

Background

1. New England Compounding Pharmacy, Inc. (the “Company” or “NECC”) is a compounding pharmacy which combines and mixes ingredients to create specific formulations of pharmaceutical products.

2. Prior to December 21, 2012 (the “Petition Date”), numerous individuals across the country were stricken with fungal meningitis. Information available through the Centers for Disease Control and Prevention (“CDC”) indicates that 39 people have died and over 600 individuals have been sickened. Although the CDC’s investigation is on-going, the CDC attributes the outbreak of fungal meningitis to contaminated pharmaceuticals distributed by NECC. In early October, NECC initiated a nationwide recall of thousands of vials of the substance at issue and, in cooperation with regulatory authorities, ceased operation.

3. Approximately 130 lawsuits against NECC have been filed across the country in connection with this tragic occurrence. In addition, NECC has received demands from over 270 additional claimants asserting injury from the contaminated pharmaceuticals. The number of lawsuits and demands is rising on a daily basis. The sheer volume and wide geographic distribution of cases – bringing the prospect of chaotic, conflicting and value-destroying pretrial orders and remedies – has necessitated commencing this case at this time.

4. On December 12, 2012, the directors and shareholders of the Company appointed Keith D. Lowey of Verdolino & Lowey, P.C. as an independent director and the chief restructuring officer with “plenary and exclusive authority” over matters related to personal injury and wrongful death claimants and other creditors. Mr. Lowey is also empowered with “plenary and exclusive authority” over the Company’s conduct of this Chapter 11 case.

5. Through this Chapter 11 case NECC seeks to address the claims of hundreds of individuals in a single forum of national jurisdiction in a proceeding that minimizes costly litigation that drains assets from the estate. By facilitating a consensual resolution among the major constituencies to develop a Compensation Fund for personal injury creditors as has been accomplished in other cases, NECC hopes to provide a greater, quicker, fairer and less expensive payout to its creditors than they could achieve through piecemeal litigation.