

Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number Dean G. Rallis Jr. (CA Bar No. 94266) Marcus A. Tompkins (CA Bar No. 190922) Sulmeyer, Kupetz, Baumann & Rothman 300 South Grand Ave., 14 th Floor Los Angeles, CA 90071 Tel: (213) 626-2311 Fax: (213) 629-4520	FOR COURT USE ONLY FILED 02 JUN 21 PM 2:13 CLERK U.S. BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: THE PLASTIC SURGERY COMPANY, a Georgia corporation, et al. <hr/> THE PLASTIC SURGERY COMPANY, a Georgia corporation, TPSC OF NORTH CAROLINA, INC., a Delaware corporation, dba PERSONAL IMAGE CENTER OF NORTH CAROLINA, THE PERSONAL IMAGE CENTER OF CONNECTICUT, INC., a Delaware corporation <div style="text-align: right;">Debtor(s).</div>	CASE NO. ND 02-10980-RR (Jointly Administered with Case No. ND 02-10982-RR Case No. ND 02-10981-RR)

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: July 12, 2002	Time: 10:00 a.m. (Auction) 1:00 p.m. (Hearing on Motion to Sell Assets)
Location: U.S. Bankruptcy Court, Courtroom 201, 1415 State Street Santa Barbara, CA 93101-2511	

Type of Sale: Public Private Last date to file objections: June 28, 2002

Description of Property to be Sold: (1) Substantially all of the assets of The Plastic Surgery Company, a Georgia corporation ("PSC") which owns all of the outstanding shares of cosmetic surgery medical centers TPSC of North Carolina, Inc., a Delaware corporation, doing business as Personal Image Center of North Carolina ("PSCNC"), The Personal Image Center of Connecticut, Inc., a Delaware corporation ("PICC"), and Florida Center for Cosmetic Surgery, Inc., a Florida corporation ("FCCS"); (2) Substantially all of the assets of PSCNC, a cosmetic surgery medical center located at 400 Ashville Avenue, Cary, NC 27511; (3) Substantially all of the assets of PICC, a cosmetic surgery medical center located at 32 Imperial Avenue, Westport, CT 06880; (4) Substantially all of the assets of FCCS, a cosmetic surgery medical center located at 915 Middle River Drive, Suite 213, Fort Lauderdale, FL 33304, which owns all of the outstanding shares of Florida Center for Cosmetic Surgery of West Palm Beach, a Florida corporation ("FCCSWPB") and Cosmetic Surgery Management, Inc., a Florida corporation ("CSM"); (5) Substantially all of the assets of FCCSWPB, a cosmetic surgery medical center located at 1501 Forest Hill Boulevard, West Palm Beach, FL 33406; and (6) Substantially all of the assets of CSM. A more detailed description of the property to be sold is contained within the Asset Purchase Agreement among the PSC, PSCNC and PICC (collectively, the "Debtors") and Buyers American Plastic Surgery LLC, American Plastic Surgery of Connecticut, LLC, American Plastic Surgery of Georgia, LLC, and American Plastic Surgery of North Carolina, LLC (the "Non-Florida Purchase Agreement"); and the Asset Purchase Agreement among PSC, FCCS, FCCSWPB and CSM and Buyers American Plastic Surgery, LLC and American Plastic Surgery of Florida, LLC (the "Florida Purchase Agreement"). A copy of the Non-Florida Asset Purchase Agreement and the Florida Asset Purchase

1236

Agreement may be obtained upon written request to Dean Rallis, Jr., Sulmeyer, Kupetz, Baumann & Rothman, 300 South Grand Ave., Los Angeles, California 90071, or may be viewed by visiting the Debtors' website at www.tpsc.com.

Terms and Conditions of Sale: The sale of the above described Assets shall be pursuant to the terms of the Non-Florida Purchase Agreement and the Florida Purchase Agreement. Consummation of each of the Non-Florida Purchase Agreement and the Florida Purchase Agreement is a condition precedent to the consummation of each other and of Buyers' obligations to close the sale transaction. The sale is subject to court approval and overbid as described below.

Proposed Sale Price: Subject to overbids, Debtors shall receive the following consideration if the sale is authorized and consummated: (i) \$200,000 in cash; (ii) Forgiveness of all indebtedness (in excess of \$1.5 million) owed by the Debtors, FCCS, FCCSWPB and CSM (collectively, the "Sellers") to the Pacific Mezzanine Fund, LP, a secured creditor, and a release of all liens securing such indebtedness; (iii) Release of all liens of secured creditors Beverly Refkin, Paul Refkin and Sherman Clay ("Secured Sellers") against Debtors' assets and satisfaction of Secured Seller's secured claim in excess of \$4.1 million; (iv) Relief from certain executory obligations arising after the sale closing under contracts, unexpired leases and other assets that are assigned to Buyers; (v) Relief from pre-petition unsecured payables owed to trade vendors of PSCNC and PICC incurred in the ordinary course relating to their businesses up to the aggregate of \$200,000; (vi) At least \$200,000 in cash; and (vii) waiver of the post-petition administrative loan ("Administrative Loan") made by FCCS and FCCSWPB to PSC (collectively, the "Purchase Price"). The Purchase Price is subject to certain adjustments as set forth in the Purchase Agreements. Buyers shall pay into escrow the \$4.1 million plus accrued interest, costs and fees owed to the Secured Sellers, which shall be paid to Secured Sellers out of escrow upon Closing less certain expenses set forth in the Purchase Agreements are satisfied, and Secured Sellers shall release all liens against Sellers securing such indebtedness.

Overbid Procedure (If Any): The Debtors shall consider Qualified Overbids for the above-described Assets. In order for a proposed overbid to be deemed a Qualified Overbid, a proposed overbid must meet each of the criteria set forth in the following subparagraphs:

1. *Timing.* All of the documents and information required to be submitted must be received by the following persons: (i) the Debtors c/o Mr. Dennis Condon, The Plastic Surgery Company, 402 East Gutierrez Street, Santa Barbara, California 93101; (ii) the Debtors' bankruptcy counsel, Dean G. Rallis Jr., Esq., Sulmeyer, Kupetz, Baumann & Rothman, 300 South Grand Avenue, 14th Floor, Los Angeles, California 90071, (iii) counsel for the Secured Sellers, Ted Stolman of Stutman, Treister & Glatt, 3699 Wilshire Blvd., Suite 900, Los Angeles, California 90010 (iv) counsel for Pacific Mezzanine Fund, L.P., Jay Michaelson of Michaelson, Susi and Michaelson, 7 West Figueroa Street, Santa Barbara, California 93101 and (v) counsel for Buyers, Robbin L. Itkin of Kirkland & Ellis, 777 South Figueroa Street, 34th Floor, Los Angeles, California 90017, no later than 5:00 p.m., PDT time, on July 2, 2002 (the "Overbid Deadline"). Unless a bid containing all of the required documents and information is submitted by the Overbid Deadline, it will not constitute a Qualified Overbid.

2. Qualified Overbids. The Debtors shall consider qualified overbids for the Assets ("Qualified Overbid"), but shall not consider proposed overbids that are not Qualified Overbids. To be a Qualified Overbid, a bid (together with all bid materials and information described below and required to be submitted with the bid) must: (1) be submitted to the Seller and Buyers in writing by **July 2, 2002**; (2) contain offers to purchase the Assets for (a) cash in an amount equal to the sum of (i) \$4.3 million, plus (ii) interest on those certain Secured Promissory Notes by PSC to each of the Secured Sellers, plus (iii) the reasonable out-of-pocket expenses of the Secured Sellers in connection with the transactions contemplated by the Purchase Agreements, plus (iv) \$1,500,000, plus accrued, unpaid interest on all indebtedness owed by the Debtors to PMF ("Debt and Lien Forgiveness"), plus (v) \$650,000, (b) the forgiveness of the Administrative Loan, (c) the assumption in the ordinary course of business of up to \$200,000 of pre-petition unsecured indebtedness owed to the trade vendors of PSCNC and PICC, and (d) the assumption of PSC's executory obligations arising after the Closing pursuant to the Executory Contracts specified in Purchase Agreements (collectively, the "minimum overbid amount"), all to be paid on terms and conditions which are substantially the same as those contained in the Purchase Agreements; and (3) contain evidence that the person or entity submitting such bid has received debt and/or equity funding commitments sufficient in the aggregate to finance the purchase of the Assets, including proof of deposit of an amount equal to at least \$350,000 in escrow with an escrow agent, subject to the jurisdiction of the Bankruptcy Court until completion of the sale and payable to Buyers at the Closing or at such time as the Sellers become entitled thereto. As part of any Qualified Overbid, a bidder must submit two copies of each Purchase Agreements marked to show changes.
3. Form and Content of Overbid. Competing bids must be no more conditional than the terms and conditions contained in the Purchase Agreements in effect as of the tenth day prior to the Sale Hearing and cannot contain any financing or due diligence contingencies of any kind.
4. In the Auction (as defined below), all topping bids over the initial bid set forth above must be made in not less than \$100,000 increments. Any topping bid made by Buyers shall be made in an amount not less than \$100,000 over the last highest bid less the aggregate amount of the Termination Fee and Expense Reimbursement (\$350,000). Buyers shall have the right to credit bid the amount of the Debt and Lien Forgiveness. The Debtors must determine the highest and best bid at the Auction by considering, among other things: (a) the number, type and nature of any changes to the Purchase Agreements requested by each bidder; (b) the extent to which such modifications are likely to delay closing of the sale of the acquired Assets to such bidder and the cost to the Debtors of such modifications or delay; (c) the total consideration to be received by the Debtors; (d) the likelihood of the bidder's ability to close a transaction and the timing thereof, and (e) the net benefit to the Debtors' estates, taking into account Buyers' rights to the Termination Fee, Expense Reimbursement and the forgiveness of the Administrative Loan, and Debt and Lien Forgiveness.
5. Qualification and Disqualification of Overbids. No later than **5:00 p.m., PDT time, on July 9, 2002** (the "Determination Deadline"), the Debtors shall determine whether each overbidder has submitted a Qualified Overbid. Buyers and any prospective purchaser shall have standing at the Sale Hearing to contest the Debtors' determination of a Qualified Overbid.

6. Result If No Qualified Overbids. If the Debtors determine by the Determination Deadline that there are no Qualified Overbids, the Debtors shall move the Court at the Sale Hearing for authority to sell the Assets to Buyers pursuant to the terms of the Purchase Agreements.
7. Auction If Qualified Overbids. If the Debtors determine by the Determination Deadline that there are one or more Qualified Overbids, the Debtors shall hold an auction (the "Auction") at 10:00 a.m. PDT, on the day of the Sale Hearing. The Auction shall be conducted at Courtroom 202, U.S Bankruptcy Court, 1415 State Street, Santa Barbara, CA 93101-2511.
- a. Only the persons who submitted Qualified Overbids and Buyers may participate in the Auction.
 - b. Subject to Court approval at the Sale Hearing, the Debtors may continue the Auction to a later date without further notice other than an announcement at the Auction.
 - c. At the conclusion of the Auction, the Debtors shall announce which of the bids is, in their judgment, the highest and best offer and will be presented to the Court for approval. Buyers and any prospective purchaser shall have standing at the Sale Hearing to contest the Debtors' determination of the highest and best offer.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address):

Date and Time: July 12, 2002. Auction at 10:00 a.m.;

Hearing on motion to sell Assets at 1:00 p.m.

Location: U.S. Bankruptcy Court, Courtroom 201

1415 State Street, Santa Barbara, CA 93101-2511

Contact Person: Dennis Condon, The Plastic

Surgery Company, 402 East Gutierrez Street,

Santa Barbara, CA 93101

Date: June 20, 2002