.
6. No trustee, examiner or committee of creditors has been appointed in these cases.
7. The factual background regarding each of the Debtors, including their current and historical business operations and the events precipitating these Chapter 11 Cases, is set forth in detail in the Declaration of Paul B. Rundell in Support of First Day Motions, filed substantially contemporaneously herewith and is incorporated herein by reference.

### **Relief Requested**

8. The Debtors submit this GCG Retention Application for authority to employ and retain GCG as notice, claims, and solicitation agent (the “Notice, Claims, and Solicitation Agent”) *nunc pro tunc* to the Petition Date, pursuant to section 156(c) of title 28 of the United States Code and Bankruptcy Code sections 105(a) and 503(b), and in accordance with the terms and conditions of the engagement letter dated as of May 15, 2014 (such engagement letter together with all amendments, modifications, renewals thereof and all documents ancillary thereto or otherwise entered into in connection therewith, are collectively referred to herein as the “Engagement Letter”) attached hereto as Exhibit C and incorporated herein by reference.

### **GCG’s Qualifications**

9. As a specialist in claims management and legal administration services, GCG provides comprehensive administrative solutions for chapter 11 cases. GCG is one of the country’s leading chapter 11 administrators, with substantial experience in matters of all sizes and levels of complexity, including numerous large bankruptcy cases in the Northern District of Texas and in several districts across the country, such as: In re The Oceanaire Texas Rest. Co., L.P., et al., No. 09-34262 (BJH) (Bankr. N.D. Tex. July 5, 2009); In re Romacorp, Inc., et al., No. 05-86818 (BJH) (Bankr. N.D. Tex. Nov. 6, 2005); In re ZCO Liquidating Corp. (f/k/a OCZ Tech. Grp., Inc.), et al., No. 13-13126 (PJW) (Bankr. D. Del. Dec. 2, 2013); In re Savient Pharm., Inc., et al., No. 13-12680 (MFW) (Bankr. D. Del. Oct. 14, 2013); In re Rural/Metro Corp., et al., No. 13-11952 (KJC) (Bankr. D. Del. Aug. 4, 2013); South Shore Med. Ctr. of Westchester, No. 13-22840 (RDD) (Bankr. S.D.N.Y. May 29, 2013); and In re Vivaro Corp., et al., No. 12-13810 (MG) (Bankr. S.D.N.Y. Sept. 5, 2012).

10. Based on GCG's experience, the Debtors believe that GCG is well-qualified to serve as the Notice, Claims, and Solicitation Agent in these Chapter 11 Cases.

**Services to be Provided**

11. Pursuant to the Engagement Letter, and to the extent requested by the Debtors, GCG has agreed to perform, among other things, the following services as Notice, Claims, and Solicitation Agent, all in accordance with the guidelines promulgated by the Clerk of the Court (the "Clerk"), the Judicial Conference of the United States and any orders entered by the Court (collectively, the "Services"):

- (a) Prepare and serve required notices and documents in the Chapter 11 Cases in accordance with the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") in the form and manner directed by the Debtors and/or the Court, including, but not limited to:
  - (i) notice of the commencement of the Chapter 11 Cases and the initial meeting of creditors under section 341(a) of the Bankruptcy Code;
  - (ii) notice of any bar date, in a form approved by the Clerk, for the filing of a proof of claim or interest together with Official Form B10 to each creditor;
  - (iii) notices of transfers of claims;
  - (iv) notices of objections to claims and objections to transfers of claims;
  - (v) notices of any hearings on a disclosure statement and confirmation of the Debtors' plan or plans of reorganization, including under Bankruptcy Rule 3017(d);
  - (vi) notice of the effective date of any plan; and
  - (vii) all other notices, orders, pleadings, publications and other documents as the Debtors or Court may deem necessary or appropriate for an orderly administration of the Chapter 11 Cases;
- (b) Prepare and maintain an official copy of the Debtors' schedules of assets and liabilities and statements of financial affairs (collectively, the "Schedules"), listing the Debtors' known creditors and the amounts owed thereto;
- (c) Maintain (i) a list of all potential creditors, equity holders and other parties in interest, including those who have filed proofs of claims or proofs of interest,

and (ii) a “core” mailing list consisting of all parties described in Bankruptcy Rule 2002(i), (j) and (k) and those parties that have filed a notice of appearance pursuant to Bankruptcy Rule 9010, and update and make said lists available upon request by a party in interest or the Clerk;

- (d) Furnish a notice to all potential creditors of the last date for the filing of proofs of claim and a form for the filing of a proof of claim, after such notice and form are approved by this Court, and notify said potential creditors of the existence, amount and classification of their respective claims as set forth in the Schedules, which may be effected by inclusion of such information (or the lack thereof, in cases where the Schedules indicate no debt due to the subject party) on a customized proof of claim form provided to potential creditors;
- (e) Maintain a post office box or address for the purpose of receiving claims and returned mail, and process all mail received;
- (f) For all notices, motions, orders or other pleadings or documents served, prepare and file, or cause to be filed, with the Clerk an affidavit or certificate of service within seven (7) business days of service which includes:
  - (i) either a copy of the notice served or the docket numbers(s) and title(s) of the pleading(s) served;
  - (ii) a list of persons to whom it was mailed (in alphabetical order) with their addresses;
  - (iii) the manner of service; and
  - (iv) the date served;
- (g) Process all proofs of claim received, including those received by the Clerk’s office, check said processing for accuracy, and maintain the original proofs of claim in a secure area;
- (h) Maintain the official claims register for each Debtor (collectively, the “Claims Registers”) on behalf of the Clerk, and upon the Clerk’s request, provide the Clerk with certified, duplicate unofficial Claims Registers, and specify in the Claims Registers the following information for each docketed claim:
  - (i) the claim number assigned;
  - (ii) the date received;
  - (iii) the name and address of the claimant and agent, if applicable, who filed the claim;
  - (iv) the amount asserted;

- (v) the asserted classification(s) of the claim (*e.g.*, secured, unsecured, priority, etc.);
- (vi) the applicable Debtor; and
- (vii) any disposition of the claim;
- (i) File quarterly updated Claims Registers with the Court in alphabetical and/or numerical order, or a certification of no claims activity if there were no claims filed in a given quarter;
- (j) Provide access to the public to examine claims and the Claims Registers at no charge during regular business hours;
- (k) Implement necessary security measures to ensure the completeness and integrity of the Claims Registers and the safekeeping of the original claims;
- (l) Record all transfers of claims and provide any notices of such transfers as required by Bankruptcy Rule 3001(e); provided, however, that if any evidence of transfer of claim(s) is filed with the Court pursuant to Bankruptcy Rule 3001(e), and if the evidence of transfer or notice thereof executed by the parties purports to waive the 21-day notice and objection period required under Bankruptcy Rule 3001(e), then the Notice, Claims, and Solicitation Agent may process the transfer of claim(s) to change the name and address of the claimant of such claim to reflect the transfer, and the effective date of such transfer will be the date the evidence of such transfer was docketed in the Chapter 11 Cases;
- (m) Relocate, by messenger or overnight delivery, all of the Court-filed proofs of claim to the offices of the Notice, Claims, and Solicitation Agent, not less than weekly;
- (n) Upon completion of the docketing process for all claims received for each of the Chapter 11 Cases, turn over to the Clerk copies of the Claims Registers for the Clerk's review (upon the Clerk's request);
- (o) Monitor the Court's docket for all notices of appearance, address changes, and claims-related pleadings and orders filed, and make necessary notations on, and/or changes to, the Claims Registers;
- (p) Assist in the dissemination of information to the public, and respond to requests for administrative information regarding the Chapter 11 Cases as directed by the Debtors or the Court, including through the use of a case website and/or call center;
- (q) If the Chapter 11 Cases are converted to chapter 7, contact the Clerk's office within three (3) days of the notice to the Notice, Claims, and Solicitation Agent of entry of the order converting the Chapter 11 Cases;

- (r) Thirty (30) days prior to the close of these Chapter 11 Cases, to the extent practicable, request that the Debtors submit to the Court a proposed order dismissing the Notice, Claims, and Solicitation Agent and terminating the services of the Notice, Claims, and Solicitation Agent upon completion of its duties and responsibilities and upon the closing of these Chapter 11 Cases;
- (s) Within seven (7) days of notice to the Notice, Claims, and Solicitation Agent of entry of an order closing the Chapter 11 Cases, provide to the Court the final version of the Claims Registers as of the date immediately before the close of the Chapter 11 Cases;
- (t) At the close of these Chapter 11 Cases, box and transport all original documents, in proper format, as provided by the Clerk's office, to (i) the Federal Archives Record Administration, located at Central Plains Region, 200 Space Center Drive, Lee's Summit, MO 64064-1182 or (ii) any other location requested by the Clerk's office;
- (u) Provide balloting and solicitation service, including producing personalized ballots and tabulating creditor ballots on a daily basis;
- (v) Comply with applicable federal, state, municipal, and local statutes, ordinances, rules, regulations, orders and other requirements;
- (w) Provide temporary employees to process claims as necessary;
- (x) Promptly comply with such further conditions and requirements as the Clerk's Office or the Court may at any time request; and
- (y) Provide such other related claims, noticing and solicitation services as the Debtors may require in connection with these Chapter 11 Cases.

12. GCG's appointment as Notice, Claims, and Solicitation Agent will provide the Debtors with experienced professionals and services that are essential to a successful reorganization. GCG will coordinate with the Debtors' other retained professionals in these Chapter 11 Cases to avoid any unnecessary duplication of services. Accordingly, the relief requested in this GCG Retention Application is in the best interests of the Debtors' estates and all parties in interest.

#### **Professional Compensation**

13. The fees to be charged by GCG in connection with these Chapter 11 Cases are set forth in the Engagement Letter. The Debtors propose that the cost of GCG's Services be paid

from the Debtors' estates pursuant to section 156(c) of title 28 of the United States Code and section 503(b)(1)(A) of the Bankruptcy Code and that the costs of such Services be allocated among the Debtors according to their relative revenue (the "Allocation Formula"). The Debtors respectfully submit that GCG's rates for its Services in connection with the notice, claims processing, and solicitation services are competitive and comparable to the rates charged by their competitors for similar services. Indeed, the Debtors conducted a review and competitive comparison of other firms prior to selecting GCG and, following arms' length negotiations, determined GCG's rates to be more than reasonable given the quality of GCG's services and GCG's prior bankruptcy expertise.

14. Furthermore, the Debtors respectfully submit that the fees and expenses incurred by GCG are administrative in nature and, therefore, should not be subject to the standard fee application procedures for professionals. Specifically, the Debtors request authorization to compensate GCG in accordance with the terms and conditions set forth in the Engagement Letter, upon GCG's submission to the Debtors of invoices, summarizing in reasonable detail, the services rendered and expenses incurred in connection with the Services provided by GCG to the Debtors.

15. Notwithstanding any terms in the Engagement Letter to the contrary, GCG received a \$20,000.00 retainer from the Debtors prior to the Petition Date. In addition, GCG received payment of \$8,000.00 for services rendered prior to the Petition Date.

16. The Debtors propose to compensate GCG on substantially the same terms and conditions set forth in the Engagement Letter.

#### **Disinterestedness**

17. To the best of the Debtors' knowledge, and except as disclosed in the Gottlieb Declaration, GCG: (i) is a "disinterested person" within the meaning of section 101(14) of the



Bankruptcy Code; (ii) does not hold or represent an interest adverse to the Debtors' estates in connection with any matter on which GCG will be employed; and (iii) neither GCG nor any of its employees has any connection with the Debtors, their creditors, the United States Trustee or any other party in interest in these Chapter 11 Cases.

18. The Debtors do not owe GCG any amount for services performed or expenses incurred prior to the Petition Date.

19. In connection with its appointment as Notice, Claims, and Solicitation Agent in these Chapter 11 Cases, GCG represents, among other things, that it will not employ any past or present employees of the Debtors in connection with its work as the Notice, Claims, and Solicitation Agent in these Chapter 11 Cases.

20. GCG will conduct ongoing reviews of its files to ensure that no conflict or other disqualifying circumstances exist or arise. If any new facts or circumstances are discovered that would require disclosure, GCG will supplement its disclosure to the Court.

#### **Indemnification**

21. As part of the overall compensation payable to GCG under the terms of the Engagement Letter, the Debtors have agreed to certain indemnification and contribution obligations. The Engagement Letter provides that the Debtors will indemnify, defend and hold harmless, GCG, its directors, officers, employees, affiliates, and agents under certain circumstances specified in the Engagement Letter, but not in circumstances of losses resulting from GCG's gross negligence or willful misconduct. Both the Debtors and GCG believe that the indemnification obligations are customary and reasonable for notice, claims processing, and balloting agents retained in chapter 11 cases.

**Basis for Relief**

22. Section 156(c) of title 28 of the United States Code, which governs the staffing and expenses of a bankruptcy court, authorizes the Court to use “facilities” or “services” other than the Clerk’s Office for administration of bankruptcy cases. It states:

Any court may utilize facilities or services, either on or off the court’s premises, which pertain to the provision of notices, dockets, calendars, and other administrative information to parties in cases filed under the provisions of title 11, United States Code, where the costs of such facilities or services are paid for out of the assets of the estate and are not charged to the United States. The utilization of such facilities or services shall be subject to such conditions and limitations as the pertinent circuit council may prescribe.

28 U.S.C. § 156(c).

23. Accordingly, section 156(c) of title 28 of the United States Code empowers the Court to utilize outside agents and facilities for notice and claims purposes, provided the Debtors’ estates pay the cost of such services. Therefore, for all of the foregoing reasons, the Debtors believe that the retention of GCG as the Notice, Claims and Solicitation Agent in these Chapter 11 Cases is necessary and in the best interests of the Debtors, their estates, and their creditors. Furthermore, the Debtors respectfully submit that the fees and expenses that would be incurred by GCG under the Engagement Letter would be administrative in nature and, therefore, should not be subject to standard fee application procedures of professionals.

24. Courts in this jurisdiction have approved similar relief in other chapter 11 cases. See; In re The Oceanaire Texas Rest. Co., L.P., et al., No. 09-34262 (Bankr. N.D. Tex. July 15, 2009); In re Idearc Inc., et al., Case No. 09-31828 (Bankr. N.D. Tex. April 10, 2009); In re Pilgrim’s Pride Corp., et al., Case No. 08-45664 (Bankr. N.D. Tex. Dec. 31, 2008).

25. Pursuant to the Debtors' request, GCG has served as the Notice, Claims, and Solicitation Agent in these Chapter 11 Cases since the Petition Date with assurances that the Debtors would seek approval of its employment and retention, effective *nunc pro tunc* to the Petition Date, so that GCG may be compensated for its pre-application services. The Debtors believe that no party in interest will be prejudiced by the granting of the *nunc pro tunc* employment, as provided herein, because GCG has provided and continues to provide valuable services to the Debtors' estates since the Petition Date.

#### **Notice**

26. Notice of this GCG Retention Application has been provided to (a) the Office of the United States Trustee for the Northern District of Texas; (b) the Office of the Attorney General of the State of Texas; (c) each of the Debtor's twenty (20) largest unsecured creditors; (d) counsel to Wells Fargo Bank, N.A. as trustee; (e) counsel to UMB Bank, N.A., as trustee; and (f) counsel to the Debtors' prepetition secured lenders. The Debtors submit that, in light of the nature of the relief requested, no other or further notice is necessary or required.

#### **No Previous Request**

27. No previous request for the relief sought herein has been made to this Court or any other court.

WHEREFORE, the Debtors respectfully request that the Court: (i) enter the proposed order attached hereto as Exhibit A granting the relief sought herein; and (ii) grant such other and further relief as the Court deems just and proper.

Dated: June 10, 2014  
Dallas, Texas

**DLA PIPER LLP (US)**

By: /s/ Vincent P. Slusher  
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Proposed Attorneys for the Debtors  
and Debtors in Possession

**EXHIBIT A**

**Proposed Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

<b>In re:</b>	§	<b>CASE NO. 14-32821-11</b>
	§	
<b>SEARS METHODIST RETIREMENT SYSTEM, INC., et al.<sup>1</sup></b>	§	<b>CHAPTER 11</b>
	§	<b>Joint Administration Pending</b>
	§	
<b>Debtors.</b>	§	

**ORDER APPROVING THE EMPLOYMENT AND RETENTION OF  
GCG, INC. AS NOTICE, CLAIMS, AND SOLICITATION AGENT  
TO THE DEBTORS *NUNC PRO TUNC* TO THE PETITION DATE**

Upon consideration of the application (the “GCG Retention Application”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”), pursuant to section 156(c) of title 28 of the United States Code and sections 105(a) and 503(b) of title 11 of the United States Code (the “Bankruptcy Code”), for entry of an order authorizing the retention and employment of GCG, Inc. (“GCG”)<sup>3</sup> as notice, claims, and solicitation agent for the Debtors, *nunc pro tunc* to the Petition Date, in accordance with the terms of the Engagement Letter, all as more fully described in the GCG Retention Application; and upon the Declaration of Emily Gottlieb, attached to the GCG Retention Application as Exhibit B (the “Gottlieb Declaration”); and the Court being satisfied, based on the representations made in the GCG Retention Application and the Gottlieb Declaration, that GCG is “disinterested,” as such term is defined in

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<sup>1</sup> The debtors in these chapter 11 cases, along with the last four (4) digits of their taxpayer identification numbers, are: Sears Methodist Retirement System, Inc. (6330), Canyons Senior Living, L.P. (8545), Odessa Methodist Housing, Inc. (9569), Sears Brazos Retirement Corporation (8053), Sears Caprock Retirement Corporation (9581), Sears Methodist Centers, Inc. (4917), Sears Methodist Foundation (2545), Sears Panhandle Retirement Corporation (3233), Sears Permian Retirement Corporation (7608), Sears Plains Retirement Corporation (8233), Sears Tyler Methodist Retirement Corporation (0571) and Senior Dimensions, Inc. (4016). The mailing address of each of the debtors, solely for purposes of notices and communications, is 2100 Ross Avenue, 21st Floor, c/o Paul Rundell, Dallas, Texas 75201.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the GCG Retention Application.

<sup>3</sup> GCG’s address is 190 S. LaSalle Street, Ste 1925, Chicago, Illinois 60603.

section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code; and that GCG represents no interest adverse to the Debtors' estates with respect to the matters upon which it is to be engaged; and the Court having jurisdiction to consider the GCG Retention Application and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the GCG Retention Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the GCG Retention Application and the hearing thereon having been provided; and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the GCG Retention Application (the "Hearing"); and upon the record of the Hearing and all of the proceedings before the Court; and the Court having found and determined that the relief sought in the GCG Retention Application is reasonable, necessary and in the best interests of the Debtors, their estates, creditors and other parties in interest; and that the legal and factual bases set forth in the GCG Retention Application establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby:

ORDERED that the GCG Retention Application is granted as provided herein; and it is further

ORDERED that, pursuant to 28 U.S.C. § 156(c), the Debtors are authorized to employ and retain GCG as Notice, Claims, and Solicitation Agent, *nunc pro tunc* to the Petition Date, pursuant to the terms and conditions set forth in the Engagement Letter; and it is further

ORDERED that, effective on the Petition Date, GCG is directed to perform all of the noticing required to be performed by the Clerk pursuant to Rule 2002 and any other applicable Federal Rule of Bankruptcy Procedure; and it is further

ORDERED that GCG is appointed as agent for the Clerk and custodian of records and, as such, GCG is designated as the authorized repository for all proofs of claim or proofs of interest filed in the Chapter 11 Cases and is authorized to perform all actions and Services set forth in the GCG Retention Application, including, but not limited to, the following:

- (a) Prepare and serve required notices and documents in the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules in the form and manner directed by the Debtors and/or the Court, including, but not limited to:
  - (i) notice of the commencement of the Chapter 11 Cases and the initial meeting of creditors under section 341(a) of the Bankruptcy Code;
  - (ii) notice of any bar date, in a form approved by the Clerk, for the filing of a proof of claim or interest together with Official Form B10 to each creditor;
  - (iii) notices of transfers of claims;
  - (iv) notices of objections to claims and objections to transfers of claims;
  - (v) notices of any hearings on a disclosure statement and confirmation of the Debtors' plan or plans of reorganization, including under Bankruptcy Rule 3017(d);
  - (vi) notice of the effective date of any plan; and
  - (vii) all other notices, orders, pleadings, publications and other documents as the Debtors or Court may deem necessary or appropriate for an orderly administration of the Chapter 11 Cases;
- (b) Prepare and maintain an official copy of the Debtors' schedules of assets and liabilities and statements of financial affairs (collectively, the "Schedules"), listing the Debtors' known creditors and the amounts owed thereto;
- (c) Maintain (i) a list of all potential creditors, equity holders and other parties in interest, including those who have filed proofs of claims or proofs of interest, and (ii) a "core" mailing list consisting of all parties described in Bankruptcy Rule 2002(i), (j) and (k) and those parties that have filed a notice of appearance pursuant to Bankruptcy Rule 9010, and update and make said lists available upon request by a party in interest or the Clerk;
- (d) Furnish a notice to all potential creditors of the last date for the filing of proofs of claim and a form for the filing of a proof of claim, after such notice and form are approved by this Court, and notify said potential creditors of the existence,



amount and classification of their respective claims as set forth in the Schedules, which may be effected by inclusion of such information (or the lack thereof, in cases where the Schedules indicate no debt due to the subject party) on a customized proof of claim form provided to potential creditors;

- (e) Maintain a post office box or address for the purpose of receiving claims and returned mail, and process all mail received;
- (f) For all notices, motions, orders or other pleadings or documents served, prepare and file, or cause to be filed, with the Clerk an affidavit or certificate of service within seven (7) business days of service which includes:
  - (i) either a copy of the notice served or the docket numbers(s) and title(s) of the pleading(s) served;
  - (ii) a list of persons to whom it was mailed (in alphabetical order) with their addresses;
  - (iii) the manner of service; and
  - (iv) the date served;
- (g) Process all proofs of claim received, including those received by the Clerk's office, check said processing for accuracy, and maintain the original proofs of claim in a secure area;
- (h) Maintain the official claims register for each Debtor (collectively, the "Claims Registers") on behalf of the Clerk, upon the Clerk's request, provide the Clerk with certified, duplicate unofficial Claims Registers, and specify in the Claims Registers the following information for each docketed claim:
  - (i) the claim number assigned;
  - (ii) the date received;
  - (iii) the name and address of the claimant and agent, if applicable, who filed the claim;
  - (iv) the amount asserted;
  - (v) the asserted classification(s) of the claim (*e.g.*, secured, unsecured, priority, etc.);
  - (vi) the applicable Debtor; and
  - (vii) any disposition of the claim;
- (i) File quarterly updated Claims Registers with the Court in alphabetical and/or numerical order, or a certification of no claims activity if there were no claims

filed in a given quarter;

- (j) Provide access to the public to examine claims and the Claims Registers at no charge during regular business hours;
- (k) Implement necessary security measures to ensure the completeness and integrity of the Claims Registers and the safekeeping of the original claims;
- (l) Record all transfers of claims and provide any notices of such transfers as required by Bankruptcy Rule 3001(e); provided, however, that if any evidence of transfer of claim(s) is filed with the Court pursuant to Bankruptcy Rule 3001(e), and if the evidence of transfer or notice thereof executed by the parties purports to waive the 21-day notice and objection period required under Bankruptcy Rule 3001(e), then Notice, Claims, and Solicitation Agent may process the transfer of claim(s) to change the name and address of the claimant of such claim to reflect the transfer, and the effective date of such transfer will be the date the evidence of such transfer was docketed in the Chapter 11 Cases;
- (m) Relocate, by messenger or overnight delivery, all of the Court-filed proofs of claim to the offices of the Notice, Claims, and Solicitation Agent, not less than weekly;
- (n) Upon completion of the docketing process for all claims received for each of the Chapter 11 Cases, turn over to the Clerk copies of the Claims Registers for the Clerk's review (upon the Clerk's request);
- (o) Monitor the Court's docket for all notices of appearance, address changes, and claims-related pleadings and orders filed, and make necessary notations on, and/or changes to, the Claims Registers;
- (p) Assist in the dissemination of information to the public, and respond to requests for administrative information regarding the Chapter 11 Cases as directed by the Debtors or the Court, including through the use of a case website and/or call center;
- (q) If the Chapter 11 Cases are converted to chapter 7, contact the Clerk's office within three (3) days of the notice to the Notice, Claims, and Solicitation Agent of entry of the order converting the Chapter 11 Cases;
- (r) Thirty (30) days prior to the close of these Chapter 11 Cases, to the extent practicable, request that the Debtors submit to the Court a proposed order dismissing the Notice, Claims, and Solicitation Agent and terminating the services of the Notice, Claims, and Solicitation Agent upon completion of its duties and responsibilities and upon the closing of these Chapter 11 Cases;
- (s) Within seven (7) days of notice to the Notice, Claims, and Solicitation Agent of entry of an order closing the Chapter 11 Cases, provide to the Court the final version of the Claims Registers as of the date immediately before the close of

the Chapter 11 Cases;

- (t) At the close of these Chapter 11 Cases, box and transport all original documents, in proper format, as provided by the Clerk's office, to (i) the Federal Archives Record Administration, located at Central Plains Region, 200 Space Center Drive, Lee's Summit, MO 64064-1182 or (ii) any other location requested by the Clerk's office;
- (u) Provide balloting and solicitation service, including producing personalized ballots and tabulating creditor ballots on a daily basis;
- (v) Comply with applicable federal, state, municipal, and local statutes, ordinances, rules, regulations, orders and other requirements;
- (w) Provide temporary employees to process claims as necessary;
- (x) Promptly comply with such further conditions and requirements as the Clerk's Office or the Court may at any time request; and
- (y) Provide such other related claims, noticing and solicitation services as the Debtors may require in connection with these Chapter 11 Cases.

and it is further

ORDERED that proofs of claim or proofs of interest may be filed with either GCG or the Court, although creditors are encouraged to file their claims or interests with GCG instead of the Court. Proofs of claim or proofs of interest that are filed with the Court shall be forwarded to GCG by the Clerk either electronically in portable document format, or by hard copy using pre-paid mailing materials provided by GCG; it is further

ORDERED that, subject to the budget attached to cash collateral/debtor in possession financing order with respect Debtors Sears Methodist Retirement System, Inc., Sears Brazos Retirement Corporation, Sears Methodist Centers, Inc., Sears Methodist Foundation, Sears Panhandle Retirement Corporation, Sears Permian Retirement Corporation, and Senior Dimensions, Inc. ("DIP/Cash Collateral Order"), GCG shall be compensated and reimbursed for reasonable and necessary Services, expenses and supplies on a monthly basis, in accordance with the Engagement Letter and this Order pursuant to the Allocation Formula, without the necessity to

file an application for compensation or reimbursement with the Court. Such payment may be made upon the Debtors' receipt of reasonably detailed invoices setting forth the Services and supplies provided for which compensation is sought and the rates for each, and the expenses for which GCG seeks reimbursement. However, to the extent the Debtors object to the reasonableness of any service, expense, and/or supply provided by GCG, the Debtors may contest the amount of any invoice presented to it for payment. Any dispute with respect to the amounts requested by GCG that cannot be resolved between GCG and the Debtors shall be submitted to the Court for final determination; and it is further

ORDERED that GCG shall apply any unused portion of the retainer prior to seeking to be paid pursuant to the carve out set forth in the DIP/Cash Collateral Order; and it is further

ORDERED that each of the Debtors' secure lenders that is providing post-petition debtor in possession financing shall have a lien on any unused portion of the GCG retainer, allocated on a pro rata basis according to the Allocation Formula corresponding to such secured lenders' respective borrowers; and it is further

ORDERED that the indemnification provisions in Section 8 of the Engagement Letter are approved; and it is further

ORDERED that GCG shall use its best efforts to avoid any duplication of services provided by any of the Debtors' other retained professionals in these Chapter 11 Cases; and it is further

ORDERED that the Debtors and GCG are authorized to take such other and further actions necessary to comply with all of the duties set forth in the GCG Retention Application; and it is further

ORDERED that, pursuant to section 503(b)(1)(A) of the Bankruptcy Code, the fees and expenses of GCG incurred pursuant to the Engagement Letter are to be treated as an administrative expense of the Debtors' estates; and it is further

ORDERED that, if the Chapter 11 Cases are converted to cases under chapter 7 of the Bankruptcy Code, and if claims agent representation would be necessary in the converted chapter 7 cases, GCG shall continue to be paid in accordance with 28 U.S.C. § 156(c) under the terms set forth herein; and it is further

ORDERED that GCG shall immediately notify the Debtors and the Clerk if it concludes that it is unable or unwilling to continue to provide the Services, expenses and supplies required by the terms of this Order. However, unless the Debtors and the Clerk agree to its withdrawal, GCG shall be required to continue to provide all required services, expenses and supplies until it is relieved of such duties by Order of the Court. When relieved of its duties under this Order, GCG shall turn over all electronically filed proofs of claim or proofs of interest and supporting electronic information to either (i) another entity who has been authorized by Court Order to act as substitute Notice, Claims, and Solicitation Agent, or (ii) the Clerk. All claims filed in paper format should be forwarded to the Fort Worth Federal Records Center, 1400 John Burgess Drive, Fort Worth, Texas, 76140, (817) 551-2000, [www.archives.gov/frc/fortworth](http://www.archives.gov/frc/fortworth); and it is further

ORDERED that to the extent that there may be any inconsistency between the terms of the GCG Retention Application, the Engagement Letter or this Order, the terms of this Order shall govern; and it is further

ORDERED that, notwithstanding any Bankruptcy Rule to the contrary, this Order shall be immediately effective and enforceable upon its entry; and it further

ORDERED that this Court retains jurisdiction with respect to all matters arising from, or related to, the implementation of this Order.

###END OF ORDER###

**EXHIBIT B**

**Gottlieb Declaration**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

<b>In re:</b>	§	<b>CASE NO. 14-32821-11</b>
	§	
<b>SEARS METHODIST RETIREMENT SYSTEM, INC., et al.<sup>1</sup></b>	§	<b>CHAPTER 11</b>
	§	
<b>Debtors.</b>	§	<b>Joint Administration Pending</b>
	§	

**DECLARATION OF EMILY GOTTLIEB IN SUPPORT OF THE  
APPLICATION OF THE DEBTORS TO EMPLOY AND RETAIN GCG, INC.  
AS NOTICE, CLAIMS, AND SOLICITATION AGENT TO THE  
DEBTORS NUNC PRO TUNC TO THE PETITION DATE**

I, Emily Gottlieb, make this declaration under 28 U.S.C. § 1746:

1. I am an Assistant Vice President of GCG, Inc. ("GCG"), and I am authorized to make and submit this declaration on behalf of GCG. This declaration is submitted in support of the application (the "GCG Retention Application")<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for authorization, pursuant to section 156(c) of title 28 of the United States Code and sections 105(a) and 503(b) of title 11 of the United States Code (the "Bankruptcy Code"), to employ and retain GCG as notice, claims, and solicitation agent (the "Notice, Claims, and Solicitation Agent") in connection with the above-captioned chapter 11 cases (the "Chapter 11 Cases") and in accordance with the terms and conditions of the

---

<sup>1</sup> The debtors in these chapter 11 cases, along with the last four (4) digits of their taxpayer identification numbers, are: Sears Methodist Retirement System, Inc. (6330), Canyons Senior Living, L.P. (8545), Odessa Methodist Housing, Inc. (9569), Sears Brazos Retirement Corporation (8053), Sears Caprock Retirement Corporation (9581), Sears Methodist Centers, Inc. (4917), Sears Methodist Foundation (2545), Sears Panhandle Retirement Corporation (3233), Sears Permian Retirement Corporation (7608), Sears Plains Retirement Corporation (8233), Sears Tyler Methodist Retirement Corporation (0571) and Senior Dimensions, Inc. (4016). The mailing address of each of the debtors, solely for purposes of notices and communications, is 2100 Ross Avenue, 21st Floor, c/o Paul Rundell, Dallas, Texas 75201.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the GCG Retention Application.



engagement letter dated as of May 15, 2014 (such engagement letter together with all amendments, modifications, renewals thereof and all documents ancillary thereto or otherwise entered into in connection therewith, are collectively referred to herein as the “Engagement Letter”), attached to the GCG Retention Application as Exhibit C. The statements contained herein are based upon personal knowledge.

2. GCG is one of the country’s leading chapter 11 administrators with expertise in all areas of bankruptcy administration, including, but not limited to, balloting administration and distribution, and GCG is well-qualified to provide administrative services in connection with these Chapter 11 Cases. GCG has been retained as the notice, claims, and solicitation agent in a number of large chapter 11 cases in both this jurisdiction and several other jurisdictions, including: In re The Oceanaire Texas Rest. Co., L.P., et al., Case No. 09-34262 (BJH) (Bankr. N.D. Tex. July 5, 2009); In re Romacorp, Inc., et al., Case No. 05-86818 (BJH) (Bankr. N.D. Tex. Nov. 6, 2005); In re ZCO Liquidating Corp. (f/k/a OCZ Tech. Grp., Inc.), et al., Case No. 13-13126 (PJW) (Bankr. D. Del. Dec. 2, 2013); In re Savient Pharm., Inc., et al., Case No. 13-12680 (MFW) (Bankr. D. Del. Oct. 14, 2013); In re Rural/Metro Corp., et al., Case No. 13-11952 (KJC) (Bankr. D. Del. Aug. 4, 2013); South Shore Med. Ctr. of Westchester, Case No. 13-22840 (RDD) (Bankr. S.D.N.Y. May 29, 2013); and In re Vivaro Corp., et al., Case No. 12-13810 (MG) (Bankr. S.D.N.Y. Sept. 5, 2012).

3. The Debtors selected GCG to serve as the Notice, Claims, and Solicitation Agent for the Debtors’ estates to perform the Services as set forth in more detail in the GCG Retention Application and Engagement Letter filed contemporaneously herewith.

4. To the best of my knowledge, neither GCG, nor any of its professional personnel, have any relationship with the Debtors that would impair GCG’s ability to serve as Notice,

Claims, and Solicitation Agent. GCG does have relationships with some of the Debtors' creditors, but they are in matters completely unrelated to these Chapter 11 Cases, either as vendors or in cases where GCG serves in a neutral capacity as a class action settlement claims administrator or bankruptcy administrator. GCG's assistance in the cases where GCG acts as a class action settlement claims administrator has been primarily related to the design and dissemination of legal notices and other administrative functions in class actions.

5. I, Emily Gottlieb, am an attorney who was formerly associated with the Debtors' bankruptcy counsel, DLA Piper LLP (US) ("DLA Piper"). Additionally, I have been advised that Nina Brody, a Senior Project Manager at GCG, was a paralegal formerly associated with DLA Piper. Ms. Brody and I were employed by DLA Piper from January 1993 through January 2009 and June 2003 through April 2007, respectively. While employed at DLA Piper, neither Ms. Brody nor I worked on any matters involving the Debtors. In fact, both Ms. Brody and I were no longer employed by DLA Piper when these Chapter 11 Cases were filed.

6. I have been further advised that Jamie Strohl, an Assistant Director at GCG, was formerly employed by the Debtors' financial advisor, Alvarez & Marsal ("A&M"). Mr. Strohl was employed as a consultant by A&M from January 2008 through September 2012. I have also been advised that while employed at A&M, Mr. Strohl did not work on any matters involving the Debtors. In fact, Mr. Strohl was no longer employed by A&M when these Chapter 11 Cases were filed.

7. In addition, GCG personnel may have relationships with some of the Debtors' creditors; however, such relationships are of a personal, financial nature and completely unrelated to these Chapter 11 Cases. GCG has working relationships with certain of the professionals retained by the Debtors and other parties herein, but such relationships are

completely unrelated to these Chapter 11 Cases. GCG (i) has represented, and will continue to represent, clients in matters unrelated to these Chapter 11 Cases and (ii) has had, and will continue to have, relationships in the ordinary course of its business with certain vendors and professionals in matters unrelated to these Chapter 11 Cases.

8. Since 1999, GCG has been a wholly owned subsidiary of Crawford & Company. I am advised that Crawford & Company has no material relationship with the Debtors, and while it may have rendered services to certain creditors, received services from certain creditors or have a vendor relationship with certain creditors, such relationships were (or are) in no way connected to GCG's retention by the Debtors in these Chapter 11 Cases.

9. GCG is a "disinterested person," as that term is defined in section 101(14) of the Bankruptcy Code, in that GCG and its professional personnel:

- a. are not creditors, equity security holders or insiders of the Debtors;
- b. are not, and were not within two years before the date of the filing of these Chapter 11 Cases, directors, officers or employees of the Debtors; and
- c. do not have an interest materially adverse to the interests of the Debtors' estates or any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors.

10. GCG has not been retained to assist any entity or person other than the Debtors on matters relating to, or in connection with, these Chapter 11 Cases. If GCG's proposed retention is approved by this Court, GCG will not accept any engagement or perform any services for any entity or person on matters relating to, or in connection with, these Chapter 11 Cases, other than the Debtors, without the prior express consent and authority of the Debtors. In addition, GCG may provide professional services to entities or persons that may be creditors or parties in interest

in these Chapter 11 Cases, which services do not relate to, or have any direct connection with, these Chapter 11 Cases or the Debtors.

11. Prior to the Petition Date, GCG received a \$20,000.00 retainer from the Debtors. GCG seeks to hold the retainer during the cases as security for the payment of fees and expenses incurred under the Engagement Letter. In addition, GCG received payment of \$8,000.00 for services rendered prior to the Petition Date.

12. GCG represents, among other things, that:

- a. It will not consider itself employed by the United States government and shall not seek any compensation from the United States government in its capacity as Notice, Claims, and Solicitation Agent;
- b. By accepting employment in these Chapter 11 Cases, GCG waives any right to receive compensation from the United States government;
- c. In its capacity as Notice, Claims, and Solicitation Agent, GCG will not be an agent of the United States and will not act on behalf of the United States; and
- d. GCG will not employ any past or present employees of the Debtors in connection with its work as Notice, Claims, and Solicitation Agent.

13. Subject to the Court's approval, the Debtors have agreed to compensate GCG for professional services rendered in connection with these Chapter 11 Cases according to the terms and conditions of the Engagement Letter and any Court orders approving the retention of GCG.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

Executed on this 10th day of June, 2014 at Chicago, Illinois.

/s/ Emily Gottlieb  
**Emily Gottlieb**  
**Assistant Vice President**  
**GCG, Inc.**

**EXHIBIT C**

**Engagement Letter**



## BANKRUPTCY ADMINISTRATION AGREEMENT

This Bankruptcy Administration Agreement, dated as of May 15, 2014, is between GCG, Inc., a Delaware corporation (the "Company"), and Sears Methodist Retirement System, Inc. (together with certain of its affiliates and subsidiaries, the "Clients").

The Clients desire to retain the Company to perform certain noticing, claims processing, solicitation and other administrative services for the Clients in their chapter 11 cases anticipated to be filed in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"), and the Company desires to be so retained, in accordance with the terms and conditions of this Agreement.

In consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Services. The Company agrees to provide the services necessary to perform the tasks specified in the pricing schedule attached hereto as Exhibit A, after taking into account additional agreed upon discounts (subject to Bankruptcy Court Approval in the event of an unresolved dispute). Such services are hereinafter referred to as "Services." The Clients agree and understand that none of the Services constitute legal advice.

2. Payment for Services: Expenses.

2.1. Compensation. As full compensation for the Services to be provided by the Company, the Clients agree to pay the Company its fees as outlined in the pricing schedule that has been supplied to the Clients and attached hereto as Exhibit A, after taking into account additional agreed upon discounts (subject to Bankruptcy Court Approval in the event of an unresolved dispute). In some instances, these fees include commissions and/or markups. Billing rates may be adjusted from time to time by the Company in its reasonable discretion, although billing rates generally are changed on an annual basis. Clients and the Company intend that all fees and expenses incurred in connection with Services rendered by the Company pre-petition be paid in advance of, or contemporaneously with, the rendering of such Services. Clients agree to pay the Company a retainer of \$20,000.00 (which may be replenished from time to time), to be applied as follows: (a) first against the contemporaneous and subsequent fees and expenses incurred by the Clients in connection with Services rendered by the Company pre-petition; and (b) with respect to the portion of the retainer that remains outstanding, if any, after the petitions are filed, first against any outstanding pre-petition fees and expenses incurred by the Clients in connection with the Services, and then against the final bill that will be rendered by the Company to the Clients for the post-petition fees and expenses incurred by the Clients in connection with the Services.

2.2. Expenses. In addition to the compensation set forth in Section 2.1, the Clients shall reimburse the Company for all out-of-pocket expenses reasonably incurred by the Company in connection with the performance of the Services (subject to Bankruptcy Court determination in the event of an unresolved dispute). The out-of-pocket expenses will be billed on the expense (non-fee) portion of the Company's invoice to the Clients and may include, but

are not limited to, postage, banking fees, brokerage fees, costs of messenger and delivery service, travel, filing fees, staff overtime meal expenses and other similar expenses. In some cases, the Company may receive a rebate at the end of a year from a vendor. The Clients and the Company intend to satisfy all expenses incurred in connection with pre-petition Services from advance retainers or contemporaneous payments.

2.3. Billing and Payment. Except as provided in Section 2.2, or specifically set forth below in this Section 2.3, the Company shall bill the Clients for its fees and expenses for Services performed under 28 U.S.C. § 156(c) on a monthly basis, and the Clients shall pay the Company within thirty (30) days of its receipt of each such bill in the ordinary course of business (subject to Bankruptcy Court approval in the event of an unresolved dispute). With respect to pre-petition invoices, the same will show application of advance and contemporaneous payments against subsequent and contemporaneous fees and expenses and state an advance amount to replenish the retainer. Unless otherwise agreed to in writing, the fees for print notice and media publication (including commissions), as well as certain other expenses, such as postage, must be paid at least three (3) business days in advance of those fees and expenses being incurred. Each of the Clients is jointly and severally liable for the Company's fees and expenses.

3. Term and Termination.

3.1. Term. The term of this Agreement shall commence on the date hereof and shall continue until performance in full of the Services, unless earlier terminated as set forth herein.

3.2. Termination.

(a) In the event of any material breach of this Agreement by either party hereto, either party may apply to the Bankruptcy Court for an order allowing termination of the Agreement. Grounds for termination include: (i) failure to cure a material breach within thirty (30) days after receipt of such written notice by the non-breaching party or (ii) in the case of any breach which requires more than thirty (30) days to effect a cure, failure to commence and continue, in good faith, efforts to cure such breach, provided that such cure shall be effected no later than ninety (90) days after receipt of such written notice of such breach. Waiver of any such default or material breach by either party hereto shall not be construed as limiting any right of termination for a subsequent default or material breach.

(b) The Company shall be entitled to an administrative claim for all fees and expenses outstanding at the time of termination (subject to Bankruptcy Court approval in the event of an unresolved dispute).

(c) In accordance with the Bankruptcy Court's Local Rules, procedures and/or directives, or in the absence thereof, as soon as practicable (i) following the entry of a final decree closing the chapter 11 cases, or (ii) following the conversion of the chapter 11 cases to chapter 7, the Company shall forward all original proofs of claim to the Federal Archives Record Administration. For all other documents in the Company's actual or constructive possession (including, but not limited to, letters, e-mails, facsimiles, other correspondence and all undeliverable and/or returned mail), the Company shall retain paper copies and electronic copies for one (1) year (i) following the entry of a final decree closing the chapter 11 cases, or (ii) following the conversion of the chapter 11 cases to chapter 7.



Following the one (1) year retention period, the Company shall have the right to destroy all such documents. This provision shall not affect the Company's normal course business processes for archives and back-up tapes.

4. Independent Contractor. It is understood and agreed that the Company, through itself or any of its agents, shall perform the Services as an independent contractor. Neither the Company nor any of its employees shall be deemed to be an employee of the Clients. Neither the Company nor any of its employees shall be entitled to any benefits provided by the Clients to their employees, and the Clients will make no deductions from any of the payments due to the Company hereunder for state or federal tax purposes. The Company agrees that the Company shall be responsible for any and all taxes and other payments due on payments received hereunder by the Company from the Clients. Nothing in this Agreement requires the Clients to use the Company for any future work relating to the Services, and, in the event the Clients decide to use another party for such future work, the Company agrees to cooperate fully with the Clients to ensure a smooth transition to the new party.

5. Accuracy of Client Supplied Information. The Clients are responsible for the accuracy of all programs, data and other information they submit to the Company (including all information for the preparation of Schedules of Assets and Liabilities ("Schedules") and Statements of Financial Affairs ("Statements")) and for the output of such information. The Company may undertake to place such data and information into certain systems and programs, including in connection with the generation of Schedules and Statements. The Company does not verify information provided by the Clients and, with respect to Schedules and Statements preparation, all decisions are at the sole discretion and direction of the Clients. All Schedules and Statements filed on behalf of, or by, the Clients are reviewed and ultimately approved by the Clients, and the Company bears no responsibility for the accuracy or contents therein.

6. Confidential Information.

6.1. Confidentiality. In connection with this Agreement, each of the Clients and the Company (as the case may be, the "Disclosing Party") may disclose to the Company or the Clients (as the case may be, the "Receiving Party") certain information (a) that is marked or otherwise identified in writing as confidential or proprietary information of the Disclosing Party ("Confidential Information") prior to or upon receipt by the Receiving Party; or (b) which the Receiving Party reasonably should recognize from the circumstances surrounding the disclosure to be Confidential Information. The Receiving Party (x) shall hold all Confidential Information in confidence and will use such information only for the purposes of fulfilling the Receiving Party's obligations hereunder, and for no other purpose, and (y) shall not disclose, provide, disseminate or otherwise make available any Confidential Information to any third party other than for the purposes of fulfilling the Receiving Party's obligations hereunder, in either case, without the express prior written permission of the Disclosing Party. Notwithstanding the foregoing, the Receiving Party may disclose Confidential Information pursuant to a validly issued subpoena or order of a court of competent jurisdiction, provided, however, that the Receiving Party must provide the Disclosing Party with prompt written notice of such subpoena or court order so that the Disclosing Party may seek a protective order or other appropriate remedy, and the Receiving Party shall reasonably cooperate with the Disclosing Party's efforts to obtain same.

6.2. Protection of Intellectual Property. The Clients acknowledge that the Company's intellectual property, including, without limitation, the Company's inventions

(whether or not patentable), processes, trade secrets and know how are of ultimate importance to the Company. Accordingly, the Clients agree to use their best efforts to protect such intellectual property, and shall not, either during the term of this Agreement, or subsequent to its termination, utilize, reveal or disclose any of such intellectual property. The Clients understand that the software programs and other materials furnished by the Company pursuant to this Agreement, and/or developed during the course of this Agreement by the Company, are the sole property of the Company. The term "program" shall include, without limitation, data processing programs, check printing programs, specifications, applications, routines, sub-routines, procedural manuals and documentation. The Clients further agree that any ideas, concepts, know-how or techniques relating to the claims management software used or developed by the Company during the course of this Agreement shall be the exclusive property of the Company.

6.3. Scope. The foregoing obligations in Sections 6.1 and 6.2 shall not apply to (a) information that is or becomes generally known or available by publication, commercial use or otherwise through no fault of the Receiving Party; (b) information that is known by the Receiving Party prior to the time of disclosure by the Disclosing Party to the Receiving Party; (c) information that is obtained from a third party who, to the Receiving Party's knowledge, has the right to make such disclosure without restriction; (d) any disclosure required by applicable law; or (e) information that is released for publication by the Disclosing Party in writing. The obligations set forth under Sections 6.1 and 6.2 shall survive the termination of this Agreement.

7. Limitation on Damages. The Company shall be without liability to the Clients with respect to anything done or omitted to be done, in accordance with the terms of this Agreement or instructions properly received pursuant hereto, if done in good faith and without negligence or willful or wanton misconduct. In no event shall liability to the Clients for any claims, losses, costs, fines, penalties or damages, including court costs and reasonable attorneys' fees (collectively, "Losses"), whether direct or indirect, arising out of or in connection with or related to this Agreement, exceed the total amount billed or billable to the Clients for the portion of the particular work which gave rise to the. Under no circumstances will the Company be liable to the Clients for any special, consequential or incidental damages incurred by the Clients relating to this Agreement or the performance of Services hereunder, regardless of whether the Clients' claim is for breach of warranty, contract, tort (including negligence), strict liability or otherwise.

8. Indemnification. The Clients, jointly and severally, hereby indemnify and hold harmless the Company and its directors, officers, employees, affiliates and agents against any losses incurred by the Company arising out of, in connection with or related to (a) any gross negligence or willful misconduct by the Clients, their employees, agents or representatives, or any misrepresentations made by such persons to third parties in connection with the Company's acts or omissions in connection with its rendering of the Services; (b) any breach of this Agreement by any of the Clients; or (c) any erroneous instructions or information provided to the Company by any of the Clients for use in providing the Services.

9. Jurisdiction. This Agreement is subject to the approval of the Bankruptcy Court, and the Bankruptcy Court shall retain jurisdiction over all matters regarding this Agreement.

10. Force Majeure. Whenever performance by the Company of any of its obligations hereunder is substantially prevented by reason of any act of God, strike, lock-out or other industrial or transportation disturbance, fire, lack of materials, law, regulation or ordinance, war or war conditions or by reason of any other matter beyond the Company's reasonable control,

then such performance shall be excused and this Agreement shall be deemed suspended during the continuation of such prevention and for a reasonable time thereafter.

11. Notice. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, or sent by registered mail, postage prepaid or overnight courier. Any such notice shall be deemed given when so delivered personally, or, if mailed, five (5) days after the date of deposit in the United States mail, or, if sent by overnight courier, one (1) business day after delivery to such courier, as follows: if to the Company, to GCG, Inc., 1985 Marcus Avenue, Suite 200, Lake Success, New York 11042, Attention: David Isaac, Chief Executive Officer; and if to the Clients, to DLP Piper LLP (US), 1251 Avenue of the Americas, New York, New York 10020-1104, Attention: Thomas R. Califano, Esq.

12. Governing Law. This contract will be governed by and construed in accordance with the laws of the State of New York (without reference to its conflict of laws provisions).

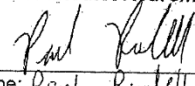
13. Severability. All clauses and covenants contained in this Agreement are severable and in the event any of them are held to be invalid by any court having competent jurisdiction, such clause or covenant shall be valid and enforced to the maximum extent as to which it may be valid and enforceable, and this Agreement will be interpreted as if such invalid clauses or covenants were not contained herein.

14. Assignment. This Agreement and the rights and obligations of the Company and the Clients hereunder shall bind and inure to the benefit of any successors or assigns thereto.

15. General. This Agreement supersedes and replaces any existing agreement entered into by the Company and the Clients relating generally to the same subject matter, and may be modified only in a writing signed by the Company and the Clients. The paragraph headings in this Agreement are included only for convenience, do not in any manner modify or limit any of the provisions of this Agreement and may not be used in the interpretation of this Agreement. Failure to enforce any provision of this Agreement shall not constitute a waiver of any term hereof. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one in the same instrument. The Clients shall file an application with the Bankruptcy Court seeking approval of this Agreement (the "Application"). If an order is entered approving such Application (the "Retention Order"), any discrepancies between this Agreement, the Application and the Retention Order shall be controlled by the Application and the Retention Order.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year set forth above.

Sears Methodist Retirement System, Inc. GCG, INC.

By:   
Name: Paul Runkell  
Title: Chief Restructuring Officer

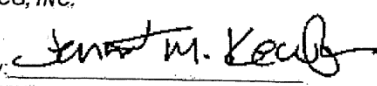
By:   
Name: Jennifer Keough  
Title: COO

Exhibit A



## **GCG Pricing**

### **Services**

### **Fees (Unit/Hourly)**

#### **Set-Up Creditor File**

Set-up fee .....	Waived
Electronic import of creditor data.....	No per creditor charge
Assist with production of Schedules and Statements of Financial Affairs .....	Standard hourly rates

#### **Noticing**

Notice printing / copies.....	\$0.10 per page (volume discounts apply)
Electronic noticing (e-mail) .....	\$50 per 1,000
Facsimile noticing (domestic facsimile) .....	\$0.10 per page
Personalization/labels .....	\$0.05 each
Legal publication of notice.....	Quote
Processing undeliverables .....	\$0.25 each

#### **Document Management**

Sort and prep mail (including handling remains).....	Standard hourly rates
Document scanning .....	\$0.12 per image
Monthly document storage (paper).....	\$1.50 per box
(electronic).....	\$0.02 per image (waived for first three months)

#### **Claims Administration**

Association of claimant name and address to database.....	\$0.15 per claim
Claim acknowledgement postcards.....	\$0.10 each
Processing of claims, including non-conforming claims, supervisory review and application of message codes.....	Standard hourly rates

#### **Public Securities / Balloting / Solicitation and Tabulation**

Solicitation and Balloting (including coordination with nominees and Broadridge and processing of master ballots, tabulation, verification and certification of vote) .....	Standard hourly rates
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**Services****Fees (Unit/Hourly)****Web Site**

Creating customized, interactive web site (including e-mail box for creditors) .....Standard hourly rates

Monthly maintenance fee .....\$200 per month

Providing updates to website .....Standard hourly rates

**Contact Services**

Case-specific voice-mail box for creditors .....No charge

Interactive Voice Response ("IVR") .....\$1,900 set up  
\$0.39 per minute

Customer Service Representatives .....\$0.95 per minute

Monthly maintenance charge .....\$100 per month

Management of Call Center (including handling of claimant communications, call backs, e-mails, and other correspondences) .....Standard hourly rates

**Miscellaneous Expenses**

Travel.....At cost

Postage, courier, etc .....At cost

Copying, facsimile .....\$0.10 per page

**Hourly Billing Rates<sup>1</sup>**

<b>Title</b>	<b>Standard Hourly Rate</b>
Administrative, Mailroom and Claims Control	\$45-\$55
Project Administrators	\$70-\$85
Project Supervisors	\$95-\$110
Graphic Support & Technology Staff	\$100-\$200
Project Managers and Senior Project Managers	\$125-\$175
Directors and Asst. Vice Presidents	\$200-\$295
Vice Presidents and above	\$295*

<sup>1</sup> For this engagement, GCG agrees to provide discounted hourly rates as reflected in the chart above and to cap its highest hourly rate at \$295. Expert services provided by Angela Ferrante and Craig Johnson, the latter in connection with solicitation (including of public securities) and tabulation will be at a rate of \$310 per hour. Any additional services not covered by this proposal will be charged at GCG hourly rates including any outsourced work performed under GCG supervision and controls. GCG will not charge overtime for any of its hourly rates.