

1 JAMES L. DAY (WSBA #20474)
2 THOMAS A. BUFORD (WSBA #52969)
3 BUSH KORNFELD LLP
4 601 Union Street, Suite 5000
5 Seattle, WA 98101
6 Tel: (206) 292-2110
7 Email: jday@bskd.com
8 tbuford@bskd.com

HONORABLE WHITMAN L. HOLT

9 SAMUEL R. MAIZEL (Admitted *Pro*
10 *Hac Vice*)
11 DENTONS US LLP
12 601 South Figueroa Street, Suite 2500
13 Los Angeles, California 90017-5704
14 Tel: (213) 623-9300
15 Fax: (213) 623-9924
16 Email: samuel.maizel@dentons.com

17 SAM J. ALBERTS (WSBA #22255)
18 DENTONS US LLP
19 1900 K. Street, NW
20 Washington, DC 20006
21 Tel: (202) 496-7500
22 Fax: (202) 496-7756
23 Email: sam.alberts@dentons.com

24 *Attorneys for the Chapter 11 Debtors and*
25 *Debtors In Possession*

26 **UNITED STATES BANKRUPTCY COURT**
27 **EASTERN DISTRICT OF WASHINGTON**

28 In re:

ASTRIA HEALTH, *et al.*,

Debtors and
Debtors in
Possession.¹

Chapter 11
Lead Case No. 19-01189-11
Jointly Administered

**NOTICE OF FILING REDLINES RE:
PLAN, DISCLOSURE STATEMENT,
PROPOSED ORDER AND VOTING
BALLOTS**

**[RELATED DOCUMENT NOS. 1967, 1968,
1976]**

¹ The Debtors, along with their case numbers, are as follows: Astria Health (19-01189-11), Glacier Canyon, LLC (19-01193-11), Kitchen and Bath Furnishings, LLC (19-01194-11), Oxbow Summit, LLC (19-01195-11), SHC Holdco, LLC (19-01196-11), SHC Medical Center - Toppenish (19-01190-11), SHC Medical Center - Yakima (19-01192-11), Sunnyside Community Hospital Association (19-01191-11), Sunnyside Community Hospital Home Medical Supply, LLC (19-01197-11), Sunnyside Home Health (19-01198-11), Sunnyside Professional Services, LLC (19-01199-11), Yakima Home Care Holdings, LLC (19-01201-11), and Yakima HMA Home Health, LLC (19-01200-11).

NOTICE OF FILING



1
2 **PLEASE TAKE NOTICE** that, on November 4, 2020, Astria Health and the
3 affiliated debtors, the debtors and debtors in possession (collectively, the “Debtors”)
4 in the above-captioned chapter 11 bankruptcy cases, and Lapis Advisers, LP as lender
5 under the Debtors’ debtor in possession facility in the Chapter 11 Cases, agent under
6 the Debtors’ prepetition credit agreement, and as investment advisor and investment
7 manager for certain funds which are beneficial holders of those certain Washington
8 Health Care Facilities Authority Revenue Bonds (collectively, the “Plan
9 Proponents”) filed the *First Amended Joint Chapter 11 Plan of Reorganization of*
10 *Astria Health and its Debtor Affiliates* [Docket No. 1967] (the “First Amended Plan”)
11 and the *Disclosure Statement Relating to the First Amended Joint Chapter 11 Plan*
12 *of Reorganization of Astria Health and its Debtor Affiliates* [Docket No. 1968] (the
13 “First Amended Disclosure Statement”).

14
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17
18 **PLEASE TAKE FURTHER NOTICE** that on November 5, 2020 the Plan
19 Proponents lodged the proposed *Order Approving Joint Motion for an Order*
20 *Approving: (I) Proposed Disclosure Statement; (II) Solicitation and Voting*
21 *Procedures; (III) Notice and Objection Procedures for Confirmation of Joint Plan of*
22 *Reorganization; and (IV) Granting Related Relief* [Docket No. 1976] (the
23 “Disclosure Statement Order”), attaching forms of voting ballots as Exhibit A (the
24 “Ballots”).
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NOTICE OF FILING

DENTONS US LLP
601 South Figueroa Street, Suite 2500
Los Angeles, CA 90017-5704
Phone: (213) 623-9300
Fax: (213) 613-9924

BUSH KORNFELD LLP
LAW OFFICES
601 Union St., Suite 5000
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

1 **PLEASE TAKE FURTHER NOTICE** that on November 10, 2020, the Plan
2 Proponents incorporated changes discussed at the November 6, 2020 hearing to
3 consider the First Amended Disclosure Statement and filed the *Second Amended*
4 *Joint Chapter 11 Plan of Reorganization of Astria Health and its Debtor Affiliates*
5 [Docket No. 1986] (the “Second Amended Plan”), the *Disclosure Statement Relating*
6 *to the Second Amended Joint Chapter 11 Plan of Reorganization of Astria Health*
7 *and its Debtor Affiliates* [Docket No. 1987] (the “ Second Amended Disclosure
8 Statement”) and a revised proposed order approving the Second Amended Disclosure
9 Statement [Docket No. 1988] (the “Revised Disclosure Statement Order”), attaching
10 revised forms of Ballots as Exhibit A (the “Revised Ballots”).

11
12 **PLEASE TAKE FURTHER NOTICE** that the Debtors hereby file attached
13 redlines of the Second Amended Plan, Second Amended Disclosure Statement,
14 Revised Disclosure Statement Order and Revised Ballots, which detail the changes
15 made to the First Amended Plan, First Amended Disclosure Statement, Disclosure
16 Statement Order and Ballots.

17 Dated: November 11, 2020

18 DENTONS US LLP
19 SAMUEL R. MAIZEL
20 SAM J. ALBERTS

21 By /s/ Samuel R. Maizel
22 SAMUEL R. MAIZEL

23 *Attorneys for the Chapter 11 Debtors*
24 *and Debtors In Possession*

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26
27
28
NOTICE OF FILING

DENTONS US LLP
601 South Figueroa Street, Suite 2500
Los Angeles, CA 90017-5704
Phone: (213) 623-9300
Fax: (213) 613-9924

BUSH KORNFELD LLP
LAW OFFICES
601 Union St., Suite 5000
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

Redline of Second Amended Plan

1 JAMES L. DAY (WSBA #20474)
BUSH KORNFELD LLP
2 601 Union Street, Suite 5000
Seattle, WA 98101
3 Tel: (206) 521-3858
Email: jday@bskd.com
4 SAMUEL R. MAIZEL (Admitted Pro
Hac Vice)
5 DENTONS US LLP
6 601 South Figueroa Street, Suite 2500
Los Angeles, California 90017-5704
7 Tel: (213) 623-9300
Fax: (213) 623-9924
8 Email: samuel.maizel@dentons.com
9 SAM J. ALBERTS (WSBA #22255)
DENTONS US LLP
10 1900 K. Street, NW
Washington, DC 20006
11 Tel: (202) 496-7500
Fax: (202) 496-7756
12 Email: sam.alberts@dentons.com
13 Attorneys for the Chapter 11 Debtors
and Debtors In Possession

MARK D. NORTHRUP (WSBA
#16947)
MILLER NASH GRAHAM & DUNN
LLP
2801 Alaskan Way, Suite 300
Seattle, Washington 98121-1128
Tel: (206) 624-8300
Email:
mark.northrup@millernash.com
WILLIAM KANNEL (admitted pro
hac vice)
IAN A. HAMMEL (admitted pro hac
vice)
MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY AND POPEO, P.C.
One Financial Center
Boston, Massachusetts 02111
Tel: (617) 542-6000
Email: wkannel@mintz.com
Email: iahammel@mintz.com
Email: tmckeon@mintz.com
Attorneys for the Lapis Parties

HONORABLE
WHITMAN L. HOLT

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON**

In re:

ASTRIA HEALTH, *et al.*,
Debtors and
Debtors in
Possession.¹

Chapter 11
Lead Case No. 19-01189-11
Jointly Administered

**FIRSTSECOND AMENDED JOINT
CHAPTER 11 PLAN OF
REORGANIZATION OF ASTRIA
HEALTH AND ITS DEBTOR
AFFILIATES**

¹The Debtors, along with their case numbers, are as follows: Astria Health (19-01189-11), Glacier Canyon, LLC (19-01193-11), Kitchen and Bath Furnishings, LLC (19-01194-11), Oxbow Summit, LLC (19-01195-11), SHS Holdco, LLC (19-01196-11), SHC Medical Center - Toppenish (19-01190-11), SHC Medical Center - Yakima (19-01192-11), Sunnyside Community Hospital Association (19-01191-11), Sunnyside Community Hospital Home Medical Supply, LLC (19-01197-11), Sunnyside Home Health (19-01198-11), Sunnyside Professional Services, LLC (19-01199-11), Yakima Home Care Holdings, LLC (19-01201-11), and Yakima HMA Home Health, LLC (19-01200-11).

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1 **INTRODUCTION**

2 The Debtors and the Lapis Parties (collectively, the “Plan Proponents”) propose this
3 ~~First~~Second Amended Joint Plan of Reorganization of Astria Health and its Affiliates. Capitalized
4 terms used but not otherwise defined shall have the respective meanings ascribed to such terms in
5 Section I.A. Holders of Claims and Interests may refer to the Disclosure Statement for a discussion
6 of the Debtors’ history, businesses, assets, results of operations, historical financial information,
7 and projections of future operations, as well as a summary and description of the Plan. The Plan
8 Proponents are the proponents of the Plan within the meaning of § 1129 of the Bankruptcy Code.²
9 The Plan shall apply as a joint Plan for all Debtors under which all assets and liabilities shall be
10 consolidated for the limited purposes of Claim treatment and Plan distributions but otherwise, each
11 Debtor, Reorganized Debtor or Liquidating Debtor, as the case may be, shall remain a separate
12 legal entity.

13 ALL HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE ON THE PLAN
14 ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN
15 THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

16 **SECTION I. DEFINITIONS AND RULES OF CONSTRUCTION**

17 **A. Definitions. The following terms used herein shall have the respective
18 meanings defined below:**

19 1.1 **503(b)(9) Claims** means Administrative Claims arising under § 503(b)(9).

20 1.2 **Administrative and Priority Claims Reserve** means the reserve to be established
21 and maintained by the Reorganized Debtors and Liquidating Debtors and funded, subject to the
22 Administrative, Professional and Priority Claims Cap, with the Administrative and Priority Claims
23 Reserve Amount pursuant to Section II.D.4 hereof.

24 1.3 **Administrative and Priority Claims Reserve Amount** means Cash in an amount to
25 be determined by Plan Proponents on or before the Effective Date, subject to the Administrative,
26 Professional and Priority Claims Cap, to be funded by the Debtors to the Reorganized Debtors in
27 an amount sufficient to pay in full all accrued but unpaid U.S. Trustee Fees and Administrative,
28 Priority Tax, Priority, and Professional Fee Claims other than Ordinary Course Administrative
Expenses that are Allowed after the Effective Date to the extent that such Claims have not been
paid in full on or before the Effective Date consistent with § 1129(a)(9).

1.4 **Administrative Claim** means a Claim for costs or expenses of administering the
Debtors’ Chapter 11 Cases under § 507(a)(2) or 503(b) but expressly excluding Professional Fee
Claims. Administrative Claims include (i) DIP Claims; (ii) 503(b)(9) Claims; (iii) Cure Payments;
and (iv) fees payable to the clerk of the Bankruptcy Court and the Office of the U.S. Trustee.

² All references to “§” herein are to sections of the United States Bankruptcy Code, 11 U.S.C.
§§101-1531, as amended, unless otherwise noted.

1 1.5 **Administrative Claims Bar Date** means the date established by the Administrative
2 Claims Bar Date Order by which requests for payment of Administrative Claims must be Filed,
subject to any exceptions specifically set forth therein.

3 1.6 **Administrative Claims Bar Date Order** means the Order (I) Fixing the First Interim
4 Bar Date for Filing Certain Post-Petition Administrative Expense Claims and (II) Approving the
Form of Notice of the Administrative Expense Claims Bar Date [Docket No. 1416].

5 1.7 **Administrative, Professional and Priority Claims Cap** means \$4,624,674, which
6 shall be the maximum amount payable under the Plan for the payment of pre-Effective Date U.S.
7 Trustee Fees and Administrative, Priority Tax, Priority, and Professional Fee Claims on or after
8 the Effective Date. To be clear, DIP Claims and Ordinary Course Administrative Expenses are
not subject to this Cap.

9 1.8 **Affiliate** shall have the meaning set forth in § 101(2).

10 1.9 **Allowed** means with respect to (I) a Claim: (a) any Claim, a proof of Claim for
11 which was timely Filed by the applicable Claims Bar Date, Supplemental Bar Date or
Administrative Claims Bar Date (or a Claim for which a Proof of Claim is not required to be Filed
12 under the Plan, the Bankruptcy Code, or a Final Order of the Court); (b) any Claim that is listed in
the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of
13 Claim has been timely Filed; (c) any Claim allowed pursuant to the Plan or Final Order of the
Court; provided, that with respect to any Claim described in clause (a) or (b) above, such Claim
14 shall be considered Allowed only if and to the extent that no objection to the allowance of such
Claim has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy
15 Code, the Bankruptcy Rules or Court, or if such an objection is so interposed and the Claim shall
have been Allowed by a Final Order; provided, further, that the Reorganized Debtors (and with
16 respect to General Unsecured Claims, the GUC Distribution Trustee), as applicable, may, subject
to Section V.A., affirmatively determine to allow any Claim described in clause (a) notwithstanding
17 the fact that the period within which an objection may be interposed has not yet expired; provided,
18 further, that any Claims allowed solely for the purpose of voting to accept or reject the Plan
pursuant to an Order of the Court shall not be considered an Allowed Claim under this Plan;
19 provided, further, that any Claim disallowed or expunged under the Plan, by Final Order of the
Court, or otherwise shall not be an Allowed Claim; provided, further, that with respect to any
20 Claim Allowed only in part, references to Allowed Claims in this Plan include, and are limited to,
only the portion of the Claim that is Allowed; and (II) an Interest, to the extent Allowed under this
21 Plan. Unless otherwise specified in the Plan, an Allowed Claim does not include interest on the
Claim accruing after Petition Date. Moreover, all or any portion of a Claim that is satisfied or
22 released during the Chapter 11 Cases is not an Allowed Claim.

23 1.10 **A/R Collections** means post-confirmation collections of receivables for SHC
24 Medical Center - Yakima accounts.

25 1.11 **Avoidance Actions** means any and all actual or potential claims and causes of action
26 to avoid a transfer of property or an obligation incurred by a Debtor pursuant to any applicable
section of the Bankruptcy Code, including §§ 502, 510, 542, 544, 547, 548, 549, 550, 551, 553
27

1 and 724(a) or under similar or related state or federal statutes and common law, including
2 fraudulent transfer laws.

3 1.12 **Ballot** shall mean a ballot, e-ballot, or master ballot, as applicable, authorized by
4 the Court pursuant to the Solicitation Procedures Order to indicate acceptance or rejection of the
5 Plan and to opt out of the release provided by Section VII.F.2.

6 1.13 **Bankruptcy Code** means title 11 of the United States Code, 11 U.S.C. §§ 101, *et*
7 *seq.*, as may be amended.

8 1.14 **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure, as applicable
9 to the Chapter 11 Cases, promulgated under section 2075 of the Judicial Code and the general
10 rules, the Local Bankruptcy Rules, and chambers rules of the Court.

11 1.15 **Board Trustees** means those persons serving as members of the board of directors
12 of any or all of the Debtors or Non-Debtor Affiliates.

13 1.16 **Bonds** means, collectively, those certain Washington Health Care Facilities
14 Authority Revenue Bonds, Series 2017A Bonds and the Series 2017B Bonds issued pursuant to
15 the Bond Indenture.

16 1.17 **Bond Documents** means the Bond Indenture and all other documents evidencing
17 and otherwise securing the Bonds.

18 1.18 **Bond Indenture** means that certain Bond Indenture dated as of November 1, 2017
19 between the Washington Health Care Facilities Authority and the Bond Trustee.

20 1.19 **Bond Trustee** means UMB Bank, N.A., as the trustee for bondholders under the
21 Bond Indenture.

22 1.20 **Business Day** means any day, other than a Saturday, Sunday, or “legal holiday” (as
23 defined in Bankruptcy Rule 9006(a)), or a day on which banking institutions in Yakima,
24 Washington are authorized by law or other governmental action to close.

25 1.21 **Cash** means the legal tender of the United States of America and the equivalent
26 thereof.

27 1.22 **Causes of Actions** means any and all claims, actions, causes of action, choses in
28 action, rights, demands, Liens, suits, liabilities, encumbrances, lawsuits, adverse consequences,
debts, damages, dues, sums of money, obligations, accounts, reckonings, deficiencies, bonds, bills,
disbursements, expenses, losses, specialties, covenants, guaranties, contracts, controversies,
agreements, promises, variances, trespasses, powers, judgments, privileges, licenses, franchises,
remedies, rights of setoff, rights of recoupment, third-party claims, subrogation claims, defenses,
contribution claims, reimbursement claims, indemnity claims, counterclaims, and cross-claims
(including those of the Debtors and/or the Estates), each of any kind or character whatsoever,
whether known or unknown, foreseen or unforeseen, suspected or unsuspected, liquidated or
unliquidated, fixed or contingent, matured or unmatured, secured or unsecured, disputed or
undisputed, and whether held or assertable in a personal or representative capacity, based in law

1 or equity, including under the Bankruptcy Code or under any other federal or state statute or
2 common law, whether in contract or tort or any other theory of law, whether direct, indirect,
3 derivative, or otherwise, whether arising before, on, or after the Petition Date, and whether asserted
4 or unasserted as of the Effective Date, including, without limitation, (i) the right to object to,
5 challenge or otherwise contest any claims, whether or not any such claim is the subject of a proof
6 of claim; (ii) any right of setoff, counterclaim, or recoupment and any claim for breach of contract
7 or for breach of duties imposed by law or in equity; (iii) any claim pursuant to § 362; (iv) any
8 claim or defense including fraud, mistake, duress, and usury, and any other defenses set forth in §
9 558; (v) all claims, causes of action (avoidance or otherwise), objections, rights, and remedies
10 arising under Chapter 5 of the Bankruptcy Code pursuant to, among others, §§ 502, 510, 542
11 through 545 and 547 through 553 or 558 thereof, or similar or equivalent claims, causes of action,
12 objections, rights, and remedies arising under state law, including all Avoidance Actions,
13 irrespective of whether or not the targets of such causes of action have been identified by name, or
14 any transfers subject to avoidance have been listed, in the Debtors' Schedules, the Disclosure
15 Statement, this Plan, or any other document Filed in the Chapter 11 Cases; (vi) the Vendor Claims;
16 (vii) claims under any Insurance Policies applicable to the Debtors; (viii) all claims of any kind or
17 nature arising under state or federal law against any of the Debtors' current or former vendors
18 relating to services rendered prior to the Petition Date; (ix) all claims, causes of action, and other
19 rights (including rights to challenge any asserted Lien) of any kind or nature against any party
20 asserting ~~secured~~ claim in these cases, ~~other than claims or Causes of Action~~ unless expressly and
21 in writing released or otherwise waived during the Chapter 11 Cases, including under this Plan;
22 (x) all legal and equitable defenses against any Claim or Cause of Action asserted against the
23 Debtors; (xi) all claims and/or Causes of Action of any kind or nature arising under state or federal
24 law arising under a theory of negligence, professional negligence, and/or malpractice; (xii) all
25 claims and/or Causes of Action of any kind or nature arising under state law based fraudulent
26 conveyance theories; (xiii) all claims and/or Causes of Action constituting, for, based upon, or
27 relating to a breach of fiduciary duty, a tort, a contract, federal or state preference or fraudulent
28 transfer laws, or any federal or state statutory rights or requirements, whether based in law or
equity, against any of the current and former members, managers, and/or officers of the Debtors;
(xiv) Preserved Claims; and ~~(xv)~~ all Avoidance Actions against AHM, Inc. The foregoing
definition shall be construed in accordance with its broadest possible meaning, and any doubts or
ambiguities shall be resolved in favor of inclusivity. **Except as otherwise expressly provided in
the Plan, any and all Causes of Action are preserved under the Plan. For the avoidance of
doubt, the Board Trustees are, on the terms of the Plan, Exculpated Parties and Released
Parties and, thus, are not subject to any Causes of Action or Avoidance Actions.**

1.23 *Chapter 11 Case* means when used with reference to a particular Debtor, the case pending for that Debtor under chapter 11 of the Bankruptcy Code in the Court.

1.24 *Chapter 11 Cases* mean when used with reference to all of the Debtors, the procedurally consolidated and jointly administered chapter 11 cases pending for the Debtors in the Court under Chapter 11 Case Number 19-01189-11.

1.25 *Claim* shall have the meaning set forth in § 101(5) against a Debtor.

1.26 *Claims and Noticing Agent* means Kurtzman Carson Consultants LLC, the claims, noticing, and solicitation agent retained by the Debtors pursuant to the Order Granting Debtors'

1 Amended Application and Motion for an Order Appointing Kurtzman Carson Consultants LLC as
2 Noticing Agent Nunc Pro Tunc to May 6, 2019 [Docket No. 292].

3 1.27 **Claims Bar Date** means August 5, 2019, as established by the Claims Bar Date
4 Notice.

5 1.28 **Claims Bar Date Notice** means that certain notice, entered by the Court on May 10,
6 2019 [Docket No. 91], establishing the Claims Bar Date.

7 1.29 **Claims Objection Bar Date** means the first Business Day that is not less than 180
8 days after the Effective Date. The time period for filing objections to Claims shall automatically
9 renew for successive periods of one hundred eighty (180) days each until the earlier of (i) the date
10 upon which all Claims have been Allowed or Disallowed or (ii) the date fixed by the Court upon
11 motion of the Reorganized Debtors, the GUC Distribution Trustee, or a Holder or a Claim.

12 1.30 **Claims Register** means the official register of Claims maintained by the Court and
13 mirrored by the Claims and Noticing Agent.

14 1.31 **Class** means a category of Holders of Claims or Interests as set forth in Section II
15 pursuant to § 1122(a).

16 1.32 **Committee** means the statutory committee of unsecured creditors, appointed in the
17 Chapter 11 Cases pursuant to § 1102 by the U.S. Trustee, pursuant to the Appointment of Official
18 Committee of Unsecured Creditors [Docket No. 135] on May 24, 2019.

19 1.33 **Committee Members** mean, all current and former members of the Committee,
20 including each of the following, solely in their capacity as a member of the Committee, (i)
21 CHSPSC, LLC/Community Health Systems, Inc.; (ii) LocumTenens.com, LLC; (iii) Community
22 Health of Central Washington; (iv) Medtronic USA, Inc.; (v) Morrison Management Specialists,
23 Inc.; (vi) Apogee Physicians; and (vii) Boston Scientific Corporation.

24 1.34 **Committee Plan Settlement** means the settlement of the Committee's objections to
25 the prior version of the Debtors' plan of reorganization as set forth in the Term Sheet.

26 1.35 **Confirmation** means the entry of the Confirmation Order on the docket of the
27 Chapter 11 Cases.

28 1.36 **Confirmation Date** means the date upon which the Court enters the Confirmation
Order on the docket of the Chapter 11 Cases within the meaning of Bankruptcy Rules 5003 and
9021.

1.37 **Confirmation Hearing** means the hearing held by the Court to consider
Confirmation of the Plan pursuant to § 1129.

1.38 **Confirmation Order** means the order of the Court confirming this Plan pursuant to
§ 1129.

1.39 **Consummation** means the occurrence of the Effective Date.

1 1.40 **Convenience Class** means the class of General Unsecured Claims that are either (i)
2 less than or equal to five thousand dollars (\$5,000), or (ii) if the Claim amount is greater than five
3 thousand dollars (\$5,000), a General Unsecured Claim with respect to which the claimant has made
a Convenience Class Election.

4 1.41 **Court** means the United States Bankruptcy Court for the Eastern District of
5 Washington having jurisdiction over the Chapter 11 Cases, or any other court of the United States
6 exercising competent jurisdiction over the Chapter 11 Cases or any proceeding any proceeding
therein.

7 1.42 **Credit Agreement** means that certain Credit Agreement dated as of January 18,
8 2019 between certain of the Debtors, Lapis Advisers, LP and others.

9 1.43 **Credit Agreement Documents** means the Credit Agreement and all other
documents executed in connection therewith.

10 1.44 **Cure Payment** means the payment of Cash or the distribution of other property (as
11 the parties may agree or the Court may order), as necessary to cure defaults under an Executory
Contract of Debtors pursuant to § 365(b).

12 1.45 **D&O Causes of Action** means all Causes of Action against the current and former
13 members, managers, and/or officers of the Debtors that are Preserved Claims, as the term may be
modified or enhanced under the terms of the Plan Supplement.

14 1.46 **D&O Policies** means all insurance policies for liability of members, managers, and
15 officers of the Debtors maintained by the Debtors as of the Effective Date.

16 1.47 **Debtor** means any of the Debtors.

17 1.48 **Debtors** means, collectively, (i) Astria Health; (ii) Glacier Canyon, LLC; (iii)
18 Kitchen and Bath Furnishings, LLC; (iv) Oxbow Summit, LLC; (v) SHS Holdco, LLC; (vi) SHC
19 Medical Center - Toppenish; (vii) SHC Medical Center - Yakima; (viii) Sunnyside Community
Hospital Association; (ix) Sunnyside Community Hospital Home Medical Supply, LLC; (x)
20 Sunnyside Home Health; (xi) Sunnyside Professional Services, LLC; (xii) Yakima Home Care
Holdings, LLC; and (xiii) Yakima HMA Home Health, LLC, the debtors and debtors in possession
21 in these Chapter 11 Cases.

22 1.49 **Debtors' Releases** means the releases given on behalf of the Debtors and their
Estates to the Released Parties as set forth in Section VII.F.1 herein.

23 1.50 **Definitive Documents** means the documents (including any related agreements,
24 instruments, schedules, or exhibits and Exchange Debt Documents) that are necessary or desirable
to implement, or otherwise relate to the Plan (including any plan supplements), the Disclosure
25 Statement, any order approving the Disclosure Statement, and any order confirming the Plan, in
each case on terms and conditions consistent with the Plan on terms acceptable to the Plan
26 Proponents.

1 1.51 **DIP Agent** means Lapis, in its capacity as agent to DIP Lenders under the DIP Loan
2 and Security Agreement, including any successor thereto.

3 1.52 **DIP Agent Professional Fees** means, collectively, to the extent not previously paid
4 in connection with the Chapter 11 Cases, all outstanding reasonable and documented fees and
5 expenses of any professionals retained by the DIP Agent, including, without limitation, Cole
6 Schotz P.C., in its capacity as counsel to the DIP Agent.

7 1.53 **DIP Agreement** means that certain Senior Secured, Super-Priority Debtor-In-
8 Possession Loan and Security Agreement, dated as of December 26, 2019, by and among Debtors,
9 as borrowers, the other Loan Parties thereto (as defined in the DIP Loan and Security Agreement),
10 the DIP Agent, and the DIP Lenders, as approved by the Final DIP Order, and as the same may be
11 amended, modified, or amended and restated from time to time in accordance with its terms,
12 consisting of a post-petition term loan facility in the principal amount of up to \$43,100,000.

13 1.54 **DIP Claims** means any Claim in respect of any DIP Obligations (as defined in the
14 Final DIP Order) held by, or otherwise owing to, any or all of the DIP Agent and the DIP Lenders.

15 1.55 **DIP Claims Exchange Debt** means Exchange Debt issued to satisfy DIP Claims as
16 more specifically described in the Exchange Debt Documents.

17 1.56 **DIP Lenders** means, collectively, the DIP Agent and the Lenders (as defined in the
18 DIP Loan and Security Agreement).

19 1.57 **Disallowed** means any Claim or Interest, or any portion thereof, that (i) has been
20 disallowed by Final Order or settlement; (ii) is scheduled in the amount of zero dollars (\$0) or as
21 contingent, disputed, or unliquidated on the Schedules and as to which a Claims Bar Date,
22 Supplemental Bar Date or Administrative Claims Bar Date has been established but no Proof of
23 Claim has been timely Filed or deemed timely Filed with the Court pursuant to either the
24 Bankruptcy Code or any Final Order of the Court, including the Claims Bar Date Order,
25 Supplemental Bar Date Order or Administrative Claims Bar Date Order or otherwise deemed
26 timely Filed under applicable law; or (iii) is not scheduled on the Schedules and as to which a
27 Claims Bar Date, Supplemental Bar Date or Administrative Claims Bar Date has been established
28 but no Proof of Claim has been timely Filed or deemed timely Filed with the Court pursuant to
either the Bankruptcy Code or any Final Order of the Court, including the Claims Bar Date Order,
Claims Bar Date Order, Supplemental Bar Date Order or Administrative Claims Bar Date Order
or otherwise deemed timely Filed under applicable law. "Disallow" and "Disallowance" shall have
correlative meanings.

1.58 **Disclosure Statement** means the disclosure statement filed or to be filed with the
Court by the Plan Proponents, pursuant to § 1125, with respect to the Plan, including the Plan
Supplement and all exhibits and schedules thereto, which was approved by the Court pursuant to
§ 1125, as it may be amended, modified or supplemented from time to time.

1.59 **Disputed** means, with respect to a Claim or Interest, a Claim that is not yet Allowed
or Disallowed.

1 1.60 **Distribution Date** means a date or dates, as determined by the Reorganized Debtors
2 which the Reorganized Debtors make a distribution, or causes a distribution to be made, of Cash
3 to the Holders of Allowed Claims.

4 1.61 **Distribution Record Date** means the date that is thirty (30) Business Days prior to
5 each Distribution Date.

6 1.62 **Docket** means, unless otherwise specified herein, the docket in the Lead Chapter
7 11 Case.

8 1.63 **Docket No.** means the docket number assigned in the Docket.

9 1.64 **Effective Date** means the date upon which all of the conditions to the effectiveness
10 of the Plan have been satisfied or waived in accordance with its terms.

11 1.65 **Effective Date Distribution** means the distributions required by the Bankruptcy
12 Code or the Plan to be made on the Effective Date, subject to the Administrative, Professional and
13 Priority Claims Cap, on account of: (i) Allowed Administrative Claims, that are not Allowed
14 Professional Fee Claims, DIP Claims, or Ordinary Course Administrative Expenses that have been
15 paid by Debtors or will be paid by Reorganized Debtors in the ordinary course of business, (ii) all
16 Allowed Priority Claims, (iii) 20% of the amount of Allowed Convenience Class Claims up to a
17 maximum of \$1,000; (iv) all Allowed Cure Payments, except those being paid by agreement in
18 installments over time; and (v) the Administrative and Priority Claims Reserve, including amounts
19 for Disputed Cure Payments (in the full amounts claimed by objecting contract counterparties).

20 1.66 **Entity** shall have the meaning set forth in § 101(15).

21 1.67 **Estate** means, as to each Debtor, the estate created for the Debtor in its Chapter 11
22 Case pursuant to § 541.

23 1.68 **Estates** means the Estate of all Debtors.

24 1.69 **Exchange Debt** shall have the meaning set forth in Section III.A.

25 1.70 **Exchange Debt Documents** means the credit agreements, guaranties, security
26 agreements, forbearance instruments and other documents evidencing or otherwise securing
27 Exchange Debt on the terms and in the forms included in the Plan Supplement, in each case on
28 terms and conditions consistent with the Plan on terms acceptable to the Plan Proponents.

1.71 **Exculpated Parties** means, solely to the extent of the Exculpation, each of the (a)
the Debtors, and any of their Related Parties; (b) the Lapis Parties, and any of their respective
Related Parties, (c) the Committee, its members, and any of their respective Related Parties, (d)
the Board Trustees; (e) the Patient Care Ombudsman, and any of its respective Related Parties; (f)
the POC, its members, and any of their respective Related Parties; and (g) the GUC Distribution
Trustee and his or her Related Parties; provided, AHM, Inc., the officers of the Debtors and, Non-
Debtor Affiliates and AHM, Inc., and any Board Trustee acting in the capacity of an officer of any
of the foregoing, shall not constitute Exculpated Parties for purposes of this Plan.

1 1.72 **Exculpation** means the exculpation provisions set forth in Section VII.E.

2 1.73 **Executory Contract** means a contract or lease to which one or more Debtors is a
3 party that is subject to assumption or rejection under §§ 365 or 1123.

4 1.74 **File, Filed, or Filing** means file, filed, or filing in the Chapter 11 Cases with the
5 Court or, with respect to the filing of a Proof of Claim or proof of Interest, with the Claims and
6 Noticing Agent.

7 1.75 **Final DIP Order** means the Final Order (I) Authorizing the Debtors to Obtain
8 Replacement Financing; (II) Granting Security Interests and Superpriority Administrative Expense
9 Status; (III) Granting Adequate Protection to Certain Prepetition Secured Credit Parties; (IV)
10 Modifying the Automatic Stay; (V) Authorizing the Debtors to Enter Into Agreements with Lapis
11 Advisers, L.P.; (VI) Authorizing Use of Cash Collateral; and (VII) Granting Related Relief
12 [Docket No. 1201].

13 1.76 **Final GUC Distribution Date** means the date on which a distribution is made from
14 the GUC Distribution Trust that finally and fully exhausts the distributable assets of the GUC
15 Distribution Trust.

16 1.77 **Final Order** means, as applicable, an order or judgment of the Court or other court
17 of competent jurisdiction with respect to the relevant subject matter, which has not been reversed,
18 stayed, modified, or amended, including any order subject to appeal but for which no stay of such
19 order has been entered, any order as to which the time to appeal or seek certiorari has expired and
20 no appeal or petition for certiorari has been timely taken, or any order as to which any appeal that
21 has been taken or any petition for certiorari that has been or may be Filed has been resolved by the
22 highest court to which the order or judgment was appealed or from which certiorari was sought;
23 provided, that, the possibility that a request for relief under Rule 60 of the Federal Rules of Civil
24 Procedure, or any analogous rule under the Bankruptcy Rules, the local rules of the Court or
25 applicable non-bankruptcy law, may be Filed relating to such order shall not prevent such order
26 from being a Final Order.

27 1.78 **General Unsecured Claim** means a Claim against one or more of the Debtors that
28 is not a (i) Senior Secured Bond Debt Claim, (ii) Senior Secured Credit Agreement Claim, (iii)
29 DIP Claim, (iv) Administrative Claim, (v) Professional Fee Claim, (vi) Priority Claim; (vii)
30 Priority Tax Claim, (viii) Other Secured Claim, (ix) Convenience Class Claim, (x) Insured Claim,
31 or (xi) Intercompany Claim, and shall include, without limitation, Claims arising as a result of the
32 rejection of any Executory Contracts.

33 1.79 **Governmental Bar Date** means November 4, 2019, as established by the Claims
34 Bar Date Notice.

35 1.80 **Governmental Unit** shall have the meaning set forth in § 101(27).

36 1.81 **GUC Avoidance Actions** means all Avoidance Actions other than the Vendor
37 Avoidance Actions.

38 1.82 **GUC Cap** means twenty five million dollars (\$25,000,000).

1 1.83 **GUC Distribution Date** means (i) initially, the first Business Day that is thirty (30)
2 days after the Effective Date or as soon thereafter as practicable; (ii) thereafter, any interim date(s)
3 that the GUC Distribution Trustee deems appropriate based upon, among other things, the amount
4 of Cash or Cash proceeds on hand in the GUC Distribution Trust, whether there remain any other
5 unpaid obligations of the GUC Distribution Trust under the Plan, the time and status of pending
6 or potential litigation or contested matters involving or affecting the GUC Distribution Trust, the
7 amount of any necessary reserves, and any other factors that are relevant to the ability to make
8 further distributions from the GUC Distribution Trust Assets; and (iii) the Final GUC Distribution
9 Date.

10 1.84 **GUC Distribution Trust** means the trust to be established on the Effective Date in
11 accordance with Section III.E.1 of this Plan for the purposes of reconciling General Unsecured
12 Claims, pursuing the GUC Avoidance Actions, and making distributions to Holders of Allowed
13 General Unsecured Claims consistent with the terms of this Plan.

14 1.85 **GUC Distribution Trust Agreement** means the agreement governing, among other
15 things, the retention and duties of the GUC Distribution Trustee as described in Section III.E.1 of
16 this Plan, which shall be in form and substance materially consistent with the Plan and included as
17 an exhibit to the Plan Supplement.

18 1.86 **GUC Distribution Trust Assets** means (i) the Initial GUC Distribution Amount, (ii)
19 the Second GUC Distribution Amount, (iii) GUC Avoidance Actions, and (iv) the GUC Vendor
20 Recovery.

21 1.87 **GUC Distribution Trust Beneficiaries** means Holders of Allowed General
22 Unsecured Claims in Class 4.

23 1.88 **GUC Distribution Trustee** means the Person designated as the trustee of the GUC
24 Distribution Trust by the Committee after consultation with the Plan Proponents.

25 1.89 **GUC Post-Effective Date Expenses** means, except as otherwise provided herein,
26 all voluntary and involuntary costs, expenses, charges, obligations, or liabilities of any kind or
27 nature, whether unmatured, contingent, or unliquidated incurred by the GUC Distribution Trust
28 after the Effective Date until the GUC Distribution Trust is dissolved, including, but not limited
to, those expenses described in Section III.E.5 of the Plan.

1.90 **GUC Vendor Cash Recovery** means fifty percent (50%) of any and all net Cash
proceeds of the Vendor Claims, which shall be transferred by the Debtors to the GUC Distribution
Trust within thirty (30) days after the Debtors' receipt of such net Cash proceeds.

1.91 **GUC Vendor Credit Recovery** means the Cash equivalent of fifty percent (50%) of
any and all non-Cash value realized by the Debtors as a result of the Vendor Claims, which will
be paid by the Debtors (or Reorganized Debtors, as applicable) to the GUC Distribution Trust
quarterly as that value (in the form of cost savings or otherwise) is realized by the Debtors (or
Reorganized Debtors, as applicable). For the purpose of calculating the Cash equivalent of any
non-Cash value realized by the Debtors (or Reorganized Debtors, as applicable) as a result of any
Vendor Claims, the amount shall be calculated as set forth in the Term Sheet.

1 1.92 **GUC Vendor Recovery** means the GUC Vendor Cash Recovery plus the GUC
2 Vendor Credit Recovery. The aggregate total sum of the GUC Vendor Recovery, the Initial GUC
3 Distribution Amount, and Second GUC Distribution Amount, shall not exceed the GUC Cap.

4 1.93 **Holder** means an Entity holding a Claim or an Interest, as applicable, each solely
5 in its capacity as such.

6 1.94 **Hospitals** means SHC Medical Center-Yakima, SHC Medical Center - Toppenish,
7 and Sunnyside Community Hospital Association and related facilities operated by the Debtors.

8 1.95 **Indemnification Provisions** means each of the Debtors' indemnification provisions
9 currently in existence whether existing in a Debtor's bylaws, incorporation document, other
10 formation documents, board or executive committee resolutions or employment contracts for
11 current and former Board Trustees, managers, officers, employees, attorneys, individual
12 consultants, other professionals and agents of the Debtors, and all of their respective Affiliates.

13 1.96 **Initial GUC Distribution Amount** means Cash in the amount of five million dollars
14 (\$5,000,000), which will be funded by the Debtors to the GUC Distribution Trust on or before the
15 Effective Date.

16 1.97 **Insurance Policy** means any insurance policy maintained by or for the benefit of
17 the Debtors (including the D&O Policies) set forth in a schedule to the Plan Supplement.

18 1.98 **Insured Claims** means General Unsecured Claims arising prior to the Confirmation
19 Date involving personal injury, medical malpractice, or wrongful death (including slip-and-fall
20 and medical malpractice Claims) that are covered by the terms of Debtors' various insurance
21 policies (including the Insurance Policies), or any other General Unsecured Claim against a Debtor
22 for which the Debtor is entitled to indemnification, reimbursement, contribution or other payment
23 under a policy of insurance (including the Insurance Policies) under which the Debtor is an insured
24 or beneficiary of the coverage provided under the applicable policy. All Insured Claims are
25 Disputed Claims. Some of the Insured Claims are fully insured, and no deductible amount would
26 be payable by Debtors under the terms of the applicable Insurance Policy. As to other Insured
27 Claims, Debtors may owe deductible amounts. For the avoidance of doubt, the Reorganized
28 Debtors shall not be responsible for any deductible or self-insured retention obligations, and all
claims for such deductibles and self-insured retention obligations shall be treated as Class 4
General Unsecured Claims to the extent Allowed. Further, no insurance carrier shall, or shall be
entitled to, deny coverage under any insurance policy (including any Insurance Policy) based upon
(i) any failure by the Debtors or Reorganized Debtors to pay any deductible or self-insured
retention in full or (ii) the treatment of any claim for a deductible or self-insured retention
obligation as a Class 4 General Unsecured Claim. Insured Claims are classified as a subclass (Class
4A) of Class 4, General Unsecured Claims (not otherwise classified). See Section III.N below for
further information about issues relating to Insured Claims.

1.99 **Interest** means any ownership interest in any of the Debtors, including but not
limited to, membership interests or other entitlement to participate in the organizational affairs of
a nonprofit Entity organized under the laws of the State of Washington.

1.100 **Lapis** means Lapis Advisers, LP.

1 1.101 **Lapis Parties** means the DIP Agent, DIP Lenders, UMB Bank, N.A. as indenture
2 trustee for the Senior Secured Bond Debt Claims, and Holders of the Senior Secured Bond Debt
3 Claims and the Senior Secured Credit Agreement Claims, and any fund managed by or affiliated
4 with any of the foregoing.

5 1.102 **Law** means any statute, law, ordinance, ruling, consent decree, permit, policy, rule
6 or regulation of, issued by or entered into by any Governmental Unit and all judicial or
7 administrative interpretations thereof and any common law doctrine.

8 1.103 **Lead Chapter 11 Case** means Chapter 11 Case Number 19-01189-11, currently
9 pending the Court.

10 1.104 **Lien** shall have the meaning set forth in § 101(37).

11 1.105 **Liquidating Debtors** means any Debtor not reorganizing, including SHC Medical
12 Center - Yakima.

13 1.106 **Liquidation Trust** means the trust to be established on the Effective Date in
14 accordance with Section III.G.

15 1.107 **Liquidation Trust Agreement** means the agreement governing, among other things,
16 the retention and duties of the Liquidating Trustee as described in Section III.G hereof, which shall
17 be in form and substance materially consistent with the Plan and included as an exhibit to the Plan
18 Supplement.

19 1.108 **Liquidation Trust Assets** means all assets of the Debtors not necessary for the
20 operation of the core health care businesses of the Debtors or constituting GUC Distribution Trust
21 Assets under this Plan, including, but not be limited to the (i) if unsold as of the Effective Date,
22 Yakima Medical Office Building (excluding the operations within); (ii) if unsold as of the
23 Effective Date, SHC Medical Center-Yakima; (iii) any other unused buildings or real property
24 currently owned by the Debtors other than Sunnyside Community Hospital Association; (iv) A/R
25 Collections of SHC Medical Center-Yakima; (v) all 180 day and older days aged accounts
26 receivable of Sunnyside Community Hospital Association and SHC – Medical Center Toppenish;
27 (vi) any Causes of Action held by the Debtors, including the Vendor Claims, not expressly
28 assigned to the GUC Distribution Trust; and (vii) the Liquidation Trust Vendor Recovery.

1.109 **Liquidation Trust Vendor Recovery** all portions of the Vendor Recovery other than
the GUC Vendor Recovery.

1.110 **Liquidation Trustee** means the Person designated as the trustee of the Liquidation
Trust by the Lapis Parties.

1.111 **Net GUC Distribution Trust Assets** means the GUC Distribution Trust Assets and
all proceeds thereof minus the costs of administering the GUC Distribution Trust (including, but
not limited to, all fees and expenses of the GUC Distribution Trustee and any professionals retained
by the GUC Distribution Trustee in the GUC Distribution Trustee's capacity as such that are not
payable by the Reorganized Debtors pursuant to Section III.E.6).

1 1.112 **Next Payment Date** means, with respect to any particular Disputed Claim, the first
2 Business Day of the calendar quarter after such Claim has been Allowed by Final Order.

3 1.113 **Non-Debtor Affiliates** means, individually or collectively, Astria Health Clinically
4 Integrated Network, LLC, Bridal Dreams, LLC, Depot Plus, LLC, Home Supply, LLC, Kitchen
5 Appliance, LLC, Northwest Health, LLC, Pacific Northwest ASC Management, LLC, Sunnyside
6 Hospital Service Corp., Sunnyside Medical Center, LC, and Wedded Bliss, LLC.

7 1.114 **Order** means any judgment, order, injunction, decree, writ or license issue or
8 entered by or with any Governmental Unit or any arbitrator, whether preliminary, interlocutory or
9 final, including any order entered by the Court in the Chapter 11 Cases.

10 1.115 **Ordinary Course Administrative Expense** means Administrative Claims for goods
11 and services of types consistent with the Debtors' ordinary course business operations as of the
12 Petition Date that will be paid as they come due after the Effective Date in the ordinary course of
13 Reorganized Debtors' business. For the avoidance of doubt, the DIP Claims do not constitute
14 Ordinary Course Administrative Expenses.

15 1.116 **Other Secured Claim** means any Secured Claim against any of the Debtors that is
16 not (a) a DIP Claim; (b) a Senior Secured Bond Debt Claim; or (c) a Senior Secured Credit
17 Agreement Claim.

18 1.117 **Person** shall have the meaning set forth in § 101(41).

19 1.118 **Petition Date** means May 6, 2019, which is the date that each Debtor filed a
20 voluntary chapter 11 petition and commenced its respective Chapter 11 Case.

21 1.119 **Plan** means this ~~First~~Second Amended Joint Chapter 11 Plan of Reorganization of
22 *Astria Health and its Debtor Affiliates*, as further amended, supplemented or otherwise modified
23 from time to time, including all exhibits attached hereto or with the Plan Supplement, which is
24 incorporated in the Plan by reference and made part of the Plan as if set forth in the Plan.

25 1.120 **Plan Proponents** shall have the meaning set forth in the preamble to this Plan.

26 1.121 **Plan Supplement** means a supplemental appendix to this Plan, as may be amended
27 from time to time on or prior to the Voting Deadline, which will contain the following items:

- 28 (a) the Schedule of Assumed Agreements;
- (b) the schedule of Insurance Policies;
- (c) the list of ~~Board-Trustees~~directors for Reorganized Debtors;
- (d) the Exchange Debt Documents
- (e) GUC Distribution Trust Agreement;
- (f) Liquidation Trust Agreement;

1 (g) The Term Sheet (under seal);

2 (h) Any updated Financial Projections and/or Liquidation Analysis;

3 1.121.1.1 Any amendments to the treatment of Intercompany Claims under the
4 Plan; and

5 1.121.1.2 the D&O Cause of Action Agreement (as defined in Section III.H).

6 which items shall be filed at least ten (10) days prior to the Voting Deadline.

7 1.122 **POC** means the committee of Persons or Entities appointed as of the Effective Date
8 to advise the GUC Distribution Trustee in the performance of the GUC Distribution Trustee's
9 ~~Trust~~ Trust for the benefit of the Holders of Allowed General Unsecured Claims.

10 1.123 **Preserved Claims** mean the following type and categories of Claims and Causes of
11 Action, without limitation:

- 12 a. the right to object to, challenge or otherwise contest any claims, whether or not any
13 such claim is the subject of a proof of claim;
- 14 b. any right of setoff, counterclaim, or recoupment and any claim for breach of
15 contract or for breach of duties imposed by law or in equity;
- 16 c. any claim pursuant to § 362;
- 17 d. any claim or defense including fraud, mistake, duress, and usury, and any other
18 defenses set forth in § 558;
- 19 e. all claims, causes of action (avoidance or otherwise), objections, rights, and
20 remedies arising under Chapter 5 of the Bankruptcy Code pursuant to, among others,
21 §§ 502, 510, 542 through 545 and 547 through 553 or 558 thereof, or similar or
22 equivalent claims, causes of action, objections, rights, and remedies arising under
23 state law, including all Avoidance Actions, irrespective of whether or not the targets
24 of such causes of action have been identified by name, or any transfers subject to
25 avoidance have been listed, in the Debtors' Schedules, the Disclosure Statement,
26 this Plan, or any other document Filed in the Chapter 11 Cases;
- 27 f. the Vendor Claims;
- 28 g. claims under any Insurance Policies applicable to the Debtors;
- h. all claims of any kind or nature arising under state or federal law against any of the
Debtors' current or former vendors relating to services rendered prior to the Petition
Date;

- 1 i. all claims, causes of action, and other rights (including rights to challenge any
2 asserted Lien) of any kind or nature against any party asserting ~~secured~~ claim in
3 these cases, ~~other than claims or Causes of Action~~ unless expressly and in writing
4 released or ~~otherwise~~ waived during the Chapter 11 Cases, including under this
5 Plan;
- 6 j. all legal and equitable defenses against any Claim or Cause of Action asserted
7 against the Debtors;
- 8 k. all claims and/or Causes of Action of any kind or nature arising under state or
9 federal law arising under a theory of negligence, professional negligence, and/or
10 malpractice;
- 11 l. all claims and/or Causes of Action of any kind or nature arising under state law
12 based fraudulent conveyance theories;
- 13 m. all claims and/or Causes of Action constituting, for, based upon, or relating to a
14 breach of fiduciary duty, a tort, a contract, an Avoidance Action, federal or state
15 preference or fraudulent transfer laws, or any federal or state statutory rights or
16 requirements, whether based in law or equity, against any of the current and former
17 members, managers, and/or officers of the Debtors; and
- 18 n. all Avoidance Actions against AHM, Inc.

19 1.124 **Priority Claim** means a Claim entitled to priority against the Estates under §§
20 507(a)(4), 507(a)(5), 507(a)(6) or 507(a)(7). Priority Claims do not include any Claims incurred
21 after Petition Date.

22 1.125 **Priority Tax Claim** means a Claim entitled to priority against the Estate under §
23 507(a)(8). Priority Tax Claims do not include any Claims incurred after Petition Date.

24 1.126 **Pro Rata** means the proportion that an Allowed Claim in a particular Class bears
25 to the aggregate amount of Allowed Claims in that respective Class, or the proportion that Allowed
26 Claims in a particular Class bear to the aggregate amount of Allowed Claims in a particular Class
27 and other Classes entitled to share in the same recovery as such Allowed Claim under the Plan, as
28 applicable.

1.127 **Professional** means any Entity retained in the Chapter 11 Cases in accordance with
§§ 327, 328 or 1103.

1.128 **Professional Fee Claim** means a Claim for accrued fees and expenses (including
success fees) for services rendered and expenses incurred by a Professional for the Petition Date
through and including the Effective Date to the extent such fees and expenses have not been paid
or not Disallowed pursuant to Order of the Court under §§ 327, 328, 330, 331, 363, 503, or 1103
for compensation for professional services rendered or expenses incurred for which the Estate is
liable for payment Code regardless of whether a fee application has been filed for such fees and
expenses.

1 1.129 **Proof of Claim** means a proof of Claim Filed against any of the Debtors in the
2 Chapter 11 Cases.

3 1.130 **PTO Claims** mean Claims asserted by Debtors' employees that are based upon
4 accrued hours arising under Debtors' nonworking day and paid time off policies.

5 1.131 **Related Parties** means, with respect to any person or entity, except as otherwise set
6 forth below or in this Plan, any past or present representative, controlling persons, officer, director,
7 agent, attorney, advisor, Professional, employee, subsidiary or Affiliate, shareholder, partner
8 (general or limited), executive committee member, member, managers, equity holder, trustee
9 executor, predecessor in interest, successor or assign of any such person, provided, AHM, Inc., the
10 officers of the Debtors and, Non-Debtor Affiliates and AHM, Inc., and any Board Trustee acting
11 in the capacity of an officer of any of the foregoing, shall not constitute Related Parties for purposes
12 of this Plan.

13 1.132 **Released Parties** means (a) the Debtors, (b) the Lapis Parties, (c) the Committee
14 and the Committee Members, (d) the ~~Patient Care Ombudsman~~PCO, (e) the Board Trustees, and
15 (f) except as otherwise set forth below or in the this Plan, each of the ~~forgoing~~foregoing Entities'
16 respective predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries,
17 beneficial owners, managed accounts or funds, current and former officers, directors, principals,
18 shareholders, direct and indirect equity holders, members partners (general and limited),
19 employees, agents, advisory board members, financial advisors, attorneys accountants, investment
20 bankers, consultants, representatives, management companies, fund advisors, Professionals, and
21 other professionals; provided, AHM, Inc., the officers of the Debtors and, Non-Debtor Affiliates
22 and AHM, Inc., and any Board Trustee acting in the capacity of an officer of any of the foregoing,
23 shall not constitute Released Parties for purposes of this Plan and provided further, that as a
24 condition to receiving or enforcing any release granted pursuant to Section VII.F.2 hereof, each
25 Released Party and its Affiliates shall be deemed to have released the Releasing Parties, the Estate,
26 and the Debtors from any and all Claims or Causes of Action arising from or related to their
27 relationship with the Debtors or the Chapter 11 Cases, but not, for the avoidance of doubt,
28 Professional Fee Claims or rights to enforce this Plan. For the avoidance of doubt, and
notwithstanding anything herein to the contrary, in no event shall an Entity that appropriately
marks a Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns
such Ballot in accordance with the Solicitation Procedures Order be a Released Party, except that
a member of the Committee who either holds a Claim that has opted out of the Third Party Release
or represents a Claim that has opted out of the Third Party Release shall be a Released Party only
in his or her capacity as a member of the Committee.

1.133 **Releasing Party** means (a) the Released Parties; and (b) all Holders of Claims that
(i) vote to accept the Plan, and (ii) do not affirmatively opt out of the third party release provided
by Section VII.F.2 hereof pursuant to a duly executed Ballot; provided, that, notwithstanding
anything contained herein to the contrary, in no event shall an Entity that (x) does not vote to
accept or reject the Plan, (y) votes to reject the Plan, or (z) appropriately marks the Ballot to opt
out of the third party release provided in Section VII.F.2 hereof and returns such Ballot in
accordance with the Solicitation Procedures Order, be a Releasing Party.

1 1.134 **Reorganized Debtor** means a Debtor that is reorganizing and will continue in
2 operation after the Effective Date, as controlled by sole member, AH System.

3 1.135 **Reorganized Debtor Insurance Policies** means any insurance policies of the
4 Debtor (including, without limitation, the D&O Policies).

5 1.136 **Schedules** means, collectively, the schedules of assets and liabilities, schedules of
6 Executory Contracts, and statements of financial affairs Filed by the Debtors, pursuant to § 521
7 and in substantial accordance with the Official Bankruptcy Forms, as the same may have been
8 amended, modified, or supplemented from time to time.

9 1.137 **Second GUC Distribution Amount** means Cash in the amount of two million three
10 hundred thousand dollars (\$2,300,000) minus the amount of any GUC Vendor Recovery, which
11 shall be paid by the Debtors (or Reorganized Debtors, as applicable) to the GUC Distribution Trust
12 within thirty (30) days after the determination of the total value of the GUC Vendor Recovery.
13 For the avoidance of doubt, the Second GUC Distribution Amount will be an unconditional
14 obligation of the Debtors (or Reorganized Debtors, as applicable) to the GUC Distribution Trust.

15 1.138 **Secured** means, when referring to a Claim, a Claim secured by a Lien on property
16 in which the applicable Estate has an interest, which Lien is valid, perfected, and enforceable
17 pursuant to applicable law or by a Final Order, or that is subject to setoff pursuant to § 553, to the
18 extent of the value of the applicable creditor's interest in such Estate's interest in such property or
19 to the extent of the amount subject to setoff, as applicable, in each case, as determined pursuant to
20 § 506(a).

21 1.139 **Senior Debt 9019 Settlement** shall have the meaning ascribed to such term in
22 Section III.A hereof.

23 1.140 **Senior Secured Bond Debt Claims** means all amounts due under the Bond
24 Documents, including principal, interest including interest at any applicable default rate,
25 prepayment penalties, make wholes and similar amounts, and expenses including but not limited
26 to attorneys and other professional fees.

27 1.141 **Senior Secured Credit Agreement Claims** means all amounts due under the Credit
28 Agreement, including principal, interest including interest at any applicable default rate,
prepayment penalties, make wholes and similar amounts, and expenses including but not limited
to attorneys and other professional fees.

1.142 **Senior Secured Credit Agreement Exchange Debt** means Exchange Debt issued
to satisfy the Senior Secured Credit Agreement Claims as more specifically described in the
Exchange Debt Documents.

1.143 **Solicitation Procedures** means the form of solicitation procedures approved by and
attached as an exhibits to the Solicitation Procedures Order.

1.144 **Solicitation Procedures Order** means [Title and Docket No.]

1 1.145 **Supplemental Bar Date** means the date established by the Supplemental Bar Date
2 Order by which requests for payment of certain Prepetition Claims (as defined in the Supplemental
3 Bar Date Order) must be Filed, subject to any exceptions specifically set forth therein.

4 1.146 **Supplemental Bar Date Order** means the Order (I) Fixing a Bar Date for Filing
5 Certain Prepetition Claimants' Claims and (II) Approving the Form of Notice of Those Prepetition
6 Claimants' Claims Bar Date [Docket No. 1417].

7 1.147 **Term Sheet** means that certain Plan Settlement Term Sheet between the Debtors
8 and the Committee setting forth the Committee Plan Settlement, the terms of which are
9 incorporated herein. A copy of the Term Sheet, updated as necessary by the Plan Proponents and
10 the Committee to provide definitional clarity with respect to Term Sheet provisions incorporated
11 herein by reference, shall be Filed under seal as part of the Plan Supplement.

12 1.148 **U.S. Trustee** means the Office of the United States Trustee for the Eastern District
13 of Washington.

14 1.149 **U.S. Trustee Fees** means fees or charges assessed against the Estate pursuant to 28
15 U.S.C. § 1930.

16 1.150 **Vendor** means Cerner Corporation and all of its subsidiaries and affiliates.

17 1.151 **Vendor Avoidance Actions** means any Avoidance Actions against the Vendor.

18 1.152 **Vendor Claims** means any and all actual or potential claims and causes of action
19 of the Debtors against the Vendor, including any and all Vendor Avoidance Actions.

20 1.153 **Vendor Recovery** means any Cash and non-Cash value realized by the Debtors as
21 a result of the Vendor Claims, which shall be allocated between the Liquidation Trust and the GUC
22 Distribution Trust as provided in this Plan.

23 1.154 **Voting Deadline** means 4:00 p.m. (prevailing Eastern Time) on December 4, 2020,
24 as specifically set forth in the Disclosure Statement Order, which is the deadline for submitting
25 Ballots to accept or reject the Plan in accordance with § 1126.

26 **B. Rules of Interpretation.**

27 For purposes herein: (i) in the appropriate context, each term, whether stated in the singular
28 or the plural, shall include both the singular and the plural, and pronouns stated in the masculine,
feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (ii) except
as otherwise provided herein, any reference herein to a contract, lease, instrument, release,
indenture, or other agreement or document being in a particular form or on particular terms and
conditions means that the referenced document shall be substantially in that form or substantially
on those terms and conditions; (iii) except as otherwise provided, any reference herein to an
existing document or exhibit having been Filed or to be Filed shall mean that document or exhibit,
as it may thereafter be amended, restated, supplemented, or otherwise modified in accordance with
the Plan; (iv) unless otherwise specified herein, all references herein to "Sections" are references
to Sections of the Plan or hereto; (v) unless otherwise stated herein, the words "herein," "hereof,"

1 and “hereto” refer to the Plan in its entirety rather than to a particular portion of the Plan; (vi)
2 captions and headings to Sections are inserted for convenience of reference only and are not
3 intended to be a part of or to affect the interpretation hereof; (vii) the words “include” and
4 “including,” and variations thereof, shall not be deemed to be terms of limitation, and shall be
5 deemed to be followed by the words “without limitation”; (viii) unless otherwise specified, the
6 rules of construction set forth in § 102 shall apply to the Plan; (ix) any term used in capitalized
7 form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy
8 Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy
9 Rules, as the case may be; (x) any docket number references in the Plan shall refer to the docket
10 number of any document Filed with the Court in the Chapter 11 Cases; (xi) any immaterial
11 effectuating provisions may be interpreted in such a manner that is consistent with the overall
12 purpose and intent of the Plan all without further notice to or action, order, or approval of the Court
13 or any other Entity; (xii) except as otherwise provided, any references to the Effective Date shall
14 mean the Effective Date or as soon as reasonably practicable thereafter; and (xiii) all exhibits and
15 supplements to the Plan are incorporated herein, regardless of when those exhibits and
16 supplements are filed.

11 **C. Computation of Time**

12 Unless otherwise specifically stated herein, the provisions of Bankruptcy Rule 9006(a)
13 shall apply in computing any period of time prescribed or allowed herein. If the date on which a
14 transaction may occur pursuant to the Plan shall occur on a day that is not a Business Day, then
15 such transaction shall instead occur on the next Business Day. Whenever a distribution of property
16 is required to be made on a particular date, the distribution shall be made on such date or as soon
17 as practicable thereafter.

16 **D. Governing Law**

17 Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy
18 Code and Bankruptcy Rules) or unless otherwise specifically stated herein, the laws of the State
19 of Washington, without giving effect to the principles of conflict of laws, shall govern the rights,
20 obligations, construction, and implementation of the Plan, any agreements, documents,
21 instruments, or contracts executed or entered into in connection with the Plan (except as otherwise
22 set forth in those agreements, in which case the governing law of such agreement shall control);
23 provided that corporate or limited liability company governance matters relating to the Debtors or
24 the Reorganized Debtors, as applicable, not incorporated or formed (as applicable) in the State of
25 Washington shall be governed by the laws of the state of incorporation or formation (as applicable)
26 of the applicable Debtor or Reorganized Debtor.

23 **E. Reference to Monetary Figures**

24 All references in the Plan to monetary figures shall refer to currency of the United States
25 of America, unless otherwise expressly provided herein.

26 **F. Controlling Document**

27 In the event of an inconsistency between the Plan and the Disclosure Statement, the terms
28 of the Plan shall control in all respects. In the event of an inconsistency between the Plan and the

1 Plan Supplement, the terms of the relevant document in the Plan Supplement shall control (unless
2 stated otherwise in such Plan Supplement document or in the Confirmation Order). In the event of
3 an inconsistency between the Confirmation Order and the Plan, the Disclosure Statement or the
4 Plan Supplement, the Confirmation Order shall control.

5 **SECTION II. CLASSIFICATION AND TREATMENT OF CLAIMS**

6 **A. General Overview**

7 As required by the Bankruptcy Code, the Plan classifies claims and interests in various
8 classes according to their right to priority of payments as provided in the Bankruptcy Code. The
9 Plan states whether each Class of Claims or Interests is impaired or unimpaired. The Plan provides
10 the treatment each Class will receive under the Plan.

11 **B. Limited Consolidation**

12 Except as expressly provided in this Plan, each Debtor shall continue to maintain its
13 separate corporate existence for all purposes other than the treatment of Claims and distributions
14 under this Plan. Except as expressly provided in this Plan, the Exchange Debt Documents, the
15 other Definitive Documents, or as otherwise ordered by the Court, on the Effective Date: (a) all
16 assets and all liabilities of each of the Debtors shall be deemed merged or treated as though they
17 were merged into and with the assets and liabilities of each other, (b) no distributions shall be made
18 under this Plan on account of Intercompany Claims among the Debtors, and all such Claims shall
19 be eliminated and extinguished, (c) all guaranties of the Debtors of the obligations of any other
20 Debtor shall be deemed eliminated and extinguished so that any Claim against any Debtor and any
21 guarantee thereof executed by any Debtor and any joint or several liability of any of the Debtors
22 shall be deemed to be one obligation of the consolidated Debtors, (d) each and every Claim filed
23 or to be filed in any of the Chapter 11 Cases shall be treated as if filed against the consolidated
24 Debtors and shall be treated one Claim against and obligation of the consolidated Debtors, and (e)
25 for purposes of determining the availability of the right of setoff under § 553, the Debtors shall be
26 treated as one entity so that, subject to the other provisions of § 553, debts due to any of the Debtors
27 may be set off against the debts of any of the other Debtors. Such consolidation shall not (other
28 than for purposes relating to this Plan) affect the legal and corporate structures of the Reorganized
Debtors. Notwithstanding anything in this Section to the contrary, all U.S. Trustee Fees, if any,
shall be calculated on a separate legal entity basis for each Reorganized Debtor.

29 **C. Summary and Classification of Claims and Interests**

30 This Section classifies Claims and Interests – except for Administrative Claims, Priority
31 Tax Claims, Professional Fee Claims, and DIP Claims, which are not classified – for all purposes,
32 including voting, Confirmation, and distribution under the Plan. A Claim or Interest is classified
33 in a particular Class only to the extent that the Claim or Interest falls within the Class description.
34 To the extent that part of the Claim or Interest falls within a different Class description, the Claim
35 or Interest is classified in that different Class. The classification of Senior Secured Bond Debt
36 Claims and Senior Secured Credit Agreement Claims is an integral component of the Senior Debt
37 9019 Settlement.

1 The following table summarizes the Classes of Claims and Interests under the Plan that are
 2 Allowed Claims:

3 CLASS	DESCRIPTION	IMPAIRED/ UNIMPAIRED	VOTING STATUS
4 1	Priority Claims	Unimpaired	Not Entitled to Vote / Deemed to Accept
5 2A	Senior Secured Bond Debt Claims	Impaired	Entitled to Vote
6 2B	Senior Secured Credit Agreement Claims	Impaired	Entitled to Vote
7 2C	Other Secured Claims	Impaired	Entitled to Vote
8 3	Convenience Class Claims	Impaired	Entitled to Vote
9 4	General Unsecured Claims	Impaired	Entitled to Vote
10 4A	Insured Claims	Impaired	Entitled to Vote
11 5	Intercompany Claims	Eliminated Through Consolidation of Debtors	N/A

12 **NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE PLAN, NO**
 13 **DISTRIBUTIONS WILL BE MADE AND NO RIGHTS WILL BE RETAINED ON**
 14 **ACCOUNT OF ANY CLAIM OR INTEREST THAT IS NOT AN ALLOWED CLAIM OR**
 15 **INTEREST.**

16 The treatment in this Plan is in full and complete satisfaction of the legal, contractual, and
 17 equitable rights (including any Liens) that each individual or Entity holding an Allowed Claim
 18 may have in or against Debtors, the Estates, or their respective property. This treatment supersedes
 19 and replaces any agreements or rights those individuals or Entities may have in or against Debtors,
 20 the Estates, or their respective property. Except as otherwise provided in this Plan, all distributions
 21 in respect of Allowed Claims will be allocated first to the principal amount of such Allowed Claim,
 22 as determined for federal income tax purposes, and thereafter, to the remaining portion of such
 23 Allowed Claim, if any.

1 **D. Unclassified Claims**

2 Certain types of Claims are not placed into voting classes; instead they are unclassified.
3 They do not vote on the Plan because they are automatically entitled to specific treatment provided
4 for them in the Bankruptcy Code. As such, Debtors have not placed the following Claims in a class.
5 The treatment of these Claims is provided below.

6 **1. Administrative Claims**

7 **a. Types of Claims Entitled to Administrative Priority**

8 The following types of Claims are entitled to administrative priority under this Plan:
9 Administrative Claims (including Ordinary Course Administrative Expense Claims), DIP Claims,
10 Professional Fee Claims, U.S. Trustee Fees, 503(b)(9) Claims and Cure Payments. The foregoing
11 claims, other than Ordinary Course Administrative Expense Claims and DIP Claims, are estimated
12 to be Allowed in the approximate aggregate amount of \$4,624,674.

13 **b. Administrative Claims Bar Date**

14 Holders of Administrative Claims incurred during the period from and after the Petition
15 Date until the date of entry of the Administrative Claims Bar Date Order were required to File and
16 serve a request for payment of such Administrative Claims and those that did not File and serve
17 such a request by the Administrative Claims Bar Date are forever barred, estopped, and enjoined
18 from asserting such Administrative Claims against the Debtors or their Estates, and such
19 Administrative Claims shall be deemed discharged as of the Effective Date, except as provided in
20 the Plan.

21 **c. Supplemental Administrative Claims Bar Date**

22 Holders of Administrative Claims based upon liabilities incurred by the Debtors in the
23 ordinary course of their business on or after the date the Administrative Claims Bar Date Order
24 was entered but prior to the Effective Date must File and serve such Claims on the Reorganized
25 Debtors within thirty (30) days after the Effective Date or such claims shall be forever barred
26 against the Debtors or their Estates. Objections to the requests for payment of such Administrative
27 Claims must be Filed and served on the Reorganized Debtors and the requesting party within
28 twenty (20) days after the Filing of the applicable request for payment of such Administrative
Claims.

29 Notwithstanding the foregoing, the following entities that hold Administrative Expense
30 Claims do not need to assert an Administrative Expense Claim (collectively, the "Excluded
31 Claims"):

- 32 a) Administrative Expense
33 Claims based upon liabilities
34 that the Debtors (other than
35 SHC Medical Center -
36 Yakima) incurred in the
37 ordinary course of their

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business to providers of goods and services. To be clear, Administrative Expense Claims held by vendors of goods and services to ARMC are not Excluded Claims and such vendors must file an Administrative Expense Claim;

a) Administrative Expense Claims arising out of the employment by one or more of the Debtors (other than SHC Medical Center - Yakima) of an individual after the Petition Date. To be clear, Administrative Expense Claims held by former employees of SHC Medical Center - Yakima who are no longer employed by a Debtor are not Excluded Claims and such former employees must file an Administrative Expense Claim;

b) Any entity that has already properly filed a motion requesting allowance of an administrative expense claim pursuant to § 503(b);

c) A holder of an Administrative Expense Claim that previously has been allowed by order of the Court;

d) A holder of an Administrative Expense Claim that has been paid in full by any of the Debtors pursuant to the Bankruptcy Code or in accordance with an Order of the Court; and

e) Any claims held by the Lapis Parties.

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d. Treatment of Administrative Claims

(i) Treatment of DIP Claims

In accordance with the Senior Debt 9019 Settlement, all DIP Claims shall be Allowed and satisfied, without setoff, reduction or subordination, by the exchange of DIP Claims for DIP Claims Exchange Debt with the attributes described in the schedule attached hereto in **Exhibit A** in the amount of all DIP Claims as of the Effective Date. This treatment of DIP Claims is an integral component of the Senior Debt 9019 Settlement.

(ii) Treatment of Other Administrative Claims

Except for Ordinary Course Administrative Expenses (which will be paid in the ordinary course of business) and DIP Claims, all Administrative Claims, including Cure Payments, 503(b)(9) Claims, and U.S. Trustee Fees, will be paid in full in Cash (a) on the later of the Effective Date or the date such Claims are Allowed under § 503, or (b) upon such other terms as may be mutually

1 agreed upon between the Holder of such Claim and the Plan Proponents, and consistent with the
2 terms of the Definitive Documents.

3 **2. Treatment of Professional Fee Claims**

4 All persons and entities seeking an award by the Court of professional fees on behalf of the
5 Debtors (a) shall file their respective final applications for allowance of compensation for services
6 rendered and reimbursement of expenses no later than forty-five (45) days after the Effective Date,
7 and, (b) upon Court approval of such final application, shall receive, in full satisfaction, settlement,
8 and release of, and in exchange for such Claim, from the Administrative and Priority Claims
9 Reserve, Cash in such amounts as allowed by the Court (i) on the later of (A) the Effective Date
10 (or as soon thereafter as reasonably practicable) and (B) the date that is ten (10) days after the
11 allowance date, or (ii) upon such other terms as may be mutually agreed upon between the holder
12 of such Claim and the Plan Proponents, and consistent with the terms of the Definitive Documents.

13 For the avoidance of doubt, estate Professionals may still receive interim compensation prior to
14 the Effective Date if otherwise able to under existing court orders.

15 **3. Priority Tax Claims**

16 Priority Tax Claims are certain unsecured income, employment and other taxes described
17 by § 507(a)(8).

18 During the Chapter 11 Cases, Debtors obtained Court authority to bring wages, benefits
19 and payroll taxes current for the prepetition period, so no prepetition employment related taxes
20 remain due. The Debtors have otherwise kept current on taxes.

21 Priority Tax Claims shall be paid in full in Cash from the Administrative and Priority
22 Claims Reserve (a) on the later of the Effective Date or the date such Claim is allowed, (b) after
23 the Effective Date, over a period not to exceed five years from the date of assessment of the subject
24 tax, together with interest thereon at a rate satisfactory to the Debtors or such other rate as may be
25 required by the Bankruptcy Code, or (c) upon such other terms as may be mutually agreed upon
26 between the holder of such Claim and the Plan Proponents, and consistent with the terms of the
27 Definitive Documents.

28 **4. Administrative and Priority Claims Reserve**

On the Effective Date or as soon as practicable thereafter, the Debtors or the Reorganized
Debtors, as applicable, shall fund the Administrative and Priority Claims Reserve in Cash in the
Administrative and Priority Claims Reserve Amount. Any amounts remaining in the
Administrative and Priority Claims Reserve after payment of all Allowed Administrative, Priority,
and Professional Fee Claims and the U.S. Trustee Fees shall be transferred to the Reorganized
Debtors.

E. Classified Claims

1. Class 1 - Priority Claims (Other than Priority Tax Claims)

1 Class 1 consists of Priority Claims against Debtors, other than Priority Tax Claims. These
 2 Priority Claims are entitled to priority treatment in that each Holder of such a Claim is entitled to
 3 receive Cash from the Administrative and Priority Claims Reserve on the Effective Date (or as
 4 soon as practicable thereafter) equal to the allowed amount of such Claim, unless the Class votes
 to accept deferred Cash payments of a value, as of the Effective Date, equal to the allowed amount
 of such Claims.

5 Excluded from this Class are (a) wage claims (including severance pay) in excess of the
 6 statutory limit of \$13,650, and (b) PTO Claims in excess of the statutory limit of \$13,650 for
 7 benefits. Such Claims will be treated as General Unsecured Claims in Class 4.³

8 CLASS #	DESCRIPTION	INSIDER (Y/N)	IMPAIRED (Y/N)	TREATMENT
9 1	Priority unsecured claims alleged pursuant to Code §§ 507(a)(4) and (5) Total Amount = Unknown	No	No	Paid in cash in full on later of Effective Date or when Allowed

15 **2. Classes 2A, 2B and 2C - Secured Claims**

16 Classes 2A, 2B and 2C consist of Secured Claims against Debtors. Secured Claims are
 17 claims secured by liens on property of the Estate. The treatment of Senior Secured Bond Debt
 18 Claims and Senior Secured Credit Agreement Claims is an integral component of the Senior Debt
 9019 Settlement. The Secured Claims shall be treated as follows:

20 CLASS #	DESCRIPTION	INSIDER (Y/N)	IMPAIRED (Y/N)	TREATMENT
21				

24 ³ Employees may have accumulated paid time off (“PTO”) that the employees were able to roll forward
 25 from year to year, or cash out at retirement or departure. With limited exception regarding certain
 26 employees who were employed by SHC Medical Center - Yakima, separated after January 1, 2020 and then
 27 rehired by another Debtor and who were paid on account of unused PTO earned while at SHC Medical
 28 Center - Yakima or provided with an allowed claim, the Reorganized Debtors will assume the PTO Claims
 for retained employees of the Hospital, and PTO will be allowed to be used on the same terms and
 conditions as before Petition Date.

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<p>2A</p> <p>Senior Secured Bond Debt Claims</p> <p>Total Estimated Amount = \$43,571,500.00, less any amount(s) paid down prior to the Effective Date pursuant to pending asset sale pleadings.</p> <p>Actual amount subject to per diem adjustment.</p>	<p>No</p>	<p>Yes</p>	<p>In accordance with the Senior Debt 9019 Settlement, all Senior Secured Bond Debt Claims shall be Allowed and reinstated without setoff, reduction or subordination on the terms of the Exchange Debt Documents in the amount of all such Senior Secured Bond Debt Claims as of the Effective Date.</p>
<p>2B</p> <p>Senior Secured Credit Agreement Claims</p> <p>Total Estimated Amount = \$13,162,397.26</p> <p>Actual amount subject to per diem adjustment.</p>	<p>No</p>	<p>Yes</p>	<p>In accordance with the Senior Debt 9019 Settlement, all Senior Secured Credit Agreement Claims shall be Allowed and satisfied, without setoff, reduction, subordination or challenge, by the exchange of all Senior Secured Credit Agreement Claims for Senior Secured Credit Agreement Exchange Debt with the attributes described in the schedule attached hereto in Exhibit A in the amount of all Senior Secured Credit Agreement Claims as of the Effective Date.</p>
<p>2C</p> <p>Other Secured Claims</p>	<p>No</p>	<p>Yes</p>	<p>On or as soon as practicable after the Effective Date, each Holder of an allowed Other Secured Claim against the Debtors will receive from the assets of the Debtors, at the discretion of the Plan Proponents (i) cash equal to the full amount of its Claim, (ii) a reinstated note on the same</p>

				payment and collateral terms as its prior Claim, (iii) a return of collateral securing the Claim against the Debtor, with any deficiency to result in a General Unsecured Claim, or (iv) such less favorable treatment to which the Holder otherwise agrees.
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3. Class 3 - Convenience Class Claims

Class 3 consists of Convenience Class Claims, meaning those General Unsecured Claims that are either (i) less than or equal to five thousand dollars (\$5,000), or (ii) if the Claim amount is greater than five thousand dollars (\$5,000), a General Unsecured Claim with respect to which the claimantHolder has made a Convenience Class Election and thus accepted a maximum of one thousand dollars (\$1,000) as payment of such claimantHolder's Claim in full. As used herein, "Convenience Class Election" means the timely election by a Holder of ana General Unsecured Claim in the amount of five thousand dollars (\$5,000) or greater to have such entire General Unsecured Claim be treated as a claim in the Convenience Class (Class 3), in which case the portion of such General Unsecured Claim in excess of \$5,000 shall be discharged in full on the Effective Date.

The Convenience Class Claims shall be treated as follows:

CLASS #	DESCRIPTION	INSIDER (Y/N)	IMPAIRED (Y/N)	TREATMENT
3	Convenience Class Claims Total Amount = Est. Allowed amount of \$1,611,501, ⁴ assuming all claimants with Claims between \$5,000 and \$10,000 elect Class 3 treatment	No	Yes	To be paid 20% of allowed amount of claim up to a maximum of \$1,000, on the Effective Date or as soon as practicable thereafter. There shall be no limitation on the number of

⁴This amount is based on General Unsecured Claims filed. The Debtors believe that this amount will materially reduce following the claims adjudication process.

				Convenience Class members.
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4. Classes 4 and 4A – General Unsecured Claims Not Otherwise Classified and Insured General Unsecured Claims

Class 4 consists of General Unsecured Claims. Class 4A is a subclass consisting of General Unsecured Claims that are also Insured Claims. Class 4 and 4A Claims do not include claims arising under any assumed contracts and leases, which shall be treated as Administrative Claims and paid or otherwise satisfied according to the terms of the assumed contract or lease and any order of the Court authorizing its assumption. To the extent any Class 4 or 4A Claim is paid in the ordinary course of business by any party that has reached a prior agreement with Debtors, such Claim will be deemed satisfied and shall not receive a distribution under the Plan. Otherwise, the Class 4 and 4A Claims shall be treated as follows:

CLASS #	DESCRIPTION	INSIDER (Y/N)	IMPAIRED (Y/N)	TREATMENT
4	General Unsecured Claims (Not Otherwise Classified) Total Amount = Approximately \$101,950,399.80 ⁵	No	Yes	Holders of Allowed General Unsecured Claims shall receive, on one or more GUC Distribution Dates, a <i>Pro Rata</i> share of the Net GUC Distribution Trust Assets.
4A	Insured Claims	No	Yes	Subject to the terms and conditions set forth in <u>Section III.N</u> below, Holders of Allowed Insured Claims in Class 4A shall recover only from the available insurance and Debtors shall be discharged to the extent of any such excess. As of the Effective Date, all Insured Claims are Disputed.

⁵This amount of is based on General Unsecured Claims filed. The Debtors believe that this amount will materially reduce following the claims adjudication process.

1 **5. Class 5 - Intercompany Claims**

2 All intercompany claims shall be expunged and eliminated through the limited
3 consolidation of the Debtors unless otherwise indicated in the Plan Supplement.

4 **SECTION III. MEANS OF IMPLEMENTING THE PLAN**

5 **A. The Senior Debt 9019 Settlement**

6 The Plan is centered around the settlement of all rights and claims associated with the DIP
7 Claims, Senior Secured Bond Debt Claims and Senior Secured Credit Agreement Claims (the
8 “Senior Debt 9019 Settlement”). The Senior Debt 9019 Settlement is comprised of (i) the
9 classification and treatment of the DIP Claims, Senior Secured Bond Debt Claims and Senior
10 Secured Credit Agreement Claims and other Lapis Parties prepetition Claims as specified in this
11 Plan, (ii) the issuance (or reinstatement, as applicable) of the debt instruments (the “Exchange
Debt”) described in the schedule attached hereto as Exhibit A and more specifically in the
12 Exchange Debt Documents, and (iii) the release and exculpation terms for the Lapis Parties as
13 specified in this Plan.

14 The treatment and distributions provided for herein with respect to the DIP Claims, Senior
15 Secured Bond Debt Claims, Senior Secured Credit Agreement Claims and other Lapis Parties
16 prepetition Claims under the Senior Debt 9019 Settlement reflect a compromise and settlement of
17 numerous complex issues including the Debtors’ obligation to satisfy the DIP Claim on the
18 Effective Date, the scope, extent and value of the collateral associated with the Senior Secured
19 Bond Debt Claims and Senior Secured Credit Agreement Claims and related matters. The
20 settlement provides final resolution of all issues relating to the DIP Claims and the rights and
21 benefits of Lapis Parties, and the validity, enforceability and priority of the Senior Secured Bond
22 Debt Claims and Senior Secured Credit Agreement Claims. Pursuant to the Senior Debt 9019
23 Settlement, subject to the occurrence of the Effective Date, each prepetition Claim reflected in a
24 proof of claim filed by the Lapis Parties in the Chapter 11 Cases that is not a Senior Secured Bond
25 Debt Claim or Senior Secured Credit Agreement Claim shall be Allowed as a General Unsecured
26 Claim in the liquidated amount specified therein.

27 The Plan shall constitute a motion to approve the Senior Debt 9019 Settlement. Subject to
28 the occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of
the Senior Debt 9019 Settlement pursuant to Bankruptcy Rule 9019 (which is inclusive of the
releases by the Debtors and their Estates against the Lapis Parties) and a finding by the Bankruptcy
Court that the Senior Debt 9019 Settlement is in the best interest of the Debtors and their Estates.
If the Effective Date does not occur the Senior Debt 9019 Settlement shall be deemed to have been
withdrawn without prejudice to the respective positions of the parties.

24 **B. The Committee Plan Settlement**

25 The Plan also embodies the Committee Plan Settlement set forth in the Term Sheet. The
26 treatment of General Unsecured Claims provided for herein consistent with the Term Sheet reflects
27 a compromise and settlement of numerous complex issues including, but not limited to, those set
28 forth in the *Limited Objection of Official Committee of Unsecured Creditors to Motion for an
Order Approving: (i) Proposed Disclosure Statement; (ii) Solicitation and Voting Procedures; (iii)*

1 Notice and Objection Procedure for Confirmation of Joint Plan of Reorganization; and (iv)
2 Granting Related Relief filed at docket number 1624. The Committee Plan Settlement provides
3 final resolution of all issues relating to the treatment of General Unsecured Claims under this Plan.
4 The Plan shall constitute a motion to approve the Committee Plan Settlement pursuant to
5 Bankruptcy Rule 9019 and a finding by the Bankruptcy Court that the Committee Plan Settlement
6 is in the best interest of the Debtors and their Estates. If the Effective Date does not occur, the
7 Committee Plan Settlement shall be deemed to have been withdrawn without prejudice to the
8 respective positions of the parties.

6 C. Vendor Claims

7 The Debtors (or the Reorganized Debtors, if after the Effective Date) and the Lapis Parties,
8 in consultation with the Committee (or the GUC Distribution Trustee, if after the Effective Date),
9 will jointly use their best efforts to settle or otherwise resolve each of the Debtors' Vendor Claims
10 subject to the following principles:

11 Prior to the Effective Date, the Debtors (with the prior consent of the Lapis Parties) shall
12 have the right to settle any and all Vendor Claims in their sole and absolute discretion after
13 consultation with the Committee, and the Committee shall not have the right to object to any such
14 settlement.

15 After the Effective Date, the Liquidation Trustee shall have the right of the Liquidation
16 Trust (including any consent terms by the primary beneficiaries) to settle any and all Vendor
17 Claims after consultation with the Debtors and the Committee, and the Debtors, Committee, and
18 GUC Distribution Trustee shall not have the right to object to such settlement.

19 Prior to or after the Effective Date, the Debtors (with the prior consent of the Lapis Parties)
20 or the Liquidation Trustee (subject to the terms of the Liquidation Trust, including any consent
21 terms by the primary beneficiaries) may commence and prosecute litigation to resolve the Vendor
22 Claims. Consent shall be conditioned on, *inter alia*, the retention of counsel and retention terms
23 acceptable to the Lapis Parties.

19 D. Corporate Actions

20 AH NP 2 is currently a wholly owned non-debtor subsidiary of Astria Health. AH NP2 is
21 a 501(c)(3) Washington non-profit corporation. On the Effective Date of the Plan, AH NP2 will
22 amend its articles and bylaws to become the sole member of Astria Health on terms acceptable to
23 the Lapis Parties. Astria Health will also amend its articles and bylaws to change Astria Health
24 from a no-member non-profit corporation to a single member non-profit corporation on terms
25 acceptable to the Lapis Parties.

26 On the Effective Date, simultaneously with the matters reflected in this Section
27 immediately above, AH System, a newly created non-debtor entity, will assume the non-
28 discharged debt of the Debtors in exchange for AH NP2's transfer of its sole membership interest
in Astria Health to AH System. AH System is a freestanding Washington non-profit corporation.
There is no overlap of ~~Board Trustees~~ directors between AH System and Astria Health or any of
the Astria Health subsidiaries (including AH NP2). The AH System bylaws shall be on terms
acceptable to the Lapis Parties.

1 The Lapis Parties have agreed to reinstatement of the Senior Secured Bond Debt Claims
2 which will be paid by the Reorganized Debtors over time.

3 Also on the Effective Date, AH System will issue (or reinstate, as applicable) the Exchange
4 Debt and otherwise execute and deliver the Exchange Debt Documents.

5 From the filing of this Plan in the Chapter 11 Cases through the Effective Date (the
6 "Performance Period"), each Board Trustee of the Debtors shall direct the Debtors' officers and
7 others to (a) afford to AH System, and the Lapis Parties reasonably full and complete access during
8 normal business hours to and the right to inspect the plants, properties, books, accounts, records
9 and all other relevant documents and information with respect to the assets, liabilities and business
10 of the Debtors, (b) furnish AH System and the Lapis Parties with such additional financial and
11 operating data and other information as to businesses and properties of the Debtors as AH System
12 or the Lapis Parties may from time to time reasonably request, and (c) cause the Debtors to (i) use
13 commercially reasonable efforts to maintain and preserve each Debtor's respective business
14 organizations and its respective relationships with physicians, suppliers, customers and others
15 having business relationships with the Debtors, provided that this provision does not prevent the
16 Debtors from assuming or rejecting executory contracts or unexpired leases or otherwise
17 terminating such relationships in the ordinary course of business pursuant to such applicable
18 provisions as are set forth in the Plan; and (ii) satisfy the conditions precedent to the occurrence of
19 the Effective Date. Each Board Trustee shall otherwise, ~~shall~~ direct the Debtors' officers and
20 employees to reasonably and promptly cooperate with AH System and its authorized
21 representatives and attorneys in AH System's efforts to satisfy the conditions precedent to the
22 occurrence of the Effective Date.

15 E. The GUC Distribution Trust

16 1. Establishment of GUC Distribution Trust

17 On the Effective Date, all GUC Distribution Trust Assets shall be contributed and
18 transferred to the GUC Distribution Trust for the benefit of the GUC Distribution Trust
19 Beneficiaries. The GUC Distribution Trust Assets shall pass to the GUC Distribution Trust free
20 and clear of all Claims and interests in accordance with § 1141. The Confirmation Order shall
21 constitute a determination that the transfer of the GUC Distribution Trust Assets to the GUC
22 Distribution Trust is legal, valid, and consistent with the laws of the State of Washington. The
23 transfer of the GUC Distribution Trust Assets to the GUC Distribution Trust on the Effective Date
24 shall include the transfer and assignment of any and all GUC Distribution Trust Avoidance Actions.
25 The GUC Distribution Trustee shall have exclusive standing to waive, commence, prosecute, or
26 settle any GUC Distribution Trust Avoidance Actions in the GUC Distribution Trustee's discretion.

27 For federal and applicable state income tax purposes, all parties (including, without
28 limitation, the Debtors, the GUC Distribution Trustee, and the beneficiaries of the GUC
Distribution Trust) shall treat the transfer of the GUC Distribution Trust Assets to the GUC
Distribution Trust in accordance with the terms of this Plan as a sale by the Debtors of such Assets
to the GUC Distribution Trust at a selling price equal to the fair market value of such Assets on
the Effective Date. The GUC Distribution Trust shall be treated as the owner of all the Assets it
holds.

1 The GUC Distribution Trust will be governed in accordance with the terms of a GUC
2 Distribution Trust Agreement prepared by the Committee in consultation with the Debtors and the
3 Lapis Parties, which shall contain provisions customary to trust agreements utilized in comparable
4 circumstances, including, but not limited to, any and all provisions necessary to ensure the
5 treatment of the GUC Distribution Trust as a grantor trust. The GUC Distribution Trustee will be
6 selected by the Committee after consultation with the Debtors and the Lapis Parties and will have
7 the rights, powers, privileges, immunities, and obligations set forth in the GUC Distribution Trust
8 Agreement.

9 All parties shall execute any documents or other instruments as necessary to cause title to
10 the applicable GUC Distribution Trust Assets to be transferred to the GUC Distribution Trust. The
11 GUC Distribution Trust Assets will be held in trust for the benefit of Holders of Allowed General
12 Unsecured Claims pursuant to the terms of the Plan and the GUC Distribution Trust Agreement.

9 **2. Powers and Authority of the GUC Distribution Trustee**

10 The powers of the GUC Distribution Trustee shall be set forth in full in the GUC
11 Distribution Trust Agreement and shall include, among other things, subject to the limitations set
12 forth in this Plan and the requirements set forth in a Plan Supplement: (a) the power to use,
13 distribute, abandon, or otherwise dispose of all GUC Distribution Trust Assets; (b) the power to
14 effect distributions under this Plan to the Holders of Allowed General Unsecured Claims; (c) the
15 authority to pay all costs and expenses of administering the GUC Distribution Trust after the
16 Effective Date (including the GUC Post-Effective Date Expenses), including the power to employ
17 and compensate professionals and other Entities to assist the GUC Distribution Trustee in carrying
18 out the duties hereunder (subject to the Reorganized Debtors' approval of professional fees as
19 described in Section E.6. below), and to obtain and pay premiums for insurance and any other
20 powers necessary or incidental thereto; (d) the power to implement all aspects of this Plan relating
21 to the GUC Distribution Trust, including any other powers necessary or incidental thereto; (e) the
22 authority to settle Claims, applicable Causes of Action, including GUC Avoidance Actions, or
23 disputes as to amounts owing to or from the by Holders of General Unsecured Claims consistent
24 with the terms of this Plan; (f) the authority to participate in any post-Effective Date motions to
25 amend or modify this Plan or the GUC Distribution Trust Agreement, or appeals from the
26 Confirmation Order; (g) the authority to participate in actions to enforce or interpret this Plan; (h)
27 the power to bind the GUC Distribution Trust; and (i) the power to establish accounts in the name
28 of the GUC Distribution Trust for the purpose of effectuating the Plan and administering the GUC
Trustee without further order of the Court.

23 The GUC Distribution Trustee, in his or her sole discretion, shall have the authority to
24 allocate and reallocate GUC Distribution Trust Assets (including Cash, and including any reserves
25 necessary to effectuate the terms of this Plan) as necessary to effectuate the Plan without further
26 application to, or approval of, the Court, to the extent such allocation or reallocation would not be
27 inconsistent with the terms of this Plan. In the event that the GUC Distribution Trustee determines
28 that the effectuation of the Plan or an equitable distribution to Holders of Allowed General
Unsecured Claims requires allocation or reallocation of GUC Distribution Trust Assets in a manner
that would otherwise be inconsistent with any term of this Plan (including for the purposes of

1 distribution under the Plan), the GUC Distribution Trustee shall have the authority to make such
2 allocation or reallocation with approval of the Court upon application to the Court.

3 **3. Employment and Compensation of the GUC Distribution Trustee**

4 The GUC Distribution Trustee shall serve without bond and shall receive compensation for
5 serving as GUC Distribution Trustee as set forth in the GUC Distribution Trust Agreement. At
6 any time after the Effective Date and without further application to or Order of the Court, the GUC
7 Distribution Trustee may employ and compensate Persons or Entities, including professionals
8 (which may, but need not, include Professionals previously or currently employed in the Chapter
9 11 Cases) reasonably necessary to assist the GUC Distribution Trustee in the performance of his
10 or her duties under the GUC Distribution Trust Agreement and this Plan. Such Persons or Entities
11 shall be compensated and reimbursed by the GUC Distribution Trustee for their reasonable and
12 necessary fees and out of pocket expenses on a monthly basis in arrears, subject to the Reorganized
13 Debtors' approval of professional fees as described in Section E.6. below.

14 **4. GUC Distribution Trustee as Successor in Interest to the Committee**

15 The GUC Distribution Trustee is the successor in interest to the Committee, and thus, after
16 the Effective Date, to the extent this Plan requires or authorizes an action by the Committee, the
17 action shall be taken by the GUC Distribution Trustee on behalf of the Committee.

18 For the avoidance of doubt, any obligation of the Debtors under this Plan with respect to
19 the Committee or the GUC Distribution Trust that remains unperformed as of the Effective Date,
20 or that is required to be performed on or after the Effective Date, shall become an obligation of the
21 Reorganized Debtors as of the Effective Date, and shall be satisfied in full and performed by the
22 Reorganized Debtors consistent with the provisions of the Plan.

23 **5. GUC Distribution Trust's Post-Effective Date Expenses**

24 Subject to Section III.E.6 below, all expenses related to the GUC Distribution Trustee's
25 implementation of the Plan and administration of the GUC Distribution Trust incurred from and
26 after the Effective Date through the date on which the GUC Distribution Trust is dissolved will be
27 expenses of the GUC Distribution Trust, and the GUC Distribution Trustee will disburse funds
28 from the GUC Distribution Trust Assets as appropriate for purposes of paying the GUC Post-
Effective Date Expenses of the GUC Distribution Trust without the need for any further
application to or Order of the Court. The GUC Post-Effective Date Expenses shall include, but
are not limited to, the fees and expenses of the GUC Distribution Trustee; the fees and expenses
of the professionals employed by the GUC Distribution Trustee (subject to the Reorganized
Debtors' approval of professional fees as described in Section E.6. below); and other costs,
expenses, and obligations of the GUC Distribution Trust until the date the GUC Distribution Trust
is terminated in accordance with Section III.F and the GUC Distribution Trust Agreement. The
GUC Distribution Trustee, in his or her sole discretion, on and after the Effective Date, shall have
authority to establish, increase, and/or decrease any reserves as reasonably necessary and
appropriate to account for and pay the GUC Post-Effective Date Expenses.

**6. Post-Effective Date Expenses Relating to Claims Reconciliation and
Vendor Claims**

1 Consistent with Section V.A below, reasonable attorneys' fees and expenses and other
2 professional fees and expenses incurred by the GUC Distribution Trust (including the GUC
3 Distribution Trustee's fees and expenses) attributable to services rendered in connection with the
4 General Unsecured Claim reconciliation process will be paid by the Reorganized Debtors. Further,
5 reasonable attorneys' fees and expenses incurred by the GUC Distribution Trust (including the
6 GUC Distribution Trustee's fees and expenses), not to exceed one hundred thousand dollars
7 (subject to increase by agreement of the GUC Distribution Trustee, the Reorganized Debtors, and
8 the Lapis Parties), attributable to services rendered in connection with the Vendor Claims
9 (including consultation with the Debtors, Reorganized Debtors, Liquidation Trustee, and/or Lapis
10 Parties regarding the Vendor Claims) will be paid by the Reorganized Debtors.

11 All fees and expenses payable by the Reorganized Debtors pursuant to this Section III.E.6
12 shall be subject to the following payment provisions:

13 The applicable professionals (including the GUC Distribution Trustee) will submit
14 invoices, redacted as necessary to preserve any applicable privileges or protections, for the services
15 described in this Section III.E.6 on a monthly basis to the Reorganized Debtors for review and
16 approval. Upon receipt of an invoice, the Reorganized Debtors shall have ten (10) Business Days
17 to communicate any dispute or objection to the requested fees and expenses to the applicable
18 professional. In the event that no dispute or objection is communicated to the applicable
19 professional within the ten (10) Business Day objection period, the Reorganized Debtors shall pay
20 the requested fees and expense within twenty (20) days after the expiration of the objection period.
21 To the extent that the Reorganized Debtors communicate any dispute or objection to the applicable
22 professional within the ten (10) Business Day objection period, (i) the Reorganized Debtors shall
23 pay any undisputed portion of the requested fees and expenses within twenty (20) days after the
24 expiration of the objection period and (iii) the Reorganized Debtors and the applicable professional
25 shall use reasonable efforts to resolve the dispute or objection during the twenty (20) days
26 following the expiration of the objection period. If the Reorganized Debtors and the applicable
27 professional are not able to resolve the dispute or objection during the twenty (20) days following
28 the expiration of the objection period, the Reorganized Debtors and the applicable professional
may seek resolution of the dispute or objection by the Court through the filing of a formal objection
or motion to compel payment consistent with the terms of the Plan, as applicable.

20 **7. GUC Distribution Reserve**

21 Prior to making a distribution to any Holders of Allowed General Unsecured Claims under
22 the Plan, the GUC Distribution Trustee may place in reserve and/or in a separate account any funds
23 that may be needed to pay General Unsecured Claims that are Disputed and General Unsecured
24 Claims that have otherwise not been Allowed in the event that all or a portion of such Claims
25 become Allowed. When a General Unsecured Claim is Allowed or Disallowed (and thus becomes
26 an Allowed Claim or a Disallowed Claim, in whole or in part), the funds set aside on account of
27 such Claim may be released from the reserve and shall be available for distribution in accordance
28 with the terms of this Plan to either (i) the Holder of the General Unsecured Claim that has become
an Allowed Claim, or (ii) if Disallowed, the Holders of Allowed General Unsecured Claims. The
GUC Distribution Trustee, in his or her sole discretion, on and after the Effective Date, shall have
authority to increase or decrease such as reasonably necessary and appropriate, and upon

1 satisfaction of all Allowed General Unsecured Claims required to be paid from the reserve, to
2 transfer amounts held therein for distribution pursuant to the Plan.

3 **8. GUC Distribution Trust Income Tax Status**

4 For federal income tax purposes, all parties (including, without limitation, the Debtors, the
5 GUC Distribution Trustee, and the beneficiaries of the GUC Distribution Trust) shall treat the
6 GUC Distribution Trust as a liquidating trust within the meaning of Treasury Income Tax
7 Regulation section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 124. For
8 federal income tax purposes, the transfer of Assets to the GUC Distribution Trust under the Plan
9 shall be treated as a deemed transfer to the beneficiaries of the GUC Distribution Trust in
10 satisfaction of their Claims followed by a deemed transfer of the Assets by the beneficiaries to the
11 GUC Distribution Trust. For federal income tax purposes, the beneficiaries will be deemed to be
12 the grantors and owners of the GUC Distribution Trust and its assets. For federal income tax
13 purposes, the GUC Distribution Trust will be taxed as a grantor trust within the meaning of IRC
14 sections 671-677 (a non-taxable pass-through tax entity) owned by the beneficiaries. The GUC
15 Distribution Trust will file federal income tax returns as a grantor trust under IRC section 671 and
16 Treasury Income Tax Regulation section 1.671-4 and report, but not pay tax on, the GUC
17 Distribution Trust's tax items of income, gain, loss deductions, and credits ("Tax Items"). The
18 beneficiaries will report such Tax Items on their federal income tax returns and pay any resulting
19 federal income tax liability. All parties will use consistent valuations of the assets transferred to
20 the GUC Distribution Trust for all federal income tax purposes. The assets shall be valued based
21 on the GUC Distribution Trustee's good faith determination of their fair market value.

22 **F. Termination of the GUC Distribution Trust**

23 The existence of the GUC Distribution Trust and the authority of the GUC Distribution
24 Trustee will commence as of the Effective Date and will remain and continue in full force and
25 effect until the earlier of (a) the date on which all of the GUC Distribution Trust Assets are
26 liquidated in accordance with the Plan, the funds in the GUC Distribution Trust have been
27 completely distributed in accordance with the Plan, all tax returns and any other filings or reports
28 have been filed with the appropriate state or federal regulatory authorities, and the Order closing
the Chapter 11 Cases is a Final Order or (b) five (5) years after the date of creation of the GUC
Distribution Trust, unless extended by the Court as provided in the GUC Distribution Trust
Agreement.

At such time as the GUC Distribution Trust has been fully administered (*i.e.*, when all
things requiring action by the GUC Distribution Trustee have been done and the Plan has been
substantially consummated) and in all events within sixty (60) days after the Final GUC
Distribution Date, the GUC Distribution Trustee will file a notice of the final distribution from the
GUC Distribution Trust with the Court.

G. Establishment of Liquidation Trust

On the Effective Date, except as otherwise provided in the D&O Cause of Action
Agreement consistent with Section III.H below, all Liquidation Trust Assets shall be contributed
to the Liquidation Trust subject to a Liquidation Trust Agreement acceptable to the Debtors and

1 the Lapis Parties and the appointment of a Liquidation Trustee acceptable to the Lapis Parties in
2 their sole discretion.

3 In the event any Liquidation Trust Assets are liquidated, the proceeds of such liquidation
4 shall be used to fund AH System's operating cash account up to an amount equal to the lesser of
5 \$10 million or 30 days cash on hand and then to pay the Exchange Debt in accordance with the
6 Exchange Debt Documents.

7 **H. Prosecution of D&O Causes of Action**

8 The D&O Causes of Action shall be preserved for the benefit of the Debtors' Estates and
9 their creditors. The mechanism for (i) the vesting, revesting, and/or transfer of the D&O Causes
10 of Action and any related insurance policies (including the D&O Insurance Policies), (ii) the
11 prosecution and/or settlement or other resolution of the D&O Causes of Action (including the
12 funding of the fees and costs attendant to such prosecution and/or settlement or other resolution),
13 and (iii) the sharing of any proceeds of the D&O Causes of Action shall be subject to further
14 agreement between the Lapis Parties and the Committee (the "D&O Cause of Action Agreement"),
15 which shall be filed as part of the Plan Supplement.

16 **I. Post-Confirmation Management**

17 Reorganized Debtors, controlled by AH System as the sole member, will provide the
18 management for the Hospitals after the Effective Date. The Debtors' Executive Services
19 Agreement with AHM, Inc. ("~~AHM~~") will be rejected as of the earlier of the date ordered by the
20 Court on a motion to reject the agreement, the Effective Date, or such other date as may be
21 specified in the Confirmation Order. It is currently expected that all AHM employees currently
22 serving as officers or employees of the Debtors will be offered employment by AH System,
23 effective on the Effective Date.

24 To the extent necessary to implement the Plan, AH System, will govern pursuant to
25 amended and restated bylaws and other corporate documents. The new ~~Board Trustees~~ directors
26 for the Reorganized Debtors will be set forth in the Plan Supplement and whose composition is
27 subject to (a) applicable law and (b) the consent of the Lapis Parties. The new ~~Board~~
28 ~~Trustees~~ directors will also obtain management on terms acceptable to AH System.

29 **J. Termination of the Committee and Appointment of POC**

30 On the Effective Date, the Committee shall be deemed dissolved, the retention and
31 employment of the Committee's Professionals shall be deemed terminated, and the members of
32 the Committee shall be deemed released and discharged of and from all further authority, duties,
33 responsibilities, and obligations related to and arising from and in connection with the Chapter 11
34 Cases, other than for purposes of filing and/or objecting to final fee applications filed in the
35 Chapter 11 Cases. The Professionals retained by the Committee shall not be entitled to
36 compensation or reimbursement of expenses for any services rendered or expenses incurred after
37 the Effective Date in their capacities as Professionals of the Committee, except for services
38 rendered and expenses incurred in connection with (i) any applications by such Professionals for
39 allowance of compensation and reimbursement of expenses pending on the Effective Date or

1 timely Filed after the Effective Date as provided in the Plan, as approved by the Court, and (ii) any
2 services necessary to effectuate the provisions of the Plan.

3 On the Effective Date, a POC consisting of not less than three (3) Persons or Entities that
4 are beneficiaries of the GUC Distribution Trust. The identities of the Persons and/or Entities that
5 will serve on the POC as of the Effective Date will be filed as part of the Plan Supplement. The
6 POC's sole function and responsibility shall be to advise the GUC Distribution Trustee in the
7 performance of the GUC Distribution Trustee's duties and obligations under the Plan with respect
8 to the administration of the GUC Distribution Trust for the benefit of Holders of Allowed General
9 Unsecured Claims. The members of the POC shall serve without compensation but may be
10 reimbursed for reasonable expenses incurred in the performance of their duties as members of the
11 POC.

12 **K. Creation of Administrative and Priority Claims Reserve**

13 On the Effective Date or as soon as reasonably practicable thereafter, the Debtors shall
14 fund, and the Reorganized Debtors shall establish and thereafter maintain, the Administrative and
15 Priority Claims Reserve with the Administrative and Priority Claims Reserve Amount, subject to
16 the Administrative, Professional and Priority Claims Cap, in an authorized depository in the state
17 of Washington, which funds shall vest in the Reorganized Debtors free and clear of all Liens,
18 Claims, encumbrances, charges, and other interests, except as otherwise specifically provided in
19 the Plan or in the Confirmation Order. Funds in the Administrative and Priority Claims Reserve
20 shall be used by the Reorganized Debtors only for the payment of U.S. Trustee Fees and
21 Administrative Claims, Priority Claims, and Professional Fee Claims Allowed after the Effective
22 Date to the extent that such Allowed Claims have not been paid in full on or prior to the Effective
23 Date. To the extent not otherwise provided herein or ordered by the Court, the Reorganized
24 Debtors shall estimate appropriate reserves of Cash to be set aside in order to pay or reserve for
25 Disputed Administrative Claims, Priority Claims, and Professional Fee Claims. Any amounts set
26 aside to pay or reserve for Disputed Administrative Claims, Priority Claims, and Professional Fee
27 Claims shall include the amounts needed to fund the ongoing costs and expenses of such reserve,
28 including, without limitation, taxes in respect of Disputed Administrative Claims, Priority Claims,
and Professional Fee Claims, if any. Any amounts remaining in the Administrative and Priority
Claims Reserve after payment of all Allowed Administrative Claims, Priority Claims, and
Professional Fee Claims and the U.S. Trustee Fees shall be transferred to the Reorganized Debtors
and thereafter be subject to the terms of the Exchange Debt Documents.

29 **L. Objections to Claims**

30 After the Effective Date, the Reorganized Debtors (and with respect to General Unsecured
31 ~~Claim~~Claims, the GUC Distribution Trustee) will have the authority and obligation to review,
32 compromise, and object to any Claims other than Allowed Claims consistent with Section V hereof.
33 The Reorganized Debtors (and with respect to General Unsecured Claims, the GUC Distribution
34 Trustee) will: (i) have the authority, without Court approval or approval by the GUC Distribution
35 Trustee or any other person or entity, to compromise, release or settle any Claim where the Claim
36 has an asserted face value of \$25,000 or less and (ii) be required to seek an order of the Court
37 approving the compromise, release or settlement of any Claim that has an asserted value of greater
38 than \$500,000, with notice and opportunity for hearing required with respect to such compromise,

1 release or settlement. If the Reorganized Debtors (and with respect to General Unsecured Claims,
2 the GUC Distribution Trustee) seek to compromise, release or settle any Claim where the Claim
3 has an asserted face value of between \$25,000 and \$500,000, the Reorganized Debtors (and with
4 respect to General Unsecured Claims, the GUC Distribution Trustee) will provide at least five (5)
5 Business Days' advance notice of the same to the Lapis Parties, the GUC Distribution Trustee, and
6 the Reorganized Debtors, as applicable, and the opportunity to object within such notice period.
7 If the Lapis Parties, the GUC Distribution Trustee, or the Reorganized Debtors, as applicable,
8 object and the objection is not resolved consensually, the Reorganized Debtors (and with respect
9 to General Unsecured Claims, the GUC Distribution Trustee) may seek approval of the
10 compromise, release or settlement by the Court on an expedited basis.

11 **M. Claims Paid or Payable by Third Parties**

12 Subject to the terms of Section III.N below regarding Class 4A Insured Claims, Claims
13 paid and/or payable by third parties, irrespective of classification, shall be treated as follows:

14 **1. Claims Paid by Third Parties**

15 A Claim shall be reduced in full, and such Claim shall be Disallowed without a Claim
16 objection having to be filed and without any further notice to or action, order, or approval of the
17 Court, to the extent that the Holder of such Claim receives payment in full on account of such
18 Claim from a party that is not a Debtor or a Distributing Party. To the extent a Holder of a Claim
19 receives a distribution under the Plan on account of such Claim and receives payment from a party
20 that is not a Debtor or a Distributing Party on account of such Claim, such Holder shall, within
21 two weeks of receipt thereof, repay or return the distribution to the applicable Debtor or
22 Distributing Party to the extent the holder's total recovery on account of such Claim from the third
23 party and under the Plan exceeds the Allowed amount of such Claim.

24 **2. Claims Payable by Third Parties**

25 No distribution under the Plan shall be made on account of an Allowed Claim that is
26 payable by a party that is not a Debtor or a Distributing Party, including pursuant to any insurance
27 policy under which any Debtor is a covered party or beneficiary (including the Insurance Policies),
28 until the Holder of such Allowed Claim has exhausted all remedies with respect to such third party
or insurance policy. To the extent that one or more of the Debtors' insurers or another third party
agrees to satisfy in full or in part an Allowed Claim, then immediately upon such agreement, the
applicable portion of such Claim may be Disallowed and expunged without a Claim objection
having to be filed and without any further notice to or action, order, or approval of the Court.

N. Special Issues Regarding Insured Claims

Under the terms of Debtors' various insurance policies, Debtors may owe deductible
amounts on account of Insured Claims for personal injury and medical malpractice. After the
Effective Date of the Plan (unless an order modifying the automatic stay has been entered at an
earlier date), Holders of Insured Claims shall be enjoined by the injunction established by the
Confirmation Order from commencing or continuing any enforcement action to collect such Claim
against the Estate.

1 Consistent with the foregoing, distributions under the Plan to each Holder of an Allowed
2 Insured Claim shall be recoverable only from the available insurance and Debtors shall be
3 discharged to the extent of any such excess. Further, the Plan shall not expand the scope of, or alter
4 in any other way, the rights and obligations of Debtors' insurers under their policies, and Debtors'
5 insurers shall retain any and all defenses to coverage that such insurers may have, including the
6 right to contest and/or litigate with any party, including Debtors, the existence, primacy and/or
7 scope of available coverage under any alleged applicable policy. The Plan shall not operate as a
8 waiver of any other Claims that Debtors' insurers have asserted or may assert in any proof of Claim
9 or Debtors' rights and defenses to such proofs of Claim.

7 **O. Distributions of Property Under the Plan**

8 The following procedures set forth in the Plan apply to distributions made pursuant to the
9 Plan whether by (i) Debtors as to the Effective Date Distributions, or (ii) the Reorganized Debtors
10 or GUC Distribution Trustee as to all post-Effective Date Distributions (each of Reorganized
11 Debtors, the GUC Distribution Trustee, or the Debtors, a "Distributing Party"). In connection with
12 the Plan, to the extent applicable, the applicable Distributing Party shall comply with all tax
13 withholding and reporting requirements imposed on it by any Governmental Unit, and all
14 distributions pursuant to the Plan shall be subject to such withholding and reporting requirements.

12 **Notwithstanding any other provision of this Plan (i) each Holder of an Allowed**
13 **Unsecured Claim that is to receive a distribution pursuant to this Plan shall have sole and**
14 **exclusive responsibility for the satisfaction and payment of any tax obligations imposed by**
15 **any Governmental Unit, including income, withholding, and other tax obligations, on**
16 **account of such distribution, and (b) no distribution shall be made to or on behalf of such**
17 **Holder pursuant to the Plan unless and until such Holder has made arrangements**
18 **satisfactory to the Distributing Party for the payment and satisfaction of such income,**
19 **withholding, and other tax obligations or such tax obligation that would be imposed upon**
20 **any disbursing agent in connection with such distribution. Any property distributed**
21 **pursuant to the Plan shall, pending the implementation of such arrangements, be treated as**
22 **an undeliverable distribution under the Plan.**

19 **P. Manner of Cash Payments Under the Plan**

20 Cash payments to domestic Entities holding Allowed Claims will be tendered in U.S.
21 Dollars and will be made by checks drawn on a domestic bank or by wire transfer from a domestic
22 bank. Payments made to any foreign creditors holding Allowed Claims may be paid, at the option
23 of the Distributing Party in such funds and by such means as are necessary or customary in a
24 particular foreign jurisdiction.

24 **Q. No Distributions With Respect to Disputed Claims**

25 No payments of Cash or distributions of other property or other consideration of any kind
26 shall be made on account of any Disputed Claim unless and until such Claim becomes an Allowed
27 Claim or is deemed to be such for purposes of distribution, and then only to the extent that the
28 Claim becomes, or is deemed to be for distribution purposes, an Allowed Claim. Unless otherwise
provided herein, any Holder of a Claim that becomes an Allowed Claim after the Effective Date

1 will receive any unpaid distribution that otherwise would have been payable under the Plan on the
2 Next Payment Date after the date that such Claim becomes an Allowed Claim or as soon thereafter
as practicable.

3 **R. Record Date for Distribution**

4 On the Distribution Record Date, the Distributing Party shall be authorized and entitled to
5 recognize only those record Holders listed on the Claims Register as of the close of business on
6 the Distribution Record Date. The foregoing terms shall not apply to distributions to the Lapis
7 Parties, their successors and assigns with respect to DIP Claims as well as under Class 2A and
Class 2B of this Plan.

8 **S. Delivery of Distributions**

9 The Distributing Party shall make distributions to each Holder of an Allowed Claim by
10 mail as applicable as follows: (a) at the address set forth on the proof of Claim filed by such Holder
11 of an Allowed Claim; (b) at the address set forth in any written notice of address change Filed with
12 the Court, delivered to the Distributing Party, and reflected on the Claims Register after the date
13 of any related proof of Claim; (c) at the address reflected in the Schedules if no proof of Claim is
filed and no written notice of address change has been Filed with the Court, delivered to the
Distributing Party, and reflected on the Claims Register; and (d) with respect to the Lapis Parties,
as directed by the Lapis Parties.

14 **T. Undeliverable and Unclaimed Distributions**

15 Subject to the terms of any settlement agreement, if the distribution to the Holder of any
16 Allowed Claim is returned as undeliverable, no further distribution shall be made to such Holder
17 unless and until the Distributing Party is notified in writing of such Holder's then current address.
18 Subject to the other provisions of the Plan, undeliverable distributions shall remain in the
19 possession of the Distributing Party pursuant to this Section until such time as a distribution
20 becomes deliverable. Undeliverable Cash distributions shall not be entitled to any interest,
dividends, or other accruals of any kind. Any check that is not cashed or otherwise deposited
within three months after the check's date shall be deemed an undeliverable distribution under this
Plan.

21 Any Holder of an Allowed Claim who does not assert a Claim in writing for an
22 undeliverable distribution within one year after the date such distribution was due shall no longer
23 have any Claim to or interest in such undeliverable distribution, and shall be forever barred from
24 receiving any distributions under this Plan, or from asserting a Claim against the Debtors or their
property, or the GUC Distribution Trust and its assets, and the Claim giving rise to the
undeliverable distribution will be discharged.

25 Nothing contained in the Plan shall require the Distributing Party to attempt to locate any
26 Holder of an Allowed Claim.

1 **U. Estimation of Disputed Claims for Distribution Purposes**

2 On and after the Effective Date, the Reorganized Debtors (and with respect to General
3 Unsecured Claims, the GUC Distribution Trustee), may move for a Court order estimating any
4 Disputed Claim. The estimated amount of any Disputed Claim so determined by the Court shall
5 constitute the maximum recovery that the Holder thereof may recover after the ultimate liquidation
6 of its Disputed Claim, irrespective of the actual amount ultimately Allowed

7 **V. Minimum Distributions**

8 If the amount of Cash to be distributed to the Holder of an Allowed Claim is less than fifty
9 dollars (\$50) on a particular distribution date, the Distributing Party may hold the Cash
10 distributions to be made to such Holders until the aggregate amount of Cash to be distributed to
11 each applicable Holder is in an amount equal to or greater than fifty dollars (\$50). Notwithstanding
12 the preceding sentence, if the aggregate amount of Cash distributions owed to any Holder of an
13 Allowed Claim under the Plan never equals or exceeds fifty dollars (\$50), then the Distributing
14 Party shall not be required to distribute Cash to any such Holder.

15 **W. Rounding**

16 Whenever any payment of a fraction of a cent would otherwise be called for under the Plan,
17 the actual payment shall reflect a rounding of such fraction to the nearest whole cent, with one-
18 half cent being rounded up to the nearest whole cent.

19 **X. Full Satisfaction**

20 The Distributing Party shall make, and each Holder of a Claim shall receive, the
21 distributions provided for in the Plan for full satisfaction and discharge of such Claim.

22 **Y. Distributions Free and Clear**

23 Except as otherwise provided in this Plan, any distributions under the Plan shall be free
24 and clear of any Liens, Claims, and encumbrances, and no Entity other than the Entity receiving
25 the distribution, including any Debtor, shall have any interest (legal, beneficial, or otherwise) in
26 any property distributed.

27 **Z. Conditions Precedent to Plan Confirmation**

28 The conditions precedent to confirmation of the Plan shall include: (a) a final order, finding
that the Disclosure Statement contains adequate information pursuant to § 1125, shall have been
entered by the Court; (b) the proposed Confirmation Order will be in form and substance
satisfactory to the Lapis Parties and the Committee; (c) the Plan, including any amendments,
modifications or supplements thereto, and all documentation contemplated by the Plan and the
terms set forth in any Plan Supplement and the Definitive Documentation, shall be in form and
substance satisfactory to the Lapis Parties (and, with respect to any portion of the Plan Supplement
relating to the Committee Plan Settlement, including, *inter alia*, the GUC Distribution Trust, the
Committee); (e) and any order authorizing the DIP Agreement shall be in full force and effect,

1 shall not have been terminated and there shall be no ongoing event of default; and (f) the Exchange
2 Debt Documents shall be in a form acceptable to the Plan Proponents.

3 **AA. Conditions to Effectiveness**

4 The Plan shall not become binding unless and until the Effective Date occurs. The Effective
5 Date is the first Business Day (a) that is at least fourteen days after the Confirmation Date; (b) on
6 which no stay of the Confirmation Order is in effect; and (c) on which all of the following
7 conditions have been satisfied as set forth below or waived:

8 **1. Conditions**

- 9 (a) The Confirmation Order shall have become a Final Order;
- 10 (b) Execution of the Definitive Documents, including the Exchange
11 Debt Documents;
- 12 (c) The actual and anticipated Allowed Administrative, Professional
13 and Priority Claims do not exceed the Allowed Administrative, Professional and Priority Claims
14 Cap;
- 15 (d) There has been compliance with the terms specified in Section III.D
16 of this Plan;
- 17 (e) The bylaws of AH System, AH NP2, the Debtors and their affiliates
18 shall be acceptable to the Lapis Parties; and
- 19 (f) All such other actions, documents, and agreements the Debtors,
20 Lapis Parties, and the Committee determine are necessary to implement the Plan shall have been
21 effected or executed.

22 ~~The~~ Debtors shall file and serve a "Notice of Occurrence of Effective Date" to all ~~creditors~~
23 ~~and interest~~ Holders of record of Claims and Interests as of the date of entry of the Confirmation
24 Order.

25 **2. Waiver of Conditions**

26 Except as otherwise specified herein, the requirement that the conditions to the occurrence
27 of the Effective Date be satisfied may be waived in whole or in part, and the time within which
28 any such conditions must be satisfied may be extended, by the Debtors with the prior written
consent of the Lapis Parties and the Committee. The failure to timely satisfy or waive any of such
conditions may be asserted regardless of the circumstances giving rise to the failure of such
condition to be satisfied, including any action or inaction by the Debtors. The failure of the Debtors
to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each
such right shall be deemed ongoing and subject to assertion at any time.

1 **BB. Authorization of Entity Action**

2 Each of the matters provided for under this Plan involving the Entity structure of Debtors
3 or Entity action to be taken by or required of Debtors shall, as of the Effective Date, be deemed to
4 have occurred and be effective as provided herein, and shall be authorized, approved and, to the
5 extent taken prior to the Effective Date, ratified in all respects without any requirement of further
6 action by creditors or Board Trustees of the Debtors.

7 **CC. Reservation of Fair and Equitable (Cram Down) Power**

8 Debtors reserve the right to confirm this Plan as to any impaired Class that does not accept
9 the Plan by the requisite number of votes pursuant to the fair and equitable power of § 1129(b).

10 **SECTION IV. TREATMENT OF MISCELLANEOUS ITEMS**

11 **A. Assumption of Executory Contracts**

12 **1. Assumptions**

13 On or before the Voting Deadline, AH System will File the “Schedule of Assumed
14 Agreements” and serve it on the parties to agreements listed on the schedule. AH System reserves
15 the right to amend the Schedule of Assumed Agreements at any time prior to the Voting Deadline
16 to: (a) delete any Executory Contract from the Schedule of Assumed Agreements and provide for
17 its rejection under the Plan or (b) add any Executory Contract and provide for its assumption under
18 the Plan or otherwise, subject to the right of the counterparty to object to such transfer within ten
19 (10) Business Days after notice with a right to a hearing thereon, and subject to the requirement
20 that Debtor must reserve amounts for Disputed Cure Payments in the full amounts claimed by
21 objecting contract counterparties. On the Effective Date, Debtors will assume all Executory
22 Contracts set forth on the Schedule of Assumed Agreements. The Confirmation Order will
23 constitute a Court order approving the assumption, as of the Effective Date, of the Executory
24 Contracts not rejected under the Plan, subject to the requirement that Debtors must reserve amounts
25 for Disputed Cure Payments in the full amounts claimed by objecting contract counterparties to
26 contracts to be assumed.

27 **2. Cure Payments**

28 Any monetary amounts by which each Executory Contract to be assumed is in default shall
be satisfied, pursuant to § 365(b)(1), by payment from the Administrative and Priority Claims
Reserve, of the default amount (as set forth in the Debtors’ books and records), a schedule of which
will be Filed and served by the Voting Deadline, in full in Cash on the later of the Effective Date
or when such Cure Claim is Allowed, or on such other terms as the parties to each such Executory
Contract may otherwise agree. In these Chapter 11 Cases, prior to Confirmation of the Plan, some
known Cure Payments will have already been paid or resolved by stipulation or agreement. In the
event of a dispute regarding (a) the amount of any Cure Payments, (b) the ability of Reorganized
Debtors to provide “adequate assurance of future performance” (within the meaning of § 365)
under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, the
cure payments required by § 365(b)(1) shall be made following the entry of a Final Order resolving
the dispute and approving the assumption. Pending the Court’s ruling on such motion, the

1 Executory Contract at issue shall be deemed assumed by Reorganized Debtors as of the Effective
2 Date, unless otherwise ordered by the Court on a motion to reject the agreement, and the Debtors
3 will reserve amounts for Disputed Cure Payments in the full amounts claimed by objecting contract
4 counterparties. In no event shall the GUC Distribution Trust be liable or otherwise responsible for
any Cure Payment. Further, the GUC Distribution Trustee shall have no authority to direct or
otherwise oppose any assumption or rejection of an Executory Contract.

5 **3. Objections to Assumption**

6 Any Entity who is a party to an Executory Contract that will be assumed under the Plan
7 must File with the Court and serve upon interested parties a written statement and supporting
8 declaration stating the basis for any objection to assumption by no later than seven (7) days after
9 the filing of the Schedule of Assumed Agreements (“Assumption Objections”). Any Entity that
10 fails to timely File and serve such a statement and declaration will be deemed to waive any and all
11 objections to the proposed assumption of its contract or lease. Debtors must file and serve its reply
with respect to any Assumption Objections by no later than five (5) days after the filing of an
Assumption Objection. A hearing on the Assumption Objections will take place at the
Confirmation Hearing, or as soon thereafter as the Court is available.

12 In the absence of a timely objection by an Entity who is a party to an Executory Contract,
13 the Confirmation Order shall constitute a conclusive determination as to the amount of any cure
14 and compensation due under the Executory Contract, and that Reorganized Debtors have
demonstrated adequate assurance of future performance with respect to such Executory Contract.

15 **4. Resolution of Claims Relating to Assumed Agreements**

16 In accordance with the procedures set forth in Section IV.A relating to the Cure Payments
17 and objections to assumption, payment of the Cure Payments with respect to Executory Contracts
18 that will be assumed under the Plan shall be deemed to satisfy, in full, any prepetition or post-
19 petition arrearage or other Claim asserted in a Filed proof of Claim or listed in the Schedules,
irrespective of whether the Cure Payment is less than the amount set forth in such proof of Claim
or the Schedules. Upon the tendering of the Cure Payment, such Claim shall be Disallowed,
without further order of the Court or action by any party.

20 **B. Rejection of Executory Contracts**

21 **1. Rejected Agreements**

22 Immediately prior to the Effective Date, all Executory Contracts of the Debtors will be
23 deemed rejected in accordance with the provisions and requirements of §§ 365 and 1123 except
24 those Executory Contracts that (i) have been assumed by order of the Court, (ii) are subject to a
25 motion to assume pending on the Effective Date, or (iii) have been identified on a list of assumed
26 contracts to be filed with the Court prior to the Voting Deadline, which shall be a date prior to the
Effective Date of the Plan. The Confirmation Order will constitute a Court order approving such
rejections of Executory Contracts as of the Effective Date pursuant to §§ 365 and 1123.

27 **2. Bar Date for Rejection Damage Claims**

1 Any Claim for damages arising from the rejection under the Plan of an Executory Contract
2 must be Filed and served upon counsel to the Debtors within 30 days after the entry of an order
3 (including the Confirmation Order) approving such rejection. Any such Claims that are not timely
4 Filed and served will be forever barred and unenforceable against Debtors, the Estate, Reorganized
5 Debtors, the GUC Distribution Trust, and their respective property, and Entities holding these
6 Claims will be barred from receiving any distribution under the Plan on account of such untimely
7 claims.

8 **3. Post-Petition Contracts and Leases**

9 Except as set forth in the Schedule of Assumed Agreements or as otherwise expressly
10 provided in the Plan or the Confirmation Order, all contracts, leases, and other agreements that
11 Debtors entered into after Petition Date will be rejected by Reorganized Debtors.

12 **C. Indemnification Obligations**

13 Subject to the occurrence of the Effective Date, the obligations of the Debtors as of the
14 Effective Date to indemnify, defend, reimburse, or limit the liability of employees, attorneys, other
15 professionals and agents of the Debtors, and such current and former employees', attorneys', other
16 professionals' and agents' of the Debtors, and such current respective Affiliates, respectively,
17 against any Claims or Causes of Action under the Indemnification Provisions or applicable law,
18 shall survive Confirmation, shall be assumed by the Debtors and assigned to the Reorganized
19 Debtors and will remain in effect after the Effective Date if such indemnification, defense,
20 reimbursement, or limitation is owed in connection with an event occurring before the Effective
21 Date; provided, however, that, notwithstanding anything herein to the contrary, the obligation of
22 the Reorganized Debtors to fund such Indemnification Provisions shall be limited to the extent of
23 coverage available under any Reorganized Debtor Insurance Policies.

24 **D. Lapis Parties Fees and Expenses**

25 As an integral component of the Senior Debt 9019 Settlement, to the extent not previously
26 paid prior to the Effective Date or in connection with this Plan, the fees and expenses of each of
27 the Lapis Parties shall be deemed Allowed Administrative Claims and shall be paid in Cash on the
28 Effective Date.

29 **E. Changes in Rates Subject to Regulatory Commission Approval**

30 Debtors are not subject to governmental regulatory commission approval of their rates.

31 **SECTION V. PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, 32 AND DISPUTED CLAIMS AND INTERESTS**

33 **A. Joint Pursuit of Reconciliation, Objections to, and/or Settlement of Asserted 34 General Unsecured Claims**

35 The GUC Distribution Trustee and the Debtors will jointly pursue the reconciliation,
36 objections to, and/or settlement of asserted General Unsecured Claims consistent with the terms
37 of this Section V. To the extent a dispute arises between the GUC Distribution Trustee and the
38

1 Debtors as to the proposed treatment of an asserted General Unsecured Claim, either party shall
2 have standing and the right to submit the matter to the Court for a determination, subject to the
3 other party's right to oppose the requested relief.

4 Reasonable attorneys' fees and expenses and other professional fees and expenses
5 (including the GUC Distribution Trustee's fees and expenses) incurred by the GUC Distribution
6 Trust attributable to services rendered in connection with the General Unsecured Claim
7 reconciliation process will be paid by the Reorganized Debtors.

8 The Debtors and Reorganized Debtors, as applicable, will cooperate with and provide
9 reasonable assistance the GUC Distribution Trustee, as applicable, including reasonable access to
10 information and personnel, in connection with the General Unsecured Claim reconciliation process.

11 **B. Resolution of Disputed Claims**

12 **1. Allowance of Claims and Interests**

13 On and after the Effective Date, the Reorganized Debtors (and with respect to General
14 Unsecured Claims, the GUC Distribution Trustee), shall have and shall retain any and all rights
15 and defenses that the Debtors had with respect to any Claim or Interest, except with respect to any
16 Claim or Interest deemed Allowed as of the Effective Date. Except as expressly provided in the
17 Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including the
18 Confirmation Order), no Claim or Interest shall become an Allowed Claim or Interest unless and
19 until such Claim or Interest is deemed Allowed under the Plan or the Bankruptcy Code or the Court
20 has entered a Final Order, including the Confirmation Order, in the Chapter 11 Cases allowing
21 such Claim.

22 **2. Prosecution of Objections to Claims**

23 On or after the Effective Date, the Reorganized Debtors (and with respect to General
24 Unsecured Claims, the GUC Distribution Trustee), shall have the authority to File objections to
25 Claims, and the exclusive authority, subject to Section V.A of this Plan, to settle, compromise,
26 withdraw, or litigate to judgment objections on behalf of the Debtors' Estates to any and all Claims,
27 except with respect to any Claim or Interest deemed Allowed as of the Effective Date. From and
28 after the Effective Date, the Reorganized Debtors (and with respect to General Unsecured Claims,
the GUC Distribution Trustee) shall have the sole authority, subject to Section V.A of this Plan, to
administer and adjust the Claims Register with respect to Claims to reflect any such settlements or
compromises and no further notice to or action, order, or approval of the Court with respect to
such settlements or compromises shall be required.

29 **3. Claims Estimation**

30 On and after the Effective Date, the Reorganized Debtors (and with respect to General
31 Unsecured Claims, the GUC Distribution Trustee) may, at any time, request that the Court estimate
32 (a) any Disputed Claim pursuant to applicable law and (b) any contingent or unliquidated Claim
33 pursuant to applicable law, in each case regardless of whether the Debtors, the Reorganized
34 Debtors, or any other party have previously objected to such Claim or whether the Court has ruled
35 against the objecting party on any such objection, and the Court shall retain jurisdiction under 28

1 U.S.C. §§ 157 and 1334 to the maximum extent permitted by law as determined by the Court to
2 estimate any such Disputed Claim, contingent Claim, or unliquidated Claim, including during the
3 litigation concerning any objection to any Claim or during the pendency of any appeal relating to
any such objection.

4 Notwithstanding any provision otherwise in the Plan to the contrary, a Claim that has been
5 expunged from the Claims Register but that is subject to appeal or has not been the subject of a
6 Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Court.
7 In the event that the Court estimates any Disputed Claim, contingent Claim, or unliquidated Claim,
8 that estimated amount shall constitute either the Allowed amount of such Claim or a maximum
9 limitation on such Claim for all purposes under the Plan, including for purposes of distributions,
10 and the Reorganized Debtors (or the GUC Distribution Trustee, as applicable) may elect to pursue
11 additional objections to the ultimate distribution on such Claim. If the estimated amount constitutes
12 a maximum limitation on such Claim, the Reorganized Debtors (or the GUC Distribution Trustee,
13 as applicable) may elect to pursue any supplemental proceedings to object to any ultimate
14 distribution on account of such Claim. Notwithstanding § 502(j), in no event shall any Holder of
15 a Claim that has been estimated pursuant to § 502(c) or otherwise be entitled to seek
16 reconsideration of such estimation unless such Holder has Filed a motion requesting the right to
17 seek such reconsideration on or before 21 days after the date on which such Claim is estimated.
18 All of the aforementioned Claims and objection, estimation, and resolution procedures are
19 cumulative and not exclusive of one another. Claims may be estimated and subsequently
20 compromised, settled, withdrawn, or resolved by any mechanism approved by the Court.

14 **4. Expungement or Adjustment to Claims Without Objection**

15 Any Claim that has been paid, satisfied, or superseded may be expunged on the Claims
16 Register by the Reorganized Debtors (and with respect to General Unsecured Claims, the GUC
17 Distribution Trustee) or the Claims and Noticing Agent at the Reorganized Debtors' (and with
18 respect to General Unsecured Claims, the GUC Distribution Trustee's) direction, and any Claim
19 that has been amended may be adjusted thereon by the Reorganized Debtors (and with respect to
20 General Unsecured Claims, by the GUC Distribution Trustee) without a Claims objection having
to be Filed and without any further notice to or action, order, or approval of the Court.

20 **5. Deadline to File Objections to Claims or Interests**

21 Any objections to Claims or Interests shall be Filed no later than the Claims Objection Bar
22 Date.

23 **C. Disallowance of Claims**

24 Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated,
25 or disputed, and for which no Proof of Claim is or has been timely Filed, is Disallowed and shall
26 be expunged without further action by the Debtors and without further notice to any party or action,
27 approval, or Order of the Court.

28 To the maximum extent provided by § 502(d), except as otherwise provided in this Plan,
all Claims of any Entity from which property is recoverable by the GUC Distribution Trustee under
§§ 542, 543, 550, or 553 or that the GUC Distribution Trustee alleges is a transferee of a transfer

1 that is avoidable under §§ 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) shall be Disallowed
2 if (a) the Entity, on the one hand, and the GUC Distribution Trustee, on the other hand, agree or it
3 has been determined by Final Order that such Entity or transferee is liable to turnover any property
4 or monies under any of the aforementioned sections of the Bankruptcy Code, and (b) such Entity
5 or transferee has failed to turnover such property by the date set forth in such agreement or Final
6 Order.

7
8 **D. Disallowance of Untimely Claims**

9 Except as expressly provided in this Plan or otherwise agreed by the Reorganized Debtors
10 (and with respect to General Unsecured Claims, the GUC Distribution Trustee) on and after the
11 Petition Date, any and all Holders of proofs of Claim filed after the applicable bar date (including
12 the Administrative Claims Bar Date, the Claims Bar Date, the Governmental Bar Date, and the
13 Supplemental Bar Date) shall not be treated as creditors or claimants for purposes of voting or
14 distribution under this Plan unless, on or before the Voting Deadline or the Confirmation Date, as
15 applicable, such untimely proofs of Claim are deemed timely filed by a Final Order of the Court.

16 Claims for which proofs of Claim or requests for Allowance were required to be filed by a
17 bar date occurring before the Effective ~~date~~Date, and with respect to which no proof of Claim or
18 request for Allowance was filed before the applicable bar date, shall be forever Disallowed, barred,
19 and discharged in their entirety as of the Effective Date, and shall not be enforceable against the
20 Debtors, their Estates, the Reorganized Debtors, or the GUC Distribution Trust, unless such proofs
21 of Claim or requests for Allowance are deemed timely filed by a Final Order of the Court before
22 the Effective Date.

23 Claims for which proofs of Claim or requests for Allowance are required to be filed after
24 the Effective Date pursuant to this Plan, and with respect to which no proof of Claim or request
25 for Allowance is filed by the applicable deadline, shall be forever Disallowed, barred, and
26 discharged in their entirety as of the applicable deadline, and shall not be enforceable against the
27 Debtors, their Estates, the Reorganized Debtors, or the GUC Distribution Trust.

28 **E. Amendments to Claims**

After the Confirmation Date, a Claim or Interest may not be filed or amended without the
authorization of the Court and any such new or amended Claim or Interest Filed shall be deemed
Disallowed and expunged without any further notice to or action, order, or approval of the Court;
provided, that such Holder may amend the Claim or Interest Filed solely to decrease, but not to
increase, the amount, number, or priority of such Claim or Interest, unless otherwise provided by
the Court.

F. No Interest

Unless otherwise specifically provided for in the Plan, by applicable law (including,
without limitation, § 506(b)), or agreed to by, as applicable, the Debtors, the Committee, the
Reorganized Debtors, or the GUC Distribution Trustee, interest shall not accrue or be paid on any
Claim, and no Holder of any Claim shall be entitled to interest accruing on and after the Petition
Date on account of any Claim. Without limiting the foregoing, interest shall not accrue or be paid

1 on any Claim after the Effective Date to the extent the final distribution paid on account of such
2 Claim occurs after the Effective Date.

3 **SECTION VI. RETENTION OF JURISDICTION**

4 Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective
5 Date, on and after the Effective Date, the Court shall retain jurisdiction over the Chapter 11 Cases
6 and all matters arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction
7 to:

8 1. Allow, Disallow, determine, liquidate, classify, estimate, or establish the priority,
9 Secured or unsecured status, or amount of any Claim, including the resolution of any request for
10 payment of any Administrative Claim and the resolution of any and all objections to the Secured
11 or unsecured status, priority, amount, or Allowance of Claims; provided that, for the avoidance of
12 doubt, the Court's retention of jurisdiction with respect to such matters shall not preclude the
13 Debtors or the Reorganized Debtors, as applicable, from seeking relief from any other court,
14 tribunal, or other legal forum of competent jurisdiction with respect to such matters;

15 2. decide and resolve all matters related to the granting and denying, in whole or in
16 part, any applications for allowance of compensation or reimbursement of expenses to
17 professionals authorized pursuant to the Bankruptcy Code or the Plan;

18 3. resolve any matters related to (i) the assumption or assumption and assignment of
19 any Executory Contract to which a Debtor is a party or with respect to which a Debtor may be
20 liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising
21 therefrom, including Claims related to the rejection of an Executory Contract, cure costs pursuant
22 to § 365, or any other matter related to such Executory Contract; and (ii) any dispute regarding
23 whether a contract or lease is or was executory or unexpired;

24 4. adjudicate, decide, or resolve any controversies, if any, with respect to distributions
25 to Holders of Allowed Claims;

26 5. adjudicate, decide, or resolve any motions, adversary proceedings, contested, or
27 litigated matters, and any other matters, and grant or deny any applications involving a Debtor that
28 may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. adjudicate, decide, or resolve any and all matters related to § 1141;

8. enter and implement such orders as may be necessary or appropriate to execute,
implement, or consummate the provisions of the Plan and all contracts, instruments, releases,
indentures, and other agreements or documents created in connection with the Plan or the
Disclosure Statement;

9. enforce any order for the sale of property pursuant to §§ 363, 1123, or 1146(a);

1 10. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise
2 in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's
obligations incurred in connection with the Plan;

3 11. issue injunctions, enter and implement other orders, or take such other actions as
4 may be necessary or appropriate to restrain interference by any Entity with Consummation or
enforcement of the Plan;

5 12. resolve any cases, controversies, suits, disputes, or Causes of Action with respect
6 to the settlements, compromises, discharges, releases, injunctions, exculpations, and other
7 provisions contained in Section VII and enter such orders as may be necessary or appropriate to
implement such releases, injunctions, and other provisions;

8 13. enter and implement such orders as are necessary or appropriate if the Confirmation
9 Order is for any reason modified, stayed, reversed, revoked, or vacated;

10 14. determine any other matters that may arise in connection with or relate to the Plan,
11 the Disclosure Statement, the Confirmation Order, or the Plan Supplement, including any matter
arising in connection with or otherwise relating to the Liquidation Trust or GUC Distribution Trust;

12 15. adjudicate any and all disputes arising from or relating to distributions under the
13 Plan or any transactions contemplated therein;

14 16. adjudicate, decide, or resolve any motions, adversary proceedings, contested or
15 litigated matters, and any other matters, and grant or deny any applications involving a Debtor that
16 may be pending on the Effective date, including *Washington State Nurses Association v. SHC*
17 *Medical Center - Yakima and Astria Health*, Adv. Pro. No. 20-80005 (Bankr. E.D. Wa.); *Astria*
18 *Health, et al. v. United States Small Business Administration and Jovita Carranza*, Adv. Pro. No.
20-80016 (Bankr. E.D. Wa.); and *Yakima HMA, LLC and Yakima HMA Physician Management,*
LLC v. SHC Medical Center - Yakima and SHC Medical Center - Toppenish, Adv. Pro. No. 20-
80018 (Bankr. E.D. Wa.);

19 17. consider any modifications of the Plan, to cure any defect or omission, or to
20 reconcile any inconsistency in any Court order, including the Confirmation Order;

21 18. determine requests for the payment of Claims entitled to priority pursuant to § 507;

22 19. hear and determine matters concerning state, local, and federal taxes in accordance
with §§ 346, 505, and 1146 (including the expedited determination of taxes under § 505(b));

23 20. hear and determine matters concerning exemptions from state and federal
24 registration requirements in accordance with § 1145;

25 21. hear and determine all disputes involving the existence, nature, or scope of the
26 release provisions set forth in the Plan, including any dispute relating to any liability arising out of
27 the termination of employment or the termination of any employee or retiree benefit program,
regardless of whether such termination occurred prior to or after the Effective Date;

- 1 22. enforce all orders previously entered by the Court;
2 23. hear any other matter not inconsistent with the Bankruptcy Code;
3 24. enter an order concluding or closing the Chapter 11 Cases; and
4 25. enforce the compromise, settlement, injunction, release, and exculpation provisions
5 set forth in Section VII.

6 **SECTION VII. EFFECT OF CONFIRMATION OF PLAN**

7 **A. Discharge**

8 This is a reorganization plan. The rights afforded in the Plan and the treatment of all Claims
9 shall be in exchange for and in complete satisfaction, discharge, and release of all Claims of any
10 nature whatsoever arising prior to the Effective Date, including any interest accrued on such
11 Claims from and after the Petition Date (except as otherwise ordered by the Court), against the
12 Debtors, the Estates and their property.

13 Except as otherwise provided in the Plan or the Confirmation Order or in any Executory
14 Contract assumed by Debtors during the Chapter 11 Cases (including, without limitation, the
15 Debtors' indemnification obligations thereunder), the Plan and Confirmation Order shall: (a) on
16 the Effective Date, discharge and release the Debtors, the Estate, the Reorganized Debtors, and
17 their property to the fullest extent permitted by §§ 524 and 1141 from all Claims, including all
18 debts, obligations, demands, liabilities, and Claims that arose before the Effective Date, and all
19 debts of the kind specified in §§ 502(g), 502(h), or 502(i), regardless of whether or not (i) a proof
20 of Claim based on such debt is Filed or deemed Filed, (ii) a Claim based on such debt is allowed
21 pursuant to § 502, or (iii) the Holder of a Claim based on such debt or Interest has or has not
22 accepted the Plan; (b) void any judgment underlying a Claim discharged hereunder; and (c)
23 preclude all Entities from asserting against the Debtors, the Estate, the Reorganized Debtors, or
24 their respective property any Claims based upon any act or omission, transaction, or other activity
25 of any kind or nature that occurred prior to the Effective Date. To the extent any Claim is paid
26 other than under the Plan, Debtors will be deemed discharged and released with respect to such
27 Claim and such Claim and shall not receive a distribution under the Plan.

28 Except as otherwise provided in the Plan or the Confirmation Order, or as provided in
contracts assumed during the Case and Debtor's indemnification obligations thereunder, on and
after the Effective Date, all Entities who have held, currently hold, or may hold a debt or Claim
against the Debtors, the Estate, the Reorganized Debtors, or their respective property that is based
upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to
the Effective Date, that otherwise arose or accrued prior to the Effective Date, or that is otherwise
discharged pursuant to the Plan, shall be permanently enjoined from taking any of the following
actions on account of any such discharged debt, Claim, or Interest (the "Permanent Injunction"): (a)
commencing or continuing in any manner any action or other proceeding against the Debtors,
the Estates, the Reorganized Debtors, or their respective property that is inconsistent with the Plan
or the Confirmation Order; (b) enforcing, attaching, collecting, or recovering in any manner any
judgment, award, decree, or order against the Debtors, the Estate, the Reorganized Debtors, or
their respective property other than as specifically permitted under the Plan, as approved by the

1 Confirmation Order; (c) creating, perfecting, or enforcing any lien or encumbrance against the
2 Debtors, the Estate, the Reorganized Debtors, or their respective property; and (d) commencing or
3 continuing any action, in any manner, in any place that does not comply with or is inconsistent
4 with the provisions of the Plan, the Confirmation Order, or the discharge provisions of § 1141.
5 Any Entity injured by any willful violation of such Permanent Injunction shall recover actual
6 damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover
7 punitive damages, from the willful violator.

8
9 **B. Compromise and Settlement of Claims, Interests, and Controversies**

10 Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other
11 benefits provided pursuant to the Plan, and except as otherwise specifically provided in the Plan
12 or in any contract, instrument, or other agreement or document created pursuant to the Plan, the
13 distributions, rights, and treatment that are provided in the Plan shall be in complete settlement,
14 compromise, and release, effective as of the Effective Date, of Claims, Interests, and Causes of
15 Action of any nature whatsoever, including any interest accrued on Claims or Interests from and
16 after the Petition Date, including, but not limited to, all known or unknown liabilities of, Liens on,
17 obligations of, rights against, and Interests in, the Debtor or any of its assets or properties,
18 regardless of whether any property shall have been distributed or retained pursuant to the Plan on
19 account of such Claims and Interests, including demands, liabilities, and Causes of Action that
20 arose before the Effective Date, any liability to the extent such Claims or Interests relate to services
21 performed by employees of the Debtor before the Effective Date and that arise from a termination
22 of employment, any contingent or non-contingent liability on account of representations or
23 warranties issued on or before the Effective Date, and all debts of the kind specified in §§ 502(g),
24 502(h), or 502(i), in each case whether or not: (a) a Proof of Claim or proof of Interest based upon
25 such debt, right, or Interest is Filed or deemed Filed pursuant to § 501; (b) a Claim or Interest
26 based upon such debt, right, or Interest is Allowed pursuant to § 502; or (c) the Holder of such a
27 Claim or Interest has accepted the Plan. Any default by the Debtor or its Affiliates with respect to
28 any Claim or Interest that existed immediately before or on account of the filing of the Chapter 11
Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial
determination of the settlement, compromise, and release of all Claims and Interests, subject to the
Effective Date occurring.

19
20 **C. Release of Liens**

21 Except as otherwise provided in the Plan or in any contract, instrument, release, or other
22 agreement or document created pursuant to the Plan, on the Effective Date and concurrently with
23 the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim,
24 satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all
25 mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the
26 Estate shall be fully released, settled, and compromised and all rights, titles, and interests of any
27 Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests against any
28 property of the Estate shall revert or otherwise transfer to the Reorganized Debtors or the
Liquidation Trust, as applicable, and their successors and assigns. For the avoidance of doubt, this
Section shall not apply to DIP Claims, Senior Secured Bond Claims or Senior Secured Credit
Agreement Claims.

1 **D. Subordinated Claims**

2 The allowance, classification, and treatment of all Allowed Claims and Interests and the
3 respective distributions and treatments under the Plan take into account and conform to the relative
4 priority and rights of the Claims and Interests in each Class in connection with any contractual,
5 legal, and equitable subordination rights relating thereto, whether arising under general principles
6 of equitable subordination, § 510(b), or otherwise. Except with respect to Allowed Claims,
7 pursuant to § 510, the Court shall retain jurisdiction to re-classify, upon proper application, any
8 Claim or Interest in accordance with any contractual, legal, or equitable subordination relating
9 thereto.

10 **E. Exculpation**

11 The Exculpated Parties shall neither have, nor incur any liability to any Entity for any
12 prepetition or ~~post-petition~~ postpetition act taken or omitted to be taken in connection with the
13 Chapter 11 Cases, or related to formulating, negotiating, soliciting, preparing, disseminating,
14 confirming, or implementing the Plan or consummating the Plan, the Disclosure Statement, or any
15 contract, instrument, release, or other agreement or document created or entered into in connection
16 with the Plan, or any other prepetition or ~~post-petition~~ postpetition act taken or omitted to be taken
17 in connection with or in contemplation of the restructuring of the Reorganized Debtors, liquidation
18 of the Liquidating Debtors, or administration of the GUC Distribution Trust. Without limiting the
19 foregoing “Exculpation” provided under this Section, the rights of any Holder of a Claim or
20 Interest to enforce rights arising under the Plan shall be preserved, including the right to compel
21 payment of distributions in accordance with the Plan; provided, that the foregoing “Exculpation”
22 shall have no effect on the liability of any Entity for liability solely to the extent resulting from
23 any such act or omission taken after the Effective Date or of any Entity solely to the extent resulting
24 from any act or omission that is determined in a final order to have constituted gross negligence
25 or willful misconduct; provided, further, that, subject to the foregoing exclusions, each Exculpated
26 Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant
27 to, or in connection with, the Plan or any other related document, instrument, or agreement. The
28 exculpation of the Lapis Parties is an integral component of the Senior Debt 9019 Settlement.

19 **F. Releases**

20 **1. Debtors’ Releases**

21 ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT
22 AUTHORIZED BY APPLICABLE LAW, THE RELEASED PARTIES AND THEIR
23 RESPECTIVE PROPERTY WILL BE EXPRESSLY, UNCONDITIONALLY, GENERALLY
24 AND INDIVIDUALLY AND COLLECTIVELY RELEASED, ACQUITTED AND
25 DISCHARGED BY THE DEBTORS ON BEHALF OF THEMSELVES, THEIR ESTATES, THE
26 REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST AND THE LIQUIDATION
27 TRUST (SUCH THAT THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST
28 AND THE LIQUIDATION TRUST WILL NOT HOLD ANY CLAIMS OR CAUSES OF
 ACTION RELEASED PURSUANT TO THIS PLAN), FOR THE GOOD AND VALUABLE
 CONSIDERATION PROVIDED BY EACH OF THE RELEASED PARTIES, FROM ANY AND
 ALL ACTIONS, CLAIMS, DEBTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES

1 OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY
2 DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN
3 OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED,
4 EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR
5 OTHERWISE, BY STATUTE, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS
6 OR OTHERWISE, BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION,
7 TRANSACTION, OR OTHER OCCURRENCE OR CIRCUMSTANCES EXISTING OR
8 TAKING PLACE PRIOR TO OR ON THE EFFECTIVE DATE ARISING FROM OR
9 RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR
10 FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF
11 THE DEBTORS, THE PLAN, THE DISCLOSURE STATEMENT, THIS CHAPTER 11 CASE,
12 OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE
13 EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED
14 DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD
15 HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM
AGAINST OR INTEREST IN THE DEBTOR OR ANY OTHER ENTITY COULD HAVE
BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE
DEBTORS OR THEIR ESTATES INCLUDING WITH RESPECT TO THE LAPIS PARTIES
ANY CHALLENGE TO CLAIMS AND RIGHTS OF THE LAPIS PARTIES UNDER THE
BOND DOCUMENTS AND CREDIT AGREEMENT DOCUMENTS; *PROVIDED, HOWEVER,*
THAT THE FOREGOING "DEBTORS' RELEASES" SHALL NOT OPERATE TO WAIVE OR
RELEASE ANY CLAIMS OR CAUSES OF ACTION OF THE DEBTORS OR THEIR
ESTATES AGAINST A RELEASED PARTY ARISING UNDER ANY CONTRACTUAL
OBLIGATION OWED TO THE DEBTORS THAT IS ENTERED INTO OR ASSUMED
PURSUANT TO THE PLAN.

16 ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S
17 APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE DEBTORS' RELEASES,
18 WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND
19 DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE
20 COURT'S FINDING THAT THE DEBTORS' RELEASES ARE: (1) IN EXCHANGE FOR THE
21 GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES;
22 (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY
23 THE DEBTORS' RELEASES; (3) IN THE BEST INTERESTS OF THE DEBTORS' ESTATES
24 AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND
25 REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR
26 HEARING; AND (6) A BAR AGAINST ANY OF THE DEBTORS' ESTATES, THE
27 REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION
28 TRUST, ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO
THE DEBTORS' RELEASES.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL
COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT.

1 **2. Third Party Releases**

2 ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT
3 AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED
4 TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND
5 COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR
6 RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS,
7 OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND
8 LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON
9 BEHALF OF THE DEBTOR, WHETHER KNOWN OR UNKNOWN, FORESEEN OR
10 UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN
11 LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER
12 INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN,
13 SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING
14 FROM OR RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS'
15 PRESENT OR FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR
16 MANAGEMENT OF THE DEBTORS, THE BUSINESS OR CONTRACTUAL
17 ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE PLAN,
18 THE DISCLOSURE STATEMENT, THESE CHAPTER 11 CASES, OR ANY
19 RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE
20 EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED
21 DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD
22 HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM
23 AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE
24 BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE
25 DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF
26 ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT
27 AND (II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE
28 REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION
TRUST ON ACCOUNT OF AN ALLOWED CLAIM AGAINST THE DEBTORS PURSUANT
TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL
INCLUDE (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I)
VOTE TO ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE
THIRD PARTY RELEASE PROVIDED BY THIS SECTION PURSUANT TO A DULY
EXECUTED BALLOT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN,
IN NO EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE TO ACCEPT OR REJECT
THE PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z) APPROPRIATELY MARKS THE
BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE PROVIDED IN THIS SECTION
AND RETURNS SUCH BALLOT IN ACCORDANCE WITH THE SOLICITATION
PROCEDURES ORDER, BE A RELEASING PARTY.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S
APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY
RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS
AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE
THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR
THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED

1 PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS
2 RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE
3 DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE,
4 AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY
FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING
ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

5 NOTWITHSTANDING ANY PROVISION HEREIN, THERE SHALL BE NO
6 RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE
7 MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED
8 OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT
9 SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

10 THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL
11 COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO §
12 1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE
13 DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS
14 HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH
15 HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND
DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES,
16 DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER,
17 AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES'
18 PRE- AND/OR POST-PETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION,
19 OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED
20 IN THIS PLAN OR THE CONFIRMATION ORDER.

21 **G. Injunction**

22 EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE CONFIRMATION
23 ORDER, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS, INTERESTS,
24 CAUSES OF ACTION, OR LIABILITIES THAT: (1) ARE SUBJECT TO COMPROMISE AND
25 SETTLEMENT PURSUANT TO THE TERMS OF THE PLAN; (2) HAVE BEEN RELEASED
26 PURSUANT TO SECTION VII.F.1 HEREOF; (3) HAVE BEEN RELEASED PURSUANT TO
27 SECTION VII.F.2 HEREOF; (4) ARE SUBJECT TO EXCULPATION PURSUANT TO
28 SECTION VII.E HEREOF; OR (5) ARE OTHERWISE STAYED OR TERMINATED
PURSUANT TO THE TERMS OF THE PLAN, ARE PERMANENTLY ENJOINED AND
PRECLUDED, FROM AND AFTER THE EFFECTIVE DATE, FROM: (A) COMMENCING
OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY
KIND, INCLUDING ON ACCOUNT OF ANY CLAIMS, INTERESTS, CAUSES OF ACTIONS,
OR LIABILITIES THAT HAVE BEEN COMPROMISED OR SETTLED AGAINST THE
DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE
LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE
PROPERTY OR ESTATE OF ANY ENTITY, DIRECTLY OR INDIRECTLY, SO RELEASED
OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT
TO ANY RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES
OF ACTION, OR LIABILITIES; (B) ENFORCING, ATTACHING, COLLECTING, OR
RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR

1 ORDER AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC
2 DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED
3 OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY
4 SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR
5 WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR
6 EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (C) CREATING,
7 PERFECTING, OR ENFORCING ANY LIEN, CLAIM, OR ENCUMBRANCE OF ANY KIND
8 AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION
9 TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED
10 (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR
11 EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO
12 ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS,
13 CAUSES OF ACTION, OR LIABILITIES; (D) ASSERTING ANY RIGHT OF SETOFF OR
14 SUBROGATION OF ANY KIND AGAINST ANY OBLIGATION DUE FROM THE
15 DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR
16 ESTATES OF THE DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED) ON
17 ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH
18 RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF
19 ACTION, OR LIABILITIES UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH
20 SETOFF OR SUBROGATION RIGHT PRIOR TO CONFIRMATION IN A DOCUMENT
21 FILED WITH THE COURT EXPLICITLY PRESERVING SUCH SETOFF OR
22 SUBROGATION; AND (E) COMMENCING OR CONTINUING IN ANY MANNER ANY
23 ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST THE DEBTORS, THE
24 REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION
25 TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR
26 ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON
27 ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH
28 RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF
ACTION, OR LIABILITIES RELEASED, SETTLED, OR COMPROMISED PURSUANT TO
THE PLAN; *PROVIDED THAT* NOTHING CONTAINED IN THE PLAN SHALL PRECLUDE
AN ENTITY FROM OBTAINING BENEFITS DIRECTLY AND EXPRESSLY PROVIDED TO
SUCH ENTITY PURSUANT TO THE TERMS OF THE PLAN; *PROVIDED, FURTHER, THAT*
NOTHING CONTAINED IN THE PLAN SHALL BE CONSTRUED TO PREVENT ANY
ENTITY FROM DEFENDING AGAINST CLAIMS OBJECTIONS OR COLLECTION
ACTIONS WHETHER BY ASSERTING A RIGHT OF SETOFF OR OTHERWISE TO THE
EXTENT PERMITTED BY LAW.

H. Waiver of Statutory Limitations on Releases

EACH RELEASING PARTY IN EACH OF THE RELEASES CONTAINED IN THE
PLAN (INCLUDING UNDER THIS SECTION) EXPRESSLY ACKNOWLEDGES THAT
ALTHOUGH ORDINARILY A GENERAL RELEASE MAY NOT EXTEND TO CLAIMS
WHICH THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS
FAVOR, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY AFFECTED ITS
SETTLEMENT WITH THE PARTY RELEASED, THEY HAVE CAREFULLY CONSIDERED
AND TAKEN INTO ACCOUNT IN DETERMINING TO ENTER INTO THE ABOVE
RELEASES THE POSSIBLE EXISTENCE OF SUCH UNKNOWN LOSSES OR CLAIMS.

1 WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH RELEASING
2 PARTY EXPRESSLY WAIVES ANY AND ALL RIGHTS CONFERRED UPON IT BY ANY
3 STATUTE OR RULE OF LAW WHICH PROVIDES THAT A RELEASE DOES NOT EXTEND
4 TO CLAIMS WHICH THE CLAIMANT DOES NOT KNOW OR SUSPECT TO EXIST IN ITS
5 FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY IT MAY
6 HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE RELEASED PARTY.
7 THE RELEASES CONTAINED IN THIS SECTION ARE EFFECTIVE REGARDLESS OF
8 WHETHER THOSE RELEASED MATTERS ARE PRESENTLY KNOWN, UNKNOWN,
9 SUSPECTED OR UNSUSPECTED, FORESEEN OR UNFORESEEN.

7 **I. Limitation on Liability of Liquidation Trustee and GUC Distribution
8 Trustee**

9 The GUC Distribution Trustee will not be liable for any act ~~they~~it may do or omit to do as
10 GUC Distribution Trustee under the Plan and GUC Distribution Trust Agreement, as applicable,
11 while acting in good faith and in the exercise of his or her reasonable business judgment; nor will
12 the GUC Distribution Trustee be liable in any event except for gross negligence, fraud, or willful
13 misconduct. The foregoing limitation on liability will also apply to any Person or Entity (including
14 any attorney or other professional) employed by the GUC Distribution Trustee and acting on behalf
15 of the GUC Distribution Trustee in the fulfillment of the GUC Distribution Trustee's duties under
16 the Plan or the GUC Distribution Trust Agreement. Also, the GUC Distribution Trustee and any
17 Person or Entity (including any attorney or other professional) employed by the GUC Distribution
18 Trustee and acting on behalf of the GUC Distribution Trustee shall be entitled to indemnification
19 out of the assets of the GUC Distribution Trust against any losses, liabilities, expenses (including
20 attorneys' fees and disbursements), damages, taxes, suits, or claims that they may incur or sustain
21 by reason of being, having been, or being or having been employed by, the GUC Distribution
22 Trustee, or for performing any function incidental to such service.

23 The Liquidation Trustee will not be liable for any act it may do or omit to do as Liquidation
24 Trustee under the Plan and Liquidation Trust Agreement, as applicable, while acting in good faith
25 and in the exercise of its reasonable business judgment; nor will the Liquidation Trustee be liable
26 in any event except for gross negligence, fraud, or willful misconduct. The foregoing limitation on
27 liability will also apply to any Person or Entity (including any attorney or other professional)
28 employed by the Liquidation Trustee and acting on behalf of the Liquidation Trustee in the
fulfillment of the Liquidation Trustee's duties under the Plan or the Liquidation Trust Agreement.
Also, the Liquidation Trustee and any Person or Entity (including any attorney or other
professional) employed by the Liquidation Trustee and acting on behalf of the Liquidation Trustee
shall be entitled to indemnification out of the assets of the Liquidation Trust against any losses,
liabilities, expenses (including attorneys' fees and disbursements), damages, taxes, suits, or claims
that they may incur or sustain by reason of being, having been, or being or having been employed
by, the Liquidation Trustee, or for performing any function incidental to such service.

25 **J. Setoffs**

26 Except as otherwise provided in the Plan, prior to the Effective Date, the Debtors, and on
27 and after the Effective Date, the Reorganized Debtors, the GUC Distribution Trustee or the
28 Liquidation Trustee, as applicable, pursuant to the Bankruptcy Code (including §§ 553 and 558),

1 applicable non-bankruptcy law, or as may be agreed to by the Holder of a Claim or Interest, may
2 set off against any Allowed Claim or Interest on account of any Proof of Claim or proof of Interest
3 or other pleading Filed with respect thereto prior to the Confirmation Hearing and the distributions
4 to be made pursuant to the Plan on account of such Allowed Claim or Interest (before any
5 distribution is made on account of such Allowed Claim or Interest), any claims, rights, and Causes
6 of Action of any nature that the Debtor's Estate may hold against the Holder of such Allowed
7 Claim or Interest, to the extent such claims, rights, or Causes of Action against such Holder have
8 not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to
9 the Plan or otherwise); provided that neither the failure to effect such a setoff nor the allowance of
10 any Claim or Interest pursuant to the Plan shall constitute a waiver or release by the Debtors, the
11 Reorganized Debtors, the GUC Distribution Trustee or the Liquidation Trustee, as applicable, of
12 any such claims, rights, and Causes of Action that the Debtors' Estates may possess against such
13 Holder. In no event shall any Holder of Claims or Interests be entitled to set off any Claim or
14 Interest against any claim, right, or Cause of Action of the Debtor's Estate unless such Holder has
15 timely Filed a Proof of Claim (including any Proof of Claim timely Filed by the Governmental
16 Bar Date) with the Court expressly preserving such setoff; provided that nothing in the Plan shall
17 prejudice or be deemed to have prejudiced the Debtors', the Reorganized Debtors', the GUC
18 Distribution Trustee's or the Liquidation Trustee's right to assert that any Holder's setoff rights
19 were required to have been asserted by motion or pleading filed with the Court prior to the
20 Effective Date, or any such Holder's right to assert that there was no such requirement.

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22
23 **K. Revesting of Property in Debtors**

24 Except as provided elsewhere in the Plan or in the Exchange Debt Documents, the Effective
25 Date of the Plan revests the assets of the Estate in the Reorganized Debtors, free and clear of all
26 Claims, liens, encumbrances, and Interests, except as expressly provided in the Plan. From and
27 after the Effective Date, Reorganized Debtors may operate their business and use, acquire and
28 dispose of property without supervision by the Court and free of any restrictions of the Bankruptcy
Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the
Confirmation Order.

29 **L. Preservation of Restricted Funds for Charitable Purposes**

30 Pursuant to § 1123(b) and all other applicable law and subject to consent of the Washington
31 Attorney General, Reorganized Debtors shall be vested with and shall retain any and all restricted
32 funds, if any, formerly held by Debtors. All such funds shall be held in charitable trust and may be
33 used only for the restricted purposes permitted under applicable law. Debtors are not aware of any
34 restricted funds.

35 **M. Modification of Plan**

36 Subject to such notice as the Court may require, the Debtors may, with the prior written
37 consent of the Lapis Parties and the Committee, modify the Plan at any time before Confirmation,
38 if circumstances develop that warrant modification or amendment to the Plan. For the avoidance
of doubt, the Debtors will not modify any term of the Plan constituting the Committee Plan
Settlement without the prior consent of the Committee

1 However, the Court may require a new disclosure statement and/or re-voting on the Plan if
2 the Debtors materially modify the Plan before Confirmation. The Debtors may also seek to modify
3 the Plan at any time after Confirmation so long as (1) the Plan has not been substantially
4 consummated and (2) if the Court authorizes the proposed modifications after notice and a hearing.

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N. Termination of the Patient Care Ombudsman

Upon the Effective Date, the responsibilities of the ~~Patient Care Ombudsman~~PCO will be terminated and she may dispose of any documents provided to her in the course of her reporting.

O. Post-Confirmation Status Report

Within 120 days of the entry of the order confirming the Plan, Debtors (if the Effective Date has not occurred) or Reorganized Debtors (if it has) shall file a status report with the Court explaining what progress has been made toward Consummation of the confirmed Plan. The status report shall be served on the U.S. Trustee, the twenty largest unsecured creditors, and those parties who have requested special notice. Further status reports shall be filed every 120 days and served on the same Entities.

P. Quarterly Fees

Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to date of Confirmation shall be paid to the U.S. Trustee on or before the Effective Date of the Plan. Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) after Confirmation shall be paid by the Liquidation Trust to the U.S. Trustee in accordance with 28 U.S.C. § 1930(a)(6) and the Liquidation Trust Agreement until entry of a final decree, or entry of an order of dismissal or conversion to chapter 7. If the Liquidation Trust fails to timely pay the quarterly fees that come due after Confirmation, the Reorganized Debtors shall remain obligated to pay the fees and may seek indemnification from the Liquidation Trust.

Q. Post-Confirmation Conversion/Dismissal

A creditor or party in interest may bring a motion to convert or dismiss the Chapter 11 Cases under § 1112(b), after the Plan is confirmed, if there is a default in performing the Plan. If the Court orders the Chapter 11 Cases converted to Chapter 7 after the Plan is confirmed, then all property that had been property of the Chapter 11 Estate, and that has not been disbursed pursuant to the Plan, will revert in the Chapter 7 Estate, and the automatic stay will be reimposed upon the reverted property only to the extent that relief from stay was not previously granted by the Court during these Chapter 11 Cases.

The Confirmation Order may also be revoked under very limited circumstances. The Court may revoke the order if the Confirmation Order was procured by fraud and if the party in interest brings an adversary proceeding to revoke Confirmation within 180 days after the entry of the Confirmation Order.

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R. Final Decree

Once the Estates have been fully administered as referred to in Bankruptcy Rule 3022, Reorganized Debtors, or such other party as the Court shall designate in the Confirmation Order, shall file a motion with the Court to obtain a final decree to close the Chapter 11 Cases.

" = "4" "104598080v.6" "" 104598080v.6

**Redline of Disclosure Statement
for Second Amended Plan**

1 JAMES L. DAY (WSBA #20474)
2 BUSH KORNFELD LLP
3 601 Union Street, Suite 5000
4 Seattle, WA 98101
5 Tel: (206) 521-3858
6 Email: jday@bskd.com

7 SAMUEL R. MAIZEL (Admitted
8 Pro Hac Vice)
9 DENTONS US LLP
10 601 South Figueroa Street, Suite
11 2500
12 Los Angeles, California 90017-5704
13 Tel: (213) 623-9300
14 Fax: (213) 623-9924
15 Email: samuel.maizel@dentons.com

16 SAM J. ALBERTS (WSBA #22255)
17 DENTONS US LLP
18 1900 K. Street, NW
19 Washington, DC 20006
20 Tel: (202) 496-7500
21 Fax: (202) 496-7756
22 Email: sam.alberts@dentons.com

23 Attorneys for the Chapter 11 Debtors
24 and Debtors In Possession

25 MARK D. NORTHRUP (WSBA
26 #16947)
27 MILLER NASH GRAHAM & DUNN
28 LLP
29 2801 Alaskan Way, Suite 300
30 Seattle, Washington 98121-1128
31 Tel: (206) 624-8300
32 Email:
33 mark.northrup@millernash.com

34 WILLIAM KANNEL (admitted pro
35 hac vice)
36 IAN A. HAMMEL (admitted pro hac
37 vice)
38 MINTZ, LEVIN, COHN, FERRIS,
39 GLOVSKY AND POPEO, P.C.
40 One Financial Center
41 Boston, Massachusetts 02111
42 Tel: (617) 542-6000p
43 Email: wkannel@mintz.com
44 Email: iahammel@mintz.com
45 Email: tmckeon@mintz.com

46 Attorneys for the Lapis Parties

HONORABLE
WHITMAN L. HOLT

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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON**

101 In re:
102 ASTRIA HEALTH, *et al.*,
103 Debtors and Debtors in
104 Possession.¹

Chapter 11
Lead Case No. 19-01189-11
Jointly Administered

**DISCLOSURE STATEMENT
RELATING TO THE
FIRST SECOND AMENDED JOINT
CHAPTER 11 PLAN OF
REORGANIZATION OF ASTRIA
HEALTH AND ITS AFFILIATES**

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¹ The Debtors, along with their case numbers, are as follows: Astria Health (19-01189-11), Glacier Canyon, LLC (19-01193-11), Kitchen and Bath Furnishings, LLC (19-01194-11), Oxbow Summit, LLC (19-01195-11), SHS Holdco, LLC (19-01196-11), SHC Medical Center - Toppenish (19-01190-11), SHC Medical Center - Yakima (19-01192-11), Sunnyside Community Hospital Association (19-01191-11), Sunnyside Community Hospital Home Medical Supply, LLC (19-01197-11), Sunnyside Home Health (19-01198-11), Sunnyside Professional Services, LLC (19-01199-11), Yakima Home Care Holdings, LLC (19-01201-11), and Yakima HMA Home Health, LLC (19-01200-11).

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EXHIBITS

- Exhibit A – ~~First~~Second Amended Joint Chapter 11 Plan of Reorganization
- Exhibit B – Liquidation Analysis
- Exhibit C – Financial Projections

**NOTICE TO HOLDERS OF CLAIMS
AND DISCLAIMERS**

THIS DISCLOSURE STATEMENT (TOGETHER WITH ITS EXHIBITS, THE “**DISCLOSURE STATEMENT**”) INCLUDES AND DESCRIBES THE ~~FIRST~~**SECOND** AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF ASTRIA HEALTH AND ITS AFFILIATES, DATED NOVEMBER 4, 2020 (THE “**PLAN**”),² A COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT A, WHICH WAS FILED JOINTLY BY ASTRIA HEALTH, A WASHINGTON NONPROFIT PUBLIC BENEFIT CORPORATION (“**ASTRIA**”), AND THE ABOVE-REFERENCED AFFILIATED DEBTORS AND DEBTORS IN POSSESSION (THE “**DEBTORS**”) UNDER CHAPTER 11 OF TITLE 11 OF THE UNITED STATES CODE, 11 U.S.C. §§ 101, *ET SEQ.* (THE “**BANKRUPTCY CODE**”),³ IN THESE CHAPTER 11 CASES (THE “**CHAPTER 11 CASES**”), AND LAPIS ADVISERS, LP AS LENDER UNDER THE DEBTOR IN POSSESSION FACILITY IN THE CHAPTER 11 CASES, AGENT UNDER THE DEBTORS’ PREPETITION CREDIT AGREEMENT, AND AS INVESTMENT ADVISOR AND INVESTMENT MANAGER FOR CERTAIN FUNDS WHICH ARE BENEFICIAL HOLDERS OF THOSE CERTAIN WASHINGTON HEALTH CARE FACILITIES AUTHORITY REVENUE BONDS, SERIES 2017A BONDS AND THE SERIES 2017B BONDS (COLLECTIVELY THE “**LAPIS PARTIES**” AND, TOGETHER WITH THE DEBTORS, THE “**PLAN PROPONENTS**”).

THIS DISCLOSURE STATEMENT, THE PLAN, AND THE ACCOMPANYING BALLOTS AND RELATED MATERIALS DELIVERED HERewith, ARE BEING PROVIDED TO KNOWN HOLDERS OF CLAIMS PURSUANT TO § 1125 IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT THE PLAN PROPOSED JOINTLY BY THE PLAN PROPONENTS.

IF YOU ARE ENTITLED TO VOTE ON THE PLAN, YOU ARE RECEIVING A BALLOT WITH YOUR NOTICE OF THIS DISCLOSURE STATEMENT. THE PLAN PROPONENTS BELIEVE THAT THE PLAN IS IN THE BEST INTEREST OF AND PROVIDES THE HIGHEST AND MOST EXPEDITIOUS RECOVERIES TO HOLDERS OF ALL CLAIMS. THE PLAN PROPONENTS URGE YOU TO VOTE TO ACCEPT THE PLAN.

EACH HOLDER OF A CLAIM AGAINST THE DEBTORS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ THIS DISCLOSURE STATEMENT, ITS EXHIBITS, AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING. THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION THAT MAY BEAR UPON YOUR DECISION TO VOTE TO ACCEPT OR REJECT THE PLAN. PLEASE READ THIS DOCUMENT AND ITS EXHIBITS WITH CARE.

NO SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN MAY BE MADE EXCEPT PURSUANT TO THIS DISCLOSURE STATEMENT, ITS EXHIBITS, AND § 1125. NO HOLDER OF A CLAIM SHOULD RELY ON ANY INFORMATION RELATING TO THE DEBTORS, THEIR PROPERTY, OR THE PLAN OTHER THAN THAT CONTAINED IN

² All capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the Plan.

³ All references to § herein are to sections of the Bankruptcy Code. All references to “**Bankruptcy Rules**” are to provisions of the Federal Rules of Bankruptcy Procedure. All references to “**LBR**” are to provisions of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Eastern District of Washington.

1 THIS DISCLOSURE STATEMENT AND THE ATTACHED EXHIBITS.

2 THIS DISCLOSURE STATEMENT AND ITS EXHIBITS ARE THE ONLY
3 DOCUMENTS AUTHORIZED BY THE UNITED STATES BANKRUPTCY COURT FOR THE
4 EASTERN DISTRICT OF WASHINGTON (THE “**BANKRUPTCY COURT**”)⁴ TO BE USED
5 IN CONNECTION WITH THE PLAN. NO SOLICITATIONS FOR OR AGAINST THE PLAN
6 MAY BE MADE EXCEPT THROUGH THIS DISCLOSURE STATEMENT AND ITS
7 EXHIBITS.

8 **THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN
9 PROVISIONS OF THE PLAN. ALTHOUGH EVERY EFFORT HAS BEEN MADE TO
10 ENSURE THAT THIS DISCLOSURE STATEMENT PROVIDES ADEQUATE
11 INFORMATION WITH RESPECT TO THE PLAN, IT DOES NOT PURPORT TO BE
12 COMPLETE, AND ALL PLAN SUMMARIES AND STATEMENTS MADE HEREIN ARE
13 QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE
14 EXHIBITS ANNEXED TO THE PLAN. THE STATEMENTS CONTAINED IN THIS
15 DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF AND
16 THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN
17 WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF. IF THERE IS ANY
18 INCONSISTENCY BETWEEN THE PLAN AND THE SUMMARY OF THE PLAN
19 CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN SHALL CONTROL.
20 ACCORDINGLY, EACH HOLDER OF A CLAIM SHOULD REVIEW THE PLAN IN ITS
21 ENTIRETY.**

22 **THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE
23 WITH § 1125 AND BANKRUPTCY RULE 3016(b), AND NOT NECESSARILY IN
24 ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER NON-
25 BANKRUPTCY LAW. PERSONS OR ENTITIES TRADING IN OR OTHERWISE
26 PURCHASING, SELLING, OR TRANSFERRING SECURITIES OF OR CLAIMS
27 AGAINST THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT
28 AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED.
29 THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED TO BE ADVICE ON
30 THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE REORGANIZATION
31 OR LIQUIDATION OF THE DEBTORS AS TO HOLDERS OF CLAIMS AGAINST THE
32 DEBTORS. NO PERSON OR ENTITY SHOULD RELY ON THE INFORMATION
33 CONTAINED IN, OR THE TERMS OF, THIS DISCLOSURE STATEMENT OR THE
34 PLAN, INCLUDING IN CONNECTION WITH ANY PURCHASE OR SALE OF THE
35 DEBTORS’ SECURITIES PRIOR TO THE CONFIRMATION OF THE PLAN BY THE
36 BANKRUPTCY COURT.**

37 **THIS DISCLOSURE STATEMENT INCLUDES A SUMMARY OF CERTAIN
38 MATERIAL FEDERAL TAX CONSEQUENCES OF THE PLAN, WHICH IS PROVIDED
39 FOR INFORMATION PURPOSES ONLY, IS NOT TAX ADVICE, AND IS NOT A
40 SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL.**

41 **THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES
42 AND EXCHANGE COMMISSION (THE “**SEC**”) OR ANY STATE AUTHORITY AND
43 NEITHER THE SEC NOR ANY STATE AUTHORITY HAS PASSED UPON THE
44 ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE
45 MERITS OF THE PLAN. NEITHER THIS DISCLOSURE STATEMENT NOR THE
46 SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN CONSTITUTES AN**

47 ⁴ As defined in the Plan and used in this Disclosure Statement, “**Court**” means the Bankruptcy
48 Court or any other court of the United States exercising competent jurisdiction over the Chapter 11
Cases or any proceeding any proceeding therein.

1 OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN
2 ANY STATE OR JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT
3 AUTHORIZED.

4 THIS DISCLOSURE STATEMENT MAY CONTAIN "FORWARD LOOKING
5 STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES
6 LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS CONSIST OF ANY
7 STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE
8 IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY SUCH AS
9 "MAY," "EXPECT," "ANTICIPATE," "ESTIMATE" OR "CONTINUE" OR THE
10 NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE
11 TERMINOLOGY. THE READER IS CAUTIONED THAT ALL FORWARD LOOKING
12 STATEMENTS ARE NECESSARILY SPECULATIVE AND THERE ARE CERTAIN
13 RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR
14 RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH
15 FORWARD LOOKING STATEMENTS.

16 HOLDERS OF CLAIMS SHOULD NOT CONSTRUE THE CONTENTS OF THIS
17 DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL,
18 OR TAX ADVICE. EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN
19 LEGAL, BUSINESS, FINANCIAL, AND TAX ADVISORS AS TO ANY SUCH MATTERS
20 CONCERNING THE SOLICITATION, THE PLAN, AND THE TRANSACTIONS
21 CONTEMPLATED THEREBY. THIS DISCLOSURE STATEMENT SHALL NOT BE
22 ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING.

23 HOLDERS OF CLAIMS AND OTHER THIRD PARTIES SHOULD BE AWARE
24 THAT THE PLAN CONTAINS INJUNCTIONS AND RELEASES THAT MAY
25 MATERIALLY AFFECT THEIR RIGHTS.

26 ALL OF THE PROJECTED RECOVERIES TO CREDITORS ARE BASED UPON
27 THE ANALYSES PERFORMED BY THE PLAN PROPONENTS AND THEIR
28 PROFESSIONALS. ALTHOUGH EVERY EFFORT HAS BEEN MADE TO VERIFY THE
ACCURACY OF THE INFORMATION PRESENTED HEREIN AND IN THE EXHIBITS
ATTACHED HERETO, THE PLAN PROPONENTS CANNOT MAKE ANY
REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE
INFORMATION.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER
ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL
NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR
LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS THE PLAN
PROPONENTS' STATEMENT OF THE STATUS OF THE RESPECTIVE MATTER, AS
APPLICABLE.

THE PLAN PROPONENTS RECOMMEND THAT CREDITORS SUPPORT AND
VOTE TO ACCEPT THE PLAN. IT IS THE OPINION OF THE PLAN PROPONENTS THAT
THE TREATMENT OF CREDITORS UNDER THE PLAN CONTEMPLATES A GREATER
RECOVERY THAN THAT WHICH IS LIKELY TO BE ACHIEVED UNDER OTHER
ALTERNATIVES FOR THE REORGANIZATION OR LIQUIDATION OF THE DEBTORS.
ACCORDINGLY, THE PLAN PROPONENTS BELIEVE THAT CONFIRMATION OF THE
PLAN IS IN THE BEST INTERESTS OF CREDITORS.

AS SET FORTH BELOW, THE PLAN, AS AMENDED, EMBODIES THE TERMS OF
A SETTLEMENT WITH THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS (THE
"COMMITTEE") RESOLVING THE COMMITTEE'S OBJECTIONS TO THE PRIOR

1 VERSION OF THE PLAN FILED AT DOCKET NUMBER 1471 (THE “COMMITTEE PLAN
2 SETTLEMENT”).⁵ AS A RESULT OF THE MODIFICATIONS TO THE PLAN CONSISTENT
3 WITH THE TERMS OF THE COMMITTEE PLAN SETTLEMENT, INCLUDING WITH
4 RESPECT TO THE TREATMENT OF GENERAL UNSECURED CLAIMS UNDER THE PLAN
5 AND CERTAIN MODIFICATIONS RELATED THERETO, THE COMMITTEE SUPPORTS
6 THE PLAN’S CONFIRMATION.

7 **THE DEADLINE TO ACCEPT OR REJECT THE PLAN IS 4:00 P.M. PACIFIC
8 STANDARD TIME, DECEMBER 4, 2020 (THE “VOTING DEADLINE”), UNLESS
9 EXTENDED BY ORDER OF THE BANKRUPTCY COURT. ALL BALLOTS MUST BE
10 ACTUALLY RECEIVED BY KURTZMAN CARSON CONSULTANTS, LLC (“KCC” OR
11 THE “SOLICITATION AGENT”) NO LATER THAN THE VOTING DEADLINE. DO
12 NOT RETURN ANY OTHER DOCUMENTS WITH YOUR BALLOT. YOUR VOTE ON
13 THE PLAN IS IMPORTANT.**

14 I. 15 INTRODUCTION

16 On May 6, 2019 (the “Petition Date”), Astria Health, a Washington nonprofit public benefit
17 corporation (“Astria”), and the above-referenced affiliated debtors and debtors in possession (the
18 “Debtors”), filed voluntary petitions for relief under chapter 11 of title 11 of the United States
19 Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”),⁶ in the United States Bankruptcy Court
20 for the Eastern District of Washington (the “Bankruptcy Court”). The chapter 11 cases are jointly
21 administered under lead bankruptcy case number 19-01189-11 (the “Chapter 11 Cases”). Since
22 the Petition Date, the Debtors have remained in possession of their assets, and managed their
23 businesses as debtors in possession, pursuant to §§ 1107 and 1108.

24 The Debtors submit this disclosure statement (together with its exhibits, the “Disclosure
25 Statement”) pursuant to § 1125 on behalf of themselves and Lapis Advisers, LP as lender under
26 the Debtor in Possession Facility in the Chapter 11 Cases, agent under the Debtors’ prepetition
27 Credit Agreement, and as investment advisor and investment manager for certain funds which are
28 beneficial holders of those certain Washington Health Care Facilities Authority Revenue Bonds,
and any fund managed or affiliated with the foregoing (collectively the “Lapis Parties” and,
together with the Debtors, the “Plan Proponents”) in connection with the solicitation of votes to
accept or reject their ~~First~~Second Amended Joint Chapter 11 Plan of Reorganization of Astria
Health and Its Affiliates, dated November 4, 2020 (the “Plan”), a copy of which is attached hereto
as Exhibit A. The summary of the Plan provided herein is qualified in its entirety by reference to
the Plan. To the extent that the information provided in this Disclosure Statement and the Plan
(including any Plan supplements or amendments) conflict, the terms of the Plan (including any Plan
supplements or amendments) will control. Terms not otherwise specifically defined herein will
have the meanings attributed to them in the Plan. Each definition in this Disclosure Statement and
in the Plan includes both the singular and plural. Headings are for convenience or reference and
shall not affect the meaning or interpretation of this Disclosure Statement.

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30 ⁵ All references to the “Docket” herein refer to the Court maintained chronological listing of all
31 documents filed in the Chapter 11 Cases. All documents on the Docket are available free of charge
32 at a website maintained by Kurtzman Carson Consultants for the Debtors, available at
33 www.kccllc.net/astria.

34 ⁶ All references to § herein are to sections of the Bankruptcy Code. All references to “Bankruptcy
35 Rules” are to provisions of the Federal Rules of Bankruptcy Procedure. All references to “LBR”
36 are to provisions of the Local Bankruptcy Rules of the United States Bankruptcy Court for the
37 Eastern District of Washington.

1 At hearings to be held on the adequacy of this Disclosure Statement and confirmation of the
2 Plan, the Plan Proponents will request that the Bankruptcy Court (i) approve this Disclosure
3 Statement as containing “adequate information” in accordance with § 1125(b) to enable a
4 hypothetical, reasonable investor typical of claimholders in a Class of Claims entitled to vote as set
5 forth in the Plan to make an informed judgment about whether to accept or reject the Plan and (ii)
6 confirm the Plan in accordance with § 1129. A hearing to consider the adequacy of this Disclosure
7 Statement (the “**Disclosure Statement Hearing**”) will be held on November 6, 2020, at 11:00 a.m.
Pacific Daylight Standard Time, and a hearing to consider confirmation of the Plan (the
8 “**Confirmation Hearing**”) will be held on December ~~16, 18,~~ 2020, at ~~11~~10:00 a.m. Pacific Standard
9 Time, before the Honorable Whitman L. Holt, United States Bankruptcy Judge, at the Bankruptcy
10 Court, 402 East Yakima Avenue, Suite 200, Yakima, Washington 98901. At the Confirmation
11 Hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements
12 for confirmation under the Bankruptcy Code.

13 The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan must
14 be filed and served so they are received on or before December 4, 2020, in the manner described in
15 section VI.B.1 of this Disclosure Statement. The Confirmation Hearing may be adjourned from
16 time to time by the Bankruptcy Court without further notice except for the announcement of the
17 adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation
18 Hearing.

19 The following documents are attached as Exhibits to this Disclosure Statement:

20 Exhibit A: The Plan

21 Exhibit B: Liquidation Analysis

22 Exhibit C: Financial Projections

23 Voting instructions are contained in section VI.B.1 of this Disclosure Statement, as well as
24 on the ballot you received in connection with this Disclosure Statement. To be counted, your
25 original ballot must be actually received by 4:00 p.m., Pacific Standard Time, on December 4, 2020
26 (the “**Voting Deadline**”).

27 If your ballot is not timely received, it may not be counted in determining whether the Plan
28 has been accepted. You are urged to carefully review the contents of the Plan and Disclosure
Statement, including all exhibits attached thereto, before making your decision to vote to accept or
reject the Plan. Pursuant to the provisions of the Bankruptcy Code, only holders of Allowed Claims
in Classes of Claims that are “impaired” (as defined in section VI.B.3 of this Disclosure Statement)
and not deemed to have rejected the Plan are entitled to vote to accept or reject the Plan. Particular
attention should be directed to the provisions of the Plan affecting or impairing your rights as they
may presently exist, including, but not limited to, the provisions which provide for injunctions and
releases.

This Disclosure Statement is intended to provide adequate information of a kind, and in
sufficient detail, to enable the Debtors’ creditors to make an informed judgment about the Plan,
including whether to accept or reject the Plan. This Disclosure Statement sets forth certain
information regarding (i) the Debtors’ prepetition operating and financial history; (ii) the Debtors’
need to file for relief under chapter 11 of the Bankruptcy Code; (iii) significant events that have
occurred during the Debtors’ Chapter 11 Cases; (iv) the terms of the Plan; (v) the manner in which
distributions will be made under the Plan; (vi) certain effects of confirmation of the Plan; (vii)
certain risk factors associated with the Plan; and (viii) the confirmation process and the voting
procedures that Holders of Claims entitled to vote under the Plan must follow for their votes to be
counted.

1 This Disclosure Statement is subject to the Bankruptcy Court’s approval as containing
2 information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor
3 typical of each of the Classes whose votes are being solicited to make an informed judgment with
4 respect to the Plan. **THE BANKRUPTCY COURT’S APPROVAL OF THIS DISCLOSURE
5 STATEMENT DOES NOT CONSTITUTE A DETERMINATION WITH RESPECT TO
6 THE MERITS OF THE PLAN. ALL CREDITORS ARE ENCOURAGED TO READ THIS
7 DISCLOSURE STATEMENT AND ITS EXHIBITS CAREFULLY AND IN THEIR
8 ENTIRETY BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN.**

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11 **II.**
12 **EXPLANATION OF CHAPTER 11**

13 **A. Overview of Chapter 11**

14 Chapter 11 is the principal reorganization chapter of the Bankruptcy Code pursuant to which
15 a debtor in possession may reorganize its business for the benefit of its creditors and other parties
16 in interest. The commencement of a chapter 11 case creates an estate comprising all the legal and
17 equitable interests of the debtor in possession as of the date the petition is filed. The Debtors
18 commenced the Chapter 11 Cases on the Petition Date. *See* Section I.

19 Sections 1101, 1107, and 1108 provide that a debtor may continue to operate its business
20 and remain in possession of its property as a “debtor in possession” unless the bankruptcy court
21 orders the appointment of a trustee. In the Chapter 11 Cases, each Debtor remains in possession of
22 its property and continues to operate its businesses as a debtor in possession. *See* Section I.

23 Section 1102(a) and (b)(1) provides for the appointment of a committee of creditors holding
24 unsecured claims. On May 24, 2019, the Office of the United States Trustee (the “**U.S. Trustee**”)
25 appointed such a committee (as defined above, the “**Committee**”). *See* Section V.C.1.

26 Section 333(a)(2) further provides for the appointment of a patient care ombudsman where
27 the debtor is a health care business as defined in § 101(27A). On June 17, 2019, the U.S. Trustee
28 appointed a patient care ombudsman in these Chapter 11 Cases (the “**PCO**”). *See* Section V.C.2.

The filing of a chapter 11 petition triggers the automatic stay provisions of the Bankruptcy
Code. Section 362 provides, among other things, for an automatic stay of all attempts by creditors
or other third parties to collect prepetition claims from the debtor or otherwise interfere with its
property or business. Exempted from the automatic stay are governmental authorities seeking to
exercise regulatory or policing powers. Except as otherwise ordered by the bankruptcy court, the
automatic stay remains in full force and effect until the effective date of a confirmed plan of
reorganization. In the Chapter 11 Cases, no creditor or party in interest has obtained relief from
the automatic stay, except ~~for David Becerril, Jan Hemstad, and Suzanne Cleland Zamudio, as well
as the DIP Lenders with limited regard to enforcing the terms of the DIP Facility in seven discrete
instances.~~ *See* Section V.B.6. In addition, the Debtors were forced to file an emergency motion to
enforce the automatic stay against one party. *Id.*

B. Plan of Reorganization

The formulation of a plan of reorganization is the principal purpose of a chapter 11 case.
The plan sets forth the means for satisfying the holders of claims against and interests in the debtor’s
estate. Although referred to as a plan of reorganization, a plan may provide anything from a
complex restructuring of a debtor’s business and its related obligations to a simple liquidation of
the debtor’s assets. In either event, upon confirmation of the plan, it becomes binding on the debtor
and all of its creditors, and the prior obligations owed by the debtor to such parties are compromised
and exchanged for the obligations specified in the plan. For a description of key components of
the Plan, *see* Section III.A.

1 After a plan of reorganization has been filed, the holders of impaired claims against a debtor
2 are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed
3 plan, § 1125 requires the debtor to prepare and file a disclosure statement containing adequate
4 information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make
an informed judgment about the plan. This Disclosure Statement is presented to holders of Claims
against the Debtors to satisfy the requirements of § 1125 in connection with the Debtors’
solicitation of votes on the Plan.

5 C. Confirmation of a Plan of Reorganization

6 If all classes of claims accept a plan of reorganization, the bankruptcy court may confirm
7 the plan if the bankruptcy court independently determines that the requirements of § 1129(a) have
8 been satisfied. See Section VI.C. The Debtors believe that the Plan satisfies all the applicable
requirements of § 1129(a).

9 Chapter 11 of the Bankruptcy Code does not require that each holder of a claim in a
10 particular class vote in favor of a plan of reorganization for the bankruptcy court to determine that
the class has accepted the plan. See Section VI.C.7.

11 In addition, classes of claims that are not “impaired” under a plan of reorganization are
12 conclusively presumed to have accepted the plan and thus are not entitled to vote. Furthermore,
13 classes that are to receive no distribution under the plan are conclusively deemed to have rejected
14 the plan. See Section VI.B.3. Accordingly, acceptances of a plan will generally be solicited only
from those persons who hold claims in an impaired class. **Except for Class 1 Priority Claims,
which are unimpaired and deemed to have accepted the Plan, all classes of Claims are
impaired under the Plan and entitled to vote on the Plan.**

15 The Plan contemplates the grouping—or deemed consolidation—of all the Debtors, treating
16 them as a single Estate solely for purposes of voting on the Plan, confirmation of the Plan, and
17 determining treatment of and making distributions in respect of Claims against in the Debtors. For
18 each Debtor that is able to satisfy the requirements of § 1129(a)(8) and/or (10) on a standalone
19 basis, provided that all other requirements to confirmation of the Plan are met, the consolidation of
20 the Debtors will be deemed to occur by operation of the Plan. If a Debtor is unable to satisfy the
21 requirements of § 1129(a)(8) and/or (10) on a standalone basis, the inclusion of such Debtor will
22 be subject to a determination of the Bankruptcy Court that such inclusion is appropriate under
23 applicable standards, which determination may be made at the Confirmation Hearing. Accordingly,
24 for purposes of determining whether the Plan satisfies § 1129(a)(8) and/or (10) with respect to each
25 Debtor, the Debtors will tabulate votes on an individual Debtor basis and to the extent relevant and
26 appropriate as determined by the Bankruptcy Court, on a consolidated basis. See Sections VI.E.2
and VI.N.

27 In general, a bankruptcy court also may confirm a plan of reorganization even though fewer
28 than all the classes of impaired claims accept such plan. For a plan of reorganization to be
confirmed, despite its rejection by a class of impaired claims, the plan must be accepted by at least
one class of impaired claims (determined without counting the vote of insiders) and the proponent
of the plan must show, among other things, that the plan does not “discriminate unfairly” and that
the plan is “fair and equitable” with respect to each impaired class of claims that has not accepted
the plan. See Section VI.C.7. **The Plan has been structured so that it will satisfy the foregoing
requirements as to any rejecting class of Claims, and can therefore be confirmed, if necessary,
over the objection of any (but not all) classes of Claims.**

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III.
OVERVIEW OF THE PLAN

A. Summary of the Terms of the Plan

The Plan is built around the following key elements:

- The Debtors will be deemed consolidated for the sole purpose of treatment of Claims and liabilities under a single Plan, but will otherwise retain the separate corporate structure of individual Debtors (and any other Debtor not included therein shall be treated under a separate Plan).
- AH NP 2, a Washington nonprofit corporation and currently a wholly owned nondebtor subsidiary of Astria, will become the sole member of Astria; and Astria will change from a no-member nonprofit corporation to a single member nonprofit corporation.
- A newly created nondebtor entity, AH System, a freestanding Washington nonprofit corporation, will assume the non-discharged debt of the Debtors in exchange for AH NP 2's transfer of its sole membership interest in Astria to AH System.
- The Lapis Parties have agreed to reinstatement of the Senior Secured Bond Debt Claims which will be paid by the Reorganized Debtors over time.
- AH System will issue debt instruments described in the scheduled attached as Exhibit A to the Plan to satisfy the DIP Claims and Senior Secured Credit Agreement Claims in full.
- A GUC Distribution Trust will be created to pursue all Avoidance Actions (other than any Avoidance Actions against the Debtors' vendor that provided revenue cycle, billing and collection services to the Debtors ~~pre-petition~~ prepetition and as of the Petition Date (collectively with such vendor's affiliates, the "**Vendor**")), reconcile General Unsecured Claims, receive certain assets from the Debtors and/or Reorganized Debtors (including the Initial GUC Distribution Amount of \$5 million and additional funds totaling not less than \$2.3 million), and make *pro rata* distributions to Holders of Allowed General Unsecured Claims consistent with the terms of the Plan.
- A Liquidation Trust (together with the GUC Distribution Trust, the "**Plan Trusts**," and each individually, a "**Plan Trust**") will be created from assets of the Debtors not necessary for the operation of their core health care businesses or constituting GUC Distribution Trust Assets under the Plan. In the event any assets in the Liquidation Trust are liquidated, the proceeds of such liquidation shall be used to fund AH System's operating cash account up to an amount equal to the lesser of \$10 million or 30 days cash on hand and then to pay debt issued by AH System.
- Holders of Allowed Claims will receive a distribution of Cash or proceeds from the applicable Plan Trust, consistent with the priority provisions of the Bankruptcy Code.
- All Intercompany Claims will be expunged and eliminated through the limited consolidation of the Debtors for purposes of treatment of Claims and distributions under the Plan.
- The Debtors will proceed with the Closure Plan of SHC Medical Center - Yakima, doing business as Astria Regional Medical Center ("**ARMC**" or the "**Medical Center**") in Yakima, Washington, and dissolve the non-operating Debtors relating thereto.

1 **B. Summary of Distributions Under the Plan**

2 The estimated potential range of recovery to holders of Allowed Claims in the Classes of
3 Impaired Claims is set forth in the chart below. The range of recoveries set forth below is not a
4 guarantee of actual results, but is an estimate based on the currently available information and
5 assumptions that are subject to material change. The actual distributions to holders of Allowed
6 Claims in the Classes of Impaired Claims will necessarily be affected by a variety of contingencies
7 that cannot be determined with certainty at this time, including, without limitation, the ultimate
8 amount of funds that will be available for distribution with respect to the Allowed Claims after
9 payment in full of unclassified Claims, Claims senior in priority to each such Class, and the
10 expenses of effectuating the Plan and administering the Liquidation Trust; the aggregate amount of
11 Allowed Claims in each such Class; the results of the claim objection and reconciliation process;
12 and the results of prosecution of the Chapter 5 Actions and other Causes of Action, which may
13 have a material effect on funding a distribution to holders of Allowed Claims in Classes of Impaired
14 Claims.

9 **1. Unclassified Claims**

10 Certain types of Claims are not placed into voting classes; instead they are unclassified.
11 They are not considered impaired and they do not vote on the Plan because they are automatically
12 entitled to specific treatment provided for them in the Bankruptcy Code. As such, Debtors have not
13 placed the following Claims in a class. The treatment of these Claims is provided below.

DESCRIPTION	TREATMENT
DIP Claims	In accordance with the Senior Debt 9019 Settlement, all DIP Claims shall be shall be Allowed and satisfied, without setoff, reduction or subordination, by the exchange of DIP Claims for DIP Claims Exchange Debt with the attributes described in the schedule attached to the Plan as Exhibit A in the amount of all DIP Claims as of the Effective Date. This treatment of DIP Claims is an integral component of the Senior Debt 9019 Settlement.
Other Administrative Claims	Except for Ordinary Course Administrative Expenses ⁷ (which will be paid in the ordinary course of business) and DIP Claims, all Administrative Claims, including Cure Payments, and U.S. Trustee Fees, will be paid in full in Cash (a) on the later of the Effective Date or the date such Claims are Allowed under § 503, or (b) upon such other terms as may be mutually agreed upon between the Holder of such Claim and the Debtors, and consistent with the terms of the Definitive Documents.
Professional Fee Claims	All persons and entities seeking an award by the Court of professional fees on behalf of the Debtors (a) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses no later than forty-five (45) days after the

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27 ⁷ “**Ordinary Course Administrative Expense**” means Administrative Claims for goods and
28 services of types consistent with the Debtors’ ordinary course business operations as of the Petition
Date that will be paid as they come due after the Effective Date in the ordinary course of
Reorganized Debtors’ business.

	Effective Date, and, (b) upon Court approval of such final application, shall receive, in full satisfaction, settlement, and release of, and in exchange for such Claim, from the Administrative and Priority Claims Reserve, Cash in such amounts as allowed by the Court (i) on the later of (A) the Effective Date (or as soon thereafter as reasonably practicable) and (B) the date that is ten (10) days after the allowance date, or (ii) upon such other terms as may be mutually agreed upon between the holder of such Claim and the Plan Proponents, and consistent with the terms of the Definitive Documents. For the avoidance of doubt, estate Professionals may still receive interim compensation prior to the Effective Date if otherwise able to under existing court orders.
Priority Tax Claims	Priority Tax Claims shall be paid in full in Cash from the Administrative and Priority Claims Reserve (a) on the later of the Effective Date or the date such Claim is allowed, (b) after the Effective Date, over a period not to exceed five years from the date of assessment of the subject tax, together with interest thereon at a rate satisfactory to the Debtors or such other rate as may be required by the Bankruptcy Code, or (c) upon such other terms as may be mutually agreed upon between the holder of such Claim and the Plan Proponents, and consistent with the terms of the Definitive Documents.

2. Classified Claims

CLASS	DESCRIPTION	IMPAIRED/ UNIMPAIRED	VOTING STATUS	TREATMENT
1	Priority Claims (priority unsecured claims alleged pursuant to Code §§ 507(a)(4) and (5)) Total Amount = Unknown	Unimpaired	Not Entitled to Vote / Deemed to Accept	Paid in cash in full on later of Effective Date or when Allowed
2A	Senior Secured Bond Debt Claims Total Estimated Amount = \$43,571,500.00, less any amount(s) paid down prior to the Effective Date pursuant to pending asset sale pleadings. Actual amount subject to per diem adjustment.	Impaired	Entitled to Vote	In accordance with the Senior Debt 9019 Settlement, all Senior Secured Bond Debt Claims shall be Allowed and reinstated without setoff, reduction or subordination on the terms of the Exchange Debt Documents in the amount of all such Senior Secured Bond Debt Claims as of the Effective Date.

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2B	<p>Senior Secured Credit Agreement Claims</p> <p>Total Estimated Amount = \$13,162,397.26</p> <p>Actual amount subject to per diem adjustment.</p>	Impaired	Entitled to Vote	<p>In accordance with the Senior Debt 9019 Settlement, all Senior Secured Credit Agreement Claims shall be Allowed and satisfied, without setoff, reduction, subordination or challenge, by the exchange of all Senior Secured Credit Agreement Claims for Senior Secured Credit Agreement Exchange Debt with the attributes described in the schedule attached hereto in Exhibit A in the amount of all Senior Secured Credit Agreement Claims as of the Effective Date.</p>
2C	Other Secured Claims	Impaired	Entitled to Vote	<p>On or as soon as practicable after the Effective Date, each Holder of an allowed Other Secured Claim against the Debtors will receive from the assets of the Debtors, at the discretion of the Debtors (i) cash equal to the full amount of its Claim, (ii) a reinstated note on the same payment and collateral terms as its prior Claim, (iii) a return of collateral securing the Claim against the Debtor, with any deficiency to result in a General Unsecured Claim, or (iv) such less favorable treatment to which the Holder otherwise agrees.</p>

1	3	Convenience Class Claims	Impaired	Entitled to Vote	To be paid 20% of allowed amount of claim up to a maximum of \$1,000, on the Effective Date or as soon as practicable thereafter. There shall be no limitation on the number of Convenience Class members.
2		Total Amount = Est. Allowed amount of \$1,611,501, ⁸ assuming all claimants with Claims between \$5,000 and \$10,000 elect Class 3 treatment			
3	4	General Unsecured Claims (Not Otherwise Classified)	Impaired	Entitled to Vote	Holders of Allowed General Unsecured Claims shall receive, on one or more GUC Distribution Dates, a <i>Pro Rata</i> share of the Net GUC Distribution Trust Assets.
4		Total Amount = Approximately \$101,950,399.80 ⁹			
5	4A	Insured Claims	Impaired	Entitled to Vote	Subject to the terms and conditions set forth in in the Plan, Holders of Allowed Insured Claims in Class 4A shall recover only from the available insurance and Debtors shall be discharged to the extent of any such excess. As of the Effective Date, all Insured Claims are Disputed.
6	5	Intercompany Claims	N/A	N/A	All intercompany claims shall be expunged and eliminated through the limited consolidation of the Debtors for purposes of treatment of Claims and distributions under the Plan.

⁸ This amount of is based on General Unsecured Claims filed and the Debtors believe that this amount will materially reduce following the claims adjudication process.

⁹ This amount of is based on General Unsecured Claims filed and the Debtors believe that this amount will materially reduce following the claims adjudication process.

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2 Based on an initial review of the Claims filed in the Chapter 11 Cases, the total amount of
3 General Unsecured Claims are approximately \$101,950,399.80. The Debtors, however, believe
4 that this amount will materially reduce following the claims adjudication process. The actual
5 amount distributed to Holders of Class 4 General Unsecured Claims (and the timing any such
6 distributions) will vary based on the Assets that are recovered by, or otherwise transferred by the
7 Debtors or Reorganized Debtors to, the GUC Distribution Trust (which will total not less than \$7.3
8 million) and the reconciled amount of General Unsecured Claims that are Allowed. Holders of
9 Class 5 Intercompany Claims are eliminated through the limited consolidation of the Debtors for
10 Plan purposes.

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IV.
GENERAL OVERVIEW OF THE DEBTORS¹⁰

The discussion below briefly describes the Debtors and their businesses as they exist as of the date of this Disclosure Statement.

A. Overview of the Debtors

The Astria Health system, headquartered in the heart of Yakima Valley, Washington, is the largest non-profit healthcare system based in Eastern Washington, with annual revenues of approximately \$140 million. Astria is the parent non-profit organization of two operating hospitals and one former hospital—(1) Sunnyside Community Hospital Association (“**Sunnyside**”), based in Sunnyside, Washington; (2) SHC Medical Center – Yakima (“**SHC–Yakima**”) formerly d/b/a Astria Regional Medical Center, based in Yakima, Washington; and (3) SHC Medical Center – Toppenish d/b/a Astria Toppenish Hospital (“**SHC–Toppenish**,” and collectively with Sunnyside and SHC–Yakima, the “**Hospitals**”), based in Toppenish, Washington—along with outpatient Astria Health Centers (11 medical clinics and 19 specialty clinics), Ambulatory Surgical Center, Astria Hearing and Speech, and Astria Home Health and Hospice with healthcare sites and providers conveniently located in towns and cities throughout the region.

In addition to Astria and the Hospitals, the other Debtors in these Chapter 11 Cases are:

- SHC Holdco, LLC (“**SHC Holdco**”);
- Sunnyside Community Hospital Home Medical Supply, LLC (“**Sunnyside Home Medical Supply**”);
- Sunnyside Home Health d/b/a Astria Home Health (“**Astria Home Health**”);
- Sunnyside Professional Services, LLC (“**SPS**”);
- Yakima Home Care Holdings, LLC (“**Yakima Home Care**”);
- Kitchen and Bath Furnishings, LLC (“**K&B**”);
- Glacier Canyon, LLC (“**Glacier**”);
- Oxbow Summit, LLC (“**Oxbow Summit**”); and
- Yakima HMA Home Health, LLC d/b/a Astria Home Health (“**Yakima HMA Home Health**”).¹¹

¹⁰ The Debtors have prepared and are solely responsible for the statements and assumptions reflected in this Section IV.

¹¹ Yakima HMA Home Health and Sunnyside Home Health do business together as Astria Home Health. For purposes of this Disclosure Statement, all references to Astria Home Health are to Sunnyside Home Health, whose sole member is Sunnyside.

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2 With the exception of SHC–Yakima, which will be dissolved upon the conclusion of the
3 ARMC’s Closure Plan, the Plan provides for the reorganization of the Debtors, and their emergence
4 from the Chapter 11 Cases as the Reorganized Debtors.

4 **1. The Health System**

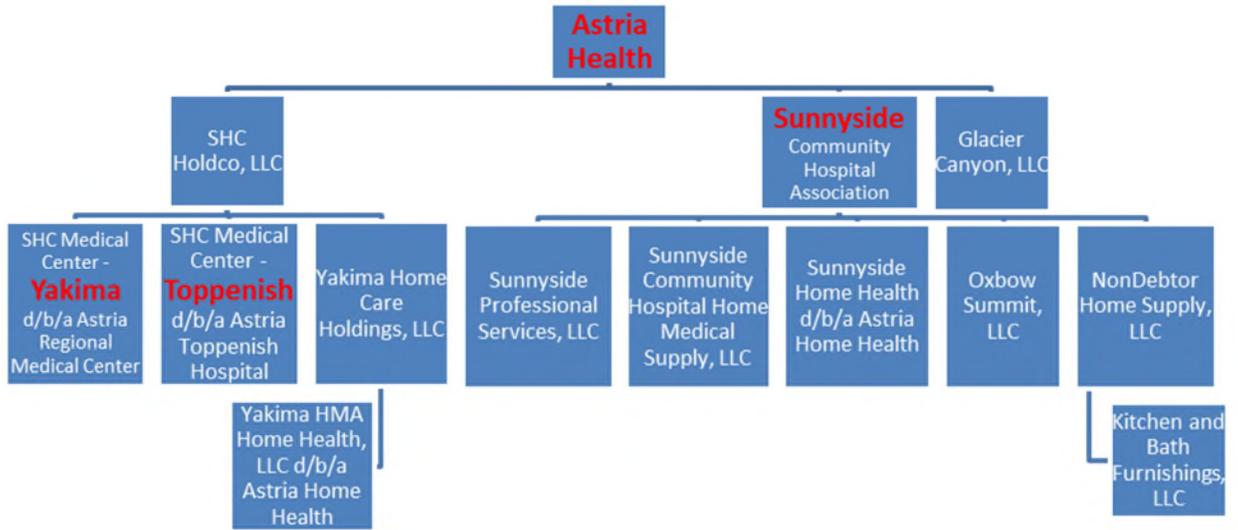
5 The Debtors operate as a nonprofit health care system (the “**Health System**”) providing
6 medical services to patients who generally reside in Yakima County and Benton County,
7 Washington through the operation of Sunnyside and SHC-Toppenish, several health clinics, home
8 health services, and other healthcare services. Collectively, they have 111 licensed beds, three
9 active emergency rooms, and a host of medical specialties.

8 Overall, the Health System provides medical treatments to approximately 233,000 patients
9 annually, including approximately 4,253 who spend at least one night in its Hospitals during the
10 year. Sunnyside is the only hospital in Sunnyside, Washington, and SHC–Toppenish is the only
11 hospital in Toppenish, Washington.

12 The Health System employs approximately 862 regular employees (making it one of the
13 largest employers in the Yakima Valley), and approximately 392 doctors have privileges at the
14 Hospitals.

15 Collectively, the Debtors provide the following services: allergy testing and treatment
16 program, ambulatory surgery, audiology, behavioral health/psychiatry, breast health center, cancer
17 care, catheterization lab, colorectal surgery, critical care medicine, diabetes education, diagnostic
18 imaging and radiology, ear, nose and throat, emergency services, endocrinology, family medicine,
19 gastroenterology, gynecological surgery, heart care, hand surgery, heart failure, home health,
20 hospice, hospitalists, inpatient behavioral health, internal medicine, interventional cardiology,
21 laboratory, life transitions intensive out-patient program, maternity services, medical withdrawal
22 management, nephrology, neurosurgery, spine care, nutritional services, obstetrics and gynecology,
23 occupational medicine, orthopedics, orthopedic surgery, outpatient palliative care, speech therapy,
24 physical therapy, pediatrics, pharmacy, plastic and reconstructive surgery, podiatry, rehabilitation,
25 inpatient rehabilitation, senior services, sleep medicine, sports medicine, stroke care, surgical
26 services, robotic surgery, general surgery, telehealth, urology, urological surgery, walk-in care,
27 women’s health, vascular medicine, and wound care center.
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1 The following graphic depicts the prepetition organizational structure of the Debtor entities:



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11 As depicted above, Astria is the sole member of Debtors SHC Holdco, Sunnyside, and
12 Glacier. SHC Holdco is, in turn, the sole member of Debtors SHC–Yakima, SHC–Toppenish, and
13 Yakima Home Care. Yakima Home Care is, in turn, the sole member of Debtor Yakima HMA
14 Home Health. Sunnyside is the sole member of Debtors SPS, Sunnyside Home Medical Supply,
15 Astria Home Health, and Oxbow Summit; and the sole member of nondebtor Home Supply, LLC,
16 which, in turn, is the sole member of Debtor K&B.

17
18
19
20 **a. Astria**

21 As depicted in the graphic above, Astria sits atop the Health System’s corporate structure.
22 Astria is the holding company for the entire Health System, and is the sole member of SHC Holdco,
23 Sunnyside, and Glacier. SHC Holdco and Sunnyside are, in turn the direct or indirect sole members
24 of other Debtors, as described below.

25 Astria and each of the Hospitals have a separate Board of Trustees to ensure local
26 representation.

27
28 **b. Sunnyside entities**

29 Sunnyside, located in Sunnyside, Washington, is a 38-bed critical access hospital. Services
30 offered at Sunnyside include medical, surgical, labor/delivery and nursery care, 24-hour
31 emergency, laboratory, imaging services, physical therapy, rehabilitation, urgent care, oncology,
32 cardiology, and clinics. Members of the Sunnyside medical staff include specialists in emergency
33 medicine, family practice, internal medicine, general surgery, neurosurgery, cardiology, pediatrics,
34 obstetrics/gynecology, orthopedics, otolaryngology, radiology, and inpatient hospitalization.
35 Sunnyside was originally established as Valley Memorial Hospital in 1946 and Sunnyside General
36 Hospital in 1962, merging in 1986 as Sunnyside Community Hospital. In October 2017, the
37 hospital began doing business as Astria Sunnyside Hospital.

38 Sunnyside has been in the planning stages of constructing a new hospital facility that will
39 house the majority of the current operations of Sunnyside.

40 Sunnyside is the sole owner of the following Debtors: 1) SPS, 2) Astria Home Health, 3)
41 Sunnyside Home Medical Supply, and 4) Oxbow Summit. Sunnyside is also the sole owner of
42 nondebtor Home Health, LLC, which, in turn, is the sole owner of Debtor K&B.

- 1 • SPS is a wholly owned subsidiary of Sunnyside, and a for-profit limited liability
2 corporation. SPS owns two medical office buildings and manages those buildings for
Sunnyside.
- 3 • Astria Home Health is a wholly-owned subsidiary of Sunnyside. It is a nonprofit
4 organization providing home health services in Sunnyside. Astria Home Health is
5 exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the
6 “**IRC**”) from federal income taxes except for unrelated business income.
- 7 • Sunnyside Home Medical Supply is a wholly-owned subsidiary of Sunnyside. It buys
8 and sells inventory and leases medical equipment, such as oxygen tanks, concentrators,
9 transcutaneous electrical nerve stimulation (“**TENS**”) units and similar equipment. It
10 is a nonprofit organization exempt under Section 501(c)(3) of the IRC from federal
11 income taxes except for unrelated business income.
- 12 • Oxbow Summit is a wholly owned subsidiary of Sunnyside. Oxbow Summit owns 50
13 acres of land in Sunnyside to be developed for the future Sunnyside replacement
14 hospital.
- 15 • K&B is a wholly owned subsidiary of Home Supply, LLC, which is a wholly owned
16 nondebtor subsidiary of Sunnyside. K&B owns approximately 2.5 acres of land on I-
17 84 in Zillah being held for future medical development.

12 **c. Yakima entities**

13 As of the Petition Date, SHC–Yakima was a 214-bed hospital which provided medical
14 services including open-heart surgery, advanced imaging, comprehensive robotics, neurosurgery,
15 and a Commission on Accreditation of Rehabilitation Facilities (CARF) accredited inpatient
16 rehabilitation. The Astria Heart Institute (part of SHC–Yakima) was a Level I Cardiac and Level
17 II Stroke center, with a Level III Trauma designation. SHC–Yakima owned 14 clinics with various
18 specialties. SHC–Yakima was originally established by the Sisters of Province as St. Elizabeth’s
Hospital in 1891. On September 1, 2017, the hospital became a part of Astria and began doing
business as ARMC on October 17, 2018. On January 8, 2020, in these Chapter 11 Cases, the
Bankruptcy Court authorized the Debtors to close ARMC, which the Debtors then closed. *See*
Section V.F. The Plan envisions the dissolution of SHC–Yakima.

19 Yakima Home Care is a for-profit limited liability corporation. Another wholly-owned
20 subsidiary of SHC Holdco, Yakima Home Care owns and operates Yakima HMA Home Health,
which, in turn, provides home health and hospice services throughout Yakima County, Washington.

21 **d. SHC–Toppenish**

22 SHC–Toppenish, located in Toppenish, Washington, is a 63-bed hospital, with medical and
23 surgical capabilities, pediatrics, behavioral health, medical detox, and a Family Maternity Center.
SHC–Toppenish was originally established by a group of residents as Toppenish Community
24 Hospital in 1944. On September 1, 2017, this hospital became a part of Astria and began doing
business as SHC–Toppenish on October 17, 2018.

25 **e. Nondebtor entities**

26 The following is a list of the Debtors’ nondebtor affiliates:¹²

27
28 ¹² Each of the Debtors’ nondebtor affiliates have no assets and do not file tax returns.

- Sunnyside Medical Center, LLC
- Sunnyside Hospital Foundation¹³
- Caravan Health ACO. 19, LLC d/b/a Astria Health Clinically Integrated Network, LLC
- Bridal Dreams, LLC
- Depot Plus, LLC
- Home Supply, LLC
- Kitchen Appliances, LLC
- Northwest Health, LLC
- Pacific Northwest ASC Management, LLC
- Sunnyside Hospital Service Corp.
- Wedded Bliss, LLC
- Yakima HMA Physician Management, LLC
- AH NPP
- AH NP1
- AH NP2
- ~~ANA~~ NP3
- AH NP4
- AH NP5
- AH NP6
- AH NP7
- ~~ANA~~ NP8

2. Employees

a. Physicians

The Debtors are dependent on approximately 329 local physicians practicing in their service area to provide admissions and utilize hospital services on an outpatient basis.

b. Employees

The Debtors have 890 regular employees, including 724 full-time, and 166 part-time and per diem. Of the total employees, 640 are at Sunnyside, 223 are at SHC–Toppenish, 22 are at Yakima HMA Home Health, 3 are at Astria Home Health, and 2 are at Sunnyside Home Medical Supply. Astria also contracts with two third party staffing agencies.

c. Collective Bargaining Agreements

The Debtors have three Collective Bargaining Agreements (“CBAs”): between (a) Washington State Nurses Association (“WSNA”) and each of (i) Sunnyside and (ii) SHC–Toppenish; and (b) SEIU Healthcare 1199NW (“SEIU”) and SHC–Toppenish.

d. Benefits

Although the Debtors have no pension obligations, they sponsor the Regional Health 401(k) Plan (the “**401(k) Plan**”), a defined contribution plan that covers all employees with a minimum of three months’ service. Employees are 100 percent vested upon entering the 401(k) Plan. The Debtors make 100% matching contributions to the 401(k) Plan up to 3% of employee compensation plus additional matching of 50% of employee contributions between 3-5% of compensation. Total expenses are approximately \$640,000 per year. Additional benefits include: medical, dental,

¹³ Sunnyside Hospital Foundation (the “**Foundation**”) is a nonprofit organization that provides contributions to Sunnyside. The Foundation is exempt under Section 501(c)(3) of the IRC from federal income taxes except for unrelated business income.

1 vision, basic life insurance, dependent life insurance, accidental death and dismemberment
2 (“AD&D”), long-term disability (“LTD”), vacation and sick pay, and tuition assistance.

3 **3. Management**

4 Astria’s current (a) Interim President and Interim Chief Executive Officer (“CEO”) is Brian
5 Gibbons, who is also the President and CEO of Sunnyside and has served in that latter position
6 since ~~†~~April 2017; and (b) Chief Financial Officer (“CFO”) is Maxwell Owens, who has held
7 such position since August 2020. These officers were formerly employed by AHM, Inc. (“AHM”),
8 a nondebtor entity that provides management services to the Health System. AHM qualifies as an
9 “insider” under § 101(31), with pass-through compensation over the course of these Chapter 11
10 Cases as reflected in the monthly operating reports (*see* Section V.B.6 below). However, the
11 Executive Services Agreement between Astria and AHM will be rejected, ~~and Astria will offer~~
12 ~~employment to. It is currently expected that~~ all AHM employees ~~who currently work for Astria on~~
13 ~~the same financial terms as they are currently employed~~ currently serving as officers or employees
14 ~~of the Debtors will be offered employment by AH System, effective on the Effective Date.~~

10 **B. Events Leading to the Commencement of the Chapter 11 Cases**

11 Astria was financially successful when it only owned Sunnyside. However certain issues
12 arose in connection with Astria’s acquisitions of SHC–Yakima and SHC–Toppenish resulting in
13 significant financial setback for Astria. During the acquisition process, the Washington State
14 Department of Health CON Program unexpectedly moved the approval of the CON of a sale from
15 an expedited approval process, as required in regulations and precedent, to a public hearing process.
16 This, in turn, created extended uncertainty, and resulted in a degradation of EBITDA of
17 approximately \$12 million annually. The full impact of this harm did not become apparent until
18 September 2017.

16 Of greater significance, in preparation for its acquisitions of SHC–Yakima and SHC–
17 Toppenish, Astria contracted for a new system-wide Electronic Health Record (“EHR”) platform
18 for ambulatory and inpatient services for all three Hospitals and their clinics. Shortly thereafter,
19 Astria also contracted for the outsourcing of its revenue cycle, billing and collection functions and
20 extended business office services. In connection with the system conversion and the outsourcing
21 of its revenue cycle functions, Astria experienced certain unexpected challenges including, among
22 other things, a significant decline in cash flow from collections on accounts receivable (“A/R”).

20 Astria’s lack of cash flow caused Astria to default or otherwise fall behind on its obligations
21 to lenders and creditors, which in turn significantly limited its liquidity and, in turn, caused the need
22 for chapter 11 protections.

22 **1. The Debtors’ Prepetition Secured Debt**

23 As of the Petition Date, the Debtors collectively had a total of approximately \$71.7 million
24 of outstanding secured debt outstanding, held by Banner Bank, MidCap Financial Trust as Agent
25 for the MidCap Lenders, UMB Bank, N.A. as the trustee for bondholders, certain entities affiliated
26 with Lapis Advisers, LP, Lapis Advisers, LP, as agent for certain lenders, and GE HFS LLC
27 (collectively, the **Prepetition Secured Parties**”), consisting of liens on the following collateral in
28 the approximate principal amounts:

Lien Priority	Sunnyside	SHC–Yakima and SHC–Toppenish A/R	SHC–Yakima and SHC–Toppenish Assets (other than A/R)	Certain Equipment Owned By Astria
Senior Liens	Banner Bank (\$10.6m)	MidCap (\$10.7m)	UMB Bank (principal = \$35.4m)/ Lapis Advisers, LP (principal = \$10m). Amounts reflected do not include interest or expenses, including professional fees.	GE HFS, LLC (\$5m)
Junior Liens	UMB Bank (principal = \$35.4m)/ Lapis Advisers, LP (principal = \$10m). Amounts reflected do not include interest or expenses, including professional fees.	UMB Bank (principal = \$35.4m)/ Lapis Advisers, LP (principal = \$10m). Amounts reflected do not include interest or expenses, including professional fees.		

a. Banner Bank Prepetition Debt

Prior to the commencement of the Chapter 11 Cases, Sunnyside entered into various Business Loan Agreements, dated December 30, 2010, May 19, 2015, March 21, 2016, August 2, 2016, October 6, 2016, March 21, 2017, and May 4, 2018, each between Banner Bank and Sunnyside (as each such agreement has been amended, modified, or supplemented to date, the “**Banner Bank Loan Documents**”) providing Sunnyside with financing in the aggregate principal amount of \$27,006,225. The advances made pursuant to the Banner Bank Loan Documents were secured by a first priority lien (the “**Banner Senior Sunnyside Liens**”) on personal property and real property of Sunnyside as set forth in the Banner Bank Loan Documents and associated documents (such assets the “**Banner Bank Collateral**”). As of the Petition Date, Sunnyside was indebted to Banner Bank in the approximate principal amount of \$10.6 million (the “**Outstanding Prepetition Banner Bank Obligations**”).

b. MidCap Financial Trust Prepetition Debt

1 Prior to the commencement of the Chapter 11 Cases, SHC Holdco, LLC, SHC–Yakima,
2 SHC–Toppenish, Yakima Home Care Holdings, LLC, and Yakima HMA Home Health, LLC, as
3 co-borrowers (collectively, the “**MidCap Borrowers**”), entered into that certain Credit and
4 Security Agreement dated September 18, 2017 (as amended, modified, or supplemented to date,
5 the “**MidCap Credit Agreement**”), with the lenders party thereto (the “**MidCap Lenders**”) and
6 MidCap Financial Trust, as agent for the MidCap Lenders (the “**MidCap Agent**”), providing the
7 MidCap Borrowers with a revolving loan facility in the maximum principal amount of \$15 million.
8 The advances made pursuant to the MidCap Credit Agreement were secured by a first priority lien
9 (the “**MidCap Senior A/R Liens**”) on A/R of SHC–Toppenish and SHC–Yakima as well as certain
10 other assets of the MidCap Borrowers as set forth in Schedule 9.1 to the MidCap Credit Agreement
11 (such assets, the “**MidCap A/R Collateral**”). As of the Petition Date, the MidCap Borrowers were
12 indebted to the MidCap Lenders in the approximate principal amount of \$10.7 million (the
13 “**Outstanding Prepetition MidCap Obligations**”).

9 In addition, the Debtors defaulted or otherwise missed financial covenants under their
10 facility with MidCap. MidCap did not agree to waive certain defaults but, instead, had increased
11 the borrowing base reserves under the MidCap Credit Agreement resulting in the reduction of the
12 borrowing base as well as the reduction of cash available to the Debtors. The borrowing base under
13 the MidCap Credit Agreement was calculated based upon aged A/R that are further reduced for
14 certain aging categories and payor classes. As a result, the availability to the Debtors under the
15 MidCap Credit Agreement was significantly less than the net A/R for SHC–Yakima and SHC–
16 Toppenish, which serve as collateral for the MidCap Credit Agreement. This, in turn, created
17 significant liquidity restrictions and placed Astria in further financial distress.

15 Thus, the Debtors were burdened by the highly restricted, high cost of capital with regard
16 to the MidCap Credit Agreement. The Debtors believed these problems could be alleviated by
17 entering into the proposed debtor in possession facility (the “**DIP Facility**”) through the Chapter
18 11 Cases.

18 c. Lapis Obligations

19 Pursuant to that certain Bond Indenture, dated as of November 1, 2017, between
20 Washington Health Care Facilities Authority (the “**Authority**”), as issuer, and UMB Bank, N.A.
21 as the trustee (the “**Bond Trustee**”) for the bondholders, entities affiliated with Lapis Advisers, LP
22 (collectively, the “**Bondholders**”), the Authority issued \$27 million of tax-exempt Washington
23 Health Care Facilities Authority Revenue Bonds, Series 2017A (the “**Series 2017A Bonds**”) and
24 \$8.4 million of tax-exempt Washington Health Care Facilities Authority Revenue Bonds, Series
25 2017B (the “**Series 2017B Bonds**”) and, together with the Series 2017A Bonds, collectively the
26 “**2017 Bonds**”).

24 Also on November 1, 2017, SHC–Yakima, SHC–Toppenish, SHC Holdco, LLC, and Astria
25 as co-borrowers (the “**Lapis 2017 Loan Borrowers**”), entered into a Loan and Security Agreement
26 (the “**Lapis 2017 Loan Agreement**”) with the Authority, wherein the Authority loaned the
27 proceeds of the sale of the 2017 Bonds (\$35.4 million) (the “**Lapis 2017 Loan**”) to the Lapis 2017
28 Loan Borrowers. Sunnyside and Kitchen and Bath Furnishings, LLC, as well as certain other non-
filing affiliates, as guarantors (the “**Lapis 2017 Loan Guarantors**”), entered into a Continuing
Guaranty (the “**Lapis 2017 Loan Guaranty**”) and together with the Lapis 2017 Loan Agreement,
the “**Lapis 2017 Loan Documents**”), dated November 1, 2019, wherein the Lapis 2017 Loan
Guarantors agreed to guaranty the obligations of the Lapis 2017 Loan Borrowers under the Lapis

1 2017 Loan. The advances made pursuant to the Lapis 2017 Loan were secured by (i) a first priority
2 lien (the “**Lapis 2017 SHC Holdco Liens**”) on the assets of the Lapis 2017 Loan Borrowers not
3 subject to the MidCap Senior A/R Liens, (ii) a junior lien (the “**Lapis 2017 A/R Liens**”) on the
4 assets of the Lapis 2017 Loan Borrowers subordinate and subject to the MidCap Senior A/R Liens,
5 and (iii) a junior lien (the “**Lapis 2017 Sunnyside Liens**”) on the assets of the Lapis 2017 Loan
6 Guarantors subordinate and subject to the Banner Senior Sunnyside Liens (collectively, the “**Lapis
7 2017 Loan Collateral**”). See Intercreditor and Lien Subordination Agreement, dated as of
8 November 1, 2017 (as amended, modified, or supplemented to date), by and among the Bond
9 Trustee, MidCap Funding IV Trust, as successor-by-assignment to the MidCap Agent, Regional
10 Health, the Lapis 2017 Loan Borrowers and Sunnyside. The Authority assigned this security
11 interest to the Bond Trustee, as trustee for the Bondholders. As of the Petition Date, approximately
12 \$35.4 million of principal was outstanding under the Lapis 2017 Loan.

13 Prior to the commencement of the Chapter 11 Cases, Astria and Sunnyside, as co-borrowers
14 (the “**Lapis 2019 Loan Borrowers**”), entered into a Credit Agreement dated January 18, 2019 (the
15 “**Lapis 2019 Loan Agreement**”) with Lapis Advisers, LP (the “**Lapis Agent**”), as agent for lenders
16 party thereto (the “**Lapis 2019 Loan Lenders**”), whereby the Lapis 2019 Loan Lenders agreed to
17 make advances to the Lapis 2019 Loan Borrowers in the principal amount of up to \$10 million (the
18 “**Lapis 2019 Loan**”). SHC Holdco, LLC, Glacier Canyon, LLC, SHC–Yakima, SHC–Toppenish,
19 Yakima Home Care Holdings, LLC, Yakima HMA Home Health, LLC, as well as certain other
20 non-filing affiliates, as guarantors (the “**Lapis 2019 Loan Guarantors**”), entered into a Continuing
21 Guaranty (the “**Lapis 2019 Loan Guaranty**” and together with the Lapis Sunnyside Loan
22 Agreement, the “**Lapis 2019 Loan Documents**”), dated January 18, 2019, wherein the Lapis 2019
23 Loan Guarantors agreed to guaranty the obligations of the Lapis 2019 Loan Borrowers under the
24 Lapis 2019 Loan. The advances made pursuant to the Lapis 2019 Loan were secured by (i) a junior
25 lien (the “**Lapis 2019 Sunnyside Liens**” and together with the Lapis 2017 Sunnyside Liens, the
26 “**Lapis Subordinated Sunnyside Liens**”) on the assets of the Lapis 2019 Borrowers subordinate
27 and subject to the Banner Senior Sunnyside Liens, (ii) a junior lien (the “**Lapis 2019 SHC Holdco
28 Liens**” and together with the Lapis 2017 SHC Holdco Liens, the “**Lapis Senior Holdco Liens**”) on
the assets of the Lapis 2019 Loan Guarantors not subject to the MidCap Senior A/R Liens as set
forth in the Lapis 2019 Loan Documents, and (iii) a junior lien (the “**Lapis 2019 A/R Liens**” and
together with the Lapis 2017 A/R Liens, the “**Lapis Subordinated A/R Liens**”) on the MidCap
Priority Collateral (such assets, the “**Lapis 2019 Collateral**” and together with the Lapis SHC
Holdco Collateral, the “**Lapis Prepetition Collateral**”).

As of the Petition Date, approximately \$10 million of principal was outstanding under the
Lapis 2019 Loan.

d. Equipment Loan

On June 12, 2018, GE HFS, LLC (“**GE**”) entered into a Master Security Agreement with
Astria, whereby GE agreed to provide Astria with a \$5 million term loan (the “**GE Note**”) to finance
Astria’s purchase of certain equipment which was previously leased by Astria from GE. As of the
Petition Date, a principal amount of approximately \$5 million was outstanding under the GE Note.
The GE Note was secured by approximately \$4.6 million in capital assets at SHC–Yakima and
SHC–Toppenish, with the \$400,000 balance held in escrow.

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2. The Debtors' Prepetition Unsecured Debt

As of the Petition Date, the Debtors collectively had a total of approximately \$75 million in unsecured debt, not including amounts owed among the Debtors, affiliates, and subsidiaries, which includes approximately \$21 million to Community Health Systems (“CHS”) based upon a) a working capital note of August 31, 2017, to finance, in part, the Debtors’ purchase of SHC–Yakima and SHC–Toppenish (the “CHS Note”), which was reduced after settlement to \$13.6 million; and b) a \$8 million line of credit which was utilized by the Debtors between August and October 2018.

C. Certain Affiliate Transactions

1. Centralized Cash Management

As of the Petition Date, the Debtors maintained 37 accounts with six banks. Twenty-eight of the accounts were regular depository and/or checking accounts; four were savings accounts (two money market accounts and two CDs); five were credit card accounts.

For the most part, the Debtors maintain cash systems for each of (a) Astria; (b) Sunnyside and its affiliates, including Sunnyside Community Hospital Home Medical Supply, LLC, and Astria Home Health (collectively, the “Sunnyside Entities”); and (c) SHC–Yakima and SHC–Toppenish together and with their affiliates, including Yakima HMA Home Health, LLC (collectively “Yakima/Toppenish”). These grouped cash systems further connect through a complex series of intercompany transfers. From a broad perspective, (a) each Debtor (or Debtor group) maintains one or more depository accounts to collect receivables and one or more credit card accounts; (b) Astria’s depository account also serves as a checking account from which it pays corporate obligations, such as corporate management fees, life insurance costs, other employee benefits, property insurance, and other corporate vendors; (c) the Sunnyside Entities maintain an account for non-payroll accounts payable (“A/P”), payroll account, accounts related to their health insurance, and money market accounts and certificates of deposit; and (d) Yakima/Toppenish maintains a payroll account and A/P account, both of which list Astria as owner. As of the Petition Date, all of Yakima/Toppenish deposit accounts were swept to MidCap, and their operating accounts are then funded by Midcap on regular request; but this mechanism was eliminated with the DIP Facility.

2. Corporate Overhead

Astria pays corporate obligations, such as management pay (contracted through a third party), life insurance costs, other employee benefits, property insurance, and other corporate vendors from the Astria Account. Astria allocates such expenses among the Debtors, based on which the comptroller requests corresponding transfers to be made from those Debtors’ accounts.

3. Treatment of Intercompany Claims Under the Plan

The Intercompany Claims will be expunged and eliminated through the limited consolidation of the Debtors for purposes of treatment of Claims and distributions under the Plan under the Plan. See Section VI.E.5.e.

V.
THE CHAPTER 11 CASES¹⁴

A. Commencement and Joint Administration of the Chapter 11 Cases

On May 6, 2019, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

In order to expedite the administration of the Chapter 11 Cases and reduce administrative expenses without prejudicing any creditor's substantive rights, the Debtors sought the joint administration of the Chapter 11 Cases. The Bankruptcy Court issued an order directing the joint administration of the Chapter 11 Cases for procedural purposes.

B. Continuation of Business After the Petition Date

1. Postpetition Financing

On May 9, 2019, following a hearing held on May 8, 2019, the Bankruptcy Court entered the Interim Order (I) Authorizing the Debtors to Obtain Postpetition Financing; (II) Granting Security Interests and Superpriority Administrative Expense Status; (III) Granting Adequate Protection to Certain Prepetition Secured Credit Parties; (IV) Modifying the Automatic Stay; (V) Authorizing the Debtors to Enter Into Agreements with JMB Capital Partners Lending, LLC; (VI) Authorizing Use of Cash Collateral; (VII) Scheduling a Final Hearing and (VIII) Granting Related Relief [Docket No. 82], authorizing the Debtors to obtain senior secured postpetition financing in an aggregate principal amount of up to \$28 million from JMB Capital Partners Lending, LLC (the "**Initial DIP Lender**"), with the Debtors' request to obtain a total of \$36 million in postpetition financing to be considered at the final hearing (the "**Initial DIP Facility**").

The Interim DIP Facility enabled the Debtors to refinance their existing senior indebtedness by repaying in full all obligations of the Debtors owed to MidCap. The Initial DIP Facility provided needed liquidity to the Debtors to ensure the efficient operations and future growth of the Debtors' business and promote a successful reorganization of the Debtors.

On June 18, 2019, following a hearing held on June 13, 2019, the Bankruptcy Court entered the Final Order (I) Authorizing the Debtors to Obtain Postpetition Financing; (II) Granting Security Interests and Superpriority Administrative Expense Status; (III) Granting Adequate Protection to Certain Prepetition Secured Credit Parties; (IV) Modifying the Automatic Stay; (V) Authorizing the Debtors to Enter Into Agreements with JMB Capital Partners Lending, LLC; (VI) Authorizing Use of Cash Collateral; (VII) Scheduling a Final Hearing and (VIII) Granting Related Relief [Docket No. 293].

On December 13, 2019, the Debtors filed a motion [Docket No. 818], seeking a new order (I) Authorizing the Debtors to Obtain Replacement Postpetition Financing; (II) Granting Security Interests and Superpriority Administrative Expense Status; (III) Granting Adequate Protection to Certain Prepetition Secured Credit Parties; (IV) Modifying the Automatic Stay; (V) Authorizing the Debtors to Enter Into Agreements with Lapis Advisers, L.P. (VI) Authorizing Use of Cash Collateral; (VII) Scheduling a Final Hearing; and (VIII) Granting Related Relief [Docket No. 841], authorizing the Debtors to obtain from Lapis Advisers, L.P., as agent for the lenders party thereto (collectively, the "**Replacement DIP Lenders**"), additional senior secured postpetition financing in an amount sufficient to pay off and replace the Initial DIP Facility plus \$700,000 of Committed Advances to fund the Debtors' working capital needs, with the Debtors' request to obtain a total of \$43,100,000 in postpetition financing to be considered at the final hearing (the "**Replacement DIP**").

¹⁴ The Debtors have prepared and are solely responsible for the statements and assumptions reflected in this Section V.

1 **Facility”).**

2 On December 20, 2019, following a hearing held on December 18, 2019, the Bankruptcy
3 Court entered an order granting the Replacement DIP Motion on an interim basis [Docket No. 841].

4 On February 5, 2020, the Bankruptcy Court held a hearing and entered the second interim
5 order granting the Replacement DIP Motion [Docket No. 1020].

6 On March 18, 2020, the Bankruptcy Court held a hearing and entered the third interim order
7 granting the Replacement DIP Motion [Docket Nos. 1117, 1181].

8 On April 15, 2020, the Bankruptcy Court held the final hearing and entered the *Final Order*
9 *(I) Authorizing the Debtors to Obtain Replacement Postpetition Financing; (II) Granting Security*
10 *Interests and Superpriority Administrative Expense Status; (III) Granting Adequate Protection to*
11 *Certain Prepetition Secured Credit Parties; (IV) Modifying the Automatic Stay; (V) Authorizing*
12 *the Debtors to Enter Into Agreements with Lapis Advisers, L.P. (VI) Authorizing Use of Cash*
13 *Collateral; and (VII) Granting Related Relief* [Docket No. 1201] (the “**Final DIP Order**”). The
14 Final DIP Order authorizes the Debtors, until July 17, 2020, to (a) continue to use cash collateral
15 to support ongoing operations, and (b) borrow additional funds if necessary (although the budget
16 does not currently anticipate any additional borrowings).

17 **2. Cash Management**

18 As described above, as is typical with most enterprises, as of the Petition Date the Debtors
19 had in place a cash management system for the collection of receipts and the disbursement of funds.
20 On May 9, 2019 [Docket No. 85], the Bankruptcy Court authorized the Debtors to continue to use
21 their existing cash management system, bank accounts, and business forms; and continue
22 postpetition their system of intercompany transfers, with limited exception.

23 **3. Employee-Related Matters**

24 Of particular importance to the Debtors’ efforts to stabilize their businesses and continue
25 their operations uninterrupted was their ability to maintain the continued support and cooperation
26 of their employees. Accordingly, on the Petition Date, the Debtors sought and, on May 9, 2019
27 [Docket Nos. 83 and 368], the Bankruptcy Court authorized the Debtors to pay and honor certain
28 prepetition obligations owing to the Debtors’ employees, including, but not limited to, (i) paying
amounts owed to employees for wages, salaries, and leased employee fees; (b) paying and honoring
benefits and other workforce obligations, such as remitting withholding obligations, maintaining
workers’ compensation and benefits programs, paying related administration obligations, making
contributions to retirement plans, and paying reimbursable employee expenses; and (c) continuing
to pay and honor such obligations as they arose postpetition in the ordinary course of business.
Furthermore, the Bankruptcy Court authorized and directed each of the banks in which the Debtors
maintained a bank account to honor all prepetition and postpetition checks related to such
prepetition obligations to employees.

29 **4. Maintenance of Utility Services**

30 Prior to the Petition Date, in connection with the operation of their businesses and
31 management of their properties, the Debtors obtained a wide range of utility services (collectively,
32 the “**Utility Services**”) from certain utility companies (the “**Utility Companies**”), including
33 electricity, telephone, and similar service suppliers for which no alternate service can be expected.
34 It was essential that the Utility Services continued uninterrupted after the Petition Date. The
35 Bankruptcy Court issued an order on May 9, 2019 [Docket No. 84], (a) prohibiting the Utility
36 Companies from altering, refusing, or discontinuing service to the Debtors, and (b) establishing
37 procedures for determining adequate assurance of payment for future Utility Services.

1 **5. The Employment and Interim Compensation of Professionals**

2 During the course of the Chapter 11 Cases, the Court approved the employment of the
3 following professionals:

- 4 • Dentons US LLP – Counsel for the Debtor, retained July 8, 2019 *nunc pro tunc* to
5 the Petition Date [Docket No. 377];
- 6 • Bush Kornfeld KKP – Co-Counsel for the Debtor, retained June 26, 2019 *nunc pro*
7 *tunc* to the Petition Date [Docket No. 337];
- 8 • Piper Sandler Companies¹⁵ – Investment Banker to the Debtors, retained September
9 13, 2019 *nunc pro tunc* to July 2, 2019 [Docket No. 606];
- 10 • Cushman & Wakefield U.S., Inc. – Broker to the Debtors, retained April 30, 2020
11 *nunc pro tunc* to March 1, 2020 [Docket No. 1244];
- 12 • Almon Commercial Real Estate – Broker for the Debtors, retained April 30, 2020
13 *nunc pro tunc* to March 1, 2020 [Docket No. 1245];
- 14 • Sills Cummis & Gross P.C. – Co-Counsel to the Committee, retained July 5, 2019
15 *nunc pro tunc* to May 23, 2019 [Docket No. 371];
- 16 • Polsinelli PC – Co-Counsel to the Committee, retained July 5, 2019 *nunc pro tunc*
17 to May 23, 2019 [Docket No. 372];
- 18 • Berkeley Research Group, LLC – Financial Advisor to the Committee, retained July
19 15, 2019 *nunc pro tunc* to May 29, 2019 [Docket No. 392];
- 20 • Susan N. Goodman – PCO, appointed June 17, 2019 [Docket Nos. 278, 1382];¹⁶
- 21 • Kurtzman Carson Consultants LLC – Noticing Agent, appointed June 19, 2019,
22 *nunc pro tunc* to June 6, 2019 [Docket No. 292].

23 On August 6, 2019, the Bankruptcy Court issued an order establishing certain procedures
24 by which all Professionals would be required to comply in seeking compensation for fees and
25 reimbursement of expenses [Docket No. 453]. During the course of these Chapter 11 Cases, the
26 Debtors’ have paid \$4,492,797 to Debtor professionals, \$2,818,512 to Lapis Parties professionals,
27 \$1,773,732 to Committee professionals, \$272,867 to the PCO, \$0 to PCO professionals, \$1,029,550
28 to KCC, and \$3,262,776 to the U.S. Trustee.

 In addition, prior to the Petition Date, the Debtors employed and was in the practice of
employing certain professionals, in the ordinary course of business, to render services to their
Estates (collectively, the “**Ordinary Course Professionals**”), including legal, tax, and insurance
services, which were necessary to the day-to-day continuation of the Debtors’ operations. On June
21, 2019, and as amended on July 5, 2019, the Bankruptcy Court granted the Debtors the authority
to continue to employ and compensate the Ordinary Course Professionals in the ordinary course
[Docket Nos. 306 and 370].

¹⁵ Effective January 3, 2020, Piper Jaffray & Co. changed its name through merger to Piper Sandler
Companies.

¹⁶ The Patient Care Ombudsman retained Crowe & Dunlevy and Sussman Shank LLP as counsel.
See Docket Nos. 1384-87.

1 **6. Reporting and Disclosures**

2 The Debtors have complied with their duties under §§ 521, 1106 and 1107 and all applicable
3 U.S. Trustee guidelines, including the filing of the Debtors' monthly operating reports with the
4 U.S. Trustee. See Docket Nos. 310, 409, 521, 626, 768, 847, 955, 1075, 1174, 1248, 1347, 1455.
The Debtors also attended their initial interview with the U.S. Trustee and the meeting of creditors
required under § 341(a).

5 **7. Current Financial Information**

6 Following the closure of ARMC, the Debtors were able to stabilize operations and finances
7 prior to the onset of the COVID-19 pandemic. As of March 5, 2020, Sunnyside's estimated going
8 concern value was \$67.5 million, SHC-Toppenish's estimated going concern value was \$16.2
9 million, and the Debtors' related medical office building's estimated going concern value was \$13.6
10 million.¹⁷ Also, as of March 5, 2020, the estimated liquidation value of Sunnyside was \$18 million
11 and SHC-Toppenish was \$13.05 million.

12 On March 13, 2020, the Governor of Washington State issued a moratorium on elective
13 procedures which had a significant impact on net patient revenues generated. The Debtors
14 responded by further reducing operating expenses including management and staff salary
15 reductions along with temporary furloughs. In response to the pandemic, the federal government
16 provided payments to providers based upon their recent historical patient revenues to compensate
17 for the loss of patient revenues. The Debtors received payments approximating \$18 million in
aggregate COVID funding during the months of April through June 2020, resulting in net operating
profits during those months. As of October 31, 2020, the Debtors had approximately \$28.0 million
in cash in the bank and are meeting postpetition liabilities, including payment of professional fees
approved to date. For the six months ending December 31, 2020, the Debtors are projected to
generate approximately \$80 million in net revenue and net income and EBIDA (earnings before
interest, depreciation and amortization) of \$8.4 million and \$13.7 million, respectively. The
Debtors are projected to generate positive monthly EBIDA in every month subsequent to
confirmation of the Plan sufficient to pay operating expenses in the normal course of business, debt
service and capital expenditures ("capex") as needed.

18 **C. Appointment of Statutory Parties in Interest**

19 **1. Formation and Representation of the Committee**

20 On May 24, 2019, the U.S. Trustee appointed the Committee pursuant to § 1102(a) and
21 (b)(1) [Docket No. 135]. The members of the Committee are CHSPSC, LLC, LocumTenens.com,
22 LLC, Community Health of Central Washington, Medtronic USA, Inc., Morrison Management
Specialists, Inc., Apogee Physicians, and Boston Scientific.

23 **2. Appointment of the Patient Care Ombudsman**

24 Because the Debtors are a health care business as defined in § 101(27A), on June 11, 2019,
25 the Bankruptcy Court directed the U.S. Trustee to appoint a PCO pursuant to § 333(a)(2) [Docket
26 No. 241]. On June 17, 2019, the U.S. Trustee appointed Susan Goodman, of Mesch, Clark &
27 Rothschild, as the PCO [Docket No. 278, with change of firm update at Docket No. 379]. The
amended approval order to formally include record access language was approved on June 12, 2020
[Docket No. 1382]. Since appointment, the PCO initially filed geographic location-specific reports
for ARMC, Toppenish, and Sunnyside [first report series at Docket Nos. 463-465; second report
series at Docket Nos. 682, 686-687]. Thereafter, the PCO has filed seven consolidated reports—

28 ¹⁷ As discussed in Section V.F herein, the Court approved a sale of ARMC and the related
medical office building in October 2020 for \$20 million.

1 two supplemental reports [Docket Nos. 750 and 1356] and five interim reports [Docket Nos. 855,
2 1042, 1205, 1484, and 1793].

3 **D. The Automatic Stay**

4 As discussed above, the automatic stay under § 362 provides that, as of the Petition Date,
5 most pending litigation is stayed, and absent further order of the bankruptcy court, no party, subject
6 to certain exceptions, may take any action, again subject to certain exceptions, to recover on
7 prepetition claims against the Debtors.

8 During the Chapter 11 Cases, the Bankruptcy Court granted limited relief from the
9 automatic stay in six discrete instances, as described below.

10 Pursuant to the DIP Order, the DIP financing parties have been granted limited relief from
11 the automatic stay to protect their security interests.

12 On August 21, 2019, the Bankruptcy Court also granted relief to Dr. David Becerril to
13 exercise his contractual rights to terminate his employment contract without providing the Debtors
14 the full contractual notice [Docket No. 519]. Initially the Debtors appealed this order to the
15 Bankruptcy Appellate Panel of the Ninth Circuit, Case No. 19-1209. On October 23, 2019, the
16 Court granted the parties' stipulated dismissal of the appeal [App. Docket No. 5-1].

17 On October 4, 2019, the Bankruptcy Court lifted the automatic stay to authorize both Maria
18 Estrella [Docket No. 665] and Florenda LeClair [Docket No. 666] to proceed with their respective
19 personal injury lawsuits pending in Yakima County Superior Court through judgment; provided,
20 however, that Estrella and LeClair could only recover any judgment from proceeds of the applicable
21 medical liability insurance policy or policies. Also in October 2019, the Bankruptcy Court granted
22 a stipulation between the Debtors and Dr. Jan Hemstad, lifting the automatic stay to permit both
23 parties to exercise their respective rights under Hemstad's employment agreement [Docket Nos.
24 707 and 718]. On January 31, 2020, the Bankruptcy Court annulled the automatic stay as to Dr.
25 Suzanne Cleland-Zamudio regarding a contractual dispute [Docket No. 1007].

26 On September 23, 2019, the Bankruptcy Court entered an order lifting the stay and requiring
27 that Astria Health pay TIAA Commercial Finance ("TIAA") adequate protection payments;
28 otherwise, TIAA is entitled to recover and liquidate its collateral. [Docket No. 622].

29 In addition, in one instance the Debtors were forced by an action of a contract counterparty
30 to seek emergency relief to enforce the automatic stay. On May 29, 2019, the Bankruptcy Court
31 entered the Order Granting Debtors' Emergency Motion to Enforce the Automatic Stay [Docket
32 No. 171] against a staffing agency that violated the stay.

33 On June 30, 2020, the Bankruptcy Court approved [Docket No. 1454] a stipulation [Docket
34 No. 1303] between the Debtors and Cardinal Health 110, LLC ("CH 100"), Cardinal Health 200,
35 LLC ("CH 200"), and Cardinal Health 414, LLC ("CH 414," and together with CH 100 and CH
36 200, "Cardinal Health"), granting Cardinal Health limited relief from the automatic stay to permit
37 it to set off certain prepetition credits owing to the Debtors, first, against prepetition claims that
38 would otherwise constitute § 503(b)(9) Claims, and, second against Cardinal Health's General
39 Unsecured Claim.

40 **E. The Debtors' Sale Efforts**

41 On November 20, 2019, the Debtors filed a motion (the "Sale Motion") for an order, among
42 other things, establishing bid procedures related to the sale of substantially of the Debtors' Assets,
43 scheduling an auction and hearing to consider approval of the sale, and authorizing the sale of free
44 and clear of any liens, security interests, claims, charges, or encumbrances in accordance with §

1 363(f) [Docket No. 765].

2 On December 6, 2019, following a hearing held on December 5, 2019, the Bankruptcy Court
3 entered an order approving the bidding procedures and related matters associated with the sale
4 process (the “**Bid Procedures Order**”) [Docket No. 807].

4 An auction, if necessary, was scheduled to be held on February 5, 2020.

5 The Debtors engaged Piper Sandler (“**Piper**”) to conduct a dual track process seeking
6 potential refinancing of existing senior secured indebtedness or sale of some or all of the operating
7 assets of the Debtors. After an extensive marketing process to local, regional and national
8 healthcare operating companies only two hospital operating company buyers submitted letters of
9 interest for certain operating assets of the Debtors. One company submitted an offer for all three
10 Hospitals at a level insufficient to pay existing senior secured indebtedness. Through Piper, the
11 Debtors were informed that their offer was contingent on acquiring all three Hospitals and would
12 not be increased due to the losses incurred at ARMC. The Debtors determined this was
13 unacceptable and further discussions ceased. The second company was only interested in the
14 Sunnyside hospital but, after weeks of confirmatory due diligence, withdrew from consideration
15 citing decisions made by their senior management. Piper re-canvassed the market again without
16 success. Thus, the Plan Proponents ultimately concluded that a sale process is not a viable exit
17 strategy for the Debtors. Accordingly, on April 24, 2020, the Debtors filed a notice cancelling all
18 dates and deadlines relating to the Sale Motion and Bid Procedures Order [Docket No. 1229].

13 Piper also conducted an extensive marketing process reaching out to approximately 130
14 financial institutions seeking exit financing for the Debtors sufficient to pay down senior secured
15 debt and support a plan of reorganization. Fifty-seven of the financial institutions contacted by
16 Piper requested and received marketing material outlining the opportunity. Six indications of
17 interest were received, both verbal and written, ranging from refinancing only the DIP Facility to a
18 complete takeout of the Debtors’ senior secured debt. The Debtors pursued opportunities with two
19 lenders offering the most liquidity and the best opportunity to takeout the entire existing
20 indebtedness. The search for financing was reduced to only one lender after one of the lenders
21 required exclusivity and significant due diligence requirements, including engaging a third party
22 consultant for due diligence at the expense of the Debtors. Subsequent to significant due diligence,
23 the Debtors received positive feedback from the lender and the credit was presented for approval
24 to the lender’s commitment committee. Unfortunately, the timing was not favorable and the lender
25 ultimately declined the opportunity citing the uncertainty of the impact of the COVID pandemic on
26 financial markets. Throughout the process, Piper continued to reach out to all of the original
27 financial institutions contacted but received no further interest in the transaction.

21 **F. The Closure and Sale of SHC-Yakima**

22 From the Petition Date through December 2019, the Debtors worked to obtain exit financing
23 or a buyer interested in acquiring ARMC, the medical center operated by SHC–Yakima and Astria,
24 under acceptable terms. Notwithstanding those efforts (including retention of an investment
25 banker), the Debtors were not able to obtain such financing or buyer. In fact, ARMC’s deteriorating
26 financial condition coupled with a failed effort to obtain refinancing or a purchaser led to the
27 emergency closure of ARMC in order to prevent a risk to patient safety at ARMC.

25 On January 3, 2020, the Debtors moved on an emergency basis to close ARMC [Docket
26 No. 867] (the “**Closure Motion**”). As set forth in the Bankruptcy Court’s order approving the
27 Closure Motion [Docket No. 874] (the “**Closure Order**”), the Debtors filed the Closure Motion
28 under seal because, if the relief sought became public, “maintaining adequate staff to provide
quality patient care could have become problematic” and created “an immediate threat to both
patient and public health and safety.” *Id.* at 2. The Bankruptcy Court granted the Closure Motion
on January 8, 2020, and authorized the Debtors “to implement a plan (the “**Closure Plan**”) . . . for

1 the closure of the Medical Center.” *Id.* at 3. The Bankruptcy Court-approved Closure Plan
2 provided for a safe but quick closure of ARMC’s operations. *Id.* at 5-9. ARMC closed on or about
January 13, 2020, when the last patient was discharged.

3 On January 16, 2020, after an evidentiary hearing, the Bankruptcy Court denied an
4 emergency motion for reconsideration of the Closure Order filed by the Washington State Nurses
Association [Docket Nos. 876, 897].

5 On March 27, 2020 [Docket No. 1146] and June 11, 2020 [Docket No. 1369], the Court
6 granted the Debtors’ two omnibus motions to reject certain executory contracts and unexpired
leases of real property relating to the terminated operations at ARMC.

7 In accordance with their agreement with Lapis and the Committee, the Debtors retained
8 Cushman & Wakefield U.S., Inc. and Almon Commercial Real Estate as real estate brokers to
market the ARMC facility, as well as other real estate in the Yakima area. *See* Docket Nos. 1243-
9 44.

10 On May 6, 2020, Debtors filed their (a) *Motion to Authorize And Approve Private Sale of*
Property (910 S. 10th Avenue, Yakima) [Docket No. 1255], and (b) *Motion to Authorize And*
11 *Approve Private Sale of Property (Unit 42, Yakima Professional Center)* [Docket No. 1256], both
supported by the *Declaration of William Almon in Support of the Private Sales of These Properties*
12 [Docket No. 1257]. On June 11 and 12, 2020, the Bankruptcy Court approved these two sales,
which will result in value to the estates of more than \$230,000. *See id.*; Docket Nos. 1368, 1381].

13 Cushman Wakefield then commenced actively marketing the ARMC building and the
14 adjacent medical office building. After negotiating with two prospective buyers, the Debtors, in
consultation with the Lapis Parties, selected Yakima MOBIC, LLC as the entity to acquire the
15 medical office building and the ARMC hospital building, for \$20 million. On October 7, 2020, the
Debtors² filed a motion to approve this sale [Docket No. 1891]. On October ~~26, 2020~~, 26, 2020, the
16 Court entered an order approving the sale [Docket No. 1950].

17 **G. COVID-19 PANDEMIC**

18 **1. ARMC Lease Discussions**

19 In late March 2020, the Debtors were approached by representatives of the State of
Washington, seeking to lease the formally operating ARMC facility building to deal with the
20 expected surge of COVID-19 patients. On March 30, 2020, the Debtors filed a Motion to Authorize
Approval of Interim Lease to the State of Washington in Response to the Covid-19 Pandemic and
Request for Emergency Hearing [Docket No. 1151]. This matter was heard and approved on an
21 emergency basis on March 31, 2020. The Court entered a formal order approving the relief on
April 3, 2020 [Docket No. 1172], concluding that due to the pandemic it was in the best interest of
22 the estate and the community to lease the ARMC facility to the State of Washington (the “**Lease**”).

23 On April 11, 2020, the State notified the Debtors that it had concluded that the facility was
no longer needed, and, therefore, the Lease would be terminated as of May 11, 2020. Nonetheless,
24 to date, the Debtors have been paid \$2,428,000 by the State pursuant to the Lease.

25 **2. Suspension of Elective Procedures**

26 On March 18, 2020, CMS issued a memorandum recommending the immediate suspension
of all elective non-essential surgeries and procedures, including dental procedures. On March 19,
27 2020, Washington Governor Jay Inslee ordered a halt to all elective surgeries and dental procedures
for all hospitals, ambulatory surgery centers, dental and orthodontic offices. The Governor’s
28 proclamation did not apply to emergency care or patients with urgent needs. High end procedures

1 such as elective orthopedic and cardiology services were explicitly mentioned in the proclamation
2 as banned procedures. Emergency and trauma services were not included in the proclamation.

3 The majority of surgical cases in hospitals are performed on an outpatient elective basis, a
4 trend that has been occurring for decades. This includes joint replacements, most orthopedic
5 surgeries, GI procedures, general surgery and non-emergency cardiac procedures. Inpatient
6 revenue at Sunnyside represents only 24% of revenue volume. Following the ban on elective
7 procedures, nearly all scheduled elective procedures at Sunnyside were cancelled. Following the
8 outbreak of the COVID-19 pandemic, Governor Inslee issued a proclamation prohibiting non-life
9 threatening elective procedures. Total surgical procedures at Sunnyside for the month of March
10 2020 ~~were down~~decreased to 228 compared to 319 the prior month and a budgeted value of 298,
11 consistent with the prior year, ~~—~~a 29% reduction from the prior month and directly related to the
12 state order halting procedures. Prior to the Governor’s proclamation in mid-March, surgical
13 procedures were on target to meet budget. Surgical volume for the six months ended June 30, 2020
14 ~~were down~~decreased approximately 17% with the biggest reduction in outpatient elective
15 procedures. Inpatient surgical procedures through June 30, 2020 ~~were up~~increased slightly
16 compared to 2019. Surgical procedures have slowly improved across the summer and for the nine
17 months ended September 30, 2020 surgical procedures ~~are down 13% a slight improvement,~~
18 ~~however, for the month of September surgical volume is up 9% compared to the same period in~~
19 ~~2019. decreased 13%.~~ Emergency department visits ~~are down~~decreased approximately 27% for the
20 nine months ended September 30, 2020 compared to the prior year, however, this is partially offset
21 by a higher percentage of admissions per visit, and along with higher acuity an increase in the
22 average daily census through September 30, 2020. With a significant percentage of volume
23 dependent on outpatient visits and surgical procedures, net patient revenue for April and May was
24 down approximately 35%, before receipt of CARES funds, from January and February, just prior
25 to the Governor’s proclamation. SHC-Toppenish, while much smaller than Sunnyside, had similar
26 results in March, April and May with net revenue down, before receipt of CARES funds,
27 approximately 20% from the beginning of the year. On a combined basis, net revenue has slowly
28 rebounded for the quarter ended September 30, 2020 compared to the three months ended March
31, 2020, \$37.2 million versus \$38.8 million, only a 4% reduction. While net revenue declined in
the second quarter, CARES funding and reductions in operating expenses allowed the organization
to remain profitable. With less revenue generation there will be an overall reduction in A/R and
future cash collections as billed claims are being collected but not replaced at the same level prior
to the order to halt procedures. Reduced cash collections will not be immediate but deferred
approximately 30-60 days (depending on payor) from the date of service. Reimbursement for
COVID-19 inpatient admissions along with special funding from CMS will not come close to
replacing lost revenue. The long-term impact is unknown, but patients have communicated their
concerns and will not return until they are absolutely sure hospitals are safe environments.
Utilization and revenue lost overnight will not return quickly but rather slowly over the next several
months.

21 **H. Continuing Cost Reimbursement at Sunnyside and SHC-Toppenish**

22 Sunnyside is a critical access hospital (“CAH”) and therefore reimbursed for the cost of
23 rendering all care for the entire year with payments made on an interim basis. Cost is determined
24 based on filing an annual cost report. As a CAH, Sunnyside is reimbursed for Medicare and
25 Medicaid services at cost plus 1%, plus pass-thru reimbursement for certain capital costs like
26 interest and depreciation. Individual claims are paid on an interim basis on a flat daily rate that
27 approximates/estimates the cost of rendering care on an aggregate basis, established based on
28 historical results from the most recently filed cost report. At the end of the provider’s fiscal year
(calendar for Astria) cost reports are filed for each hospital. Annually, CMS (through fiscal
intermediaries) reviews (and eventually audits) filed cost reports and compares the cost of rendering
care for the entire year to the aggregate payments made on an interim basis. The difference between
what was paid and what should have been paid determines if the provider owes money back to
CMS or is entitled to receive more money from CMS for that cost reporting year. This process

1 does not get finalized for up to 2-3 years after filing the cost report. In any one given year there
2 could be multiple cost reports outstanding with amounts owing or owed. It is not unusual to see a
3 provider owe money for one outstanding cost report year while at the same time have a receivable
4 from CMS for another open cost report. Therefore, for Sunnyside Medicare and Medicaid claims,
5 any overpayment, or underpayment is determined on an aggregate basis after filing the annual cost
6 report, after desk review of the cost report and, finally, ONLY after a final audit and determination
7 of final cost which is a process each and every provider goes through yearly. Every hospital in the
8 country goes through the same process annually, including the 1,000+ cost reimbursed critical
9 access hospitals. Finally, commercially insured claims representing approximately 25% of the
10 business at Sunnyside are paid based on contracted rates for inpatient and outpatient services with
11 updates negotiated periodically. Overpayments on an individual claim could occur but are unlikely
12 as commercial insurers typically reject a claim first or ask for additional information to determine
13 the appropriateness or necessity of the claim. All third-party payors, including CMS and the State
14 of Washington Medicaid, routinely audit claims or batches of claims under audit recovery
15 provisions consistent with provider-payor agreements. Sunnyside has no outstanding disputes with
16 payors related to over-payments.

17 SHC-Toppenish is reimbursed for inpatient medical and surgical services ~~based~~ on a
18 prospective payment system basis and, ~~accordingly reimbursed on an individual claim based on~~
19 ~~diagnostic related groups for~~ based on the discharged diagnosis for individual Medicare and
20 Medicaid inpatient claims and based on fee schedules for outpatient services. Behavioral claims
21 are paid on a per diem basis, with rates adjusted periodically following completion of annual cost
22 reports. SHC-Toppenish received increases in Medicaid reimbursement rates for medical surgical
23 admissions as well as increased per diem rates for behavioral ~~patients~~ patients effective July 1, 2020.
24 Medicaid rates for medical and surgical admissions increased approximately fifty percent while per
25 diem rates for behavioral patients increased from \$1,171 to \$2,024, an increase of approximately
26 73%. In addition, SHC-Toppenish was awarded a certificate of need (CON) for 47 more psych
27 beds to meet the shortfall in Yakima County. In addition to ~~being awarded~~ awarding SHC-
28 Toppenish the CON, the State of ~~WA~~ Washington also awarded SHC-Toppenish a grant of
\$1,960,000 to build out the first ten beds awarded under the CON.

Individual claims at both hospitals go through a complex process of charge capture, coding,
audit and claims review prior to being submitted to the third-party payor. Claims that don't meet
criteria within SHC-Toppenish's systems are rejected internally until a "clean" claim can be
submitted. After going through a complex internal process, claims rejected by third party payors
are *de minimis*.

I.H. The Adversary Proceedings

1. Washington State Nurses Association

On January 31, 2020, Washington State Nurses Association ("WSNA"), the collective
bargaining representative of nurses currently and formerly employed by the Debtors, filed a
complaint [Adv. Docket No. 1] (the "**WSNA Complaint**") against the Debtors, commencing an
adversary proceeding, Adv. Pro. Case No. 20-80005-WLH (the "**WSNA Adversary Proceeding**").
The WSNA Complaint alleges violations of the Worker Adjustment and Retraining Notification
Act ("**WARN Act**"), 29 U.S.C. §§ 2101-09, the Washington Wage Payment and Collection Act
("**Washington Payment Act**"), RCW 49.48.010-900, and the Washington Wage Rebate Act
("**Washington Rebate Act**"), RCW 49.52.010-090, on account of the Debtors' closing the Medical
Center without providing nurses or other employees at least 60 days advance notice of the closure.
As relief, the WSNA Complaint sought damages, punitive damages, fees and costs under three
counts. The first count sought an unspecified amount of damages for all WSNA-represented
employees under the WARN Act. The second and third counts sought payment of all accrued and
unused paid time off ("**PTO**"), regardless of when earned, plus double damages equal to the value
of such PTO under the Washington Payment Act and the Washington Rebate Act, based upon

1 Defendants' alleged failure to pay all PTO on the nurses' last day of employment.

2 On March 4, 2020, the Debtors filed a motion to dismiss the WSNA Adversary Proceeding
3 [Adv. Docket No. 6] (the "**WSNA-AP MTD**").

4 On March 25, 2020, WSNA filed an Objection to the WSNA-AP MTD [Adv. Pro. Docket
5 No. 13] (the "**WSNA Objection**").

6 On April 13, 2020, Defendants filed their Reply to the WSNA Objection and in support of
7 the WSNA-AP MTD. On April 17, 2020, Defendants filed a notice of payment in full of unused
8 administrative and prepetition priority PTO balances [Adv. Pro. Docket No. 23].

9 On April 21, 2020, the Bankruptcy Court held a hearing to deliver its oral decision on the
10 WSNA-AP MTD. On April 30, 2020, the Bankruptcy Court entered an Order granting in part and
11 denying in part the WSNA-AP [Adv. Pro. Docket No. 29] (the "**WSNA-AP MTD Order**").
12 Specifically, the WSNA-AP MTD Order denied the WSNA-AP MTD as to the first cause of action
13 (alleged WARN violations); but granted the WSNA-AP MTD, *with prejudice*, as to the second
14 (alleged Washington Payment Act violations) and third (alleged Washington Rebate Act violations)
15 causes of action.

16 The WSNA Adversary Proceeding was later settled and, on September 9, 2020, the Court
17 entered an order approving a settlement agreement between WSNA and the Debtors. [Adv. Docket
18 No. 43]. On September 22, 2020, a Stipulation of Dismissal was filed. [Adv. Docket No. 45].

19 **2. Small Business Administration**

20 On May 15, 2020, the Debtors filed a complaint [Docket No. 1278; Adv. Docket No. 1] (the
21 "**SBA Complaint**") against the U.S. Small Business Administration ("**SBA**") and Jovita Carranza
22 (in her capacity as Administrator for the SBA, "**SBA Administrator**," and together with the SBA,
23 "**SBA Defendants**"), commencing an adversary proceeding, Adv. Pro. Case No. 20-80016-WLH
24 (the "**SBA Adversary Proceeding**"). The Complaint alleges improper and unlawful
25 administration of the Paycheck Protection Program ("**PPP**"), on account of Banner Bank's denial,
26 at the direction of the SBA acting through the Administrator, of two of the Debtors' applications
27 for loans under the PPP because the applicants are debtors in bankruptcy. The first count seeks an
28 order enjoining: (a) the SBA, the SBA Administrator, any of their agents, servants, employees, and
any parties acting in concert with any of the foregoing, or any commercial lender (collectively, the
"**Restrained Parties**") from denying an application under PPP funds on the basis that the applicant
is a debtor in bankruptcy or because of the words "presently involved in any bankruptcy" on the
PPP Application; and (b) the SBA and the SBA Administrator from issuing loan guaranties or
approving PPP Applications in an amount that would leave insufficient funds for the Debtors'
funding pursuant to the Applications (or any amended applications). The second through seventh
counts further seek determinations, declaratory judgments, and/or writ of mandamus in connection
with the SBA and SBA Administrator's implementation of PPP, including that it violates § 525(a)
and the Administrative Procedure Act, 5 U.S.C. § 701 *et seq.*, and is not consistent with the
Coronavirus Aid, Relief, and Economic Security Act (the "**CARES Act**"), Public Law 116-136.
The third, sixth, and seventh counts also seek damages if no injunction is issued and it is later
determined that the Debtors were eligible for PPP funds but none remain available.

29 On May 15, 2020, the Debtors also filed a motion for a temporary restraining order [Adv.
30 Docket No. 2] (the "**TRO Motion**"), which, among other things, sought to ensure that the SBA
31 Defendants would reserve sufficient funds or guaranty authority pending resolution of the issues
32 raised in the SBA Complaint. The Debtors and the SBA Defendants agreed to a briefing schedule
33 on the TRO Motion, during which the SBA agreed to maintain sufficient funds to make the
34 requested loan if the Bankruptcy Court held for the Debtors, and to have a hearing on the TRO
35 Motion as if it were seeking a preliminary injunction. The SBA Defendants opposed the TRO

1 Motion on May 26, 2020 [Adv. Docket Nos. 14-15], and the Debtors filed their reply on June 1,
2020 [Adv. Docket No. 16].

2
3 On June 8, 2020, the Debtors and the Lapis Parties entered into a stipulation [Adv. Docket
4 No. 18] regarding the treatment and use of any funds obtained by the Debtors in connection with
their PPP Application.

5 On June 10, 2020, the Bankruptcy Court entered an order granting the Debtors' request for
6 a preliminary injunction. *See* Adv. Docket No. 10. The order, among other things: (a) authorizes
7 the Debtors to submit modified PPP applications; (b) enjoining the Restrained Parties from
8 conditioning approval of or otherwise refusing to guaranty a PPP loan sought by the Debtors on the
9 basis of their status as debtors in these Chapter 11 Cases; and (c) enjoining the Restrained Parties
10 from continuing to provide PPP loans without reserving sufficient funds or guaranty authority to
11 provide the Debtors with access to PPP funds should they be eligible. The Bankruptcy Court denied
12 the SBA's oral motion for stay pending appeal, and certified its order for direct appeal to the Ninth
13 Circuit. *Id.*

14 The Debtors received confirmation that their resubmitted PPP applications were approved
15 and will be funded. *See* Adv. Docket No. 33. In fact, the Debtors have now received approximately
16 \$2.7 million in PPP loans. The United States Department of Justice asserts that it is entitled to
17 repayment of these funds in full on the Effective Date as an administrative expense, ~~which the~~
18 ~~Debtors dispute and, at minimum, the Administrative and Priority Claims Reserve provided for in~~
19 ~~the Plan should be increased to account for the full amount of the asserted administrative claim.~~
20 The Debtors dispute this position.

21 On June 23, 2020, the SBA Defendants filed a notice of appeal [Adv. Docket No. 28] of the
22 Bankruptcy Court's decision to the District Court, which is proceeding under Case No. 1:20-cv-
23 03089-RMP. The parties have agreed [Adv. Docket No. 33] to stay the SBA Adversary Proceeding
24 pending appeal. A status conference is scheduled for August 25, 2020. The SBA Defendants have
25 also filed a motion to withdraw the reference, which, if granted, would result in the SBA Adversary
26 Proceeding being held before the District Court. *See* Adv. Docket No. 26.

27 **3. Yakima HMA**

28 On May 19, 2020, Yakima HMA, LLC and Yakima HMA Physician Management, LLC
(collectively the "**YHMA Plaintiffs**") filed a complaint [Docket No. 1293; Adv. Docket No. 1]
(the "**YHMA Complaint**") against Yakima and Toppenish (the "**YHMA Debtor Defendants**"),
commencing an adversary proceeding, Adv. Pro. Case No. 20-80018-WLH (the "**YHMA**
Adversary Proceeding"). The YHMA Complaint seeks judgment for turnover by the YHMA
Debtor Defendants of all funds they received resulting from cost reports for periods before the
effective date of the asset purchase agreement, dated as of December 13, 2016, relating to the
YHMA Debtor Defendant hospitals and related businesses. *See id.*

A scheduling conference had been set in the YHMA Adversary Proceeding for July 8, 2020,
but a delayed continuance of approximately one month has been requested so that the YHMA
Plaintiffs could obtain a new summons and re-serve the YHMA Complaint on the YHMA Debtor
Defendants. *See* Adv. Docket No. 6.

On August 31, 2020, the YHMA Debtor Defendants filed a motion to dismiss the YHMA
Complaint for failure to state a claim. [Adv. Docket No. 18]. On October 8, 2020, the Court
entered an order granting the YHMA Debtor Defendants' motion to dismiss. [Adv. Docket No.
33].

1 **J.I. Schedules and Claims Bar Dates**

2 On June 20, 2019, after having received one extension from the Bankruptcy Court, the
3 Debtors filed their respective Schedules. On November 12, 2019, the Debtors filed amendments
4 to certain of the original Schedules.

5 In addition to claims scheduled by the Debtors, more than 800 proofs of claim have been
6 filed against the Debtors in these Chapter 11 Cases in an amount exceeding \$770 million in the
7 aggregate.

8 The Bankruptcy Court has fixed certain deadlines—or “bar dates”—for creditors and
9 contract counterparties to file their Claims against the Debtors, as follows:

10 (A) *Bar Date for Prepetition Claims.* On August 10, 2016, the Bankruptcy Court
11 entered the *Notice of Chapter 11 Bankruptcy Case* [Docket No. 91], which fixed August 5, 2019
12 as the last day for the filing of proofs of claim in this case for all Claims against the Debtors arising
13 prior to the Petition Date (including any claims arising under § 503(b)(9)) (the “**General Bar**
14 **Date**”), except for claims by Governmental Units. The bar date for Governmental Claims was
15 November 4, 2019 (the “**Governmental Bar Date**,” and together with the General Bar Date, the
16 “**Bar Dates**”). On June 17, 2020, the Bankruptcy Court entered an order [Docket No. 1417] setting
17 a second general bar date of July 22, 2020, for those certain potential prepetition claimants who did
18 not receive notice of the General Bar Date before August 5, 2019.

19 Any Claims required to be filed before the Bar Dates that were not timely filed are forever
20 barred from assertion against the Debtors, the Estates or property thereof, the GUC Distribution
21 Trust or property thereof, and/or the Liquidation Trust or property thereof, and the holder of such
22 Claim is not entitled to vote on the Plan or to participate in any distribution in this case.

23 (B) *Bar Date for Rejection Damage Claims.* The Debtors currently have until August
24 30, 2020, subject to further extension prior to Confirmation, to assume or reject their unexpired
25 leases of nonresidential real property pursuant to § 365(d) [Docket No. 1466].

26 The Plan provides that any Rejection Damage Claim or other Claim for damages arising
27 from the rejection under the Plan of an executory contract or unexpired lease must be Filed and
28 served upon counsel to the Debtors within 30 days after the entry of an order (including the
Confirmation Order) approving such rejection. Any such Claims that are not timely Filed and
served will be forever barred and unenforceable against Debtors, the Estate, Reorganized Debtors,
and their respective property, and Entities holding these Claims will be barred from receiving any
distribution under the Plan on account of such untimely claims.

Except as (1) already rejected during the Chapter 11 Cases, (2) expressly set forth in the
Schedule of Assumed Agreements attached to the Plan, or (3) otherwise expressly provided in the
Plan or the Confirmation Order, all contracts, leases, and other agreements that Debtors entered
into after Petition Date will be rejected by Reorganized Debtors.

On February 5, 2020, the Debtors filed their first omnibus motion [Docket No. 1019] for an
order authorizing them to reject certain executory contracts and unexpired leases of real property,
to which certain counterparties objected [Docket Nos. 1052, 1096]. The Bankruptcy Court granted
the first omnibus motion on March 27, 2020. *See* Docket No. 1146. On May 8, 2020, the Debtors
filed their second omnibus motion [Docket No. 1262] for an order authorizing them to reject certain
additional executory contracts and unexpired leases of real property, to which certain counterparties
objected [Docket Nos. 1321]. The Bankruptcy Court granted the second omnibus motion on June
11, 2020 [Docket No. 1369], with the exception of two agreements the rejection of which was
authorized on July 6, 2020 [Docket No. 1465].

1 (C) *Administrative Claims Bar Date.* On June 17, 2020, the Bankruptcy Court entered
2 an order [Docket No. 1416] fixing July 20, 2020 as the deadline by which all proofs of claim for
3 Administrative Claims must have been filed, other than with respect to the following excluded
4 Claims (the “**Excluded Administrative Claims**”):

5 a) Administrative Claims based upon liabilities that the Debtors (other than
6 ARMC) incur in the ordinary course of their business to providers of goods and services.
7 To be clear, Administrative Claims held by vendors of goods and services to ARMC are *not*
8 Excluded Administrative Claims and such vendors *must* file an Administrative Claim;

9 b) Administrative Claims arising out of the employment by one or more of the
10 Debtors (other than ARMC) of an individual after the Petition Date. To be clear,
11 Administrative Claims held by former employees of ARMC who are no longer employed
12 by a Debtor are *not* Excluded Administrative Claims and such former employees *must* file
13 an Administrative Claim;

14 c) Any entity that has already properly filed a motion requesting allowance of
15 an Administrative Claim pursuant to § 503(b) related to the Postpetition Period;

16 d) A holder of an Administrative Claim related to or incurred during the
17 Postpetition Period that previously has been allowed by order of the Court;

18 e) A holder of an Administrative Claim that has been paid in full by the Debtors
19 pursuant to the Bankruptcy Code or in accordance with an Order of the Court; and

20 f) Any Claims held by the Bond Trustee or the Lapis Parties in connection with
21 (i) the 2017 Bonds, (ii) the Lapis 2019 Loan Agreement, and/or (iii) the Final DIP Order or
22 any similar order in these proceedings.

23 **K.J. Committee Plan Settlement**

24 On July 7, 2020, the Debtors filed the Joint Chapter 11 Plan of Reorganization of Astria
25 Health and Its Debtor Affiliates (the “**FirstInitial Plan**”) [Docket No. 1471] and disclosure
26 statement in support (the “**FirstInitial Disclosure Statement**”) [Docket No. 1472]. Following the
27 filing of the **FirstInitial Plan** and **FirstInitial Disclosure Statement**, the Committee raised and
28 engaged in discussions with the Debtors regarding several issues with the **FirstInitial Plan** that the
Committee believed would prevent confirmation of the **FirstInitial Plan**, including the proposed
treatment of Holders of General Unsecured Claims thereunder (which, among other things, did not
provide for any guaranteed funds for distribution to the Holders of General Unsecured Claims).

The Debtors and the Committee engaged in extensive negotiations regarding these issues
culminating in a settlement resolving the Committee’s objections as set forth in a plan settlement
term sheet between the parties, the terms of which have been incorporated into the amended Plan.
The settlement, as embodied in the amended Plan, reflects a compromise and resolution of
numerous complex issues, including those set forth in the Committee Objection, and is the result
of significant efforts by both the Debtors and the Committee.

As amended in light of the settlement, the Plan provides for, among other things,
contributions totaling not less than \$7.3 million by the Debtors and/or Reorganized Debtors to the
GUC Distribution Trust for distribution to the Holders of Allowed General Unsecured Claims
consistent with the Plan’s terms, and the potential for additional funds dependent upon the ultimate
resolution of certain potential causes of action belonging to the Debtors and their estates and/or
Avoidance Actions to be transferred to the GUC Distribution Trust on the Effective Date. This
treatment represents a significant improvement over the treatment of Holders of General Unsecured
Creditors Claims provided for in the **FirstInitial Plan**.

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VI.
THE CHAPTER 11 PLAN

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT AND IMPLEMENTATION OF THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT A. THIS SUMMARY DOES NOT PURPORT TO BE COMPLETE, AND CREDITORS ARE URGED TO READ THE PLAN IN FULL.

The Claims against the Debtors are divided into Classes according to their seniority and other criteria. The Classes of Claims for each of the Debtors and the funds and other property to be distributed under the Plan are described more fully below.

A. Introduction

The Plan provides for the reorganization of the Debtors, with the sole exception of SHC-Yakima, which will proceed along its Closure Plan and be dissolved. As a result of the chapter 11 process and through the Plan, the Debtors expect that creditors will obtain a substantially greater recovery from the Estates than the recovery that would be available if the Debtors' assets had been liquidated under chapter 7 of the Bankruptcy Code.

B. Voting Procedures and Confirmation Requirements

1. Ballots and Voting Deadlines

Accompanying this Disclosure Statement is a Ballot for acceptance or rejection of the Plan. The Bankruptcy Court has directed that, to be counted for voting purposes, Ballots for the acceptance or rejection of the Plan must be filed with the Solicitation Agent by no later than 4:00 p.m. Pacific Standard Time on December 4, 2020. Ballots not actually received by the Voting Deadline may not be counted, and Ballots that do not indicate either an acceptance or rejection of the Plan will be deemed to constitute an acceptance of the Plan. If you have any questions regarding the procedure for voting, please contact:

Geoffrey M. Miller
Dentons US LLP
1221 Avenue of the Americas
New York, New York 10020-1089
geoffrey.miller@dentons.com
(212) 768-6734

Correspondence sent by hand delivery or overnight mail should be sent to the address provided above.

It is important for all Holders of Claims that are entitled to vote on the Plan to exercise their right to vote to accept or reject the Plan. Even if you do not vote to accept the Plan, you may be bound by the Plan if it is accepted by the requisite Holders of Claims and confirmed by the Bankruptcy Court.

2. Parties in Interest Entitled to Vote

Pursuant to the provisions of the Bankruptcy Code, only Holders of Allowed Claims in Classes of Claims that are "impaired" (see subsection below) and not deemed to have rejected the Plan are entitled to vote to accept or reject the Plan. In addition, any Claim to which an objection has been filed is not entitled to vote unless the Bankruptcy Court, upon application of the Holder

1 of the Claim, temporarily allows the Claim in an amount that it deems proper for the purpose of
2 accepting or rejecting the Plan. Any such application must be heard and determined by the
3 Bankruptcy Court on or before the Voting Deadline. A vote may be disregarded if the Bankruptcy
Court determines, after notice and a hearing, that the vote was not solicited or procured in good
faith or in accordance with the provisions of the Bankruptcy Code.

4 **3. Definition of Impairment**

5 Pursuant to § 1124, a class of claims is impaired under a plan unless, with respect to each
6 claim of such class, the plan:

- 7 **a.** leaves unaltered the legal, equitable, and contractual rights of the holder of
the claim or equity interest; or
- 8 **b.** notwithstanding any contractual provision or applicable law that entitles the
9 holder of a claim or equity interest to demand or receive accelerated payment
of such claim or equity interest after the occurrence of a default:
 - 10 (A) cures any such default that occurred before or after the
11 commencement of the case under the Bankruptcy Code, other than a
default of a kind specified in § 365(b)(2);
 - 12 (B) reinstates the maturity of such claim or interest as it existed before
13 such default;
 - 14 (C) compensates the holder of such claim or interest for any damages
15 incurred as a result of any reasonable reliance on such contractual
provision or such applicable law;
 - 16 (D) if such claim arises from any failure to perform a nonmonetary
17 obligation, other than a default arising from failure to operate a
nonresidential real property lease subject to § 365(b)(1)(A),
18 compensates the Holder of such claim or such interest (other than the
debtor or an insider) for actual pecuniary loss incurred by such
Holder as a result of such failure; and
 - 19 (E) does not otherwise alter the legal, equitable or contractual rights to
20 which such claim or interest entitles the Holder of such claim or
interest.

21 The following Classes are impaired under the Plan and not deemed to have rejected the
22 Plan and are thus entitled to vote:

- 23 • Class 2A (Senior Secured Bond Debt Claims)
- 24 • Class 2B (Senior Secured Credit Agreement Claims)
- 25 • Class 2C (Other Secured Claims)
- 26 • Class 3 (Convenience Class Claims)
- 27 • Class 4 (General Unsecured Claims)
- 28 • Class 4A (Insured Claims).

1 Pursuant to § 1126(g), because the Holders of Intercompany Claims are not entitled to
2 receive or retain any property under the Plan on account of such Claims, Class 5 is deemed to have
3 rejected the Plan and, thus, Holders of Class 5 Intercompany Claims are not entitled to vote.

3 **C. Confirmation Procedure**

4 **1. Confirmation Hearing**

5 A hearing before the Honorable Whitman L. Holt, United States Bankruptcy Judge, to
6 consider confirmation of the Plan, has been scheduled for December 16, 18, 2020 at 11:00 a.m.
7 Pacific Standard Time, at the Bankruptcy Court, 402 East Yakima Avenue, Suite 200, Yakima,
8 Washington 98901. The Confirmation Hearing may be adjourned from time to time by the
9 Bankruptcy Court without further notice, except for an announcement of the adjourned date made
10 at the Confirmation Hearing.

9 **2. Procedure for Objections**

10 Any objection to confirmation of the Plan must be made in writing and specify in detail the
11 name and address of the objector, all grounds for the objection and the amount of the Claim held
12 by the objector. Any such objection must be filed with the Bankruptcy Court and served on counsel
13 for the Plan Proponents, counsel for the Committee, the U.S. Trustee, and all parties who have filed
14 a notice of appearance by 4:00 p.m. Pacific Standard Time on December 4, 2020. Unless an
15 objection is timely filed and served, it may not be considered by the Bankruptcy Court.

13 **3. Requirements for Confirmation**

14 The Bankruptcy Court will confirm the Plan only if it meets all the requirements of § 1129.
15 Among the requirements for confirmation are that the Plan be: (a) accepted by all impaired classes
16 of Claims that are entitled to vote or, if rejected by an impaired Class, that the Plan “does not
17 discriminate unfairly” against and is “fair and equitable” with respect to such Class; (b) feasible;
18 and (c) in the “best interests” of Creditors impaired under the Plan that have not voted to accept the
19 Plan. The Bankruptcy Court also must find that:

- 18 • the Plan has classified Claims in a permissible manner;
- 19 • the Plan complies with the technical requirements of chapter 11 of the
20 Bankruptcy Code; and
- 21 • the Plan has been proposed in good faith.

21 **4. Voting and Acceptance of the Plan**

22 As a condition to confirmation of the Plan, the Bankruptcy Code requires each Class of
23 “impaired” Claims entitled to vote on the Plan to vote to accept the Plan. The Bankruptcy Code
24 defines acceptance of a plan by a class of creditors as acceptance by holders of two-thirds (2/3) in
25 dollar amount and more than one-half (1/2) number of those claims or interests in that class actually
26 voting. Holders of Claims who fail to vote will not be counted as either accepting or rejecting the
27 Plan. A vote, moreover, may be disregarded if the Bankruptcy Court determines, after notice and
28 a hearing, that it was not made or solicited in good faith.

26 Classes of Claims that are not “impaired” under the Plan are conclusively presumed to have
27 accepted the Plan and, therefore, are not entitled to vote. Classes of Claims that receive no
28 distribution under the Plan are conclusively presumed to have rejected the Plan and are not entitled
to vote.

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5. Best Interests Test

The “best interests” of impaired creditors test requires that each Holder of a Claim that has not voted to accept the Plan and belongs to an impaired Class receive or retain under the Plan property of a value that is not less than the value such Holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. To determine what members of each impaired Class of Claims would receive if the Debtors were liquidated, the Bankruptcy Court must determine the dollar amount that a liquidation of the Debtors’ assets would generate in the context of a Chapter 7 liquidation. The amount available for satisfaction of Claims would consist of the proceeds resulting from the liquidation, reduced by the Claims of secured creditors to the extent of the value of their collateral, and the costs and expenses of the liquidation.

Attached as Exhibit B is a liquidation analysis prepared by the Debtors, reflecting a greater distribution to Creditors pursuant to the Plan than Creditors would receive in a hypothetical Chapter 7 liquidation. Accordingly, the Plan Proponents believe the Plan satisfies the “best interests” of impaired creditors test.

6. The Feasibility Test

The “feasibility” test requires the Bankruptcy Court to find that confirmation of the Plan is not likely to be followed by the liquidation or the need for further reorganization of the Debtors. For purposes of determining whether the Plan satisfies this condition, the Debtors have analyzed the capacity of each Debtor to service its obligations under the Plan.

The Debtors have prepared the projected operating and financial results (the “**Financial Projections**”) for the Debtors for a period of five years. The Financial Projections are attached to this Disclosure Statement as Exhibit C. The Financial Projections should be read in conjunction with the assumptions, qualifications, and the footnotes to the tables containing the Financial Projections.

Based upon their analysis of their Financial Projections, the Debtors believe they will be able to make all payments required to be made under the Plan.

7. Unfair Discrimination and the Fair and Equitable Test

If any impaired Class of Claims does not accept the Plan, the Bankruptcy Court may still confirm the Plan despite such non-acceptance under the “cram down” provisions set forth in § 1129(b). To obtain a confirmation under those circumstances, the Plan Proponents must show, among other things, that the Plan “does not discriminate unfairly” against and is “fair and equitable” with respect to each impaired Class of Claims that has rejected the plan.

Under § 1129(b), a plan is “fair and equitable” to a class of claims or equity interests if, among other things, the plan provides: (i) with respect to secured claims, that each holder of a claim included in the rejecting class will receive or retain on account of its claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; and (ii) with respect to unsecured claims and equity interest, that the holder of any claim or equity interest that is junior to the claims or equity interest of such class will not receive or retain on account of such junior claim or equity interest any property at all unless the senior class is paid in full. A plan does not discriminate unfairly if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are similar to those of the dissenting class and if no class receives more than it is entitled to receive on account of its claim or interest.

8. Other Requirements of § 1129

The Plan Proponents believe that the Plan meets all the other technical requirements of

1 § 1129, including that the Plan has been proposed in good faith.

2 **D. Reservation and Preservation of Causes of Action**

3 ~~Unless any~~ Except as otherwise provided in the Plan with respect to Released Parties and
4 ~~Exculpated Parties, all~~ Causes of Action¹⁸ ~~against any party are expressly preserved (the~~

5 ~~18 As defined in Section 1.22 of the Plan, "Causes of Action" means "any and all claims, actions, causes of action, choses in action, rights, demands, Liens, suits, liabilities, encumbrances, lawsuits, adverse consequences, debts, damages, dues, sums of money, obligations, accounts, reckonings, deficiencies, bonds, bills, disbursements, expenses, losses, specialties, covenants, guaranties, contracts, controversies, agreements, promises, variances, trespasses, powers, judgments, privileges, licenses, franchises, remedies, rights of setoff, rights of recoupment, third party claims, subrogation claims, defenses, contribution claims, reimbursement claims, indemnity claims, counterclaims, and cross claims (including those of the Debtors and/or the Estates), each of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, liquidated or unliquidated, fixed or contingent, matured or unmatured, secured or unsecured, disputed or undisputed, and whether held or assertable in a personal or representative capacity, based in law or equity, including under the Bankruptcy Code or under any other federal or state statute or common law, whether in contract or tort or any other theory of law, whether direct, indirect, derivative, or otherwise, whether arising before, on, or after the Petition Date, and whether asserted or unasserted as of the Effective Date, including, without limitation, (i) the right to object to, challenge or otherwise contest any claims, whether or not any such claim is the subject of a proof of claim; (ii) any right of setoff, counterclaim, or recoupment and any claim for breach of contract or for breach of duties imposed by law or in equity; (iii) any claim pursuant to § 362; (iv) any claim or defense including fraud, mistake, duress, and usury, and any other defenses set forth in § 558; (v) all claims, causes of action (avoidance or otherwise), objections, rights, and remedies arising under Chapter 5 of the Bankruptcy Code pursuant to, among others, §§ 502, 510, 542 through 545 and 547 through 553 or 558 thereof, or similar or equivalent claims, causes of action, objections, rights, and remedies arising under state law, including all Avoidance Actions, irrespective of whether or not the targets of such causes of action have been identified by name, or any transfers subject to avoidance have been listed, in the Debtors' Schedules, the Disclosure Statement, this Plan, or any other document Filed in the Chapter 11 Cases; (vi) the Vendor Claims; (vii) claims under any Insurance Policies applicable to the Debtors; (viii) all claims of any kind or nature arising under state or federal law against any of the Debtors' current or former vendors relating to services rendered prior to the Petition Date; (ix) all claims, causes of action, and other rights (including rights to challenge any asserted Lien) of any kind or nature against any party asserting secured claim in these cases, other than claims or Causes of Action released or otherwise waived during the Chapter 11 Cases, including under this Plan; (x) all legal and equitable defenses against any Claim or Cause of Action asserted against the Debtors; (xi) all claims and/or Causes of Action of any kind or nature arising under state or federal law arising under a theory of negligence, professional negligence, and/or malpractice; (xii) all claims and/or Causes of Action of any kind or nature arising under state law based fraudulent conveyance theories; (xiii) all claims and/or Causes of Action constituting, for, based upon, or relating to a breach of fiduciary duty, a tort, a contract, federal or state preference or fraudulent transfer laws, or any federal or state statutory rights or requirements, whether based in law or equity, against any of the current and former members, managers, and/or officers of the Debtors; and (xiv) all Avoidance Actions against AHM, Inc. The foregoing definition shall be construed in accordance with its broadest possible meaning, and any doubts or ambiguities shall be resolved in favor of inclusivity. Except as otherwise expressly~~

1 “Preserved Claims”), ~~they are hereby, waived, relinquished, exculpated, released, compromised, or~~
2 ~~settled in the Plan.~~ For the avoidance of ~~Doubtdoubt~~, Preserved Claims include claims against the
3 Vendor and are not preserved as to the Exculpation of Exculpated Parties in Section ~~VHVVII~~.E and
4 the releases of the Released Parties in Section ~~HVVII~~.F of the Plan. With respect to Preserved
5 Claims, the Debtors, their Estates, the Reorganized Debtors, the GUC Distribution Trustee, and the
6 Liquidation Trustee expressly reserve, retain, and preserve all claims and/or Causes of Action (as
7 defined in Section I(A) of the Plan) of the Debtors and their Estates of any kind or nature
8 whatsoever, whether arising before or after the Petition Date, without limitation. Consistent with
9 §1123(b)(3), this reservation, retention, and preservation is intended to provide for settlement
10 and/or adjustment of claims and/or retention and/or enforcement of all claims and Causes of Action
11 that constitute a Preserved Claim. This Preserved Claim reservation, retention, and preservation is
12 intended to be broad in scope, and provides notice to enable Holders of Claims to (i) identify the
13 claims and Causes of Action (or potential claims and Causes of Action) at issue and (ii) evaluate
14 whether those claims and Causes of Action might provide additional assets for distribution.

15 As defined in Section 1.22 of the Plan, “Causes of Action” means:

16 any and all claims, actions, causes of action, choses in action, rights, demands,
17 Liens, suits, liabilities, encumbrances, lawsuits, adverse consequences, debts,
18 damages, dues, sums of money, obligations, accounts, reckonings, deficiencies,
19 bonds, bills, disbursements, expenses, losses, specialties, covenants, guaranties,
20 contracts, controversies, agreements, promises, variances, trespasses, powers,
21 judgments, privileges, licenses, franchises, remedies, rights of setoff, rights of
22 recoupment, third-party claims, subrogation claims, defenses, contribution claims,
23 reimbursement claims, indemnity claims, counterclaims, and cross-claims
24 (including those of the Debtors and/or the Estates), each of any kind or character
25 whatsoever, whether known or unknown, foreseen or unforeseen, suspected or
26 unsuspected, liquidated or unliquidated, fixed or contingent, matured or unmatured,
27 secured or unsecured, disputed or undisputed, and whether held or assertable in a
28 personal or representative capacity, based in law or equity, including under the
Bankruptcy Code or under any other federal or state statute or common law,
whether in contract or tort or any other theory of law, whether direct, indirect,
derivative, or otherwise, whether arising before, on, or after the Petition Date, and
whether asserted or unasserted as of the Effective Date, including, without
limitation, (i) the right to object to, challenge or otherwise contest any claims,
whether or not any such claim is the subject of a proof of claim; (ii) any right of
setoff, counterclaim, or recoupment and any claim for breach of contract or for
breach of duties imposed by law or in equity; (iii) any claim pursuant to § 362; (iv)
any claim or defense including fraud, mistake, duress, and usury, and any other
defenses set forth in § 558; (v) all claims, causes of action (avoidance or otherwise),
objections, rights, and remedies arising under Chapter 5 of the Bankruptcy Code
pursuant to, among others, §§ 502, 510, 542 through 545 and 547 through 553 or
558 thereof, or similar or equivalent claims, causes of action, objections, rights, and
remedies arising under state law, including all Avoidance Actions, irrespective of
whether or not the targets of such causes of action have been identified by name, or
any transfers subject to avoidance have been listed, in the Debtors’ Schedules, the
Disclosure Statement, this Plan, or any other document Filed in the Chapter 11
Cases; (vi) the Vendor Claims; (vii) claims under any Insurance Policies applicable
to the Debtors; (viii) all claims of any kind or nature arising under state or federal
law against any of the Debtors’ current or former vendors relating to services

29 ~~provided in the Plan, any and all Causes of Action are preserved under the Plan. For the avoidance~~
30 ~~of doubt, the Board Trustees are Exculpated Parties and Released Parties and, thus, are not subject~~
31 ~~to any Causes of Action or Avoidance Actions.”~~

1 rendered prior to the Petition Date; (ix) all claims, causes of action, and other rights
2 (including rights to challenge any asserted Lien) of any kind or nature against any
3 party asserting a claim in these cases, unless expressly and in writing released or
4 waived during the Chapter 11 Cases, including under this Plan; (x) all legal and
5 equitable defenses against any Claim or Cause of Action asserted against the
6 Debtors; (xi) all claims and/or Causes of Action of any kind or nature arising under
7 state or federal law arising under a theory of negligence, professional negligence,
8 and/or malpractice; (xii) all claims and/or Causes of Action of any kind or nature
9 arising under state law based fraudulent conveyance theories; (xiii) all claims
10 and/or Causes of Action constituting, for, based upon, or relating to a breach of
11 fiduciary duty, a tort, a contract, federal or state preference or fraudulent transfer
12 laws, or any federal or state statutory rights or requirements, whether based in law
13 or equity, against any of the current and former members, managers, and/or officers
14 of the Debtors; (xiv) Preserved Claims; and (xv) all Avoidance Actions against
15 AHM, Inc. The foregoing definition shall be construed in accordance with its
16 broadest possible meaning, and any doubts or ambiguities shall be resolved in favor
17 of inclusivity. Except as otherwise expressly provided in the Plan, any and all
18 Causes of Action are preserved under the Plan. For the avoidance of doubt, the
19 Board Trustees are, on the terms of the Plan, Exculpated Parties and Released
20 Parties and, thus, are not subject to any Causes of Action or Avoidance Actions.

21 This Preserved Claims reservation, retention, and preservation of claims and Causes of
22 Action further provides notice to creditors and other parties in interest herein these Chapter 11
23 Cases about the types and categories of claims and Causes of Action that might enlarge the Estates,
24 and is based upon information known by the Debtors to date. To the extent that any creditor or
25 party in interest has any questions or concerns regarding the scope and breadth of the types and/or
26 categories of claims and Causes of Action reserved, retained, and preserved, any such creditor or
27 party in interest should object to this Disclosure Statement and request that the Court require a more
28 complete description of the types or categories of claims and Causes of Action reserved, retained,
and preserved.

Further, no Person or Entity may rely on the absence of a specific reference in the Plan or
the Disclosure Statement to any claim and/or Cause of Action against them as any indication that
the Debtors, their Estates, the Reorganized Debtors, the GUC Distribution Trustee, or the
Liquidation Trustee, as applicable, will not pursue any and all available claims and/or Causes of
Action against them, it being the intent of such parties that all claims and Causes of Action
described herein shall be reserved, retained, and preserved for the benefit of all creditors and parties
in interest. No preclusion doctrine, including the doctrines of *res judicata*, collateral estoppel, issue
preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to
such claims and/or Causes of Action upon, after, or as a consequence of the Plan's confirmation or
occurrence of the Effective Date. Any counterparty to a claim or Cause of Action that is concerned
whether a claim and/or Cause of Action may or will be asserted against it, him, or her, may contact
the Debtors in connection with the Plan confirmation process described in this Disclosure Statement
for further information.

As set forth herein and in the Plan, consistent with applicable law, the Debtors, their Estates,
the Reorganized Debtors, the GUC Distribution Trustee, and the ~~Liquidating~~ Liquidation Trustee
identify the following type and categories of claims and Causes of Action, which constitute a
Preserved Claim, to be preserved and reserved, subject to the Exculpation of Exculpated Parties in
Section ~~VH~~ VII.E and the releases of the Released Parties in Section ~~HH~~ VII.F of the Plan, without
limitation:

- a. the right to object to, challenge or otherwise contest any claims, whether or not any
such claim is the subject of a proof of claim;

- b. any right of setoff, counterclaim, or recoupment and any claim for breach of contract or for breach of duties imposed by law or in equity;
- c. any claim pursuant to § 362;
- d. any claim or defense including fraud, mistake, duress, and usury, and any other defenses set forth in § 558;
- e. all claims, causes of action (avoidance or otherwise), objections, rights, and remedies arising under Chapter 5 of the Bankruptcy Code pursuant to, among others, §§ 502, 510, 542 through 545 and 547 through 553 or 558 thereof, or similar or equivalent claims, causes of action, objections, rights, and remedies arising under state law, including all Avoidance Actions,¹⁹ irrespective of whether or not the targets of such causes of action have been identified by name, or any transfers subject to avoidance have been listed, in the Debtors' Schedules, ~~the~~this Disclosure Statement, ~~this~~the Plan, or any other document Filed in the Chapter 11 Cases;
- f. the Vendor Claims;²⁰;
- g. claims under any Insurance Policies applicable to the Debtors;
- h. all claims of any kind or nature arising under state or federal law against any of the Debtors' current or former vendors relating to services rendered prior to the Petition Date;
- i. all claims, causes of action, and other rights (including rights to challenge any asserted Lien) of any kind or nature against any party asserting ~~secured~~a claim in these cases, ~~other than claims or Causes of Action unless expressly and in writing released or otherwise~~-waived during the Chapter 11 Cases, including under ~~this~~the Plan;
- j. all legal and equitable defenses against any Claim or Cause of Action asserted against the Debtors;
- k. all claims and/or Causes of Action of any kind or nature arising under state or federal law arising under a theory of negligence, professional negligence, and/or malpractice;
- l. all claims and/or Causes of Action of any kind or nature arising under state law based fraudulent conveyance theories;
- m. all claims and/or Causes of Action constituting, for, based upon, or relating to a

¹⁹ As defined in Section 1.11 of the Plan, "Avoidance Actions" means "any and all actual or potential claims and causes of action to avoid a transfer of property or an obligation incurred by a Debtor pursuant to any applicable section of the Bankruptcy Code, including §§ 502, 510, 542, 544, 547, 548, 549, 550, 551, 553 and 724(a) or under similar or related state or federal statutes and common law, including fraudulent transfer laws."

²⁰ As defined in Section 1.152 of the Plan, "Vendor Claims" means "any and all actual potential claims and causes of action of the Debtors against the Vendor, including any and all Vendor Avoidance Actions." **As defined in Section 1.150 of the Plan, "Vendor" means "Cerner Corporation and all of its subsidiaries and affiliates."** As defined in Section 1.151, "Vendor Avoidance Actions" mean any Avoidance Actions against the Vendor."

1 breach of fiduciary duty, a tort, a contract, an Avoidance Action, federal or state
2 preference or fraudulent transfer laws, or any federal or state statutory rights or
3 requirements, whether based in law or equity, against any of the current and former
4 members, managers, and/or officers of the Debtors; and

n. all Avoidance Actions against AHM, ~~Inc.~~

This Disclosure Statement constitutes notice to any party in interest of the intent to pursue any and all such Causes of Action described and defined herein to judgment and collection, and that the proceeds of all such Causes of Action are essential to the Plan.

E. Classification of Claims and Their Treatment Under the Plan

1. General Overview

As required by the Bankruptcy Code, the Plan classifies Claims in various classes according to their right to priority of payments as provided in the Bankruptcy Code. The Plan states whether each Class of Claims is impaired or unimpaired. The Plan provides the treatment each Class will receive under the Plan.

2. Limited Consolidation

Except as expressly provided in the Plan, each Debtor shall continue to maintain its separate corporate existence for all purposes other than the treatment of Claims and distributions under the Plan. Except as expressly provided in the Plan, the Exchange Debt Documents, the other Definitive Documents, or as otherwise ordered by the Court, on the Effective Date: (a) all assets and all liabilities of each of the Debtors shall be deemed merged or treated as though they were merged into and with the assets and liabilities of each other; (b) no distributions shall be made under the Plan on account of Intercompany Claims among the Debtors, and all such Claims shall be eliminated and extinguished; (c) all guaranties of the Debtors of the obligations of any other Debtor shall be deemed eliminated and extinguished so that any Claim against any Debtor and any guarantee thereof executed by any Debtor and any joint or several liability of any of the Debtors shall be deemed to be one obligation of the consolidated Debtors; (d) each and every Claim filed or to be filed in any of the Chapter 11 Cases shall be treated as if filed against the consolidated Debtors and shall be treated one Claim against and obligation of the consolidated Debtors; and (e) for purposes of determining the availability of the right of ~~set-off~~ ~~setoff~~ under § 553, the Debtors shall be treated as one entity so that, subject to the other provisions of § 553, debts due to any of the Debtors may be set off against the debts of any of the other Debtors. Such consolidation shall not (other than for purposes relating to the Plan) affect the legal and corporate structures of the Reorganized Debtors. Notwithstanding anything in this section (and the corresponding Section II.B of the Plan) to the contrary, all U.S. Trustee Fees, if any, shall be calculated on a separate legal entity basis for each Reorganized Debtor.

3. Summary and Classification of Claims

The Plan classifies Claims—except for Administrative Claims, Priority Tax Claims, Professional Fee Claims, and DIP Claims which are not classified—for all purposes, including voting, Confirmation, and distribution under the Plan. A Claim is classified in a particular Class only to the extent that the Claim falls within the Class description. To the extent that part of the Claim falls within a different Class description, the Claim is classified in that different Class. The classification of Senior Secured Bond Debt Claims and Senior Secured Credit Agreement Claims is an integral component of the Senior Debt 9019 Settlement.

The following table summarizes the Classes of Claims under the Plan that are Allowed Claims:

CLASS	DESCRIPTION	IMPAIRED/ UNIMPAIRED	VOTING STATUS
1	Priority Claims	Unimpaired	Not Entitled to Vote / Deemed to Accept
2A	Senior Secured Bond Debt Claims	Impaired	Entitled to Vote
2B	Senior Secured Credit Agreement Claims	Impaired	Entitled to Vote
2C	Other Secured Claims	Impaired	Entitled to Vote
3	Convenience Class Claims	Impaired	Entitled to Vote
4	General Unsecured Claims	Impaired	Entitled to Vote
4A	Insured Claims	Impaired	Entitled to Vote
5	Intercompany Claims	Eliminated Through Consolidation of Debtors for Plan Purposes	N/A

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE PLAN, NO DISTRIBUTIONS WILL BE MADE AND NO RIGHTS WILL BE RETAINED ON ACCOUNT OF ANY CLAIM THAT IS NOT AN ALLOWED CLAIM.

The treatment in the Plan is in full and complete satisfaction of the legal, contractual, and equitable rights (including any Liens) that each individual or Entity holding an Allowed Claim may have in or against Debtors, the Estates, or their respective property. This treatment supersedes and replaces any agreements or rights those individuals or Entities may have in or against Debtors, the Estates, or their respective property. Except as otherwise provided in the Plan, all distributions in respect of Allowed Claims will be allocated first to the principal amount of such Allowed Claim, as determined for federal income tax purposes, and thereafter, to the remaining portion of such Allowed Claim, if any.

4. Unclassified Claims

Pursuant to § 1123(a)(1), Claims of a kind specified in § 507(a)(2) or (8) are not to be designated in a class. Thus, Claims for fees, costs or expenses of administering the Debtors' Chapter 11 Cases that are allowed under § 503(b)—including Administrative Claims, DIP Claims, Professional Fee Claims requesting professional compensation pursuant to §§ 330 and 331, and Priority Tax Claims for unsecured income, employment and other taxes described by § 507(a)(8),²¹ as well as statutory fees under 28 U.S.C. § 1930—are treated separately under the Plan as unclassified Claims. They do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Debtors have not placed the following Claims in a class. The treatment of these Claims is provided below.

²¹ During the Chapter 11 Cases, Debtors obtained Bankruptcy Court authority to bring wages, benefits and payroll taxes current for the prepetition period, so no prepetition employment related taxes remain due. Debtors have otherwise kept current on taxes.

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a. Administrative Claims

i. Types of Claims Entitled to Administrative Priority

The following types of Claims are entitled to administrative priority under the Plan: Administrative Claims (including Ordinary Course Administrative Expense Claims), DIP Claims, Professional Fee Claims, U.S. Trustee Fees, 503(b)(9) Claims and Cure Payments. The foregoing claims, other than Ordinary Course Administrative Expense Claims and DIP Claims are estimated to be Allowed in the approximate aggregate amount of \$4,624,674.

ii. Administrative Claims Bar Date

Holders of Administrative Claims incurred during the period from and after the Petition Date until the date of entry of the Administrative Claims Bar Date Order were required to File and serve a request for payment of such Administrative Claims and those that did not File and serve such a request by the Administrative Claims Bar Date are forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors or their Estates, and such Administrative Claims shall be deemed discharged as of the Effective Date, except as provided in the Plan.

iii. Supplemental Administrative Claims Bar Date

Holders of Administrative Claims based upon liabilities incurred by the Debtors in the ordinary course of their business on or after the date the Administrative Claims Bar Date Order was entered but prior to the Effective Date must File and serve such Claims on the Reorganized Debtors within thirty (30) days after the Effective Date or such claims shall be forever barred against the Debtors or their Estates. Objections to the requests for payment of such Administrative Claims must be Filed and served on the Reorganized Debtors and the requesting party within twenty (20) days after the Filing of the applicable request for payment of such Administrative Claims.

Notwithstanding the foregoing, the following entities that hold Administrative Expense Claims do not need to assert an Administrative Expense Claim (collectively, the “Excluded Claims”):

a) Administrative Expense Claims based upon liabilities that the Debtors (other than SHC Medical Center - Yakima) incurred in the ordinary course of their business to providers of goods and services. To be clear, Administrative Expense Claims held by vendors of goods and services to ARMC are not Excluded Claims and such vendors must file an Administrative Expense Claim;

b) Administrative Expense Claims arising out of the employment by one or more of the Debtors (other than SHC Medical Center - Yakima) of an individual after the Petition Date. To be clear, Administrative Expense Claims held by former employees of SHC Medical Center - Yakima who are no longer employed by a Debtor are not Excluded Claims and such former employees must file an Administrative Expense Claim;

c) Any entity that has already properly filed a motion requesting allowance of an administrative expense claim pursuant to § 503(b);

d) A holder of an Administrative Expense Claim that previously has been allowed by order of the Court;

e) A holder of an Administrative Expense Claim that has been paid in full by any of the Debtors pursuant to the Bankruptcy Code or in accordance with an Order of the Court; and

1 f) Any claims held by the Lapis Parties.

2 **iv. Treatment of Administrative Claims**

3 **a. DIP Claims.** In accordance with the Senior Debt 2019 Settlement, all DIP
4 Claims shall be Allowed and satisfied, without setoff, reduction, or subordination, by the
5 exchange of DIP Claims for DIP Claims Exchange Debt with the attributes described in the
6 schedule attached to the Plan in Exhibit A in the amount of all DIP Claims as of the Effective
7 Date. This treatment of DIP Claims is an integral component of the Senior Debt 2019 Settlement.

8 **b. Other Administrative Claims.** The Plan provides that, except for Ordinary
9 Course Administrative Expenses (which will be paid in the ordinary course of business) and DIP
10 Claims, all Administrative Claims, including Cure Payments, 503(b)(9) Claims, and U.S. Trustee
11 Fees, will be paid in full in Cash (a) on the later of the Effective Date or the date such Claims are
12 Allowed under § 503, or (b) upon such other terms as may be mutually agreed upon between the
13 Holder of such Claim and the Plan Proponents, and consistent with the terms of the Definitive
14 Documents.

15 **c. Treatment of Professional Fee Claims.**

16 The Plan provides that all persons and entities seeking an award by the Bankruptcy Court
17 of professional fees on behalf of the Debtors (a) shall file their respective final applications for
18 allowance of compensation for services rendered and reimbursement of expenses no later than
19 forty-five (45) days after the Effective Date, and, (b) upon Bankruptcy Court approval of such final
20 application, shall receive, in full satisfaction, settlement, and release of, and in exchange for such
21 Claim, from the Administrative and Priority Claims Reserve, cash in such amounts as allowed by
22 the Bankruptcy Court (i) on the later of (A) the Effective Date (or as soon thereafter as reasonably
23 practicable) and (B) the date that is ten (10) days after the allowance date, or (ii) upon such other
24 terms as may be mutually agreed upon between the holder of such Claim and the Plan Proponents,
25 and consistent with the terms of the Definitive Documents. For the avoidance of doubt, estate
26 Professionals may still receive interim compensation prior to the Effective Date if otherwise able
27 to under existing court orders.

28 **d. Treatment of Priority Tax Claims.**

The Plan provides that Priority Tax Claims shall be paid in full in Cash from the
Administrative and Priority Claims Reserve (a) on the later of the Effective Date or the date such
Claim is allowed, (b) after the Effective Date, over a period not to exceed five years from the date
of assessment of the subject tax, together with interest thereon at a rate satisfactory to the Debtors
or such other rate as may be required by the Bankruptcy Code, or (c) upon such other terms as may
be mutually agreed upon between the holder of such Claim and the Plan Proponents, and consistent
with the terms of the Definitive Documents.

5. Classified Claims

Section 1122 requires the Plan to place a Claim in a particular Class only if such Claim is
substantially similar to the other Claims in that Class. The Plan Proponents believe the Plan's
classifications place substantially similar Claims in the same Class and thus meet the requirements
of § 1122.

The Plan classifies Claims into five (5) Classes, some with subclasses: Class 1 consisting
of all Priority Claims (Other than Priority Tax Claims); Class 2 consisting of all Secured Claims
(broken down further into Class 2A Senior Secured Bond Debt Claims, Class 2B Senior Secured
Credit Agreement Claims, and Class 2C Other Secured Claims); Class 3 consisting of Convenience
Class Claims; Class 4 consisting of all General Unsecured Claims (with Class 4A consisting of

1 Class 4 Claims that are also Insured Claims); and Class 5 consisting of all Intercompany Claims.
 2 For each Class, the Plan states whether the Claims are not Impaired (Class 1) or Impaired (Classes
 3 2A, 2B, 2C, 3, 4, and 4A) and how the Holders of the Claims will be treated under the Plan. The
 4 Classes and proposed treatment of Allowed Claims of each Class under the Plan are summarized
 5 and described below. **After Confirmation, and upon the occurrence of the Effective Date, the
 6 Plan binds the Debtors and all Creditors, whether or not those Creditors have accepted the
 7 Plan.**

8 The following describes the Plan’s classification of those Claims against the Debtors
 9 required to be classified under the Bankruptcy Code:

10 **a. Class 1 – Priority Claims (Other than Priority Tax Claims)**

11 Class 1 consists of Priority Claims against Debtors, other than Priority Tax Claims. These
 12 Priority Claims are entitled to priority treatment in that each Holder of such a Claim is entitled to
 13 receive Cash from the Administrative and Priority Claims Reserve on the Effective Date (or as soon
 14 as practicable thereafter) equal to the allowed amount of such Claim, unless the Class votes to
 15 accept deferred Cash payments of a value, as of the Effective Date, equal to the allowed amount of
 16 such Claims.

17 Excluded from this Class are (a) wage claims (including severance pay) in excess of the
 18 statutory limit of \$13,650, and (b) PTO Claims in excess of the statutory limit of \$13,650 for
 19 benefits. Such Claims will be treated as General Unsecured Claims in Class 4.²²

20 Class 1 is not Impaired. Holders of Class 1 Priority Claims, therefore, are conclusively
 21 presumed to have accepted the Plan pursuant to § 1126(f) and are not entitled to vote to accept or
 22 reject the Plan.

CLASS #	DESCRIPTION	INSIDER (Y/N)	IMPAIRED (Y/N)	TREATMENT
1	Priority unsecured claims alleged pursuant to Code §§ 507(a)(4) and (5) Total Amount = Unknown	No	No	Paid in cash in full on later of Effective Date or when Allowed

23 **b. Classes 2A, 2B, and 2C – Secured Claims**

24 Classes 2A, 2B, and 2C consist of Secured Claims against Debtors. Secured Claims are
 25 claims secured by liens on property of the Estate. The treatment of Senior Secured Bond Debt

26 ²² Employees may have accumulated paid time off (“PTO”) that the employees were able to roll
 27 forward from year to year, or cash out at retirement or departure. With limited exception regarding
 28 certain employees who were employed by ARMC, separated after January 1, 2020 and then rehired
 by another Debtor and who were paid on account of unused PTO earned while at ARMC or
 provided with an allowed claim, the Reorganized Debtors will assume the PTO Claims for retained
 employees of the Hospital, and PTO will be allowed to be used on the same terms and conditions
 as before Petition Date.

1 Claims and Senior Secured Credit Agreement Claims is an integral component of the Senior Debt
2 9019 Settlement.

3 All Class 2A Senior Secured Bond Debt Claims shall be Allowed and reinstated without
4 setoff, reduction or subordination on the terms of the Exchange Debt Documents in the amount of
5 all such Senior Secured Bond Debt Claims as of the Effective Date.

6 All Class 2B Senior Secured Credit Agreement Claims shall be paid Allowed and satisfied,
7 without setoff, reduction, subordination or challenge, by the exchange of such Senior Secured
8 Credit Agreement Claims for Senior Secured Credit Agreement Exchange Debt with the attributes
9 described in the schedule attached to the Plan in Exhibit A in the amount of all Senior Secured
10 Credit Agreement Claims as of the Effective Date.

11 ~~Classes 2A and 2B are Impaired. Therefore, Holders of Class 2A and 2B Secured Claims
12 are entitled to vote to accept or reject the Plan.~~

13 Class 2C consists of all Other Secured Claims that are not Senior Secured Bond Debt Claims
14 or Senior Secured Credit Agreement Claims. On or as soon as practicable after the Effective Date,
15 each Holder of an allowed Other Secured Claim against the Debtors will receive from the assets of
16 the Debtors, at the discretion of the Debtors (i) cash equal to the full amount of its Claim, (ii) a
17 reinstated note on the same payment and collateral terms as its prior Claim, (iii) a return of collateral
18 securing the Claim against the Debtor, with any deficiency to result in a General Unsecured Claim,
19 or (iv) such less favorable treatment to which the Holder otherwise agrees.

20 ~~ClassClasses 2A, 2B and 2C Claims are Impaired. Therefore, Holders of Class 2A, 2B and
21 2C Secured Claims are entitled to vote to accept or reject the Plan.~~

CLASS #	DESCRIPTION	INSIDER (Y/N)	IMPAIRED (Y/N)	TREATMENT
2A	Senior Secured Bond Debt Claims Total Estimated Amount = \$43,571,500.00, less any amount(s) paid down prior to the Effective Date pursuant to pending asset sale pleadings. Actual amount subject to per diem adjustment.	No	Yes	In accordance with the Senior Debt 9019 Settlement, all Senior Secured Bond Debt Claims shall be Allowed and reinstated without setoff, reduction or subordination on the terms of the Exchange Debt Documents in the amount of all such Senior Secured Bond Debt Claims as of the Effective Date.

1 2 3 4 5 6 7 8 9 10	2B	Senior Secured Credit Agreement Claims Total Estimated Amount = \$13,162,397.26 Actual amount subject to per diem adjustment.	No	Yes	In accordance with the Senior Debt 9019 Settlement, all Senior Secured Credit Agreement Claims shall be Allowed and satisfied, without setoff, reduction, subordination or challenge, by the exchange of such Senior Secured Credit Agreement Claims for Senior Secured Credit Agreement Exchange Debt with the attributes described in the schedule attached to the Plan in Exhibit A in the amount of all Senior Secured Credit Agreement Claims as of the Effective Date.
11 12 13 14 15 16 17 18 19 20 21	2C	Other Secured Claims	No	Yes	On or as soon as practicable after the Effective Date, each Holder of an allowed Other Secured Claim against the Debtors will receive from the assets of the Debtors, at the discretion of the Plan Proponents (i) cash equal to the full amount of its Claim, (ii) a reinstated note on the same payment and collateral terms as its prior Claim, (iii) a return of collateral securing the Claim against the Debtor, with any deficiency to result in a General Unsecured Claim, or (iv) such less favorable treatment to which the Holder otherwise agrees.

22 **c. Class 3 – Convenience Class Claims**

23
24 Class 3 consists of Convenience Class Claims, meaning those General Unsecured Claims that are either (i) less than or equal to five thousand dollars (\$5,000), or (ii) if the Claim amount is greater than five thousand dollars (\$5,000), a General Unsecured Claim with respect to which the ~~claimant~~Holder has made a Convenience Class Election and thus accepted a maximum of one thousand dollars (\$1,000) as payment of such ~~claimant~~Holder's Claim in full. As used in the Plan and herein, "**Convenience Class Election**" means the timely election by a Holder of ~~ana~~ General Unsecured Claim in the amount of five thousand dollars (\$5,000) or greater to have such entire General Unsecured Claim be treated as a claim in the Convenience Class (Class 3), in which case the portion of such General Unsecured Claim in excess of \$5,000 shall be discharged in full on the

1 Effective Date.

2 Holders of Class 3 Convenience Class Claims shall be entitled to receive 20% of the allowed
3 amount of their claim up to a maximum of \$1,000, on the Effective Date or as soon as practicable
4 thereafter. There shall be no limitation on the number of Convenience Class members.

5 Class 3 is Impaired. Therefore, Holders of Class 3 Claims are entitled to vote to accept or
6 reject the Plan.

7 CLASS #	8 DESCRIPTION	9 INSIDER (Y/N)	10 IMPAIRED (Y/N)	11 TREATMENT
12 3	13 Convenience Class 14 Claims 15 Total Amount = Est. 16 Allowed amount of 17 \$1,611,501, ²³ assuming 18 all claimants with 19 Claims between 20 \$5,000 and \$10,000 21 elect Class 3 treatment	22 No	23 Yes	24 To be paid 20% of 25 allowed amount of 26 claim up to a 27 maximum of \$1,000, 28 on the Effective Date or as soon as practicable thereafter. There shall be no limitation on the number of Convenience Class members.

16 **d. Classes 4 and 4A – General Unsecured Claims Not Otherwise**
17 **Classified and Insured General Unsecured Claims**

18 Class 4 consists of General Unsecured Claims. Class 4A is a subclass consisting of
19 Class 4 General Unsecured Claims that are also Insured Claims. Class 4 and 4A Claims do not
20 include claims arising under any assumed contracts and leases, which shall be treated as
21 Administrative Claims and paid or otherwise satisfied according to the terms of the assumed
22 contract or lease and any order of the Court authorizing its assumption. To the extent any Class 4
23 or 4A Claim is paid in the ordinary course of business by any party that has reached a prior
24 agreement with Debtors, such Claim will be deemed satisfied and shall not receive a distribution
25 under the Plan. Otherwise, Holders of Allowed Class 4 General Unsecured Claims shall receive,
26 on one or more GUC Distribution Dates, a *Pro Rata* share of the net assets of the GUC Distribution
27 Trust; and Holders of Class 4A Allowed Insured Claims shall, subject to the terms and conditions
28 set forth in the Plan, recover only from the available insurance and Debtors shall be discharged to
the extent of any such excess. As of the Effective Date, all Insured Claims are Disputed.

24 Classes 4 and 4A are Impaired. Therefore, Holders of Class 4 and 4A Claims are entitled
25 to vote to accept or reject the Plan.

26 CLASS #	27 DESCRIPTION	28 INSIDER (Y/N)	IMPAIRED (Y/N)	TREATMENT
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28 ²³ This amount is based on General Unsecured Claims filed. The Debtors believe that this amount will materially
reduce following the claims adjudication process.

1 2 3 4 5	4	General Unsecured Claims (Not Otherwise Classified) Total Amount = Approximately \$101,950,399.80 ²⁴	No	Yes	Holder of Allowed General Unsecured Claims shall receive, on one or more GUC Distribution Dates, a <i>Pro Rata</i> share of the Net GUC Distribution Trust Assets.
6 7 8 9 10 11 12	4A	Insured Claims	No	Yes	Subject to the terms and conditions set forth in the Plan, Holders of Allowed Insured Claims in Class 4A shall recover only from the available insurance and Debtors shall be discharged to the extent of any such excess. As of the Effective Date, all Insured Claims are Disputed.

13 **e. Class 5 – Intercompany Claims**

14 All Intercompany Claims shall be expunged and eliminated through the limited
15 consolidation of the Debtors unless otherwise indicated in the Plan Supplement.

16 Class 5 is not entitled to receive or retain any property under the Plan. Holders of Class 5
17 Intercompany Claims, therefore, are conclusively presumed to have rejected the Plan pursuant to §
1126(g) and are not entitled to vote to accept or reject the Plan.

18 **F. Means of Implementing the Plan**

19 **1. The Senior Debt 9019 Settlement**

20 The Plan is centered around the settlement of all rights and claims associated with the DIP
21 Claims, Senior Secured Bond Debt Claims, and Senior Secured Credit Agreement Claims (the
22 “**Senior Debt 9019 Settlement**”). The Senior Debt 9019 Settlement comprises (i) the classification
23 and treatment of the DIP Claims, Senior Secured Bond Debt Claims, and Senior Secured Credit
24 Agreement Claims and other Lapis Parties prepetition Claims as specified in the Plan, (ii) the
25 issuance (or reinstatement, as applicable) of the debt instruments (the “**Exchange Debt**”) described
26 in the schedule attached to the Plan as Exhibit A and more specifically in the Exchange Debt
27 Documents, and (iii) the release and exculpation terms for the Lapis Parties as specified in the Plan.

28 The treatment and distributions provided for in the Plan with respect to the DIP Claims,
Senior Secured Bond Debt Claims, Senior Secured Credit Agreement Claims and other Lapis
Parties prepetition Claims under the Senior Debt 9019 Settlement reflect a compromise and
settlement of numerous complex issues including the Debtors’ obligation to satisfy the DIP Claim
on the Effective Date, the scope, extent and value of the collateral associated with the Senior
Secured Bond Debt Claims and Senior Secured Credit Agreement Claims and related matters. The

²⁴ This amount is based on General Unsecured Claims filed. The Debtors believe that this amount will materially reduce following the claims adjudication process.

1 settlement provides final resolution of all issues relating to the DIP Claims and the rights and
2 benefits of Lapis Parties, and the validity, enforceability and priority of the Senior Secured Bond
3 Debt Claims and Senior Secured Credit Agreement Claims. Pursuant to the Senior Debt 9019
4 Settlement, subject to the occurrence of the Effective Date, each prepetition Claim reflected in a
5 proof of claim filed by the Lapis Parties in the Chapter 11 Cases that is not a Senior Secured Bond
6 Debt Claim or Senior Secured Credit Agreement Claim shall be Allowed as a General Unsecured
7 Claim in the liquidated amount specified therein.

8 The Plan shall constitute a motion to approve the Senior Debt 9019 Settlement. Subject to
9 the occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of
10 the Senior Debt 9019 Settlement pursuant to Bankruptcy Rule 9019 (which is inclusive of the
11 releases by the Debtors and their Estates against the Lapis Parties) and a finding by the Bankruptcy
12 Court that the Senior Debt 9019 Settlement is in the best interest of the Debtors and their Estates.
13 If the Effective Date does not occur the Senior Debt 9019 Settlement shall be deemed to have been
14 withdrawn without prejudice to the respective positions of the parties.

9 2. The Committee Plan Settlement

10 The Plan also embodies the settlement of the Committee's objections to the prior version of
11 the Debtors' plan of reorganization (as defined in the Plan, the "**Committee Plan Settlement**") as
12 set forth in the Term Sheet (as defined in the Plan, the "**Term Sheet**"). The treatment of General
13 Unsecured Claims provided for in the Plan consistent with the Term Sheet reflects a compromise
14 and settlement of numerous complex issues including, but not limited to, those set forth in the
15 *Limited Objection of Official Committee of Unsecured Creditors to Motion for an Order*
16 *Approving: (i) Proposed Disclosure Statement; (ii) Solicitation and Voting Procedures; (iii) Notice*
17 *and Objection Procedure for Confirmation of Joint Plan of Reorganization; and (iv) Granting*
18 *Related Relief* filed at docket number 1624. The Committee Plan Settlement provides final
19 resolution of all issues relating to the treatment of General Unsecured Claims under the Plan. The
20 Plan shall constitute a motion to approve the Committee Plan Settlement pursuant to Bankruptcy
21 Rule 9019 and a finding by the Bankruptcy Court that the Committee Plan Settlement is in the best
22 interest of the Debtors and their Estates. If the Effective Date does not occur, the Committee Plan
23 Settlement shall be deemed to have been withdrawn without prejudice to the respective positions
24 of the parties.

18 3. Vendor Claims

19 The Debtors (or the Reorganized Debtors, if after the Effective Date) and the Lapis Parties,
20 in consultation with the Committee (or the GUC Distribution Trustee, if after the Effective Date),
21 will jointly use their best efforts to settle or otherwise resolve each of the Debtors' Vendor Claims
22 (as defined in the Plan, the "**Vendor Claims**") subject to the following principles:

23 Prior to the Effective Date, the Debtors (with the prior consent of the Lapis Parties) shall
24 have the right to settle any and all Vendor Claims in their sole and absolute discretion after
25 consultation with the Committee, and the Committee shall not have the right to object to any such
26 settlement.

27 After the Effective Date, the Liquidation Trustee shall have the right of the Liquidation
28 Trust (including any consent terms by the primary beneficiaries) to settle any and all Vendor Claims
after consultation with the Debtors and the Committee, and the Debtors, Committee, and GUC
Distribution Trustee shall not have the right to object to such settlement.

Prior to or after the Effective Date, the Debtors (with the prior consent of the Lapis Parties)
or the Liquidation Trustee (subject to the terms of the Liquidation Trust, including any consent
terms by the primary beneficiaries) may commence and prosecute litigation to resolve the Vendor
Claims. Consent shall be conditioned on, inter alia, the retention of counsel and retention terms

1 acceptable to the Lapis Parties.

2 **4. Corporate Actions**

3 AH NP 2 is currently a wholly owned non-debtor subsidiary of Astria Health. AH NP2 is
4 a 501(c)(3) Washington non-profit corporation. On the Effective Date of the Plan, AH NP2 will
5 amend its articles and bylaws to become the sole member of Astria Health on terms acceptable to
6 the Lapis Parties. Astria Health will also amend its articles and bylaws to change Astria Health
7 from a no-member non-profit corporation to a single member non-profit corporation on terms
8 acceptable to the Lapis Parties.

9 On the Effective Date, simultaneously with the matters reflected in Section III.A of the Plan,
10 AH System, a newly created non-debtor entity, will assume the non-discharged debt of the Debtors
11 in exchange for AH NP2's transfer of its sole membership interest in Astria Health to AH System.
12 AH System is a freestanding Washington non-profit corporation. There is no overlap of ~~Board~~
13 ~~Trustees~~~~directors~~ between AH System and Astria Health or any of the Astria Health subsidiaries
14 (including AH NP2). The AH System bylaws shall be on terms acceptable to the Lapis Parties.
15 AH System bylaws and amended Astria Health bylaws will be included in the Plan Supplement.

16 The Lapis Parties have agreed to reinstatement of the Senior Secured Bond Debt Claims
17 which will be paid by the Reorganized Debtors over time.

18 Also on the Effective Date, AH System will issue (or reinstate, as applicable) the Exchange
19 Debt and otherwise execute and deliver the Exchange Debt Documents.

20 From the filing of this Amended Plan in the Chapter 11 Cases through the Effective Date
21 (the "Performance Period"), each board trustee of the Debtors shall direct the Debtors' officers and
22 others to (a) afford to AH System, ~~and~~ the Lapis Parties reasonably full and complete access during
23 normal business hours to and the right to inspect the plants, properties, books, accounts, records
24 and all other relevant documents and information with respect to the assets, liabilities and business
25 of the Debtors, (b) furnish AH System and the Lapis Parties with such additional financial and
26 operating data and other information as to businesses and properties of the Debtors as AH System
27 or the Lapis Parties may from time to time reasonably request, and (c) cause the Debtors to (i) use
28 commercially reasonable efforts to maintain and preserve each Debtor's respective business
organizations and its respective relationships with physicians, suppliers, customers and others
having business relationships with the Debtors, provided that this provision does not prevent the
Debtors from assuming or rejecting executory contracts or unexpired leases or otherwise
terminating such relationships in the ordinary course of business; and (ii) satisfy the conditions
precedent to the occurrence of the Effective Date. Each board trustee shall otherwise, ~~shall~~ direct
the Debtors' officers and employees to reasonably and promptly cooperate with AH System and its
authorized representatives and attorneys in AH System's efforts to satisfy the conditions precedent
to the occurrence of the Effective Date.

24 **5. The GUC Distribution Trust**

25 **a. Establishment of the GUC Distribution Trust**

26 On the Effective Date, all GUC Distribution Trust Assets, defined in Section 1.86 of the
27 Plan as follows, shall be contributed and transferred to the GUC Distribution Trust for the benefit
28

1 of the GUC Distribution Trust Beneficiaries: “(i) the Initial GUC Distribution Amount^[25], (ii) the
2 Second GUC Distribution Amount^[26], (iii) GUC Avoidance Actions^[27], and (iv) the GUC Vendor
Recovery^[28].”

3 The GUC Distribution Trust Assets shall pass to the GUC Distribution Trust free and clear
4 of all Claims and interests in accordance with § 1141. The Confirmation Order shall constitute a
5 determination that the transfer of the GUC Distribution Trust Assets to the GUC Distribution Trust
6 is legal, valid, and consistent with the laws of the State of Washington. The transfer of the GUC
7 Distribution Trust Assets to the GUC Distribution Trust on the Effective Date shall include the
transfer and assignment of any and all GUC Distribution Trust Avoidance Actions. The GUC
Distribution Trustee shall have exclusive standing to waive, commence, prosecute, or settle any
GUC Distribution Trust Avoidance Actions in the GUC Distribution Trustee’s discretion.

8 For federal and applicable state income tax purposes, all parties (including, without
9 limitation, the Debtors, the GUC Distribution Trustee, and the beneficiaries of the GUC
10 Distribution Trust) shall treat the transfer of the GUC Distribution Trust Assets to the GUC
Distribution Trust in accordance with the terms of the Plan as a sale by the Debtors of such Assets
to the GUC Distribution Trust at a selling price equal to the fair market value of such Assets on the

11 ²⁵ As defined in Section 1.96 of the” Plan, “Initial GUC Distribution Amount” means “Cash in the
12 amount of five million dollars (\$5,000,000), which will be funded by the Debtors to the GUC
13 Distribution Trust on or before the Effective Date.”

14 ²⁶ As defined in Section 1.137 of the Plan, “Second GUC Distribution Amount” means “Cash in
15 the amount of two million three hundred thousand dollars (\$2,300,000) minus the amount of any
16 GUC Vendor Recovery, which shall be paid by the Debtors (or Reorganized Debtors, as
17 applicable) to the GUC Distribution Trust within thirty (30) days after the determination of the
total value of the GUC Vendor Recovery. For the avoidance of doubt, the Second GUC
Distribution Amount will be an unconditional obligation of the Debtors (or Reorganized Debtors,
as applicable) to the GUC Distribution Trust.”

18 ²⁷ As defined in Section 1.81 of the Plan, “GUC Avoidance Actions” means “all Avoidance Actions
19 other than the Vendor Avoidance Actions.”

20 ²⁸ As defined in Section 1.92 of the Plan, “GUC Vendor Recovery” means “the GUC Vendor Cash
21 Recovery plus the GUC Vendor Credit Recovery. The aggregate total sum of the GUC Vendor
22 Recovery, the Initial GUC Distribution Amount, and Second GUC Distribution Amount, shall not
23 exceed the GUC Cap.” As defined in Section 1.90 of the Plan, “GUC Vendor Cash Recovery”
24 means “fifty percent (50%) of any and all net Cash proceeds of the Vendor Claims, which shall be
25 transferred by the Debtors to the GUC Distribution Trust within thirty (30) days after the Debtors’
26 receipt of such net Cash proceeds.” As defined in Section 1.91 of the Plan, “GUC Vendor Credit
27 Recovery” means “the Cash equivalent of fifty percent (50%) of any and all non-Cash value
28 realized by the Debtors as a result of the Vendor Claims, which will be paid by the Debtors (or
Reorganized Debtors, as applicable) to the GUC Distribution Trust quarterly as that value (in the
form of cost savings or otherwise) is realized by the Debtors (or Reorganized Debtors, as
applicable). For the purpose of calculating the Cash equivalent of any non-Cash value realized by
the Debtors (or Reorganized Debtors, as applicable) as a result of any Vendor Claims, the amount
shall be calculated as set forth in the Term Sheet.” As defined in Section 1.82 of the Plan, “GUC
Cap” means “twenty five million dollars (\$25,000,000).”

1 Effective Date. The GUC Distribution Trust shall be treated as the owner of all the Assets it holds.

2 The GUC Distribution Trust will be governed in accordance with the terms of a GUC
3 Distribution Trust Agreement prepared by the Committee in consultation with the Debtors and the
4 Lapis Parties, which shall contain provisions customary to trust agreements utilized in comparable
5 circumstances, including, but not limited to, any and all provisions necessary to ensure the
6 treatment of the GUC Distribution Trust as a grantor trust. The GUC Distribution Trustee will be
7 selected by the Committee after consultation with the Debtors and the Lapis Parties and will have
8 the rights, powers, privileges, immunities, and obligations set forth in the GUC Distribution Trust
9 Agreement.

10 All parties shall execute any documents or other instruments as necessary to cause title to
11 the applicable GUC Distribution Trust Assets to be transferred to the GUC Distribution Trust. The
12 GUC Distribution Trust Assets will be held in trust for the benefit of Holders of Allowed General
13 Unsecured Claims pursuant to the terms of the Plan and the GUC Distribution Trust Agreement.

9 **b. Powers and Authority of the GUC Distribution Trustee**

10 The powers of the GUC Distribution Trustee shall be set forth in full in the GUC
11 Distribution Trust Agreement and shall include, among other things, subject to the limitations set
12 forth in the Plan and the requirements set forth in a Plan Supplement: (a) the power to use,
13 distribute, abandon, or otherwise dispose of all GUC Distribution Trust **Assets**; (b) the power to
14 effect distributions under the Plan to the Holders of Allowed General Unsecured Claims; (c) the
15 authority to pay all costs and expenses of administering the GUC Distribution Trust after the
16 Effective Date (including the GUC Post-Effective Date Expenses), including the power to employ
17 and compensate professionals and other Entities to assist the GUC Distribution Trustee in carrying
18 out the duties hereunder (subject to the Reorganized Debtors' approval of professional fees as
19 described in Section III.E.6. of the Plan), and to obtain and pay premiums for insurance and any
20 other powers necessary or incidental thereto; (d) the power to implement all aspects of the Plan
21 relating to the GUC Distribution Trust, including any other powers necessary or incidental thereto;
22 (e) the authority to settle Claims, applicable Causes of Action, including GUC Avoidance Actions,
23 or disputes as to amounts owing to or from the by Holders of General Unsecured Claims consistent
24 with the terms of the Plan; (f) the authority to participate in any post-Effective Date motions to
25 amend or modify the Plan or the GUC Distribution Trust Agreement, or appeals from the
26 Confirmation Order; (g) the authority to participate in actions to enforce or interpret the Plan; (h)
27 the power to bind the GUC Distribution Trust; and (i) the power to establish accounts in the name
28 of the GUC Distribution Trust for the purpose of effectuating the Plan and administering the GUC
Trustee without further order of the Court.

21 The GUC Distribution Trustee, in his or her sole discretion, shall have the authority to
22 allocate and reallocate GUC Distribution Trust Assets (including Cash, and including any reserves
23 necessary to effectuate the terms of the Plan) as necessary to effectuate the Plan without further
24 application to, or approval of, the Court, to the extent such allocation or reallocation would not be
25 inconsistent with the terms of the Plan. In the event that the GUC Distribution Trustee determines
26 that the effectuation of the Plan or an equitable distribution to Holders of Allowed General
27 Unsecured Claims requires allocation or reallocation of GUC Distribution Trust Assets in a manner
28 that would otherwise be inconsistent with any term of the Plan (including for the purposes of
distribution under the Plan), the GUC Distribution Trustee shall have the authority to make such
allocation or reallocation with approval of the Court upon application to the Court.

27 **c. Employment and Compensation of the GUC Distribution Trustee**

28 The GUC Distribution Trustee shall serve without bond and shall receive compensation for
serving as GUC Distribution Trustee as set forth in the GUC Distribution Trust Agreement. At any

1 time after the Effective Date and without further application to or Order of the Court, the GUC
2 Distribution Trustee may employ and compensate Persons or Entities, including professionals
3 (which may, but need not, include Professionals previously or currently employed in the Chapter
4 11 Cases) reasonably necessary to assist the GUC Distribution Trustee in the performance of his or
5 her duties under the GUC Distribution Trust Agreement and the Plan. Such Persons or Entities
6 shall be compensated and reimbursed by the GUC Distribution Trustee for their reasonable and
7 necessary fees and out of pocket expenses on a monthly basis in arrears, subject to the Reorganized
8 Debtors' approval of professional fees as described in Section III.E.6. of the Plan.

9 **d. GUC Distribution Trustee as Successor in Interest to the Committee**

10 The GUC Distribution Trustee is the successor in interest to the Committee, and thus, after
11 the Effective Date, to the extent the Plan requires or authorizes an action by the Committee, the
12 action shall be taken by the GUC Distribution Trustee on behalf of the Committee.

13 For the avoidance of doubt, any obligation of the Debtors under the Plan with respect to the
14 Committee or the GUC Distribution Trust that remains unperformed as of the Effective Date, or
15 that is required to be performed on or after the Effective Date, shall become an obligation of the
16 Reorganized Debtors as of the Effective Date, and shall be satisfied in full and performed by the
17 Reorganized Debtors consistent with the provisions of the Plan.

18 **e. GUC Distribution Trust's Post-Effective Date Expenses**

19 Subject to Section III.E.6 of the Plan, all expenses related to the GUC Distribution Trustee's
20 implementation of the Plan and administration of the GUC Distribution Trust incurred from and
21 after the Effective Date through the date on which the GUC Distribution Trust is dissolved will be
22 expenses of the GUC Distribution Trust, and the GUC Distribution Trustee will disburse funds
23 from the GUC Distribution Trust Assets as appropriate for purposes of paying the GUC Post-
24 Effective Date Expenses of the GUC Distribution Trust without the need for any further application
25 to or Order of the Court. The GUC Post-Effective Date Expenses shall include, but are not limited
26 to, the fees and expenses of the GUC Distribution Trustee; the fees and expenses of the
27 professionals employed by the GUC Distribution Trustee (subject to the Reorganized Debtors'
28 approval of professional fees as described in Section III.E.6. of the Plan); and other costs, expenses,
and obligations of the GUC Distribution Trust until the date the GUC Distribution Trust is
terminated in accordance with Section III.F of the Plan and the GUC Distribution Trust Agreement.
The GUC Distribution Trustee, in his or her sole discretion, on and after the Effective Date, shall
have authority to establish, increase, and/or decrease any reserves as reasonably necessary and
appropriate to account for and pay the GUC Post-Effective Date Expenses.

f. Post-Effective Date Expenses Relating to Claims Reconciliation and Vendor Claims

Consistent with Section V.A of the Plan, reasonable attorneys' fees and expenses and other
professional fees and expenses incurred by the GUC Distribution Trust (including the GUC
Distribution Trustee's fees and expenses) attributable to services rendered in connection with the
General Unsecured Claim reconciliation process will be paid by the Reorganized Debtors. Further,
reasonable attorneys' fees and expenses incurred by the GUC Distribution Trust (including the
GUC Distribution Trustee's fees and expenses), not to exceed one hundred thousand dollars
(subject to increase by agreement of the GUC Distribution Trustee, the Reorganized Debtors, and
the Lapis Parties), attributable to services rendered in connection with the Vendor Claims
(including consultation with the Debtors, Reorganized Debtors, Liquidation Trustee, and/or Lapis
Parties regarding the Vendor Claims) will be paid by the Reorganized Debtors.

All fees and expenses payable by the Reorganized Debtors pursuant to Section III.E.6 of
the Plan shall be subject to the following payment provisions:

1 The applicable professionals (including the GUC Distribution Trustee) will submit invoices,
2 redacted as necessary to preserve any applicable privileges or protections, for the services described
3 in Section III.E.6 of the Plan on a monthly basis to the Reorganized Debtors for review and
4 approval. Upon receipt of an invoice, the Reorganized Debtors shall have ten (10) Business Days
5 to communicate any dispute or objection to the requested fees and expenses to the applicable
6 professional. In the event that no dispute or objection is communicated to the applicable
7 professional within the ten (10) Business Day objection period, the Reorganized Debtors shall pay
8 the requested fees and expense within twenty (20) days after the expiration of the objection period.
9 To the extent that the Reorganized Debtors communicate any dispute or objection to the applicable
10 professional within the ten (10) Business Day objection period, (i) the Reorganized Debtors shall
11 pay any undisputed portion of the requested fees and expenses within twenty (20) days after the
12 expiration of the objection period and (iii) the Reorganized Debtors and the applicable professional
13 shall use reasonable efforts to resolve the dispute or objection during the twenty (20) days following
14 the expiration of the objection period. If the Reorganized Debtors and the applicable professional
15 are not able to resolve the dispute or objection during the twenty (20) days following the expiration
16 of the objection period, the Reorganized Debtors and the applicable professional may seek
17 resolution of the dispute or objection by the Court through the filing of a formal objection or motion
18 to compel payment consistent with the terms of the Plan, as applicable.

11 **g. GUC Distribution Reserve**

12 Prior to making a distribution to any Holders of Allowed General Unsecured Claims under
13 the Plan, the GUC Distribution Trustee may place in reserve and/or in a separate account any funds
14 that may be needed to pay General Unsecured Claims that are Disputed and General Unsecured
15 Claims that have otherwise not been Allowed in the event that all or a portion of such Claims
16 become Allowed. When a General Unsecured Claim is Allowed or Disallowed (and thus becomes
17 an Allowed Claim or a Disallowed Claim, in whole or in part), the funds set aside on account of
18 such Claim may be released from the reserve and shall be available for distribution in accordance
19 with the terms of the Plan to either (i) the Holder of the General Unsecured Claim that has become
20 an Allowed Claim, or (ii) if Disallowed, the Holders of Allowed General Unsecured Claims. The
21 GUC Distribution Trustee, in his or her sole discretion, on and after the Effective Date, shall have
22 authority to increase or decrease such as reasonably necessary and appropriate, and upon
23 satisfaction of all Allowed General Unsecured Claims required to be paid from the reserve, to
24 transfer amounts held therein for distribution pursuant to the Plan.

19 **h. GUC Distribution Trust Income Tax Status**

20 For federal income tax purposes, all parties (including, without limitation, the Debtors, the
21 GUC Distribution Trustee, and the beneficiaries of the GUC Distribution Trust) shall treat the GUC
22 Distribution Trust as a liquidating trust within the meaning of Treasury Income Tax Regulation
23 section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 124. For federal income
24 tax purposes, the transfer of Assets to the GUC Distribution Trust under the Plan shall be treated
25 as a deemed transfer to the beneficiaries of the GUC Distribution Trust in satisfaction of their
26 Claims followed by a deemed transfer of the Assets by the beneficiaries to the GUC Distribution
27 Trust. For federal income tax purposes, the beneficiaries will be deemed to be the grantors and
28 owners of the GUC Distribution Trust and its assets. For federal income tax purposes, the GUC
Distribution Trust will be taxed as a grantor trust within the meaning of IRC sections 671-677 (a
non-taxable pass-through tax entity) owned by the beneficiaries. The GUC Distribution Trust will
file federal income tax returns as a grantor trust under IRC section 671 and Treasury Income Tax
Regulation section 1.671-4 and report, but not pay tax on, the GUC Distribution Trust's tax items
of income, gain, loss deductions, and credits ("Tax Items"). The beneficiaries will report such Tax
Items on their federal income tax returns and pay any resulting federal income tax liability. All
parties will use consistent valuations of the assets transferred to the GUC Distribution Trust for all
federal income tax purposes. The assets shall be valued based on the GUC Distribution Trustee's
good faith determination of their fair market value.

1 **i. Termination of the GUC Distribution Trust**

2 The existence of the GUC Distribution Trust and the authority of the GUC Distribution
3 Trustee will commence as of the Effective Date and will remain and continue in full force and
4 effect until the earlier of: (a) the date on which all of the GUC Distribution Trust Assets are
5 liquidated in accordance with the Plan, the funds in the GUC Distribution Trust have been
6 completely distributed in accordance with the Plan, all tax returns and any other filings or reports
7 have been filed with the appropriate state or federal regulatory authorities, and the Order closing
8 the Chapter 11 Cases is a Final Order; or (b) five (5) years after the date of creation of the GUC
9 Distribution Trust, unless extended by the Court as provided in the GUC Distribution Trust
10 Agreement.

11 At such time as the GUC Distribution Trust has been fully administered (i.e., when all things
12 requiring action by the GUC Distribution Trustee have been done and the Plan has been
13 substantially consummated) and in all events within sixty (60) days after the Final GUC
14 Distribution Date, the GUC Distribution Trustee will file a notice of the final distribution from the
15 GUC Distribution Trust with the Court.

16 **6. Establishment of Liquidation Trust; Appointment of Liquidation Trustee;
17 Transferring Assets and Claims to the Liquidation Trust**

18 On the Effective Date, except as otherwise provided in the D&O Cause of Action
19 Agreement consistent with the D&O Cause of Action Agreement (discussed below), the following
20 Assets (the “**Liquidation Trust Assets**” and, together with the GUC Distribution Trust Assets,
21 “**Plan Trust Assets**”) shall be contributed to the Liquidation Trust subject to a Liquidation Trust
22 Agreement (together with the GUC Distribution Trust Agreement, the “**Plan Trust Agreements**,”
23 and each individually a “**Plan Trust Agreement**”) acceptable to the Debtors and the Lapis Parties
24 and the appointment of a Liquidation Trustee acceptable to the Lapis Parties in their sole discretion:

25 [A]ll assets of the Debtors not necessary for the operation of the core
26 health care businesses of the Debtors or constituting GUC Distribution
27 Trust Assets under this Plan, including, but not be limited to the (i) if unsold
28 as of the Effective Date, Yakima Medical Office Building (excluding the
29 operations within); (ii) if unsold as of the Effective Date, SHC Medical
30 Center-Yakima; (iii) any other unused buildings or real property currently
31 owned by the Debtors other than Sunnyside Community Hospital
32 Association; (iv) A/R Collections of SHC Medical Center-Yakima; (v) all
33 180 day and older days aged accounts receivable of Sunnyside Community
34 Hospital Association and SHC – Medical Center Toppenish; (vi) any
35 Causes of Action held by the Debtors, including the Vendor Claims, not
36 expressly assigned to the GUC Distribution Trust; and (vii) the Liquidation
37 Trust Vendor Recovery.

38 In the event any Liquidation Trust Assets are liquidated, the proceeds of such liquidation
39 shall be used to fund AH System’s operating cash account up to an amount equal to the lesser of
40 \$10 million or 30 days cash on hand and then to pay the Exchange Debt in accordance with the
41 Exchange Debt Documents.

42 **7. Prosecution of D&O Causes of Action**

43 The D&O Causes of Action²⁹ shall be preserved for the benefit of the Debtors’ Estates and

44 _____
45 ²⁹ As defined in Section 1.45 of the Plan, “D&O Causes of Action” means “all Causes of Action
46 against the current and former members, managers, and/or officers of the Debtors that are Preserved
47 Claims, as the term may be modified or enhanced under the terms of the Plan Supplement.”

1 their creditors. The mechanism for (ia) the vesting, revesting, and/or transfer of the D&O Causes
2 of Action and any related insurance policies (including the D&O Insurance Policies (as defined in
3 the Plan)), (ib) the prosecution and/or settlement or other resolution of the D&O Causes of Action
4 (including the funding of the fees and costs attendant to such prosecution and/or settlement or other
5 resolution), and (ic) the sharing of any proceeds of the D&O Causes of Action shall be subject to
6 further agreement between the Lapis Parties and the Committee (the “D&O Cause of Action
7 Agreement”), which shall be filed as part of the Plan Supplement.

8. Post-Confirmation Management

8 Reorganized Debtors, controlled by AH System as the sole member, will provide the
9 management for the Hospitals after the Effective Date. The Debtors’ Executive Services
10 Agreement with AHM, Inc. (“AHM”) will be rejected as of the earlier of the date ordered by the
11 Court on a motion to reject the agreement, the Effective Date, or such other date as may be specified
12 in the Confirmation Order. It is currently expected that all AHM employees currently serving as
13 officers or employees of the Debtors will be offered employment by AH System, effective on the
14 effective date. Astria’s current Interim CEO is Brian Gibbons and Astria’s CFO is Maxwell Owens.
15 Brian Gibbons’ salary is \$21,167.06 per month as CEO of Sunnyside, with a still to be agreed
16 increase to account for his serving as Interim CEO. Maxwell Owens’ salary is \$25,720.33 per
17 month. Compensation for another 25 management personnel across all the Debtors totals
18 \$186,429.66 per month.

19 To the extent necessary to implement the Plan, AH System, will govern pursuant to
20 amended and restated bylaws and other corporate documents. The new Board Trustees directors
21 for the Reorganized Debtors will be set forth in the Plan Supplement and whose composition is subject
22 to (a) applicable law and (b) the consent of the Lapis Parties. The new Board Trustees directors
23 will also establish and maintain management on terms acceptable to AH System.

9. Termination of the Committee and Appointment of POC

24 On the Effective Date, the Committee shall be deemed dissolved, the retention and
25 employment of the Committee’s Professionals shall be deemed terminated, and the members of the
26 Committee shall be deemed released and discharged of and from all further authority, duties,
27 responsibilities, and obligations related to and arising from and in connection with the Chapter 11
28 Cases, other than for purposes of filing and/or objecting to final fee applications filed in the Chapter
29 11 Cases. The Professionals retained by the Committee shall not be entitled to compensation or
30 reimbursement of expenses for any services rendered or expenses incurred after the Effective Date
31 in their capacities as Professionals of the Committee, except for services rendered and expenses
32 incurred in connection with (i) any applications by such Professionals for allowance of
33 compensation and reimbursement of expenses pending on the Effective Date or timely Filed after
34 the Effective Date as provided in the Plan, as approved by the Court, and (ii) any services necessary
35 to effectuate the provisions of the Plan.

36 On the Effective Date, a POC consisting of not less than three (3) Persons or Entities that
37 are beneficiaries of the GUC Distribution Trust. The identities of the Persons and/or Entities that
38 will serve on the POC as of the Effective Date will be filed as part of the Plan Supplement. The
39 POC’s sole function and responsibility shall be to advise the GUC Distribution Trustee in the
40 performance of the GUC Distribution Trustee’s duties and obligations under the Plan with respect
41 to the administration of the GUC Distribution Trust for the benefit of Holders of Allowed General
42 Unsecured Claims. The members of the POC shall serve without compensation but may be
43 reimbursed for reasonable expenses incurred in the performance of their duties as members of the
44 POC.

1 **10. Creation of Administrative and Priority Claims Reserve**

2 On the Effective Date or as soon as practicable thereafter, the Debtors shall fund, and the
3 Reorganized Debtors shall establish and thereafter maintain, the Administrative and Priority Claims
4 Reserve with the Administrative and Priority Claims Reserve Amount, subject to the
5 Administrative, Professional and Priority Claims Cap, in an authorized depository in the state of
6 Washington, which funds shall vest in the Reorganized Debtors free and clear of all Liens, Claims,
7 encumbrances, charges, and other interests, except as otherwise specifically provided in the Plan
8 or in the Confirmation Order. Funds in the Administrative and Priority Claims Reserve shall be
9 used by the Reorganized Debtors only for the payment of U.S. Trustee Fees and Administrative
10 Claims, Priority Claims, and Professional Fee Claims Allowed after the Effective Date to the extent
11 that such Allowed Claims have not been paid in full on or prior to the Effective Date. To the extent
12 not otherwise provided in the Plan or ordered by the Court, the Reorganized Debtors shall estimate
13 appropriate reserves of Cash to be set aside in order to pay or reserve for Disputed Administrative
14 Claims, Priority Claims, and Professional Fee Claims. Any amounts set aside to pay or reserve for
15 Disputed Administrative Claims, Priority Claims, and Professional Fee Claims shall include the
16 amounts needed to fund the ongoing costs and expenses of such reserve, including, without
17 limitation, taxes in respect of Disputed Administrative Claims, Priority Claims, and Professional
18 Fee Claims, if any. Any amounts remaining in the Administrative and Priority Claims Reserve
19 after payment of all Allowed Administrative Claims, Priority Claims, and Professional Fee Claims
20 and the U.S. Trustee Fees shall be transferred to the Reorganized Debtors and thereafter be subject
21 to the terms of the Exchange Debt Documents.

22 **G. Objections to Claims**

23 After the Effective Date, the Reorganized Debtors (and with respect to General Unsecured
24 ~~Claim~~Claims, the GUC Distribution Trustee) will have the authority and obligation to review,
25 compromise, and object to any Claims other than Allowed Claims consistent with Section V of the
26 Plan. The Reorganized Debtors (and with respect to General Unsecured Claims, the GUC
27 Distribution Trustee) will: (i) have the authority, without Court approval or approval by the GUC
28 Distribution Trustee or any other person or entity, to compromise, release or settle any Claim where
the Claim has an asserted face value of \$25,000 or less and (ii) be required to seek an order of the
Court approving the compromise, release or settlement of any Claim that has an asserted value of
greater than \$500,000, with notice and opportunity for hearing required with respect to such
compromise, release or settlement. If the Reorganized Debtors (and with respect to General
Unsecured Claims, the GUC Distribution Trustee) seek to compromise, release or settle any Claim
where the Claim has an asserted face value of between \$25,000 and \$500,000, the Reorganized
Debtors (and with respect to General Unsecured Claims, the ~~GUC Distribution Trustee~~) will
provide at least five (5) Business Days' advance notice of the same to the Lapis Parties, the GUC
Distribution Trustee, and the Reorganized Debtors, as applicable, and the opportunity to object
within such notice period. If the Lapis Parties, the GUC Distribution Trustee, or the Reorganized
Debtors, as applicable, object and the objection is not resolved consensually, the Reorganized
Debtors (and with respect to General Unsecured Claims, the GUC Distribution Trustee) may seek
approval of the compromise, release or settlement by the Court on an expedited basis.

29 **H. Claims Paid or Payable by Third Parties**

30 Subject to the terms of Section III.N of the Plan regarding Class 4A Insured Claims, Claims
31 paid and/or payable by third parties, irrespective of classification, shall be treated as follows:

32 **1. Claims Paid by Third Parties**

33 A Claim shall be reduced in full, and such Claim shall be Disallowed without a Claim
34 objection having to be filed and without any further notice to or action, order, or approval of the
35 Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim

1 from a party that is not a Debtor or a Distributing Party. To the extent a Holder of a Claim receives
2 a distribution under the Plan on account of such Claim and receives payment from a party that is
3 not a Debtor or a Distributing Party on account of such Claim, such Holder shall, within two weeks
4 of receipt thereof, repay or return the distribution to the applicable Debtor or Distributing Party to
5 the extent the holder's total recovery on account of such Claim from the third party and under the
6 Plan exceeds the Allowed amount of such Claim.

2. Claims Payable by Third Parties

7 No distribution under the Plan shall be made on account of an Allowed Claim that is payable
8 by a party that is not a Debtor or a Distributing Party, including pursuant to any insurance policy
9 under which any Debtor is a covered party or beneficiary (including the Insurance Policies), until
10 the Holder of such Allowed Claim has exhausted all remedies with respect to such third party or
11 insurance policy. To the extent that one or more of the Debtors' insurers or another third party
12 agrees to satisfy in full or in part an Allowed Claim, then immediately upon such agreement, the
13 applicable portion of such Claim may be Disallowed and expunged without a Claim objection
14 having to be filed and without any further notice to or action, order, or approval of the Court.

I. Special Issues Regarding Insured Claims

15 Under the terms of Debtors' various insurance policies, Debtors may owe deductible
16 amounts on account of Insured Claims for personal injury and medical malpractice. After the
17 Effective Date of the Plan (unless an order modifying the automatic stay has been entered at an
18 earlier date), Holders of Insured Claims shall be enjoined by the injunction established by the
19 Confirmation Order from commencing or continuing any enforcement action to collect such Claim
20 against the Estate.

21 Consistent with the foregoing, distributions under the Plan to each Holder of an Allowed
22 Insured Claim shall be recoverable only from the available insurance and Debtors shall be
23 discharged to the extent of any such excess. Further, the Plan shall not expand the scope of, or alter
24 in any other way, the rights and obligations of Debtors' insurers under their policies, and Debtors'
25 insurers shall retain any and all defenses to coverage that such insurers may have, including the
26 right to contest and/or litigate with any party, including Debtors, the existence, primacy and/or
27 scope of available coverage under any alleged applicable policy. The Plan shall not operate as a
28 waiver of any other Claims that Debtors' insurers have asserted or may assert in any proof of Claim
or Debtors' rights and defenses to such proofs of Claim.

J. Distributions of Property Under the Plan

The following procedures set forth in the Plan apply to distributions made pursuant to the
Plan whether by (i) Debtors as to the Effective Date Distributions, or (ii) the Reorganized Debtors
or GUC Distribution Trustee as to all post-Effective Date Distributions (each of Reorganized
Debtors, the GUC Distribution Trustee, or the Debtors, a "**Distributing Party**"). In connection
with the Plan, to the extent applicable, the applicable Distributing Party shall comply with all tax
withholding and reporting requirements imposed on it by any Governmental Unit, and all
distributions pursuant to the Plan shall be subject to such withholding and reporting requirements.

Notwithstanding any other provision of the Plan (i) each Holder of an Allowed Unsecured
Claim that is to receive a distribution pursuant to the Plan shall have sole and exclusive
responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental
Unit, including income, withholding, and other tax obligations, on account of such distribution, and
(ii) no distribution shall be made to or on behalf of such Holder pursuant to the Plan unless and
until such Holder has made arrangements satisfactory to the Distributing Party for the payment and
satisfaction of such income, withholding, and other tax obligations or such tax obligation that would
be imposed upon any disbursing agent in connection with such distribution. Any property

1 distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated
2 as an undeliverable distribution under the Plan.

3 **1. Manner of Cash Payments Under the Plan**

4 Cash payments to domestic Entities holding Allowed Claims will be tendered in U.S.
5 Dollars and will be made by checks drawn on a domestic bank or by wire transfer from a domestic
6 bank. Payments made to any foreign creditors holding Allowed Claims may be paid, at the option
7 of the Distributing Party in such funds and by such means as are necessary or customary in a
8 particular foreign jurisdiction.

9 **2. No Distributions with Respect to Disputed Claims**

10 No payments of Cash or distributions of other property or other consideration of any kind
11 shall be made on account of any Disputed Claim unless and until such Claim becomes an Allowed
12 Claim or is deemed to be such for purposes of distribution, and then only to the extent that the
13 Claim becomes, or is deemed to be for distribution purposes, an Allowed Claim. Unless otherwise
14 provided in the Plan, any Holder of a Claim that becomes an Allowed Claim after the Effective
15 Date will receive any unpaid distribution that otherwise would have been payable under the Plan
16 on the Next Payment Date after the date that such Claim becomes an Allowed Claim or as soon
17 thereafter as practicable.

18 **3. Record Date for Distribution**

19 On the Distribution Record Date, the Distributing Party shall be authorized and entitled to
20 recognize only those record Holders listed on the Claims Register as of the close of business on the
21 Distribution Record Date. The foregoing terms shall not apply to distributions to the Lapis Parties,
22 their successors and assigns with respect to DIP Claims as well as under Class 2A and Class 2B of
23 the Plan.

24 **4. Delivery of Distributions**

25 The Distributing Party shall make distributions to each Holder of an Allowed Claim by mail
26 as applicable as follows: (a) at the address set forth on the proof of Claim filed by such Holder of
27 an Allowed Claim; (b) at the address set forth in any written notice of address change Filed with
28 the Court, delivered to the Distributing Party, and reflected on the Claims Register after the date of
any related proof of Claim; (c) at the address reflected in the Schedules if no proof of Claim is filed
and no written notice of address change has been Filed with the Court, delivered to the Distributing
Party, and reflected on the Claims Register; and (d) with respect to the Lapis Parties, as directed by
the Lapis Parties.

5. Undeliverable and Unclaimed Distributions

Subject to the terms of any settlement agreement, if the distribution to the Holder of any
Allowed Claim is returned as undeliverable, no further distribution shall be made to such Holder
unless and until the Distributing Party is notified in writing of such Holder's then current address.
Subject to the other provisions of the Plan, undeliverable distributions shall remain in the
possession of the Distributing Party pursuant to this section until such time as a distribution
becomes deliverable. Undeliverable Cash distributions shall not be entitled to any interest,
dividends, or other accruals of any kind. Any check that is not cashed or otherwise deposited within
three months after the check's date shall be deemed an undeliverable distribution under the Plan.

Any Holder of an Allowed Claim who does not assert a Claim in writing for an
undeliverable distribution within one year after the date such distribution was due shall no longer
have any Claim to or interest in such undeliverable distribution, and shall be forever barred from

1 receiving any distributions under the Plan, or from asserting a Claim against the Debtors or their
2 property, or the GUC Distribution Trust and its assets, and the Claim giving rise to the undeliverable
distribution will be discharged.

3 Nothing contained in the Plan shall require the Distributing Party to attempt to locate any
4 Holder of an Allowed Claim.

5 **6. Estimation of Disputed Claims for Distribution Purposes**

6 On and after the Effective Date, the Reorganized Debtors (and with respect to General
7 Unsecured Claims, the GUC Distribution Trustee), may move for a Court order estimating any
8 Disputed Claim. The estimated amount of any Disputed Claim so determined by the Court shall
constitute the maximum recovery that the Holder thereof may recover after the ultimate liquidation
of its Disputed Claim, irrespective of the actual amount ultimately Allowed.

9 **7. Minimum Distributions**

10 If the amount of Cash to be distributed to the Holder of an Allowed Claim is less than fifty
11 dollars (\$50) on a particular distribution date, the Distributing Party may hold the Cash distributions
12 to be made to such Holders until the aggregate amount of Cash to be distributed to each applicable
13 Holder is in an amount equal to or greater than fifty dollars (\$50). Notwithstanding the preceding
sentence, if the aggregate amount of Cash distributions owed to any Holder of an Allowed Claim
under the Plan never equals or exceeds fifty dollars (\$50), then the Distributing Party shall not be
required to distribute Cash to any such Holder.

14 **8. Rounding**

15 Whenever any payment of a fraction of a cent would otherwise be called for under the Plan,
16 the actual payment shall reflect a rounding of such fraction to the nearest whole cent, with one-half
cent being rounded up to the nearest whole cent.

17 **9. Full Satisfaction**

18 The Distributing Party shall make, and each Holder of a Claim shall receive, the
distributions provided for in the Plan for full satisfaction and discharge of such Claim.

19 **10. Distribution Free and Clear**

20 Except as otherwise provided in the Plan, any distributions under the Plan shall be free and
21 clear of any Liens, Claims, and encumbrances, and no Entity other than the Entity receiving the
distribution, including any Debtor, shall have any interest (legal, beneficial, or otherwise) in any
22 property distributed.

23 **K. Conditions Precedent to Plan Confirmation**

24 The conditions precedent to confirmation of the Plan shall include: (a) a final order, finding
25 that the Disclosure Statement contains adequate information pursuant to § 1125, shall have been
26 entered by the Court; (b) the proposed Confirmation Order will be in form and substance
27 satisfactory to the Lapis Parties and the Committee; (c) the Plan, including any amendments,
28 modifications or supplements thereto, and all documentation contemplated by the Plan and the
terms set forth in any Plan Supplement and the Definitive Documentation, shall be in form and
substance satisfactory to the Lapis Parties (and, with respect to any portion of the Plan Supplement
relating to the Committee Plan Settlement, including, *inter alia*, the GUC Distribution Trust, the
Committee); (e) and any order authorizing the DIP Agreement shall be in full force and effect, shall
not have been terminated and there shall be no ongoing event of default; and (f) the Exchange Debt

1 Documents shall be in a form acceptable to the Plan Proponents.

2 **L. Conditions to Effectiveness**

3 The Plan shall not become binding unless and until the Effective Date occurs. The Effective
4 Date is the first Business Day (a) that is at least fourteen days after the Confirmation Date; (b) on
5 which no stay of the Confirmation Order is in effect; and (c) on which all of the following
6 conditions have been satisfied as set forth below or waived:

7 **1. Conditions**

- 8 a) The Confirmation Order shall have become a Final Order;
- 9 b) Execution of the Definitive Documents, including the Exchange Debt
10 Documents;
- 11 c) The actual and anticipated Allowed Administrative, Professional and
12 Priority Claims do not exceed the Allowed Administrative, Professional and Priority Claims
13 Cap;
- 14 d) There has been compliance with the terms specified in Section III.D of the
15 Plan;
- 16 e) The bylaws of AH System, AH NP2, the Debtors and their affiliates shall be
17 acceptable to the Lapis Parties; and
- 18 f) All such other actions, documents, and agreements the Debtors, the Lapis
19 Parties, and the Committee determine are necessary to implement the Plan shall have been
20 effected or executed.

21 ~~The~~ Debtors shall file and serve a “Notice of Occurrence of Effective Date” to all ~~creditors~~
22 ~~and interest~~ Holders of record of Claims and Interests as of the date of entry of the Confirmation
23 Order.

24 **2. Waiver of Conditions**

25 Except as otherwise specified in the Plan or herein, the requirement that the conditions to
26 the occurrence of the Effective Date be satisfied may be waived in whole or in part, and the time
27 within which any such conditions must be satisfied may be extended, by the Debtors with the prior
28 written consent of the Lapis Parties and the Committee. The failure to timely satisfy or waive any
of such conditions may be asserted regardless of the circumstances giving rise to the failure of such
condition to be satisfied, including any action or inaction by the Debtors. The failure of the Debtors
to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each
such right shall be deemed ongoing and subject to assertion at any time.

M. Authorization of Entity Action

Each of the matters provided for under the Plan involving the Entity structure of Debtors or
Entity action to be taken by or required of Debtors shall, as of the Effective Date, be deemed to
have occurred and be effective as provided in the Plan and herein, and shall be authorized, approved
and, to the extent taken prior to the Effective Date, ratified in all respects without any requirement
of further action by creditors or Board Trustees of the Debtors.

1 **N. Limited Consolidation**

2 The Plan provides for the limited—or “deemed” substantive—consolidation of the Debtors.
3 This Disclosure Statement sets forth (i) the legal requirements to establish deemed substantive
4 consolidation, and (ii) the factual bases supporting the Debtors’ request for deemed substantive
5 consolidation. As set forth in the Plan, this Disclosure Statement and the Plan shall be deemed a
6 motion requesting that the Bankruptcy Court approve the deemed substantive consolidation
7 contemplated by the Plan at the Confirmation Hearing, unless otherwise separately scheduled.
8 **Objections to the proposed deemed substantive consolidation must be made in writing on or
before the deadline to object to confirmation of the Plan, or such other date as may be fixed
by the Bankruptcy Court. The Bankruptcy Court will schedule a hearing with respect to
timely filed objections, which the Bankruptcy Court may schedule contemporaneously with
the Confirmation Hearing.** The Plan Proponents reserve all rights with respect to such objections,
including, but not limited to, the right to further supplement the facts and legal analysis in support
of deemed substantive consolidation as set forth in this Disclosure Statement or the Plan.

9 If the Bankruptcy Court determines that deemed substantive consolidation of any given
10 Debtor is not appropriate, then the Plan Proponents may request that the Bankruptcy Court
11 otherwise confirm the Plan and approve the treatment of, and distributions to, the different Classes
12 under the Plan on an adjusted, Debtor-by-Debtor basis. Furthermore, the Plan Proponents reserve
13 their rights (i) to seek confirmation of the Plan without implementing deemed substantive
consolidation of any given Debtor, and, in the Plan Proponents’ reasonable discretion, to request
that the Bankruptcy Court approve the treatment of, and distributions to, any given Class under the
Plan on an adjusted, Debtor-by-Debtor basis; and (ii) to seek to substantively consolidate all
Debtors into Astria if all Impaired Classes entitled to vote on the Plan vote to accept the Plan.

14 As will be set forth in more detail in the Debtors’ brief in support of confirmation of the
15 Plan, the Debtors believe deemed substantive consolidation is appropriate here.

16 **1. The Effect of Deemed Substantive Consolidation**

17 “Deemed consolidation” merely treats the assets and liabilities as if they were pooled
18 without actually merging the debtor entities. *In re Owens Corning*, 419 F.3d 195, 202 (3d Cir.
2005) (deemed consolidation will “not result in the merger of or the transfer or commingling of any
assets of the Debtors . . . [which] will continue to be owned by the respective Debtors”).

19 Here, deemed consolidation for creditor distribution purposes is appropriate to avoid the
20 impact consolidation of the legal entities may have on matters such as licensing and other post-
confirmation issues relating to the Hospital assets.

21 **2. The Facts of the Chapter 11 Cases Satisfy Each Independent Basis for
Deemed Substantive Consolidation**

22 The facts of these Chapter 11 Cases demonstrate that the Debtors are entitled to the deemed
23 consolidation contemplated by the Plan.

24 **a. Creditors Dealt with the Debtors as a Single, Economic Unit**

25 **i. The Debtors Obtained Secured Financing as a Single Economic
26 Unit**

27 The Debtors’ secured lenders dealt with the Debtors as a single economic unit. Thus, this
28 factor is satisfied even if the Debtors never claimed to be a singular entity. *See, e.g., In re Abeinsa
Hldg., Inc.*, 562 B.R. 265, 280-81 (Bankr. D. Del. 2016) (finding creditor expectations were
satisfied by partial substantive consolidation where, among other things, “[t]he lenders under these

1 credit agreements received combined financial reports from the Debtors as to all obligors that were
2 parties to the applicable credit agreements, and calculated financial covenant compliance based on
the assets and liabilities of those entities”).

3 A substantial amount of the Debtors’ prepetition secured debt relates to loan and bond
4 obligations on which multiple debtors are obligated. For example, all of the Debtors are obligated
as co-borrowers or guarantors under the 2017 Bonds, the Lapis 2017 Loan and the Lapis 2019 Loan
5 (collectively, the “**Lapis Prepetition Obligations**”).

6 The Lapis Prepetition Obligations imposed joint and several liability on the Debtors, and
the terms of the Lapis Prepetition Obligations only addressed the rights and obligations of the
7 Debtors collectively, rather than on a Hospital-by-Hospital basis.

8 The terms of the postpetition adequate protection offered to the Lapis Prepetition
Obligations are no different. The adequate protection approved by the Bankruptcy Court [*see*
9 Docket Nos. 293, 1201] clearly contemplates the continued joint and several nature of the relief as
follows:

- 10 • adequate protections liens are joint and several as to the Debtors; and
- 11 • adequate protection superpriority claims are joint and several as to the Debtors.

12 **ii. The Debtors Negotiated Major Contracts and Agreements as a**
13 **Single Economic Unit**

14 After Astria’s acquisitions of SHC–Yakima and SHC–Toppenish, major contracts and
agreements were negotiated or entered-into on a system-wide basis, such that counterparties dealt
15 with the Astria Health System as a single economic unit. The Debtors received benefits by
negotiating collectively, such as better terms or pricing, which resulted from the greater economies
16 of scale of the Astria Health System. In light of these benefits, the Debtors standardized system-
level contracting that normalized pricing for contracts (including physician-related contracts)
17 across all Hospitals. The Debtors’ critical system-wide contracts and negotiations include:

- 18 • health insurance and retirement benefits;
- 19 • group purchasing order contracts;
- 20 • IT systems contracts; and
- 21 • other contracts.

22 The Debtors also have centralized management in place which allows the Debtors to operate
as one integrated health system—the Astria Health System.

23 In light of these facts, separate-entity plans would likely be contrary to the expectations of
24 creditors that viewed their agreements with the Debtors as backed by the Astria Health System.

25 **b. The Debtors’ Affairs Are So Entangled That Consolidation Will**
26 **Benefit All Creditors**

27 Although the Debtors maintained certain separate formalities for each entity—or, more
often, each entity group—as set forth in the Debtors’ “first-day” motion to authorize continued use
28 of its cash management system [Docket No. 22] (the “**Cash Management Motion**”), a more
thorough analysis of the Debtors’ finances and operations reveals significant interconnectivity,
which would prove costly and time-consuming to unwind at the expense of recoveries in these

1 Chapter 11 Cases. Accordingly, the interests of creditors are best served by deemed substantive
2 consolidation. *See In re Bonham*, 229 F.3d 750, 766 (9th Cir. 2000) (citing *Augie/Restivo Baking*
Co., Ltd., 860 F.2d 515, 519 (2nd Cir. 1988)).

3 Here, there are also significant facts related to entangled affairs among the Debtors that
4 weigh in favor of substantive consolidation. The Debtors engaged in the following complex,
5 prepetition intercompany transfers (not always booked as intercompany transfers), combined
6 accounting, valuation issues, and collective management that would prove difficult and costly to
7 creditors to unwind or reconcile:

- 8 • Prior to its closure, SHC–Yakima operated cash-flow negative, exhausting the proceeds
9 of the DIP Facility and then requiring transfers from the other Debtors.
- 10 • As noted in section IV.C.1 above, further described in the Cash Management Motion,
11 and reflected in the Debtors’ monthly operating reports (*see* Section V.B.6 above), the
12 Debtors engaged in extensive intercompany transfers.
- 13 • Decisions to hire physicians and determine contract terms are made through a
14 consolidated health system process including legal and chief executive review.

15 Unwinding the transactions to prepare separate-Debtor plans would require time and
16 allocations and assumptions. By way of example, prepetition and postpetition allocations by the
17 Estates may be subject to challenge as follows:

- 18 • Professional fees must also be allocated among the Debtors if the Debtors cases are not
19 consolidated. This task would require, for each time entry, an analysis of which Debtor,
20 or Debtors, benefitted from the particular services. Although laborious, such an analysis
21 directly impacts creditors if the cases are not consolidated given that Professional
22 Claims receive priority treatment.
- 23 • The closure of SHC-Yakima severely limits any assumptions with respect to future
24 operations based on the Debtors’ historic operations. The Debtors capital structure also
25 changed significantly during the Chapter 11 Cases—the Debtors incurred liabilities in
26 the form of postpetition financing in excess of \$36 million, which was used in part to
27 pay off the Outstanding Prepetition Banner Bank Obligations and Outstanding
28 Prepetition MidCap Obligations. The Debtors also continue to accrue unpaid interest
on postpetition financing incurred.

Moreover, different asset valuation or liability allocation assumptions will lead to different
results in both asset allocations among Debtors and balances available for distributions to creditors.
Given that the analysis necessarily requires substantial judgment, these assumptions would present
a basis for objection and conjecture from creditors attacking the Debtors’ separate plans.
Preserving funds in the Estates and avoiding litigation costs maximizes value and weighs in favor
of substantive consolidation under the circumstances in these Chapter 11 Cases.

O. Reservation of Fair and Equitable (Cram Down) Power

The Debtors reserve the right to confirm the Plan as to any impaired Class that does not
accept the Plan by the requisite number of votes pursuant to the fair and equitable power of
§ 1129(b).

1 **P. Treatment of Executory Contracts and Unexpired Leases**

2 **1. Assumption of Executory Contracts**

3 **a. Assumptions**

4 On or before the Voting Deadline, AH System will File the “Schedule of Assumed
5 Agreements” and serve it on the parties to agreements listed on the schedule. AH System reserves
6 the right to amend the Schedule of Assumed Agreements at any time prior to the Voting Deadline
7 to: (a) delete any Executory Contract from the Schedule of Assumed Agreements and provide for
8 its rejection under the Plan or (b) add any Executory Contract and provide for its assumption under
9 the Plan or otherwise, subject to the right of the counterparty to object to such transfer within ten
10 (10) Business Days after notice with a right to hearing thereon, and subject to the requirement that
11 Debtor must reserve amounts for Disputed Cure Payments in the full amounts claimed by objecting
12 contract counterparties.

9 On the Effective Date, Debtors will assume all Executory Contracts set forth on the
10 Schedule of Assumed Agreements. The Confirmation Order will constitute a Court order
11 approving the assumption, as of the Effective Date, of the Executory Contracts not rejected under
12 the Plan, subject to the requirement that Debtors must reserve amounts for Disputed Cure Payments
13 in the full amounts claimed by objecting contract counterparties to contracts to be assumed.

12 **b. Cure Payments**

13 Any monetary amounts by which each Executory Contract to be assumed is in default shall
14 be satisfied, pursuant to § 365(b)(1), by payment from the Administrative and Priority Claims
15 Reserve, of the default amount (as set forth in the Debtors’ books and records), a schedule of which
16 will be Filed and served by the Voting Deadline, in full in Cash on the later of the Effective Date
17 or when such Cure Claim is Allowed, or on such other terms as the parties to each such Executory
18 Contract may otherwise agree. In these Chapter 11 Cases, prior to Confirmation of the Plan, some
19 known Cure Payments will have already been paid or resolved by stipulation or agreement. In the
20 event of a dispute regarding (a) the amount of any Cure Payments, (b) the ability of Reorganized
21 Debtors to provide “adequate assurance of future performance” (within the meaning of § 365) under
22 the contract or lease to be assumed, or (c) any other matter pertaining to assumption, the cure
23 payments required by § 365(b)(1) shall be made following the entry of a Final Order resolving the
24 dispute and approving the assumption. Pending the Court’s ruling on such motion, the Executory
25 Contract at issue shall be deemed assumed by Reorganized Debtors as of the Effective Date, unless
26 otherwise ordered by the Court on a motion to reject the agreement, and the Debtors will reserve
27 amounts for Disputed Cure Payments in the full amounts claimed by objecting contract
28 counterparties. In no event shall the GUC Distribution Trust be liable or otherwise responsible for
any Cure Payment.

22 **c. Objections to Assumption**

23 Any Entity who is a party to an Executory Contract that will be assumed under the Plan
24 must File with the Court and serve upon interested parties a written statement and supporting
25 declaration stating the basis for any objection to assumption by no later than seven (7) days after
26 the filing of the Schedule of Assumed Agreements (“**Assumption Objections**”). Any Entity that
27 fails to timely File and serve such a statement and declaration will be deemed to waive any and all
28 objections to the proposed assumption of its contract or lease. Debtors must file and serve its reply
with respect to any Assumption Objections by no later than five (5) days after the filing of an
Assumption Objection. A hearing on the Assumption Objections will take place at the
Confirmation Hearing, or as soon thereafter as the Court is available.

In the absence of a timely objection by an Entity who is a party to an Executory Contract,

1 the Confirmation Order shall constitute a conclusive determination as to the amount of any cure
2 and compensation due under the Executory Contract, and that Reorganized Debtors have
demonstrated adequate assurance of future performance with respect to such Executory Contract.

3 **d. Resolution of Claims Relating to Assumed Agreements**

4 In accordance with the procedures set forth in Plan Section IV relating to the Cure Payments
5 and objections to assumption, payment of the Cure Payments with respect to Executory Contracts
6 that will be assumed under the Plan shall be deemed to satisfy, in full, any prepetition or postpetition
7 arrearage or other Claim asserted in a Filed proof of Claim or listed in the Schedules, irrespective
of whether the Cure Payment is less than the amount set forth in such proof of Claim or the
Schedules. Upon the tendering of the Cure Payment, such Claim shall be Disallowed, without
further order of the Court or action by any party.

8 **2. Rejection of Executory Contracts**

9 **a. Rejected Agreements**

10 Immediately prior to the Effective Date, all Executory Contracts of the Debtors will be
11 deemed rejected in accordance with the provisions and requirements of §§ 365 and 1123 except
12 those Executory Contracts that (i) have been assumed by order of the Bankruptcy Court, (ii) are
13 subject to a motion to assume pending on the Effective Date, or (iii) have been identified on a list
of assumed contracts to be filed with the Bankruptcy Court prior to the Voting Deadline, which
shall be a date prior to the Effective Date of the Plan. The Confirmation Order will constitute a
Court order approving such rejections of Executory Contracts as of the Effective Date pursuant to
§§ 365 and 1123.

14 **b. Bar Date for Rejection Damages**

15 Any Claim for damages arising from the rejection under the Plan of an Executory Contract
16 must be Filed and served upon counsel to the Debtors within 30 days after the entry of an order
17 (including the Confirmation Order) approving such rejection. Any such Claims that are not timely
18 Filed and served will be forever barred and unenforceable against the Debtors, the Estates, the
Reorganized Debtors, the GUC Distribution Trust, and their respective property, and Entities
holding these Claims will be barred from receiving any distribution under the Plan on account of
such untimely claims.

19 **3. Postpetition Contracts and Leases**

20 Except as set forth in the Schedule of Rejected Agreements or as otherwise expressly
21 provided in the Plan or the Confirmation Order, all contracts, leases, and other agreements that
22 Debtors entered into after Petition Date will be assumed by Reorganized Debtors.

23 **4. Indemnification Obligations**

24 Subject to the occurrence of the Effective Date, the obligations of the Debtors as of the
25 Effective Date to indemnify, defend, reimburse, or limit the liability of employees, attorneys, other
26 professionals and agents of the Debtors, and such current and former employees', attorneys', other
27 professionals' and agents' of the Debtors, and such current respective Affiliates, respectively,
28 against any Claims or Causes of Action under the Indemnification Provisions or applicable law,
shall survive Confirmation, shall be assumed by the Debtors and assigned to the Reorganized
Debtors and will remain in effect after the Effective Date if such indemnification, defense,
reimbursement, or limitation is owed in connection with an event occurring before the Effective
Date; provided, however, that, notwithstanding anything in the Plan to the contrary, the obligation
of the Reorganized Debtors to fund such Indemnification Provisions shall be limited to the extent

1 of coverage available under any Reorganized Debtor Insurance Policies.

2 **5. Lapis Parties Fees and Expenses**

3 As an integral component of the Senior Debt 9019 Settlement, to the extent not previously
4 paid prior to the Effective Date or in connection with the Plan, the fees and expenses of each of the
5 Lapis Parties shall be deemed Allowed Administrative Expenses and shall be paid in Cash on the
6 Effective Date.

7 **Q. Procedures for Resolving Contingent, Unliquidated, and Disputed Claims**

8 **1. Joint Pursuit of Reconciliation, Objections to, and/or Settlement of Asserted
9 General Unsecured Claims**

10 The GUC Distribution Trustee and the Debtors will jointly pursue the reconciliation,
11 objections to, and/or settlement of asserted General Unsecured Claims consistent with the terms of
12 Section V of the Plan. To the extent a dispute arises between the GUC Distribution Trustee and
13 the Debtors as to the proposed treatment of an asserted General Unsecured Claim, either party shall
14 have standing and the right to submit the matter to the Court for a determination, subject to the
15 other party's right to oppose the requested relief.

16 Reasonable attorneys' fees and expenses and other professional fees and expenses
17 (including the GUC Distribution Trustee's fees and expenses) incurred by the GUC Distribution
18 Trust attributable to services rendered in connection with the General Unsecured Claim
19 reconciliation process will be paid by the Reorganized Debtors.

20 The Debtors and Reorganized Debtors, as applicable, will cooperate with and provide
21 reasonable assistance the GUC Distribution Trustee, as applicable, including reasonable access to
22 information and personnel, in connection with the General Unsecured Claim reconciliation process.

23 **2. Resolution of Disputed Claims**

24 **a. Allowance of Claims**

25 On and after the Effective Date, the Reorganized Debtors (and with respect to General
26 Unsecured Claims, the GUC Distribution Trustee), shall have and shall retain any and all rights and
27 defenses that the Debtors had with respect to any Claim or Interest, except with respect to any
28 Claim or Interest deemed Allowed as of the Effective Date. Except as expressly provided in the
Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including the
Confirmation Order), no Claim or Interest shall become an Allowed Claim or Interest unless and
until such Claim or Interest is deemed Allowed under the Plan or the Bankruptcy Code or the Court
has entered a Final Order, including the Confirmation Order, in the Chapter 11 Cases allowing such
Claim.

As set forth in Section 1.9 of the Plan, "Allowed" means, "with respect to (I) a Claim: (a)
any Claim, a proof of Claim for which was timely Filed by the applicable Claims Bar Date,
Supplemental Bar Date or Administrative Claims Bar Date (or a Claim for which a Proof of Claim
is not required to be Filed under the Plan, the Bankruptcy Code, or a Final Order of the Court); (b)
any Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and
for which no Proof of Claim has been timely Filed; (c) any Claim allowed pursuant to the Plan or
Final Order of the Court; provided, that with respect to any Claim described in clause (a) above,
such Claim shall be considered Allowed only if and to the extent that no objection to the allowance
of such Claim has been interposed within the applicable period of time fixed by the Plan, the
Bankruptcy Code, the Bankruptcy Rules or Court, or if such an objection is so interposed and the
Claim shall have been Allowed by a Final Order; provided, further, that the Debtors or the

1 Reorganized Debtors (and with respect to General Unsecured Claims, the GUC Distribution
2 Trustee), as applicable, may, subject to Section V.A [of the Plan], affirmatively determine to allow
3 any Claim described in clause (a) notwithstanding the fact that the period within which an objection
4 may be interposed has not yet expired; provided, further, that any Claims allowed solely for the
5 purpose of voting to accept or reject the Plan pursuant to an Order of the Court shall not be
6 considered an Allowed Claim under this Plan; provided, further, that any Claim disallowed or
7 expunged under the Plan, by Final Order of the Court, or otherwise shall not be an Allowed Claim;
8 provided, further, that with respect to any Claim Allowed only in part, references to Allowed
9 Claims in this Plan include, and are limited to, only the portion of the Claim that is Allowed; and
10 (II) an Interest, to the extent Allowed under this Plan. Unless otherwise specified in the Plan, an
11 Allowed Claim does not include interest on the Claim accruing after Petition Date. Moreover, all
12 or any portion of a Claim that is satisfied or released during the Chapter 11 Cases is not an Allowed
13 Claim.”

8 **b. Prosecution of Objections to Claims**

9 On or after the Effective Date, the Reorganized Debtors (and with respect to General
10 Unsecured Claims, the GUC Distribution Trustee), shall have the authority to File objections to
11 Claims, and the exclusive authority, subject to Section V.A of the Plan, to settle, compromise,
12 withdraw, or litigate to judgment objections on behalf of the Debtors’ Estates to any and all Claims,
13 except with respect to any Claim or Interest deemed Allowed as of the Effective Date. From and
14 after the Effective Date, the Reorganized Debtors (and with respect to General Unsecured Claims,
15 the GUC Distribution Trustee) shall have the sole authority, subject to Section V.A of the Plan, to
16 administer and adjust the Claims Register with respect to Claims to reflect any such settlements or
17 compromises and no further notice to or action, order, or approval of the Court with respect to such
18 settlements or compromises shall be required.

14 **c. Claims Estimation**

15 On and after the Effective Date, the Reorganized Debtors (and with respect to General
16 Unsecured Claims, the GUC Distribution Trustee) may, at any time, request that the Court estimate
17 (a) any Disputed Claim pursuant to applicable law and (b) any contingent or unliquidated Claim
18 pursuant to applicable law, in each case regardless of whether the Debtors, the Reorganized
19 Debtors, or any other party have previously objected to such Claim or whether the Court has ruled
20 against the objecting party on any such objection, and the Court shall retain jurisdiction under 28
21 U.S.C. §§ 157 and 1334 to the maximum extent permitted by law as determined by the Court to
22 estimate any such Disputed Claim, contingent Claim, or unliquidated Claim, including during the
23 litigation concerning any objection to any Claim or during the pendency of any appeal relating to
24 any such objection.

21 Notwithstanding any provision otherwise in the Plan to the contrary, a Claim that has been
22 expunged from the Claims Register but that is subject to appeal or has not been the subject of a
23 Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Court.
24 In the event that the Court estimates any Disputed Claim, contingent Claim, or unliquidated Claim,
25 that estimated amount shall constitute either the Allowed amount of such Claim or a maximum
26 limitation on such Claim for all purposes under the Plan, including for purposes of distributions,
27 and the Reorganized Debtors (or the GUC Distribution Trustee, as applicable) may elect to pursue
28 additional objections to the ultimate distribution on such Claim. If the estimated amount constitutes
a maximum limitation on such Claim, the Reorganized Debtors (or the GUC Distribution Trustee,
as applicable) may elect to pursue any supplemental proceedings to object to any ultimate
distribution on account of such Claim. Notwithstanding § 502(j), in no event shall any Holder of a
Claim that has been estimated pursuant to § 502(c) or otherwise be entitled to seek reconsideration
of such estimation unless such Holder has Filed a motion requesting the right to seek such
reconsideration on or before 21 days after the date on which such Claim is estimated. All of the
aforementioned Claims and objection, estimation, and resolution procedures are cumulative and

1 not exclusive of one another. Claims may be estimated and subsequently compromised, settled,
2 withdrawn, or resolved by any mechanism approved by the Court.

3 **d. Expungement or Adjustment to Claims Without Objection**

4 Any Claim that has been paid, satisfied, or superseded may be expunged on the Claims
5 Register by the Reorganized Debtors (and with respect to General Unsecured Claims, the GUC
6 Distribution Trustee) or the Claims and Noticing Agent at the Reorganized Debtors' (and with
7 respect to General Unsecured Claims, the GUC Distribution Trustee's) direction, and any Claim
8 that has been amended may be adjusted thereon by the Reorganized Debtors (and with respect to
9 General Unsecured Claims, by the GUC Distribution Trustee) without a Claims objection having
10 to be Filed and without any further notice to or action, order, or approval of the Court.

11 **e. Deadline to File Objections to Claims**

12 Any objections to Claims shall be Filed no later than the Claims Objection Bar Date.

13 **3. Disallowance of Claims**

14 Any Claim, or any portion thereof, is Disallowed and shall be expunged without further
15 action by the Debtors and without further notice to any party or action, approval, or Order of the
16 Court, to the extent that it (i) has been disallowed by Final Order or settlement; (ii) is scheduled in
17 the amount of zero dollars (\$0) or as contingent, disputed, or unliquidated on the Schedules and as
18 to which a Claims Bar Date, Supplemental Bar Date or Administrative Claims Bar Date has been
19 established but no Proof of Claim has been timely Filed or deemed timely Filed with the Court
20 pursuant to either the Bankruptcy Code or any Final Order of the Court, including the Claims Bar
21 Date Order, Supplemental Bar Date Order or Administrative Claims Bar Date Order or otherwise
22 deemed timely Filed under applicable law; or (iii) is not scheduled on the Schedules and as to which
23 a Claims Bar Date, Supplemental Bar Date or Administrative Claims Bar Date has been established
24 but no Proof of Claim has been timely Filed or deemed timely Filed with the Court pursuant to
25 either the Bankruptcy Code or any Final Order of the Court, including the Claims Bar Date Order,
26 Claims Bar Date Order, Supplemental Bar Date Order or Administrative Claims Bar Date Order or
27 otherwise deemed timely Filed under applicable law.

28 To the maximum extent provided by § 502(d), except as otherwise provided in the Plan, all
Claims of any Entity from which property is recoverable by the GUC Distribution Trustee under
§§ 542, 543, 550, or 553 or that the GUC Distribution Trustee alleges is a transferee of a transfer
that is avoidable under §§ 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) shall be Disallowed if
(a) the Entity, on the one hand, and the GUC Distribution Trustee, on the other hand, agree or it
has been determined by Final Order that such Entity or transferee is liable to turnover any property
or monies under any of the aforementioned sections of the Bankruptcy Code, and (b) such Entity
or transferee has failed to turnover such property by the date set forth in such agreement or Final
Order.

4. Disallowance of Untimely Claims

Except as expressly provided in the Plan or otherwise agreed by the Reorganized Debtors
(and with respect to General Unsecured Claims, the GUC Distribution Trustee) on and after the
Petition Date, any and all Holders of proofs of Claim filed after the applicable bar date (including
the Administrative Claims Bar Date, the Claims Bar Date, the Governmental Bar Date, and the
Supplemental Bar Date) shall not be treated as creditors or claimants for purposes of voting or
distribution under the Plan unless, on or before the Voting Deadline or the Confirmation Date, as
applicable, such untimely proofs of Claim are deemed timely filed by a Final Order of the Court.

Claims for which proofs of Claim or requests for Allowance were required to be filed by a

1 bar date occurring before the Effective ~~date~~Date, and with respect to which no proof of Claim or
2 request for Allowance was filed before the applicable bar date, shall be forever Disallowed, barred,
3 and discharged in their entirety as of the Effective Date, and shall not be enforceable against the
4 Debtors, their Estates, the Reorganized Debtors, or the GUC Distribution Trust, unless such proofs
5 of Claim or requests for Allowance are deemed timely filed by a Final Order of the Court before
6 the Effective Date.

7
8 Claims for which proofs of Claim or requests for Allowance are required to be filed after
9 the Effective Date pursuant to the Plan, and with respect to which no proof of Claim or request for
10 Allowance is filed by the applicable deadline, shall be forever Disallowed, barred, and discharged
11 in their entirety as of the applicable deadline, and shall not be enforceable against the Debtors, their
12 Estates, the Reorganized Debtors, or the GUC Distribution Trust.

5. Amendments to Claims

13 After the Confirmation Date, a Claim may not be filed or amended without the authorization
14 of the Court and any such new or amended Claim Filed shall be deemed Disallowed and expunged
15 without any further notice to or action, order, or approval of the Court; provided, that such Holder
16 may amend the Claim Filed solely to decrease, but not to increase, the amount, number, or priority
17 of such Claim, unless otherwise provided by the Court.

6. No Interest

18 Unless otherwise specifically provided for in the Plan, by applicable law (including, without
19 limitation, § 506(b)), or agreed to by, as applicable, the ~~Debtor~~Debtors, the Committee, the
20 Reorganized Debtors, or the GUC Distribution Trustee interest shall not accrue or be paid on any
21 Claim, and no Holder of any Claim shall be entitled to interest accruing on and after the Petition
22 Date on account of any Claim. Without limiting the foregoing, interest shall not accrue or be paid
23 on any Claim after the Effective Date to the extent the final distribution paid on account of such
24 Claim occurs after the Effective Date.

R. Jurisdiction

1. Retention of Jurisdiction

25 Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective
26 Date, on and after the Effective Date, the Court shall retain jurisdiction over the Chapter 11 Cases
27 and all matters arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction
28 to:

- 29 a) Allow, Disallow, determine, liquidate, classify, estimate, or establish the priority,
30 Secured or unsecured status, or amount of any Claim, including the resolution of
31 any request for payment of any Administrative Claim and the resolution of any and
32 all objections to the Secured or unsecured status, priority, amount, or Allowance of
33 Claims; provided that, for the avoidance of doubt, the Court's retention of
34 jurisdiction with respect to such matters shall not preclude the Debtors or the
35 Reorganized Debtors, as applicable, from seeking relief from any other court,
36 tribunal, or other legal forum of competent jurisdiction with respect to such matters;
- 37 b) decide and resolve all matters related to the granting and denying, in whole or in
38 part, any applications for allowance of compensation or reimbursement of expenses
39 to professionals authorized pursuant to the Bankruptcy Code or the Plan;
- 40 c) resolve any matters related to (i) the assumption or assumption and assignment of
41 any Executory Contract to which a Debtor is a party or with respect to which a

1 Debtor may be liable in any manner and to hear, determine, and, if necessary,
2 liquidate, any Claims arising therefrom, including Claims related to the rejection of
3 an Executory Contract, cure costs pursuant to § 365, or any other matter related to
such Executory Contract; and (ii) any dispute regarding whether a contract or lease
is or was executory or unexpired;

- 4 d) adjudicate, decide, or resolve any controversies, if any, with respect to distributions
to Holders of Allowed Claims;
- 5 e) adjudicate, decide, or resolve any motions, adversary proceedings, contested, or
6 litigated matters, and any other matters, and grant or deny any applications involving
a Debtor that may be pending on the Effective Date;
- 7 f) adjudicate, decide, or resolve any and all matters related to Causes of Action;
- 8 g) adjudicate, decide, or resolve any and all matters related to § 1141;
- 9 h) enter and implement such orders as may be necessary or appropriate to execute,
10 implement, or consummate the provisions of the Plan and all contracts, instruments,
releases, indentures, and other agreements or documents created in connection with
11 the Plan or the Disclosure Statement;
- 12 i) enforce any order for the sale of property pursuant to §§ 363, 1123, or 1146(a);
- 13 j) resolve any cases, controversies, suits, disputes, or Causes of Action that may arise
14 in connection with the Consummation, interpretation, or enforcement of the Plan or
any Entity's obligations incurred in connection with the Plan;
- 15 k) issue injunctions, enter and implement other orders, or take such other actions as
16 may be necessary or appropriate to restrain interference by any Entity with
Consummation or enforcement of the Plan;
- 17 l) resolve any cases, controversies, suits, disputes, or Causes of Action with respect to
18 the settlements, compromises, discharges, releases, injunctions, exculpations, and
other provisions contained in Section VII of the Plan and enter such orders as may
19 be necessary or appropriate to implement such releases, injunctions, and other
provisions;
- 20 m) enter and implement such orders as are necessary or appropriate if the Confirmation
Order is for any reason modified, stayed, reversed, revoked, or vacated;
- 21 n) determine any other matters that may arise in connection with or relate to the Plan,
22 the Disclosure Statement, the Confirmation Order, or the Plan Supplement,
including any matter arising in connection with or otherwise relating to the
23 Liquidation Trust or GUC Distribution Trust;
- 24 o) adjudicate any and all disputes arising from or relating to distributions under the
Plan or any transactions contemplated therein;
- 25 p) adjudicate, decide, or resolve any motions, adversary proceedings, contested or
26 litigated matters, and any other matters, and grant or deny any applications involving
a Debtor that may be pending on the Effective date, including the WSNA Adversary
27 Proceeding, SBA Adversary Proceeding, and YHMA Adversary Proceeding;
- 28

- 1 q) consider any modifications of the Plan, to cure any defect or omission, or to
2 reconcile any inconsistency in any Court order, including the Confirmation Order;
- 3 r) determine requests for the payment of Claims entitled to priority pursuant to § 507;
- 4 s) hear and determine matters concerning state, local, and federal taxes in accordance
5 with §§ 346, 505, and 1146 (including the expedited determination of taxes under §
6 505(b));
- 7 t) hear and determine matters concerning exemptions from state and federal
8 registration requirements in accordance with § 1145;
- 9 u) hear and determine all disputes involving the existence, nature, or scope of the
10 release provisions set forth in the Plan, including any dispute relating to any liability
11 arising out of the termination of employment or the termination of any employee or
12 retiree benefit program, regardless of whether such termination occurred prior to or
13 after the Effective Date;
- 14 v) enforce all orders previously entered by the Court;
- 15 w) hear any other matter not inconsistent with the Bankruptcy Code;
- 16 x) enter an order concluding or closing the Chapter 11 Cases; and
- 17 y) enforce the compromise, settlement, injunction, release, and exculpation provisions
18 set forth in Section VII of the Plan.

19 2. Consent to Jurisdiction

20 All creditors who have filed claims in the Chapter 11 Cases shall be deemed to have
21 consented to the jurisdiction of the Bankruptcy Court for purposes of the Causes of Action.

22 S. Effect of Confirmation of Plan

23 1. Discharge

24 The Plan is a reorganization plan. The rights afforded in the Plan and the treatment of all
25 Claims shall be in exchange for and in complete satisfaction, discharge, and release of all Claims
26 of any nature whatsoever arising prior to the Effective Date, including any interest accrued on such
27 Claims from and after the Petition Date (except as otherwise ordered by the Court), against the
28 Debtors, the Estates and their property.

Except as otherwise provided in the Plan or the Confirmation Order or in any Executory
Contract assumed by Debtors during the Chapter 11 Cases (including, without limitation, the
Debtors' indemnification obligations thereunder), the Plan and Confirmation Order shall: (a) on the
Effective Date, discharge and release the Debtors, the Estate, the Reorganized Debtors, and their
property to the fullest extent permitted by §§ 524 and 1141 from all Claims, including all debts,
obligations, demands, liabilities, and Claims that arose before the Effective Date, and all debts of
the kind specified in §§ 502(g), 502(h), or 502(i), regardless of whether or not (i) a proof of Claim
based on such debt is Filed or deemed Filed, (ii) a Claim based on such debt is allowed pursuant to
§ 502, or (iii) the Holder of a Claim based on such debt has or has not accepted the Plan; (b) void
any judgment underlying a Claim discharged hereunder; and (c) preclude all Entities from asserting
against the Debtors, the Estate, the Reorganized Debtors, or their respective property any Claims
based upon any act or omission, transaction, or other activity of any kind or nature that occurred
prior to the Effective Date. To the extent any Claim is paid other than under the Plan, Debtors will

1 be deemed discharged and released with respect to such Claim and such Claim and shall not receive
2 a distribution under the Plan.

3 Except as otherwise provided in the Plan or the Confirmation Order, or as provided in
4 contracts assumed during the Case and Debtor's indemnification obligations thereunder, on and
5 after the Effective Date, all Entities who have held, currently hold, or may hold a debt or Claim
6 against the Debtors, the Estate, the Reorganized Debtors, or their respective property that is based
7 upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to
8 the Effective Date, that otherwise arose or accrued prior to the Effective Date, or that is otherwise
9 discharged pursuant to the Plan, shall be permanently enjoined from taking any of the following
10 actions on account of any such discharged debt, Claim, (the "**Permanent Injunction**"): (a)
11 commencing or continuing in any manner any action or other proceeding against the Debtors, the
12 Estate, the Reorganized Debtors, or their respective property that is inconsistent with the Plan or
the Confirmation Order; (b) enforcing, attaching, collecting, or recovering in any manner any
judgment, award, decree, or order against the Debtors, the Estate, the Reorganized Debtors, or their
respective property other than as specifically permitted under the Plan, as approved by the
Confirmation Order; (c) creating, perfecting, or enforcing any lien or encumbrance against the
Debtors, the Estate, the Reorganized Debtors, or their respective property; and (d) commencing or
continuing any action, in any manner, in any place that does not comply with or is inconsistent with
the provisions of the Plan, the Confirmation Order, or the discharge provisions of § 1141. Any
Entity injured by any willful violation of such Permanent Injunction shall recover actual damages,
including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive
damages, from the willful violator.

13 **2. Compromise and Settlement of Claims and Controversies**

14 Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other
15 benefits provided pursuant to the Plan, and except as otherwise specifically provided in the Plan or
16 in any contract, instrument, or other agreement or document created pursuant to the Plan, the
17 distributions, rights, and treatment that are provided in the Plan shall be in complete settlement,
18 compromise, and release, effective as of the Effective Date, of Claims, and Causes of Action of any
19 nature whatsoever, including any interest accrued on Claims from and after the Petition Date,
20 including, but not limited to, all known or unknown liabilities of, Liens on, obligations of, rights
21 against the Debtor or any of its assets or properties, regardless of whether any property shall have
22 been distributed or retained pursuant to the Plan on account of such Claims, including demands,
23 liabilities, and Causes of Action that arose before the Effective Date, any liability to the extent such
24 Claims relate to services performed by employees of the Debtor before the Effective Date and that
25 arise from a termination of employment, any contingent or non-contingent liability on account of
26 representations or warranties issued on or before the Effective Date, and all debts of the kind
27 specified in § 502(g), (h), or (i), in each case whether or not: (a) a Proof of Claim based upon such
28 debt, right, or interest is Filed or deemed Filed pursuant to § 501; (b) a Claim based upon such debt,
right, or interest is Allowed pursuant to § 502; or (c) the Holder of such a Claim has accepted the
Plan. Any default by the Debtor or its Affiliates with respect to any Claim that existed immediately
before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective
Date. The Confirmation Order shall be a judicial determination of the settlement, compromise, and
release of all Claims, subject to the Effective Date occurring.

25 **3. Release of Liens**

26 Except as otherwise provided in the Plan or in any contract, instrument, release, or other
27 agreement or document created pursuant to the Plan, on the Effective Date and concurrently with
28 the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim,
satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all
mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the
Estate shall be fully released, settled, and compromised and all rights, titles, and interests of any

1 Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests against any
2 property of the Estate shall revert or otherwise transfer to the Reorganized Debtors or the
3 Liquidation Trust, as applicable, and their successors and assigns. For the avoidance of doubt, this
section (and the corresponding Section VII.C of the Plan) shall not apply to DIP Claims, Senior
Secured Bond Claims, or Senior Secured Credit Agreement Claims.

4 **4. Subordinated Claims**

5 The allowance, classification, and treatment of all Allowed Claims and the respective
6 distributions and treatments under the Plan take into account and conform to the relative priority
7 and rights of the Claims in each Class in connection with any contractual, legal, and equitable
8 subordination rights relating thereto, whether arising under general principles of equitable
subordination, § 510(b), or otherwise. Except with respect to Allowed Claims, pursuant to § 510,
the Court shall retain jurisdiction to re-classify, upon proper application, any Claim in accordance
with any contractual, legal, or equitable subordination relating thereto.

9 **5. Exculpation**

10 The Exculpated Parties³⁰ shall neither have, nor incur any liability to any Entity for any
11 prepetition or ~~post-petition~~postpetition act taken or omitted to be taken in connection with the
12 Chapter 11 Cases, or related to formulating, negotiating, soliciting, preparing, disseminating,
13 confirming, or implementing the Plan or consummating the Plan, the Disclosure Statement, or any
14 contract, instrument, release, or other agreement or document created or entered into in connection
15 with the Plan, or any other prepetition or ~~post-petition~~postpetition act taken or omitted to be taken
16 in connection with or in contemplation of the restructuring of the Reorganized Debtors, liquidation
17 of the Liquidating Debtors, or administration of the GUC Distribution Trust. Without limiting the
18 foregoing “Exculpation” provided under ~~this~~ Section VII.E of the Plan, the rights of any Holder of
19 a Claim or Interest to enforce rights arising under the Plan shall be preserved, including the right to
20 compel payment of distributions in accordance with the Plan; provided, that the foregoing
21 “Exculpation” shall have no effect on the liability of any Entity for liability solely to the extent
22 resulting from any such act or omission taken after the Effective Date or of any Entity solely to the
23 extent resulting from any act or omission that is determined in a final order to have constituted
24 gross negligence or willful misconduct; provided, further, that, subject to the foregoing exclusions,
25 each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or
26 its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or
27 agreement. The exculpation of the Lapis Parties is an integral component of the Senior Debt 9019

28 ³⁰ As defined in Section 1.71 of the Plan, “Exculpated Parties” means “solely to the extent of the
Exculpation, each of the (a) the Debtors, and any of their Related Parties; (b) the Lapis Parties, and
any of their respective Related Parties; (c) the Committee, its members, and any of their respective
Related Parties; (d) the Board Trustees; (e) the Patient Care Ombudsman, and any of its respective
Related Parties; (f) the POC, its members, and any of their respective Related Parties; and (g) the
GUC Distribution Trustee and his or her Related Parties; provided, AHM, Inc., the officers of the
Debtors ~~and~~, Non-Debtor Affiliates and AHM, Inc., and any Board Trustee acting in the capacity
of an officer of any of the foregoing, shall not constitute Exculpated Parties for ~~the~~ purposes of this
Plan.” As defined in Section 1.131, “Related Parties” means “with respect to any person or entity,
except as otherwise set forth below or in this Plan, any past or present representative, controlling
persons, officer, director, agent, attorney, advisor, Professional, employee, subsidiary or Affiliate,
shareholder, partner (general or limited), executive committee member, member, managers, equity
holder, trustee executor, predecessor in interest, successor or assign of any such person, provided,
AHM, Inc., the officers of the Debtors ~~and~~, Non-Debtor Affiliates and AHM, Inc., and any Board
Trustee acting in the capacity of an officer of any of the foregoing, shall not constitute Related
Parties for ~~the~~ purposes of this Plan.”

1 Settlement.

2 **6. Releases**

3 The Plan provides for certain releases, as described more fully below. As used below, and
4 in the Plan, “**Released Parties**” means (a) the Debtors, (b) the Lapis Parties, (c) the Committee and
5 the Committee Members, (d) the ~~Patient Care Ombudsman~~PCO, (e) the Board Trustees, and (f)
6 except as otherwise set forth below or in the Plan, each of the ~~forgoing~~foregoing Entities’ respective
7 predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries, beneficial
8 owners, managed accounts or funds, current and former officers, directors, principals, shareholders,
9 direct and indirect equity holders, members partners (general and limited), employees, agents,
10 advisory board members, financial advisors, attorneys accountants, investment bankers,
11 consultants, representatives, management companies, fund advisors, Professionals, and other
12 professionals; provided, AHM, Inc., the officers of the Debtors ~~and~~, Non-Debtor Affiliates and
13 AHM, Inc., and any Board Trustee acting in the capacity of an officer of any of the foregoing, shall
14 not constitute Released Parties for purposes of this Plan and provided further, that as a condition to
15 receiving or enforcing any release granted pursuant to Section VII.F.2 of the Plan, each Released
16 Party and its Affiliates shall be deemed to have released the Releasing Parties, the Estate, and the
17 Debtors from any and all Claims or Causes of Action arising from or related to their relationship
18 with the Debtors or the Chapter 11 Cases, but not, for the avoidance of doubt, Professional Fee
19 Claims or rights to enforce the Plan. For the avoidance of doubt, and notwithstanding anything
20 herein to the contrary, in no event shall an Entity that appropriately marks a Ballot to opt out of the
21 third party release provided in Section VII.F.2 of the Plan and returns such Ballot in accordance
22 with the Solicitation Procedures Order be a Released Party, except that a member of the Committee
23 who either holds a Claim that has opted out of the Third Party Release or represents a Claim that
24 has opted out of the Third Party Release shall be a Released Party only in his or her capacity as a
25 member of the Committee. Furthermore, “**Releasing Party**” means (a) the Released Parties; and
26 (b) all Holders of Claims that (i) vote to accept the Plan, and (ii) do not affirmatively opt out of the
27 third party release provided by Section VII.F.2 of the Plan pursuant to a duly executed Ballot;
28 provided, that, notwithstanding anything contained herein to the contrary, in no event shall an
Entity that (x) does not vote to accept or reject the Plan, (y) votes to reject the Plan, or (z)
appropriately marks the Ballot to opt out of the third party release provided in Section VII.F.2 of
the Plan and returns such Ballot in accordance with the Solicitation Procedures Order, be a
Releasing Party.

The Plan Proponents ~~believe that these releases are plan proponents believe~~assert that these
releases are in accordance with applicable law as they are narrow in time and scope, relate to ~~actions~~
~~that occurred during~~Claims or Causes of Action arising from or related to the Debtors or the Chapter
11 Cases and do not apply to ~~claims~~Claims for gross negligence or willful misconduct.

21 **a. Debtors’ Releases**

22 The Plan provides for the following releases of the Debtors:

23 ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT
24 AUTHORIZED BY APPLICABLE LAW, THE RELEASED PARTIES AND THEIR
25 RESPECTIVE PROPERTY WILL BE EXPRESSLY, UNCONDITIONALLY, GENERALLY
26 AND INDIVIDUALLY AND COLLECTIVELY RELEASED, ACQUITTED AND
27 DISCHARGED BY THE DEBTORS ON BEHALF OF THEMSELVES, THEIR ESTATES, THE
28 REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST AND THE LIQUIDATION
TRUST (SUCH THAT THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST
AND THE LIQUIDATION TRUST WILL NOT HOLD ANY CLAIMS OR CAUSES OF
ACTION RELEASED PURSUANT TO ~~THIS~~THE PLAN), FOR THE GOOD AND VALUABLE
CONSIDERATION PROVIDED BY EACH OF THE RELEASED PARTIES, FROM ANY AND
ALL ACTIONS, CLAIMS, DEBTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES

1 OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY
2 DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN
3 OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING
4 OR HEREINAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, BY
5 STATUTE, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS OR OTHERWISE,
6 BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION, TRANSACTION, OR
7 OTHER OCCURRENCE OR CIRCUMSTANCES EXISTING OR TAKING PLACE PRIOR TO
8 OR ON THE EFFECTIVE DATE ARISING FROM OR RELATED IN ANY WAY TO THE
9 DEBTORS, ANY OF THE DEBTORS' PRESENT OR FORMER ASSETS, THE RELEASED
10 PARTIES' INTERESTS IN OR MANAGEMENT OF THE DEBTORS, THE PLAN, THE
11 DISCLOSURE STATEMENT, THIS CHAPTER 11 CASE, OR ANY RESTRUCTURING OF
12 CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE EFFECTIVE DATE, INCLUDING
13 THOSE THAT THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION
14 TRUST, OR THE LIQUIDATION TRUST WOULD HAVE BEEN LEGALLY ENTITLED TO
15 ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTOR
16 OR ANY OTHER ENTITY COULD HAVE BEEN LEGALLY ENTITLED TO ASSERT
17 DERIVATIVELY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES INCLUDING
18 WITH RESPECT TO THE LAPIS PARTIES ANY CHALLENGE TO CLAIMS AND RIGHTS
19 OF THE LAPIS PARTIES UNDER THE BOND DOCUMENTS AND CREDIT AGREEMENT
20 DOCUMENTS; PROVIDED, HOWEVER, THAT THE FOREGOING "DEBTORS'
21 RELEASES" SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CLAIMS OR CAUSES
22 OF ACTION OF THE DEBTORS OR THEIR ESTATES AGAINST A RELEASED PARTY
23 ARISING UNDER ANY CONTRACTUAL OBLIGATION OWED TO THE DEBTORS THAT
24 IS ENTERED INTO OR ASSUMED PURSUANT TO THE PLAN.

25 ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S
26 APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE DEBTORS' RELEASES,
27 WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND
28 DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE
COURT'S FINDING THAT THE DEBTORS' RELEASES ARE: (1) IN EXCHANGE FOR THE
GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2)
A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY
THE DEBTORS' RELEASES; (3) IN THE BEST INTERESTS OF THE DEBTORS' ESTATES
AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND
REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR
HEARING; AND (6) A BAR AGAINST ANY OF THE DEBTORS' ESTATES, THE
REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION
TRUST, ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO
THE DEBTORS' RELEASES.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL
COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT.

b. Third Party Releases

The Plan further provides for the following nondebtor releases:

ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT
AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED
TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND
COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR
RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS,
OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND
LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON
BEHALF OF THE DEBTOR, WHETHER KNOWN OR UNKNOWN, FORESEEN OR

1 UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN
2 LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER
3 INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN,
4 SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING
5 FROM OR RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS'
6 PRESENT OR FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR
7 MANAGEMENT OF THE DEBTORS, THE BUSINESS OR CONTRACTUAL
8 ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE PLAN,
9 THE DISCLOSURE STATEMENT, THESE CHAPTER 11 CASES, OR ANY
10 RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE
11 EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED
12 DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD
13 HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM
14 AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE
15 BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE
16 DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF
ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND
(II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE
REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION
TRUST ON ACCOUNT OF AN ALLOWED CLAIM AGAINST THE DEBTORS PURSUANT
TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL
INCLUDE (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I)
VOTE TO ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE
THIRD PARTY RELEASE PROVIDED BY ~~THIS~~ SECTION VII.F.2 OF THE PLAN
PURSUANT TO A DULY EXECUTED BALLOT. NOTWITHSTANDING ANYTHING TO
THE CONTRARY HEREIN, IN NO EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE
TO ACCEPT OR REJECT THE PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z)
APPROPRIATELY MARKS THE BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE
PROVIDED IN ~~THIS~~ SECTION VII.F.2 OF THE PLAN AND RETURNS SUCH BALLOT IN
ACCORDANCE WITH THE SOLICITATION PROCEDURES ORDER, BE A RELEASING
PARTY.

17 ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S
18 APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY
19 RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS
20 AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE
21 THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR
22 THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED
23 PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS
RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE
DEBTORS AND ALL HOLDERS OF CLAIMS; (4) FAIR, EQUITABLE, AND REASONABLE;
(5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND
(6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED
PURSUANT TO THE THIRD PARTY RELEASE.

24 NOTWITHSTANDING ANY PROVISION IN THE PLAN, THERE SHALL BE NO
25 RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE
26 MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED
OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT
SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

27 THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL
28 COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO §
1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE
DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS

1 HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH
2 HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND
3 DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES,
4 DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER,
5 AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES'
6 PRE AND/OR POSTPETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION,
7 OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED
8 IN ~~THIS~~THE PLAN OR THE CONFIRMATION ORDER.

7. Injunction

9 EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE CONFIRMATION
10 ORDER, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS, INTERESTS,
11 CAUSES OF ACTION, OR LIABILITIES THAT: (1) ARE SUBJECT TO COMPROMISE AND
12 SETTLEMENT PURSUANT TO THE TERMS OF THE PLAN; (2) HAVE BEEN RELEASED
13 PURSUANT TO SECTION VII.F.1 ~~HEREOF~~OF THE PLAN; (3) HAVE BEEN RELEASED
14 PURSUANT TO SECTION VII.F.2 ~~HEREOF~~OF THE PLAN; (4) ARE SUBJECT TO
15 EXCULPATION PURSUANT TO SECTION VII.E ~~HEREOF~~OF THE PLAN; OR (5) ARE
16 OTHERWISE STAYED OR TERMINATED PURSUANT TO THE TERMS OF THE PLAN,
17 ARE PERMANENTLY ENJOINED AND PRECLUDED, FROM AND AFTER THE
18 EFFECTIVE DATE, FROM: (A) COMMENCING OR CONTINUING IN ANY MANNER ANY
19 ACTION OR OTHER PROCEEDING OF ANY KIND, INCLUDING ON ACCOUNT OF ANY
20 CLAIMS, INTERESTS, CAUSES OF ACTIONS, OR LIABILITIES THAT HAVE BEEN
21 COMPROMISED OR SETTLED AGAINST THE DEBTORS, THE REORGANIZED
22 DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY
23 ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF ANY
24 ENTITY, DIRECTLY OR INDIRECTLY, SO RELEASED OR EXCULPATED) ON ACCOUNT
25 OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY RELEASED, SETTLED,
26 COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (B)
27 ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR
28 MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST THE DEBTORS, THE
REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION
TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR
ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON
ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH
RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF
ACTION, OR LIABILITIES; (C) CREATING, PERFECTING, OR ENFORCING ANY LIEN,
CLAIM, OR ENCUMBRANCE OF ANY KIND AGAINST THE DEBTORS, THE
REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION
TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR
ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON
ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH
RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF
ACTION, OR LIABILITIES; (D) ASSERTING ANY RIGHT OF SETOFF OR SUBROGATION
OF ANY KIND AGAINST ANY OBLIGATION DUE FROM THE DEBTORS OR ANY
ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATES OF THE
DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN
CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED,
COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES
UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF OR SUBROGATION
RIGHT PRIOR TO CONFIRMATION IN A DOCUMENT FILED WITH THE COURT
EXPLICITLY PRESERVING SUCH SETOFF OR SUBROGATION; AND (E) COMMENCING
OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY
KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC
DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR

1 EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO
2 RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH
3 RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED
4 CLAIMS, CAUSES OF ACTION, OR LIABILITIES RELEASED, SETTLED, OR
5 COMPROMISED PURSUANT TO THE PLAN; PROVIDED THAT NOTHING CONTAINED
6 IN THE PLAN SHALL PRECLUDE AN ENTITY FROM OBTAINING BENEFITS DIRECTLY
AND EXPRESSLY PROVIDED TO SUCH ENTITY PURSUANT TO THE TERMS OF THE
PLAN; PROVIDED, FURTHER, THAT NOTHING CONTAINED IN THE PLAN SHALL BE
CONSTRUED TO PREVENT ANY ENTITY FROM DEFENDING AGAINST CLAIMS
OBJECTIONS OR COLLECTION ACTIONS WHETHER BY ASSERTING A RIGHT OF
SETOFF OR OTHERWISE TO THE EXTENT PERMITTED BY LAW.

7 **8. Waiver of Statutory Limitations on Releases**

8 EACH RELEASING PARTY IN EACH OF THE RELEASES CONTAINED IN THE
9 PLAN (INCLUDING UNDER SECTION VII.H OF THE PLAN) EXPRESSLY
10 ACKNOWLEDGES THAT ALTHOUGH ORDINARILY A GENERAL RELEASE MAY NOT
11 EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT KNOW OR SUSPECT
12 TO EXIST IN HIS FAVOR, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY
13 AFFECTED ITS SETTLEMENT WITH THE PARTY RELEASED, THEY HAVE CAREFULLY
14 CONSIDERED AND TAKEN INTO ACCOUNT IN DETERMINING TO ENTER INTO THE
15 ABOVE RELEASES THE POSSIBLE EXISTENCE OF SUCH UNKNOWN LOSSES OR
16 CLAIMS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH
RELEASING PARTY EXPRESSLY WAIVES ANY AND ALL RIGHTS CONFERRED UPON
IT BY ANY STATUTE OR RULE OF LAW WHICH PROVIDES THAT A RELEASE DOES
NOT EXTEND TO CLAIMS WHICH THE CLAIMANT DOES NOT KNOW OR SUSPECT TO
EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN
BY IT MAY HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE RELEASED
PARTY. THE RELEASES CONTAINED IN SECTION VII.H OF THE PLAN ARE EFFECTIVE
REGARDLESS OF WHETHER THOSE RELEASED MATTERS ARE PRESENTLY KNOWN,
UNKNOWN, SUSPECTED OR UNSUSPECTED, FORESEEN OR UNFORESEEN.

17 **9. Limitation on Liability of Liquidation Trustee and GUC Distribution Trustee**

18 The GUC Distribution Trustee will not be liable for any act ~~they~~^{it} may do or omit to do as
19 GUC Distribution Trustee under the Plan and GUC Distribution Trust Agreement, as applicable,
20 while acting in good faith and in the exercise of his or her reasonable business judgment; nor will
21 the GUC Distribution Trustee be liable in any event except for gross negligence, fraud, or willful
22 misconduct. The foregoing limitation on liability will also apply to any Person or Entity (including
23 any attorney or other professional) employed by the GUC Distribution Trustee and acting on behalf
24 of the GUC Distribution Trustee in the fulfillment of the GUC Distribution Trustee's duties under
25 the Plan or the GUC Distribution Trust Agreement. Also, the GUC Distribution Trustee and any
26 Person or Entity (including any attorney or other professional) employed by the GUC Distribution
27 Trustee and acting on behalf of the GUC Distribution Trustee shall be entitled to indemnification
28 out of the assets of the GUC Distribution Trust against any losses, liabilities, expenses (including
attorneys' fees and disbursements), damages, taxes, suits, or claims that they may incur or sustain
by reason of being, having been, or being or having been employed by, the GUC Distribution
Trustee, or for performing any function incidental to such service.

The Liquidation Trustee will not be liable for any act they may do or omit to do as
Liquidation Trustee under the Plan and Liquidation Trust Agreement, as applicable, while acting
in good faith and in the exercise of his or her reasonable business judgment; nor will the Liquidation
Trustee be liable in any event except for gross negligence, fraud, or willful misconduct. The
foregoing limitation on liability will also apply to any Person or Entity (including any attorney or
other professional) employed by the Liquidation Trustee and acting on behalf of the Liquidation

1 Trustee in the fulfillment of the Liquidation Trustee's duties under the Plan or the Liquidation Trust
2 Agreement. Also, the Liquidation Trustee and any Person or Entity (including any attorney or other
3 professional) employed by the Liquidation Trustee and acting on behalf of the Liquidation Trustee
4 shall be entitled to indemnification out of the assets of the Liquidation Trust against any losses,
5 liabilities, expenses (including attorneys' fees and disbursements), damages, taxes, suits, or claims
6 that they may incur or sustain by reason of being, having been, or being or having been employed
7 by, the Liquidation Trustee, or for performing any function incidental to such service.

10. Setoffs

8 Except as otherwise provided in the Plan, prior to the Effective Date, the Debtors, and on
9 and after the Effective Date, the Reorganized Debtors, the GUC Distribution Trustee or the
10 Liquidation Trustee, as applicable, pursuant to the Bankruptcy Code (including §§ 553 and 558),
11 applicable non-bankruptcy law, or as may be agreed to by the Holder of a Claim or Interest, may
12 set off against any Allowed Claim or Interest on account of any Proof of Claim or proof of Interest
13 or other pleading Filed with respect thereto prior to the Confirmation Hearing and the distributions
14 to be made pursuant to the Plan on account of such Allowed Claim or Interest (before any
15 distribution is made on account of such Allowed Claim or Interest), any claims, rights, and Causes
16 of Action of any nature that the Debtor's Estate may hold against the Holder of such Allowed Claim
17 or Interest, to the extent such claims, rights, or Causes of Action against such Holder have not been
18 otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan
19 or otherwise); provided that neither the failure to effect such a setoff nor the allowance of any Claim
20 or Interest pursuant to the Plan shall constitute a waiver or release by the Debtors, the Reorganized
21 Debtors, the GUC Distribution Trustee or the Liquidation Trustee, as applicable, of any such
22 claims, rights, and Causes of Action that the Debtors' Estates may possess against such Holder. In
23 no event shall any Holder of Claims or Interests be entitled to set off any Claim or Interest against
24 any claim, right, or Cause of Action of the Debtor's Estate unless such Holder has timely Filed a
25 Proof of Claim (including any Proof of Claim timely Filed by the Governmental Bar Date) with the
26 Court expressly preserving such setoff; provided that nothing in the Plan shall prejudice or be
27 deemed to have prejudiced the Debtors', the Reorganized Debtors', the GUC Distribution Trustee's
28 or the Liquidation Trustee's right to assert that any Holder's setoff rights were required to have
29 been asserted by motion or pleading filed with the Court prior to the Effective Date, or any such
30 Holder's right to assert that there was no such requirement.

11. Revesting of Property in the Debtors

31 Except as provided elsewhere in the Plan or in the Exchange Debt Documents, the Effective
32 Date of the Plan revests the assets of the Estate in the Reorganized Debtors, free and clear of all
33 Claims, liens, encumbrances, and Interests, except as expressly provided in the Plan. From and after
34 the Effective Date, Reorganized Debtors may operate their business and use, acquire and dispose
35 of property without supervision by the Court and free of any restrictions of the Bankruptcy Code
36 or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the
37 Confirmation Order.

12. Preservation of Restricted Funds for Charitable Purposes

38 Pursuant to § 1123(b) and all other applicable law and subject to consent of the Washington
39 Attorney General, the Reorganized Debtors shall be vested with and shall retain any and all
40 restricted funds, if any, formerly held by Debtors. All such funds shall be held in charitable trust
41 and may be used only for the restricted purposes permitted under applicable law. The Debtors are
42 not aware of any restricted funds.

13. Modification of Plan

43 Subject to such notice as the Court may require, the Debtors may, with the prior written

1 consent of the Lapis Parties and the Committee, modify the Plan at any time before Confirmation,
2 if circumstances develop that warrant modification or amendment to the Plan. For the avoidance
3 of doubt, the Debtors will not modify any term of the Plan constituting the Committee Plan
4 Settlement without prior consent of the Committee.

5 However, the Court may require a new disclosure statement and/or re-voting on the Plan if
6 ~~the~~ Debtors materially modify the Plan before Confirmation. ~~The~~ Debtors may also seek to modify
7 the Plan at any time after Confirmation so long as (1) the Plan has not been substantially
8 consummated and (2) if the Court authorizes the proposed modifications after notice and a hearing.

9 **14. Termination of Patient Care Ombudsman**

10 Upon the Effective Date, the responsibilities of the ~~Patient Care Ombudsman~~PCO will be
11 terminated and she may dispose of any documents provided to her in the course of her reporting.

12 **15. Post-Confirmation Status Report**

13 Within 120 days of the entry of the order confirming the Plan, the Debtors (if the Effective
14 Date has not occurred) or Reorganized Debtors (if it has) shall file a status report with the Court
15 explaining what progress has been made toward Consummation of the confirmed Plan. The status
16 report shall be served on the U.S. Trustee, the twenty largest unsecured creditors, and those parties
17 who have requested special notice. Further status reports shall be filed every 120 days and served
18 on the same Entities.

19 **16. Quarterly Fees**

20 Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to date of Confirmation shall be paid
21 to the U.S. Trustee on or before the Effective Date of the Plan. Quarterly fees accruing under 28
22 U.S.C. § 1930(a)(6) after Confirmation shall be paid by the Liquidation Trust to the U.S. Trustee
23 in accordance with 28 U.S.C. § 1930(a)(6) and the Liquidation Trust Agreement until entry of a
24 final decree, or entry of an order of dismissal or conversion to chapter 7. If the Liquidation Trust
25 fails to timely pay the quarterly fees that come due after Confirmation, the Reorganized Debtors
26 shall remain obligated to pay the fees and may seek indemnification from the Liquidation Trust.

27 **17. Post-Confirmation Conversion/Dismissal**

28 A creditor or party in interest may bring a motion to convert or dismiss the Chapter 11 Cases
under § 1112(b), after the Plan is confirmed, if there is a default in performing the Plan. If the Court
orders the Chapter 11 Cases converted to Chapter 7 after the Plan is confirmed, then all property
that had been property of the Chapter 11 Estate, and that has not been disbursed pursuant to the
Plan, will revert in the Chapter 7 Estate, and the automatic stay will be reimposed upon the reverted
property only to the extent that relief from stay was not previously granted by the Court during
these Chapter 11 Cases.

The Confirmation Order may also be revoked under very limited circumstances. The Court
may revoke the order if the Confirmation Order was procured by fraud and if the party in interest
brings an adversary proceeding to revoke Confirmation within 180 days after the entry of the
Confirmation Order.

18. Final Decree

Once the Estates have been fully administered as referred to in Bankruptcy Rule 3022, the
Reorganized Debtors, or such other party as the Court shall designate in the Confirmation Order,
shall file a motion with the Court to obtain a final decree to close the Chapter 11 Cases.

1 **VII.**
2 **ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN**

3 The Plan Proponents believe the Plan is in the best interests of the Creditors and should
4 accordingly be accepted and confirmed. If the Plan as proposed, however, is not confirmed, the
5 following three alternatives may be available to the Debtors: (i) a liquidation of the Debtors' Assets
6 pursuant to chapter 7 of the Bankruptcy Code; (ii) an alternative plan of reorganization and
7 liquidation may be proposed and confirmed; or (iii) the Debtors' Chapter 11 Cases may be
8 dismissed.

9 **A. Chapter 7 Liquidation**

10 If a plan pursuant to chapter 11 of the Bankruptcy Code is not confirmed by the Bankruptcy
11 Court, the Debtors' Chapter 11 Cases may be converted to a liquidation case under chapter 7 of the
12 Bankruptcy Code, in which case a trustee would be elected or appointed, pursuant to applicable
13 provisions of chapter 7 of the Bankruptcy Code, to liquidate the Assets of the Debtors for
14 distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors
15 believe that such a liquidation would result in smaller distributions being made to the Debtors'
16 Creditors than those provided for in the Plan because (a) the likelihood that other Assets of the
17 Debtors would have to be sold or otherwise disposed of in a less orderly fashion, (b) additional
18 administrative expenses attendant to the appointment of a trustee and the trustee's employment of
19 attorneys and other professionals, (c) additional expenses and Claims, some of which would be
20 entitled to priority, which would be generated during the liquidation and from the rejection of leases
21 and other executory contracts. The Debtors have determined that confirmation of the Plan will
22 provide each Holder of an Allowed Claim with a recovery that is not less than such Holder would
23 receive pursuant to liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

24 **B. Alternative Plan Pursuant to Chapter 11 of the Bankruptcy Code**

25 If the Plan is not confirmed, the Debtors may propose a different plan, which might involve
26 an alternative means for the reorganization or liquidation of the Debtors' Assets. However, it is
27 difficult to speculate on or assess the terms and potential treatment of Allowed Claims under any
28 such alternative plan. Furthermore, for the Debtors and/or Creditors to formulate, solicit and
confirm any such alternative plan would likely require the Estates to incur additional administrative
and other expenses, may substantially delay distributions to Creditors, and may result in lower
recoveries to Creditors than the proposed Plan. The Plan Proponents believe that the terms of the
Plan provide for an orderly and efficient administration of the Debtors' Assets and will result in the
realization of the most value for Holders of Claims against the Debtors' Estates.

29 **C. Dismissal of the Debtors' Chapter 11 Cases**

30 Dismissal of the Debtors' Chapter 11 Cases would have the effect of restoring (or
31 attempting to restore) all parties to the *status quo ante*. Upon dismissal of the Debtors' Chapter 11
32 Cases, the Debtors would lose the protection of the Bankruptcy Code, thereby requiring, at the very
33 least, an extensive and time-consuming process of negotiation with the various creditors of the
34 Debtors, and possibly resulting in costly and protracted litigation in various jurisdictions. Dismissal
35 would also permit unpaid unsecured creditors to obtain and enforce judgments against the Debtors.
36 The Debtors believe that these actions could lead ultimately to the liquidation of the Debtors' Assets
37 under chapter 7 of the Bankruptcy Code. Therefore, the Debtors believe that dismissal of the
38 Chapter 11 Cases is not a preferable alternative to the Plan.

39 **VIII.**
40 **CERTAIN MATERIAL FEDERAL TAX CONSEQUENCES**

41 THE FOLLOWING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF

1 CERTAIN MATERIAL U.S. FEDERAL TAX CONSEQUENCES OF THE PLAN AND IS NOT
2 A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE
3 FOLLOWING DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX
4 ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY
5 VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES.
6 ACCORDINGLY, EACH HOLDER IS STRONGLY URGED TO CONSULT ITS OWN TAX
7 ADVISOR REGARDING THE APPLICABLE U.S. FEDERAL, STATE, LOCAL, AND NON-
8 U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

9
10 **A. General**

11 The following discussion summarizes certain material U.S. federal income tax
12 consequences to the Debtors, the Liquidation Trust, the GUC Distribution Trust, and Holders
13 entitled to vote on the Plan. This discussion is based on current provisions of the IRC, applicable
14 Treasury Regulations, judicial authority and current administrative rulings and pronouncements of
15 the Internal Revenue Service (the "Service"). There can be no assurance that the Service will not
16 take a contrary view, no ruling from the Service has been or will be sought nor will any counsel be
17 asked to provide a legal opinion as to any of the expected tax consequences set forth below.

18 Legislative, judicial or administrative changes or interpretations may be forthcoming that
19 could alter or modify the statements and conclusions set forth herein. Any such changes or
20 interpretations may or may not be retroactive and could affect the tax consequences to Holders of
21 Claims, the Liquidation Trust, the GUC Distribution Trust, or the Debtors. It cannot be predicted
22 at this time whether any tax legislation will be enacted or, if enacted, whether any tax law changes
23 contained therein would affect the tax consequences described herein.

24 The following summary is for general information only. The tax treatment of a Holder may
25 vary depending upon such Holder's particular situation. This summary does not address all of the
26 tax consequences that may be relevant to a Holder, including any consequences of the alternative
27 minimum tax or net investment income tax, and does not address the tax consequences to a Holder
28 that has made an agreement to resolve its claim in a manner not explicitly provided for in the Plan.
This summary also does not address the U.S. federal income tax consequences to persons not
entitled to vote on the Plan or to Holders subject to special treatment under the U.S. federal income
tax laws, such as brokers or dealers in securities or currencies; persons that use the accrual method
of accounting and report income on an "applicable financial statement"; certain securities traders;
tax-exempt or government entities; persons that have ceased to be U.S. citizens or lawful permanent
residents of the United States; financial institutions; insurance companies; partnerships and other
pass-through entities; Holders that have a "functional currency" other than the United States dollar;
and Holders that have acquired Claims in connection with the performance of services. This
summary addresses the tax United States federal tax treatment only of a United States person,
defined as a Holder that is, for U.S. federal income tax purposes: (i) an individual citizen or resident
of the United States; (ii) a corporation created or organized under the laws of the United States, any
state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal
income tax without regard to its source or (iv) a trust if either a court within the United States is
able to exercise primary supervision over the administration of the trust and one or more U.S.
persons have the authority to control all substantial decisions of the trust, or the trust has validly
elected to be treated as a domestic trust for U.S. federal income tax purposes. The following
summary assumes that all Claims denominated as indebtedness are properly treated as debt for U.S.
federal income tax purposes.

26 The tax treatment of Holders and the character, amount and timing of income, gain or loss
27 recognized as a consequence of the Plan and the distributions provided for by the Plan may vary,
28 depending upon, among other things: (i) whether the Claim (or portion thereof) constitutes a Claim
for principal or interest; (ii) the type of consideration received by the Holder in exchange for the
Claim and whether the Holder receives distributions under the Plan in more than one taxable year;

1 (iii) whether the Holder is a citizen or resident of the United States for tax purposes, is otherwise
2 subject to U.S. federal income tax on a net basis, or falls into any special class of taxpayers, such
3 as those that are excluded from this discussion as noted above; (iv) the manner in which the Holder
4 acquired the Claim; (v) the length of time that the Claim has been held; (vi) whether the Claim was
5 acquired at a discount; (vii) whether the Holder has taken a bad debt deduction with respect to the
6 Claim (or any portion thereof) in the current or prior years; (viii) whether the Holder has previously
7 included in income accrued but unpaid interest with respect to the Claim; (ix) the method of tax
8 accounting of the Holder; (x) whether the Claim is an installment obligation for U.S. federal income
9 tax purposes; and (xi) whether the “market discount” rules are applicable to the Holder. Therefore,
10 each Holder should consult its tax advisor for information that may be relevant to its particular
11 situation and circumstances, and the particular tax consequences to such Holder of the transactions
12 contemplated by the Plan.

13 **B. U.S. Federal Income Tax Consequences to the Debtors**

14 **1. In General**

15 The Debtors are not-for-profit corporations that are exempt from federal income taxation
16 under Section 501(c)(3) of the IRC. It is intended that nothing in the Plan shall adversely affect the
17 tax-exempt status of the Debtors. Accordingly, the Debtors do not expect the implementation of
18 the Plan to have any adverse federal income tax consequences on the Debtors before or after the
19 Effective Date. If the tax-exempt status of the Debtors would terminate, the Debtors may be subject
20 to tax on their income, which would reduce the amount of distributions payable to the Holders of
21 Claims. This summary assumes that that the Debtors are and will continue to be exempt from
22 federal income tax under Section 501 of the IRC.

23 Organizations that are otherwise exempt from federal income tax under Section 501 of the
24 IRC are nevertheless subject to tax on their “unrelated business taxable income” (“**UBTI**”). UBTI
25 is generally defined as gross income from any unrelated trade or business regularly carried on by a
26 tax-exempt entity less any deductions attributable thereto. An unrelated trade or business consists
27 of any trade or business the conduct of which is not substantially related to the organization’s
28 exempt purpose or function.

UBTI includes unrelated debt-financed income (“**UDFI**”). UDFI includes income derived
from debt-financed property during the taxable year and may include income derived from a sale
or other disposition of debt-financed property if there was acquisition indebtedness outstanding
with respect to such property during the 12-month period ending with the date of sale or other
disposition. Acquisition indebtedness generally includes any debt incurred directly or indirectly to
purchase such property. Thus, to the extent that a tax-exempt directly or indirectly (including
through an investment in a partnership or other entity (or arrangement) which is treated as a pass-
through entity for federal income tax purposes) has income from a trade or business, or earns
income in respect of certain leveraged investments, a tax-exempt partner’s allocable share of such
income generally will be treated as UBTI.

If the Debtors retain their tax-exempt status and any of their assets are regarded as UDFI
(which generally would not include property substantially all the use of which is substantially
related to the exercise or performance by the Debtors of the purpose or function constituting the
basis for its tax-exempt status), the Debtors may be subject to tax on a percentage of the income
(including gain) derived from such assets.

29 **2. Gain or Loss on Sale or Exchange**

Under the IRC, a taxpayer must recognize and include in gross income gain on the sale or
exchange of assets equal to the excess of the amount realized therefrom over the adjusted basis of
the assets. The transfer of assets, in payment and discharge of recourse indebtedness is treated as

1 a sale or exchange of such assets.

2 Each Debtor is exempt from U.S. federal income taxation under section 501(c)(3) of the
3 IRC. Gain realized and recognized in a transfer of assets in payment and discharge of recourse
indebtedness would be exempt from U.S. federal income taxation.

4 Each Debtor is also subject to tax on UBTI. Gain on the sale of assets other than (a) property
5 subject to depreciation recapture, or (b) property includable in inventory or held primarily for sale
6 to customers in the ordinary course of an unrelated trade or business is excluded from UBTI under
the IRC. Gain on the sale of assets includable in inventory or held primarily for sale to customers
is included in UBTI, and is subject to tax.

7 In addition, gain on the sale or exchange of debt-financed property is included in UDFI, and
8 so includable in UBTI, and subject to tax.

9 **3. Cancellation of Debt Income**

10 Under the IRC, a taxpayer generally must include in gross income the amount of any
11 cancellation of indebtedness (“**COD**”) income recognized during the taxable year. COD income
12 generally equals the excess of the adjusted issue price of the indebtedness discharged over the sum
of (i) the amount of cash, (ii) the issue price of any new debt, and (iii) the fair market value of any
13 other property transferred by the debtor in satisfaction of such discharged indebtedness (including
stock). COD income also includes any interest that has been previously accrued and deducted but
remains unpaid at the time the indebtedness is discharged.

14 The IRC permits a debtor in bankruptcy to exclude its COD income from gross income if
the discharge occurs in a bankruptcy case (“**Bankruptcy Exception**”) or to the extent that the
15 debtor is insolvent at the time of the discharge (“**Insolvency Exception**”), either of which should
apply to exclude any COD income from taxation in these Chapter 11 Cases.

16 The same analysis applies to UBTI and UDFI. Income excluded from gross income under
17 the Bankruptcy Exception or Insolvency Exception for income tax purposes is also excluded from
gross income for UBTI and UDFI purposes. Accordingly, either the Bankruptcy Exception or the
18 Insolvency Exception should apply to exclude any UBTI or UDFI from taxation.

19 **C. U.S. Federal Income Tax Treatment with Respect to the Plan Trusts**

20 The Debtors shall file copies of the Plan Trust Agreements at least ten (10) days prior to the
Voting Deadline. The Plan Trust Agreements will provide information concerning the U.S. federal
21 income tax treatment of the Plan Trusts in addition to the provisions regarding federal income tax
treatment of the GUC Distribution Trust set forth in Sections III.E.1 and III.E.8 of the Plan.

22 **D. U.S. Federal Income Tax Treatment with Respect to Holders of Allowed Claims that 23 Are Beneficiaries of the Plan Trusts**

24 Subject in all respects to the provisions of Sections III.E.1 and III.E.8 of the Plan:

25 Holders of Allowed Claims as of the Effective Date that are Beneficiaries of either Plan
Trust should be treated as receiving from the Debtors their respective shares of the applicable assets
26 of the applicable Plan Trust in satisfaction of their Allowed Claims, and simultaneously transferring
such assets to the applicable Plan Trust. Accordingly, a Holder of such Claim should generally
27 recognize gain or loss in an amount equal to the amount deemed realized on the Effective Date (as
described above) less its adjusted tax basis of its Claim. Additionally, such Holders should
28 generally recognize their allocable share of income, gain, loss and deductions recognized by the
applicable Plan Trust on an annual basis.

1 Because a Holder's ultimate share of the assets of the applicable Plan Trust based on its
2 Allowed Claim will not be determinable on the Effective Date due to, among other things, the
3 existence of Disputed Claims and the value of the assets at the time of actual receipt not being
4 ascertainable on the Effective Date, such Holder should recognize additional or offsetting gain or
5 loss if, and to the extent that, the aggregate amount of cash and fair market value of the assets of
6 the applicable Plan Trust ultimately received by such Holder is greater than or less than the amount
7 used in initially determining gain or loss in accordance with the procedures described in the
8 preceding paragraph. It is unclear when a Holder of an Allowed Claim that is a beneficiary of a
9 Plan Trust should recognize, as an additional amount received for purposes of computing gain or
10 loss, an amount attributable to the disallowance of a Disputed Claim.

11 The character of any gain or loss as capital gain or loss or ordinary income or loss and, in
12 the case of capital gain or loss, as short-term or long-term, will depend on a number of factors,
13 including: (i) the nature and origin of the Claim; (ii) the tax status of the Holder of the Claim;
14 (iii) whether the Claim has been held for more than one year; (iv) the extent to which the Holder
15 previously claimed a loss or bad debt deduction with respect to the Claim; and (v) whether the
16 Claim was acquired at a market discount. A Holder that purchased its Claim from a prior Holder
17 at a market discount may be subject to the market discount rules of the IRC. Under those rules
18 (subject to a *de minimis* exception), assuming that such Holder has made no election to accrue the
19 market discount and include it in income on a current basis, any gain recognized on the exchange
20 of such Claim generally would be characterized as ordinary income to the extent of the accrued
21 market discount on such Claim as of the date of the exchange.

22 It is possible that the IRS may assert that any loss should not be recognizable until the
23 respective Plan Trustee makes its final distribution of the assets of the applicable Plan Trust.
24 Holders should consult their tax advisors regarding the possibility that the recognition of gain or
25 loss may be deferred until the final distribution of the assets of the applicable Plan Trust.

26 Although not free from doubt, Holders of Disputed Claims should not recognize any gain
27 or loss on the date that the applicable Plan Trust Assets are transferred to the applicable Plan Trust,
28 but should recognize gain or loss in an amount equal to: (i) the amount of cash and the fair market
value of any other property actually distributed to such Holder less (ii) the adjusted tax basis of its
Claim. It is possible, however, that such Holders may be required to recognize the fair market
value of such Holder's allocable share of the applicable Plan Trust Assets, as an amount received
for purposes of computing gain or loss, either on the Effective Date or the date such Holder's Claim
becomes an Allowed Claim.

Holders of Allowed Claims will be treated as receiving a payment of interest (includible in
income in accordance with the Holder's method of accounting for tax purposes) to the extent that
any cash or other property received (or deemed received) pursuant to the Plan is attributable to
accrued but unpaid interest, if any, on such Allowed Claims. The extent to which the receipt of
cash or other property should be attributable to accrued but unpaid interest is unclear. The Debtors
and the Plan Trustees intend to take the position, and the Plan provides, that such cash or property
distributed pursuant to the Plan will first be allocable to the principal amount of an Allowed Claim
and then, to the extent necessary, to any accrued but unpaid interest thereon. Each Holder should
consult its tax advisor regarding the determination of the amount of consideration received under
the Plan that is attributable to interest (if any). A Holder generally will be entitled to recognize a
loss to the extent any accrued interest was previously included in its gross income and is not paid
in full.

E. Tax Withholding and Information Reporting

Subject in all respects to Section III.N of the Plan:

Distributions to Holders of Allowed Claims are subject to applicable tax withholding.

1 Under U.S. federal income tax law, interest, dividends, and other reportable payments may, under
2 certain circumstances, be subject to “backup withholding” at the then-applicable withholding rate
3 (currently 24%). Backup withholding generally applies if the holder (a) fails to furnish its social
4 security number or other taxpayer identification number, (b) furnishes an incorrect taxpayer
5 identification number, (c) fails properly to report interest or dividends, or (d) under certain
6 circumstances, fails to provide a certified statement, signed under penalty of perjury, that the tax
7 identification number provided is its correct number and that it is not subject to backup withholding.
8 Backup withholding is not an additional tax, and may be refunded to the extent it results in an
9 overpayment of tax. Certain persons are exempt from backup withholding. Holders of Allowed
10 Claims are urged to consult their tax advisors regarding the Treasury Regulations governing backup
11 withholding and the extent to which the transactions contemplated by the Plan would be subject to
12 these Treasury Regulations.

13 In addition, Treasury Regulations generally require disclosure by a taxpayer on its U.S.
14 federal income tax return of certain types of transactions in which the taxpayer participated,
15 including, among other types of transactions, certain transactions that result in the taxpayer’s
16 claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors
17 regarding these Treasury Regulations and whether the transactions contemplated by the Plan would
18 be subject to these Treasury Regulations and require disclosure on the holder’s tax returns.

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IX.
RISK FACTORS IN CONNECTION WITH THE PLAN

The Holders of Claims against the Debtors should read and carefully consider the following risk factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith), before deciding whether to vote to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks associated with the Plan and its implementation.

A. Bankruptcy Considerations

Although the Plan Proponents believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will confirm the Plan as proposed. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes.

In addition, the occurrence of the Effective Date is conditioned on the satisfaction of the conditions precedent set forth in the Plan, and there can be no assurance that such conditions will be satisfied. In the event the conditions precedent described in the Plan have not been satisfied as of the Effective Date, then the Confirmation Order will be vacated, no Distributions will be made pursuant to the Plan, and the Debtors and all Holders of Claims will be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred.

Section 1122 provides that a plan may place a claim in a particular class only if such claim or equity interest is substantially similar to the other claims in such class. The Plan Proponents believe that the classification of Claims under the Plan complies with the requirements set forth in the Bankruptcy Code because each Class of Claims encompass Claims, as applicable, that are substantially similar to the other Claims in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

The liquidation of certain Assets and the prosecution of certain Causes of Action may result in the availability of additional assets for distribution pursuant to the Plan’s terms. The potential recoveries from any such actions, and the outcomes of the Adversary Proceedings are unknown.

1 As to each Impaired Class that has not accepted the Plan, the Plan may be confirmed if the
2 Bankruptcy Court determines that the Plan “does not discriminate unfairly” and is “fair and
3 equitable” with respect to these Classes. The Plan Proponents believe that the Plan satisfies these
4 requirements.

5 **B. No Duty to Update Disclosures**

6 The Plan Proponents have no duty to update the information contained in this Disclosure
7 Statement as of the date hereof, unless otherwise specified herein, or unless the Plan Proponents
8 are required to do so pursuant to an order of the Bankruptcy Court. Delivery of the Disclosure
9 Statement after the date hereof does not imply that the information contained herein has remained
10 unchanged.

11 **C. Representations Outside this Disclosure Statement**

12 This Disclosure Statement contains representations concerning or related to the Debtors and
13 the Plan that are authorized by the Bankruptcy Code and the Bankruptcy Court. Please be advised
14 that any representations or inducements made outside this Disclosure Statement and any related
15 documents which are intended to secure your acceptance or rejection of the Plan should not be
16 relied upon by Holders of Claims that are entitled to vote to accept or reject the Plan.

17 **D. No Admission**

18 The information and representations contained herein shall not be construed to constitute
19 an admission of, or be deemed evidence of, any legal effect of the Plan on the Plan Proponents, the
20 Plan Trustees, Holders of Claims, or the Committee.

21 **E. Tax and Other Related Considerations**

22 A discussion of potential tax consequences of the Plan is set forth in this Disclosure
23 Statement. However, the content of this Disclosure Statement is not intended and should not be
24 construed as tax, legal, business or other professional advice. Holders of Claims should seek advice
25 from their own independent tax, legal and other professional advisors based on their own individual
26 circumstances.

27 **X.**
28 **RECOMMENDATION AND CONCLUSION**

The Plan Proponents believe the Plan provides the best available alternative for maximizing
the recoveries that Creditors may receive from the Estates. Therefore, the Plan Proponents
recommend that all Creditors that are entitled to vote on the Plan vote to accept the Plan.

29 Dated: November 4,10, 2020

DENTONS US LLP

By: /s/ Samuel R. Maizel

Samuel R. Maizel

Sam J. Alberts

Geoffrey M. Miller

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Counsel to the *Debtors and Debtors In Possession*

Dated: November 4,10, 2020

MINTZ, LEVIN, COHN, FERRIS, GLOVSKY AND POPEO, P.C.

By: /s/ William Kannel
William Kannel
Ian A. Hammel

Counsel to the *Lapis Parties*

Redline of Revised Disclosure Statement Order

HONORABLE
WHITMAN L. HOLT

JAMES L. DAY (WSBA #20474)
BUSH KORNFELD LLP
601 Union Street, Suite 5000
Seattle, WA 98101
Tel: (206) 521-3858
Email: jday@bskd.com

MARK D. NORTHRUP (WSBA
#16947)
MILLER NASH GRAHAM & DUNN
LLP
2801 Alaskan Way, Suite 300
Seattle, Washington 98121-1128
Tel: (206) 624-8300
Email: mark.northrup@millernash.com

SAMUEL R. MAIZEL (Admitted Pro
Hac Vice)
DENTONS US LLP
601 South Figueroa Street, Suite 2500
Los Angeles, California 90017-5704
Tel: (213) 623-9300
Fax: (213) 623-9924
Email: samuel.maizel@dentons.com

WILLIAM KANNEL (Admitted Pro
Hac Vice)
IAN A. HAMMEL (Admitted Pro Hac
Vice)
MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY AND POPEO, P.C.
One Financial Center
Boston, Massachusetts 02111
Tel: (617) 542-6000
Email: wkannel@mintz.com
Email: iahammel@mintz.com
Email: tmckeon@mintz.com

SAM J. ALBERTS (WSBA #22255)
DENTONS US LLP
1900 K. Street, NW
Washington, DC 20006
Tel: (202) 496-7500
Fax: (202) 496-7756
Email: sam.alberts@dentons.com

Attorneys for the Lapis Parties

Attorneys for the Chapter 11 Debtors
and Debtors In Possession

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON**

In re:

ASTRIA HEALTH, *et al.*,

Debtors and
Debtors in
Possession.¹

Chapter 11
Lead Case No. 19-01189-11
Jointly Administered

**ORDER APPROVING JOINT MOTION
FOR AN ORDER APPROVING: (I)
PROPOSED DISCLOSURE
STATEMENT; (II) SOLICITATION AND
VOTING PROCEDURES; (III) NOTICE
AND OBJECTION PROCEDURES FOR**

¹ The Debtors, along with their case numbers, are as follows: Astria Health (19-01189-11), Glacier Canyon, LLC (19-01193-11), Kitchen and Bath Furnishings, LLC (19-01194-11), Oxbow Summit, LLC (19-01195-11), SHS Holdco, LLC (19-01196-11), SHC Medical Center - Toppenish (19-01190-11), SHC Medical Center - Yakima (19-01192-11), Sunnyside Community Hospital Association (19-01191-11), Sunnyside Community Hospital Home Medical Supply, LLC (19-01197-11), Sunnyside Home Health (19-01198-11), Sunnyside Professional Services, LLC (19-01199-11), Yakima Home Care Holdings, LLC (19-01201-11), and Yakima HMA Home Health, LLC (19-01200-11).

1 This matter came before the Court on the *Joint Motion for an Order*
2 *Approving: (I) Proposed Disclosure Statement; (II) Solicitation And Voting*
3 *Procedures; (III) Notice And Objection Procedures for Confirmation Of Joint Plan;*
4 *and (IV) Granting Related Relief* (the “Motion”)² filed by Astria Health (“Astria”)
5 and the affiliated debtors, the debtors and debtors in possession in the
6 above-captioned chapter 11 bankruptcy cases (the “Chapter 11 Cases”)
7 (collectively, the “Debtors”), and Lapis Advisers, LP as lender under the Debtors’
8 debtor in possession facility in the Chapter 11 Cases, as agent under the Debtors’
9 prepetition credit agreement, and as investment advisor and investment manager for
10 certain funds which are beneficial holders of those certain Washington Health Care
11 Facilities Authority Revenue Bonds (collectively, the “Lapis Parties” and, together
12 with the Debtors, the “Movants” or the “Plan Proponents”). After filing the
13 Motion, the Plan Proponents filed the ~~First~~Second *Amended Joint Chapter 11 Plan*
14 *of Reorganization of Astria Health and its Debtor Affiliates* [Docket No. ~~1967~~]
15 (the “Plan”) and the related disclosure statement [Docket No. ~~1968~~] (the
16 “Disclosure Statement”).
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23 The Court, having reviewed the Motion, the Disclosure Statement, the Plan,
24 the *Declaration of John M. Gallagher In Support of Emergency First-Day Motions*
25 [Docket No. 21]; objections to the Disclosure Statement filed by the Official
26 Committee of Unsecured Creditors (the “Committee”) [Docket No. 1624], TIAA
27

28 ² Unless otherwise defined herein, capitalized terms have the definitions set forth in the Motion.

1 Commercial Finance, Inc. (“TIAA”) [Docket No. 1625], and the United States
2 Trustee (the “UST”) [Docket No. 1626] (collectively, the “Objections”), and any
3 withdrawals or settlements thereof; the *Reply in Support of Joint Motion for an*
4 *Order Approving: (I) Proposed Disclosure Statement; (II) Solicitation And Voting*
5 *Procedures; (III) Notice And Objection Procedures for Confirmation Of First*
6 *Amended Joint Plan; and (IV) Granting Related Relief* [Docket No. 1970] (the
7 “Reply”); the entire record of these Chapter 11 Cases; the Court having determined
8 that the relief sought in the Motion is in the best interests of the Debtors, their
9 estates, their creditors, and that the legal and factual bases set forth in the Motion
10 establish just cause for the relief granted herein; all objections to the Motion having
11 been withdrawn, continued, overruled, settled by stipulation approved by the Court,
12 or otherwise settled as reflected on the record at the hearing on the Motion; and
13 after due deliberation and sufficient good cause appearing therefor:

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18 **THE COURT HEREBY FINDS AND CONCLUDES THAT:³**

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21 A. Jurisdiction and Venue. This Court has jurisdiction to hear and
22 determine the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core
23 proceeding pursuant to 28 U.S.C. § 157(b) (2) (A), (B), (L), and (O). Venue of

24
25 ³ The findings and conclusions set forth herein constitute the Court’s findings of
26 fact and conclusions of law pursuant to Rule 7052, made applicable to this
27 proceeding pursuant to Rule 9014. To the extent that any of the following
28 findings of fact constitute conclusions of law, they are adopted as such. To the
extent that any of the following conclusions of law constitute findings of fact,
they are adopted as such.[]

1 these cases is proper in this District and in this Court, pursuant to 28 U.S.C. §§
2 1408 and 1409.

3
4 B. Notice. As evidenced by the declarations of service previously filed
5 with the Court, the Plan Proponents have provided proper, timely, adequate and
6 sufficient notice with respect to the Motion and the relief sought therein, including,
7
8 but not limited to, (i) approving the Disclosure Statement as containing “adequate
9 information,” as that term is defined in § 1125(a)(1);⁴ (ii) establishing procedures
10 for solicitation and tabulation of votes to accept or reject the Plan, including (a)
11 approving the form and manner of the solicitation packages, (b) approving the form
12 and manner of notice of the hearing to confirm the Plan, (c) establishing a voting
13 record date and approving procedures for distributing the solicitation packages, (d)
14 approving the forms of ballots, (e) establishing the deadline for the receipt of
15 ballots, and (f) approving procedures for tabulating acceptances and rejections of
16 the Plan; (iii) establishing procedures with respect to, and the deadline for filing
17 objections to, the confirmation of the Plan; and (v) granting related relief.

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21 C. Adequate Information. The Disclosure Statement contains “adequate
22 information” within the meaning of § 1125.

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26 ⁴ Unless specified otherwise, all chapter and section references are to the
27 “Bankruptcy Code,” 11 U.S.C. §§ 101-1532, all “Rule” references are to the
28 Federal Rules of Bankruptcy Procedure, and all “LBR” references are to the Local
Bankruptcy Rules for the United States Bankruptcy Court for the Eastern District
of Washington.

1 D. Objections. All objections, responses to, and statements and
2 comments, including, but not limited to, the Objections, in opposition to the Motion
3 or approval of the Disclosure Statement, other than those withdrawn with prejudice
4 or resolved in their entirety, shall be, and hereby are, overruled in their entirety and,
5 notwithstanding the foregoing, no objection shall be considered an objection to
6 confirmation of the Plan unless such objection is interposed in accordance with the
7 procedures for objecting to confirmation of the Plan set forth herein.
8

9
10 E. Approval of Forms of Notice. The notices substantially in the form
11 attached to the Reply as Exhibit A (the “Confirmation Hearing Notice”), Exhibit B
12 (the “Notice of Non-Voting Accepting Status and Confirmation Hearing”), the
13 procedures set forth below for providing such notice to all creditors and interest
14 holders of the time, date, and place of the hearing to consider confirmation of the
15 Plan (the “Confirmation Hearing”); and
16

17
18 F. Approval of Forms of Ballot. The forms of Ballot attached hereto as
19 **Exhibit A** are sufficiently consistent with Official Form No. B314 and adequately
20 address the particular needs of these Chapter 11 Cases and are appropriate for each
21 of the respective classes of claims that is entitled to vote to accept or reject the Plan.
22

23
24 G. The Solicitation Package and Procedures. The content and proposed
25 distribution of the Solicitation Packages complies with the Rule 3017(d). The
26 contents of the Solicitation Packages comply with Rules 2002 and 3017, and
27 service of such materials as set forth herein constitutes sufficient notice to all
28

1 interested parties. Ballots need not be provided to holders of the Administrative
2 Claims, Professional Claims, Priority Tax Claims, or claims in Class 1 (Priority
3 Claims) (each as defined in the Plan, and, collectively, the
4 “Unclassified/Unimpaired Claimholders”), because such holders are either
5 unclassified pursuant to § 1123(a)(1) or deemed to accept the Plan pursuant to §
6 1126(f).
7

8
9 H. The Solicitation Procedures. The procedures for solicitation of
10 acceptances of the Plan (the “Solicitation Procedures”) and tabulation of votes to
11 accept or reject the plan (as more fully set forth in the Motion and below) provide
12 for a fair and equitable voting process and are consistent with § 1126. The period,
13 set forth below, during which the Plan Proponents may solicit acceptances to the
14 Plan is a reasonable and adequate period of time under the circumstances for
15 creditors to make an informed decision to accept or reject the Plan.
16
17

18 **IT IS HEREBY ORDERED, AND NOTICE IS HEREBY GIVEN,**
19 **THAT:**
20

21 1. The Motion is GRANTED and all remaining objections to the Motion
22 or approval of the Disclosure Statement, if any, are OVERRULED on their merits
23 and DENIED.
24

25 2. The Disclosure Statement is APPROVED.
26

27 3. The record date for purposes of determining the claimholders that are
28 entitled to vote (subject to the voting procedures set forth below) on the Plan or, in

1 the case of non-voting classes, for purposes of determining the claimholders to
2 receive certain Plan-related materials approved by this Order shall be ~~November 6,~~
3 ~~2020~~ the date of entry of this Order (the “Voting Record Date”).

4
5 4. Kurtzman Carson Consultants LLC (“KCC”) will serve as the Plan
6 Proponents’ Solicitation Agent (the “Solicitation Agent”) and provide access to
7 Solicitation Packages, among other things. Solicitation Packages (except for
8 Ballots) shall be available (i) for download at
9 ~~http~~<http://www.kccllc.net/astriahealth>, (ii) by email request to
10 astriainfo@kccllc.com, and (iii) by written request via standard overnight or hand
11 delivery to: Astria Ballot Processing Center, c/o KCC, 222 N. Pacific Coast
12 Highway, Suite 300, El Segundo, CA 90245.

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16 5. The Confirmation Hearing Notice and Notice of Non-Voting
17 Accepting Status and Confirmation Hearing are APPROVED.

18
19 6. The Plan Proponents are authorized and empowered to commence
20 distribution of the Confirmation Hearing Notice and Solicitation Package to the
21 Voting Classes within five (5) business days following the date of entry of this
22 Order (the “Solicitation Commencement Date”) and shall serve the same via First
23 Class Mail.

24
25 7. To the extent the Plan Proponents are required to distribute copies of
26 the Plan and/or Disclosure Statement, the Plan Proponents, through their
27 Solicitation Agent, may distribute either paper copies or electronic copies in “pdf”
28

1 format on CD-ROM or USB Flash Drive, at their sole discretion; provided, that, the
2 Plan Proponents shall make paper copies available in the manner specified in
3 paragraph 4, above.

4
5 8. By the Solicitation Commencement Date, the Plan Proponents shall
6 commence or cause to be distributed by First Class Mail or electronic mail, this
7 Order, the Confirmation Hearing Notice, the Disclosure Statement (together with
8 the Plan and other exhibits attached thereto), and such other materials as the Court
9 may direct (excluding a Ballot) to, among other parties (to the extent such parties
10 did not otherwise receive the Solicitation Package):
11

- 12 a. the U.S. Trustee;
- 13 b. the Internal Revenue Service;
- 14 c. the Washington Attorney General; and
- 15 d. all persons and entities that have filed a request for service of
16 filings in the Debtors' Cases pursuant to Rule 2002.

17
18 9. The Ballots, substantially in the form attached hereto as **Exhibit A** are
19 APPROVED.
20

21 10. Solicitation Packages, which shall include individual Ballots, shall be
22 distributed to the Voting Classes, which classes are designated under the Plan as
23 entitled to vote to accept or reject the Plan. The Debtors are further authorized to
24 include the letter from the Committee attached hereto as **Exhibit B**, the form and
25 substance of which are hereby authorized and approved in all respects, in
26 Solicitation Packages distributed to Voting Classes.
27
28

1 c/o Kurtzman Carson Consultants LLC
2 222 N. Pacific Coast Highway, Suite 300
3 El Segundo, CA 90245
4 (877) 726-6508 (U.S./Canada)
(424) 236-7248 (International)

5 14. In addition to accepting hard copy Ballots via first class mail,
6 overnight courier, and hand delivery, the Solicitation Agent is authorized to accept
7 Ballots via electronic, online transmissions, solely through a customized online
8 balloting portal on the Debtors' case website. Parties entitled to vote may cast an
9 electronic Ballot and electronically sign and submit a Ballot instantly by utilizing
10 the online balloting portal (which allows a holder to submit an electronic signature).
11 Instructions for electronic, online transmission of Ballots shall be set forth on the
12 forms of Ballots. The encrypted ballot data and audit trail created by such
13 electronic submission shall become part of the record of any Ballot submitted in
14 this manner and the creditor's electronic signature will be deemed to be
15 immediately legally valid and effective and shall be deemed to contain an original
16 signature.
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21 15. BALLOTS TRANSMITTED TO THE DEBTORS BY FACSIMILE,
22 ELECTRONIC MAIL, OR OTHER MEANS NOT SPECIFICALLY APPROVED
23 BY THIS ORDER MAY BE ACCEPTED BY THE PLAN PROPONENTS,
24 AFTER CONSULTATION WITH THE COMMITTEE, ON A CASE-BY-CASE
25 BASIS.
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1 16. For purposes of voting on the Plan, the amount of a claim used to
2 tabulate acceptance or rejection of the Plan shall be determined pursuant to the
3 following guidelines:
4

- 5 a. The amount of the claim listed in the Debtors' schedules of
6 assets and liabilities (the "Schedules"); provided that (i) such
7 claim is not scheduled as any of contingent, unliquidated,
8 undetermined, disputed, or in a zero dollar amount, and (ii) no
9 proof of claim has been timely filed (or otherwise deemed timely
10 filed by the Court under applicable law) with respect to such
11 claim.
12 b. The non-contingent and liquidated amount specified in a proof
13 of claim timely filed with the Court (or otherwise deemed timely
14 filed by the Court under applicable law) to the extent the proof
15 of claim is not the subject of an objection filed by **November 27,**
16 **2020** (the "Voting Objection Deadline") (or, if such claim has
17 been resolved for allowance and/or voting purposes pursuant to
18 a stipulation or order entered by the Court, or otherwise resolved
19 by the Court, the amount set forth in such stipulation or order).
20 c. If a proof of claim has been timely filed prior to the applicable
21 bar date and such claim is asserted in the amount of \$0.00, such
22 claim shall not be entitled to vote.
23 d. With respect to Senior Secured Bond Claims or Senior Secured
24 Credit Agreement Claims, the noncontingent and liquidated
25 amount specified in ballots timely submitted on account of those
26 claims shall be the amount of such claims for voting purposes.
27 e. Notwithstanding anything to the contrary in these tabulation
28 rules, the holder of any claim that has been indefeasibly paid, in
full or in part, shall only be permitted to vote the unpaid amount
of such claim, if any, to accept or reject the Plan.
 f. The amount temporarily allowed or estimated by the Court for
voting purposes, pursuant to Rule 3018(a), subject to notice
consistent with the procedures set forth herein, the Bankruptcy
Code, the Rules and the LBRs shall be the amount of the claim
for voting purposes.

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- g. If a claim for which a proof of claim has been timely filed for unknown or undetermined amounts (as determined on the face of the claim or after a reasonable review of the supporting documentation by the Plan Proponents, after consultation with the Committee) and such claim has not been allowed, such Claim shall be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at \$1.00.
- h. If a claim is listed on a timely filed proof of claim as either wholly or partially contingent or unliquidated, such claim is temporarily allowed in the amount that is the greater of (i) the liquidated and non-contingent amount and (ii) \$1.00, for voting purposes only, and not for purposes of allowance or distribution.
- i. If a claim is deemed allowed under the Plan, such claim is allowed for voting purposes in the deemed allowed amount set forth in the Plan.
- j. If a claim is not listed in the Schedules or is listed in the Schedules as contingent, unliquidated, or disputed (or in a zero amount) and a proof of claim was not (i) filed by the applicable bar date for the filing of proofs of claim established by the Court or (ii) deemed timely filed by an order of the Court prior to the Voting Deadline, such claim shall be disallowed for voting purposes.
- k. If a proof of claim has been amended by a later proof of claim that is filed on or prior to the Voting Record Date, the later filed amending claim shall be entitled to vote in a manner consistent with these tabulation rules, and the earlier filed claim shall be disallowed for voting purposes, regardless of whether the Debtors have objected to such amended claim. Except as otherwise ordered by the Court, any amendments to proofs of claim after the Voting Record Date shall not be considered for purposes of these tabulation rules.

17. The temporary allowance of claims for voting purposes does not constitute an allowance of claims for purposes of distribution under the Plan and is without prejudice to the rights of the Debtors, the Committee, or any other

1 party-in-interest in any other context, including, without limitation, to contest the
2 amount, classification or validity of any claim for purposes of allowance under the
3 Plan.
4

5 18. Additionally, the Movants, after consultation with the Committee, may
6 object to any Claim (as defined in § 101(5)) solely for Plan voting purposes by
7 filing a determination motion (the “Determination Motion”), no later than the
8 Voting Objection Deadline. If an objection to a Claim (made by way of a
9 Determination Motion or otherwise) is filed by the Movants on or before the Voting
10 Objection Deadline requesting that such Claim be reduced or reclassified, such
11 claimant’s Ballot shall, subject to such claimant’s right to file a responsive pleading
12 (including, but not limited to, a Claims Estimation Motion (as defined below)) as
13 set forth herein, be counted in such reduced amount or as falling into the
14 reclassified category, unless otherwise ordered by the Court. Further, if a creditor
15 casts a Ballot and has timely filed a proof of claim (or has otherwise had a proof of
16 claim deemed timely filed by the Bankruptcy Court under applicable law), but the
17 creditor’s claim is the subject of an objection (made by way of a Determination
18 Motion or otherwise) filed no later than the Voting Objection Deadline, in
19 accordance with Bankruptcy Rule 3018, that creditor’s Ballot shall not be counted
20 to the extent it is challenged by the objection, unless such claim is temporarily
21 allowed by the Court for voting purposes pursuant to Bankruptcy Rule 3018(a) after
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1 the creditor files a motion for such temporary allowance (the “Claims Estimation
2 Motion”).⁵

3
4 19. If a creditor seeks to have its claim temporarily allowed for purposes of
5 voting to accept or reject the Plan pursuant to Rule 3018(a) (including in response
6 to a Determination Motion filed by the Debtors or any other party granted
7 standing), such creditor shall file a Claims Estimation Motion for such temporary
8 allowance by the later of (i) the Voting Objection Deadline or (ii) if such claim is
9 the subject of an objection or a Determination Motion, seven (7) days after the
10 filing of the applicable objection or Determination Motion.
11
12

13 20. In the event that a Determination Motion or Claims Estimation Motion
14 is filed, the non-moving party shall file a reply to such motion by the later of (i) the
15 Voting Objection Deadline, or (ii) seven (7) days after the filing of the applicable
16 motion (the “Voting Objection Reply Deadline”). Subject to the Court’s
17 availability, a hearing will be scheduled on such motion within seven (7) days of
18 the Voting Objection Reply Deadline but in no event later than the Confirmation
19 Hearing (as defined below). The ruling by the Court on any Determination Motion
20 or Claims Estimation Motion shall be considered a ruling with respect to the
21 allowance of the claim(s) under Rule 3018 and such claim(s) shall be counted, for
22 voting purposes only, in the amount determined by the Court.
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26 ⁵ This proposed procedure is consistent with § 1126, which provides that a plan
27 may be accepted or rejected by the holder of a claim allowed under § 502. In turn,
28 § 502(a) provides that a filed proof of claim is deemed allowed “unless a party in
interest . . . objects.” 11 U.S.C. § 502(a).

1 21. In the event a claimant reaches an agreement with the Plan Proponents,
2 in consultation with the Committee, as to the treatment of its claim for voting
3 purposes, the claim may be treated in such manner without further order of the
4 Court.
5

6 22. The following voting procedures and standard assumptions shall be
7 used in tabulating the Ballots:
8

- 9 a. For purposes of the numerosity requirement of § 1126(c) and
10 based on the reasonable efforts of the Plan Proponents, separate
11 claims held by a single creditor in a particular class will be
12 aggregated as if such creditor held one claim against the Debtors
13 in such class, and the votes related to such claims will be treated
14 as a single vote to accept or reject the Plan.
- 15 b. Any creditor who holds duplicate claims within the same class
16 (against one Debtor or across multiple Debtors) shall be
17 provided with only one Solicitation Package and one Ballot for
18 voting a single claim in such class, regardless of whether the
19 Debtors have objected to such duplicate claims.
- 20 c. Creditors must vote all of their claims within a particular class
21 either to accept or reject the Plan and may not split their vote.
22 Accordingly, a Ballot (or multiple Ballots with respect to
23 multiple claims within a single class) that partially rejects and
24 partially accepts the Plan will not be counted.
- 25 d. Ballots that fail to indicate an acceptance or rejection of the Plan
26 or that indicate both acceptance and rejection of the Plan, but
27 which are otherwise properly executed and received prior to the
28 Voting Deadline, will not be counted.
- e. Only Ballots that are timely received with signatures will be
counted. Unsigned Ballots will not be counted.
- f. Ballots sent by mail or overnight delivery that are postmarked
prior to the Voting Deadline, but received after the Voting
Deadline, will not be counted.

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- g. Ballots that are illegible, or contain insufficient information to permit the identification of the creditor, will not be counted.
- h. Ballots transmitted to the Solicitation Agent by facsimile, electronic mail, or other means not specifically approved by the Court may be accepted by the Plan Proponents, after consultation with the Committee, on a case-by-case basis.
- i. Whenever a creditor casts more than one Ballot voting the same claim prior to the Voting Deadline, the last valid Ballot received prior to the Voting Deadline shall be deemed to reflect the voter's intent and supersede any prior received Ballots.
- j. If a creditor simultaneously casts inconsistent duplicate Ballots with respect to the same claim, such Ballots shall not be counted.
- k. Each creditor shall be deemed to have voted the full amount of its claim in a class. Unless otherwise ordered by the Court, questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots shall be determined by the Debtors, in consultation with the Committee, which determination shall be final and binding.
- l. Any Ballot containing a vote that the Court determines, after notice and a hearing, was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code shall not be counted.
- m. Any Ballot cast by a person or entity that does not hold a Claim in a class that is entitled to vote to accept or reject the Plan shall not be counted.
- n. Notwithstanding anything contained herein to the contrary, the Plan Proponents, after consultation with the Committee, may contact parties that submitted Ballots to cure any defects in the Ballots.
- o. Any class that does not contain any claim eligible to vote to accept or reject the Plan (by reason of temporary allowance by the Court or otherwise) as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of

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determining acceptance or rejection of the Plan by such class pursuant to § 1129(a)(8).

- p. If a class contains claims eligible to vote and no holders of claims eligible to vote in such class vote to accept or reject the Plan, the Plan shall be deemed accepted by the holders of such claims in such class.

- q. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Plan Proponents, after consultation with the Committee, or the Court determines. Neither the Plan Proponents nor any other person or entity shall be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots, nor shall any incur any liabilities for failure to provide such notification. Unless otherwise directed by the Court, delivery of such Ballots shall not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) shall not be counted.

- r. The Plan Proponents, after consultation with the Committee, and subject to contrary order of the Court, may waive any defect in any Ballot at any time, either before or after the Voting Deadline and without notice, and any such waivers shall be documented in the voting results filed with the Court.

- s. Except as provided below, unless the Ballot being furnished is timely submitted on or prior to the Voting Deadline, the Plan Proponents, after consultation with the Committee, may reject such Ballot as invalid, and therefore, decline to utilize it in connection with confirmation of the Plan by the Court; provided, however, that such invalid Ballots shall be documented in the voting results filed with the Court.

- t. Subject to contrary order of the Court, the Plan Proponents reserve the absolute right, after consultation with the Committee, to reject any and all Ballots not proper in form, the acceptance of which would, in the opinion of the Plan Proponents, in consultation with the Committee, not be in accordance with the provisions of the Bankruptcy Code; provided, however, that

1 such invalid Ballots shall be documented in the voting results
2 filed with the Court.

3 23. The Court shall hold a hearing on confirmation of the Plan (the
4 “Confirmation Hearing”) on **December 18, 2020 at 10:00 a.m. (Pacific Time)**.

5
6 The Plan Proponents shall serve the Confirmation Hearing Notice as set forth
7 herein. In addition to serving the Confirmation Hearing Notice, the Plan
8 Proponents shall publish the Confirmation Hearing Notice once, as soon as
9 reasonably practical after the entry of this Order, in the following newspapers:
10
11 *Yakima Herald* and *USA Today*.

12 24. Pursuant to Rule 3020(b)(1), objections to the confirmation of the Plan
13 or proposed modifications to the Plan (a “Confirmation Objection”), if any, must:

- 14
- 15 a. be in writing;
 - 16 b. comply with the Rules and the LBRs;
 - 17 c. set forth the name of the objector and the nature and amount of
18 any Claim asserted by the objector against or in the Debtors;
 - 19 d. state with particularity the legal and factual bases for the
20 objection and, if practicable, a proposed modification to the Plan
21 that would resolve such objection; and
 - 22 e. be filed with the Court, together with proof of service, and
23 served so that they are actually received by the Notice Parties (as
24 defined below) no later than **December 4, 2020** which deadline
25 may be extended by the Debtors (the “Confirmation Objection
Deadline”).

26 25. Any Confirmation Objection must be served on the following parties
27 (collectively, the “Notice Parties”): (i) counsel to the Debtors, Dentons US LLP,
28 601 South Figueroa Street, Suite 2500, Los Angeles, CA 90017, Attn: Samuel R.

1 Maizel (samuel.maizel@dentons.com); (ii) counsel to the Committee, Sills Cummis
2 & Gross, P.C., One Riverfront Plaza, Newark, NJ 07102, Attn: Andrew H. Sherman
3
4 and Boris I. Mankovetskiy (asherman@sillscummis.com,
5 bmankovetskiy@sillscummis.com); (iii) counsel to the Lapis Parties, Mintz, Levin,
6 Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, MA 02111,
7
8 Attn: William Kannel and Ian Hammel (wkannel@mintz.com,
9 iahammel@mintz.com); and (iv) counsel to the U.S. Trustee, Office of the United
10 States Trustee, 920 W. Riverside Ave., Suite 593, Spokane, WA 99201, Attn: Gary
11 W. Dyer (gary.w.dyer@usdoj.gov).
12

13 26. Confirmation Objections that are not timely filed and served in the
14 manner set forth above shall not be considered by the Court and shall be overruled.
15

16 27. No later than **December 11, 2020**, the Plan Proponents shall file with
17 the Court (a) a tabulation report for Plan voting, (b) a memorandum of law in
18 support of confirmation of the Plan addressing the requirements of § 1129, and any
19 evidence in support thereof, (c) any responses to objections to confirmation of the
20 Plan, and (d) a proposed form of confirmation order.
21

22 28. The Plan Proponents are authorized to take or refrain from taking any
23 action necessary or appropriate to implement the terms of, and the relief granted in,
24 this Order without seeking further order of the Court, including, but not limited to,
25 the making of any payments reasonably necessary to perform the actions and
26
27 distributions contemplated herein.
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Document comparison by Workshare 9.5 on Tuesday, November 10, 2020
9:51:33 PM

Input:	
Document 1 ID	interwovenSite://USDMS/US_Active/115491008/2
Description	#115491008v2<US_Active> - Astria - Order Granting Motion to Approve Disclosure Statement and Solicitation Procedures
Document 2 ID	interwovenSite://USDMS/US_Active/115491008/3
Description	#115491008v3<US_Active> - Astria - Order Granting Motion to Approve Disclosure Statement and Solicitation Procedures
Rendering set	Underline Strikethrough

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Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
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Statistics:	
	Count
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Deletions	13
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	22
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Redline of Revised Ballots

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re

ASTRIA HEALTH, *et al.*,

Debtors and Debtors In Possession.

Chapter 11
Lead Case No. 19-01189-11
Jointly Administered

**BALLOT FOR VOTING TO ACCEPT OR REJECT
THE JOINT CHAPTER 11 PLAN OF
REORGANIZATION OF ASTRIA HEALTH AND ITS
AFFILIATES**

CLASS 2A Senior Secured Bond Debt Claims

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS DECEMBER 4,
2020 AT 4:00 P.M. (PACIFIC TIME).**

**YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE BALLOTING AGENT,
KURTZMAN CARSON CONSULTANTS, LLC (“KCC”), BY THIS DEADLINE IN
ORDER TO BE COUNTED.**

This ballot (the “Ballot”) is submitted to you to solicit your vote to accept or reject the ~~First~~Second Amended Joint Chapter 11 Plan of Reorganization of Astria Health and Its Affiliates (including all exhibits thereto and as amended, modified or supplemented from time to time, the “Plan”) [Docket No. ~~1967~~],¹ submitted by the Plan Proponents² and described in the related disclosure statement (the “Disclosure Statement”) [Docket No. ~~1968~~] approved by order of the United States Bankruptcy Court for the Eastern District of Washington (the “Bankruptcy Court”) entered on _____, 2020 [Docket No. ____] (the “Disclosure Statement Order”). The Disclosure Statement provides information to assist you in deciding how to vote your Ballot. Copies of the Disclosure Statement Order, the Plan, and the Disclosure Statement may be obtained by contacting the Debtors in care of

Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

Additionally, copies of the Disclosure Statement Order, the Plan and the Disclosure Statement are available for inspection and may be obtained on the Bankruptcy Court’s website and at the website for KCC.³

Please review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Capitalized terms used in this Ballot or the attached instructions that are not otherwise defined have the meanings given to them in the Plan, the Disclosure Statement, or the Disclosure Statement Order, as applicable.

¹ All capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the Plan.

² The Plan Proponents are the Debtors, Lapis Advisers, LP as lender under the debtor in possession facility in the chapter 11 cases, agent under the Debtors’ prepetition credit agreement, and as investment advisor and investment manager for certain funds which are beneficial holders of those certain Washington Health Care Facilities Authority Revenue Bonds.

³ <http://www.waeb.uscourts.gov/> (a PACER login and password are required to access documents on the Bankruptcy Court’s website). Documents may also be accessed at KCC’s website: <http://www.kccllc.net/astriahealth>.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of the Claims in each impaired Class to vote on the Plan and if the Plan otherwise satisfies the applicable requirements of section 1129(a) under title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”). If the requisite acceptances are not obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan and (ii) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

To have your vote counted, you must complete, sign and return this Ballot to the following address so that it is **received** by the deadline indicated above:

- By U.S. First Class Mail, Overnight Mail or Hand Delivery to:

Astria Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

- Or, in the alternative, by submitting your Ballot via the Balloting Agent’s online balloting portal, as explained at page 7 of this Ballot.

Ballots transmitted to anyone other than KCC, above, and/or by facsimile, electronic mail or other means not specifically approved by the Bankruptcy Court, may be accepted by the Plan Proponents on a case-by-case basis.

PLEASE READ THE ATTACHED VOTING INFORMATION AND INSTRUCTIONS BEFORE COMPLETING THIS BALLOT.

PLEASE COMPLETE ITEMS 1, 2 AND 3. IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES, THIS BALLOT WILL NOT BE VALID OR NOT COUNTED AS HAVING BEEN CAST.

Item 1. Class Vote. The undersigned, a holder of a Class 2A Senior Secured Bond Debt Claim in the voting amount indicated below, votes to (check one box only):

Accept the Plan.

Reject the Plan.

Voting Amount \$ _____⁴

BY VOTING IF YOU VOTE TO ACCEPT THE PLAN, YOU HAVE CONSENTED TO AND DO NOT EXERCISE YOUR RIGHT TO OPT OUT OF THE RELEASE BY HOLDERS OF CLAIMS (DEFINED BELOW AS A "THIRD PARTY RELEASE"). YOU HAVE CONSENTED TO THE THIRD PARTY RELEASE. IF YOU VOTE TO REJECT THE PLAN, YOU AUTOMATICALLY ARE DEEMED TO OPT OUT OF THE THIRD PARTY RELEASE.

Item 2. Important Information Regarding the Release by Holders of Claims

THE PLAN CONTAINS A SERIES OF RELEASES. Parties should be aware that, if the Plan is confirmed and if the Effective Date occurs, the Released Parties, as defined in Section I.A.1.132 of the Plan and as reproduced in paragraph (a) below, will be receiving releases and being exculpated and certain parties will be giving releases and be bound by injunctions as set forth in Section VII of the Plan and as further described in Section VI.S of the Disclosure Statement. Pursuant to Section VII.F.2 of the Plan, and with respect to the Releases by Holders of Claims and Interests described in Section VII.F.2 and reproduced in paragraph (b) below, each Holder is automatically deemed to have consented to the release provisions of the Plan, if the Holder either (a) votes to accept the Plan or (b) either (1) abstains from voting (whether or not the Beneficial Owner returns a Ballot) or (2) votes to reject the Plan and, in the case of either (1) or (2), does not affirmatively check the opt out box below. Only those not voting to accept the Plan may opt out of the Releases by Holders of Claims and Interests.

(a) Section I.A.1.132 of the Plan defines "Released Parties" as:

(a) the Debtors, (b) the Lapis Parties, (c) the Committee and the Committee Members, (d) the ~~Patient Care Ombudsman~~ PCO, (e) the Board Trustees, and (f) except as otherwise set forth below or in the this Plan, each of the ~~forgoing~~ foregoing Entities' respective predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries, beneficial owners, managed accounts or funds, current and former officers, directors, principals, shareholders, direct and indirect equity holders, members partners (general and limited), employees, agents, advisory board members, financial advisors, attorneys accountants, investment bankers, consultants, representatives, management companies, fund advisors, Professionals, and other professionals; provided, AHM, Inc., the officers of the Debtors and Non-Debtor Affiliates and AHM, Inc., and any Board Trustee acting in the capacity of an officer of any of the foregoing, shall not constitute Released Parties for purposes of this Plan and provided further, that as a condition to receiving or enforcing any release granted pursuant to Section VII.F.2 hereof, each Released Party and its Affiliates shall be deemed to have released the Releasing Parties, the Estate, and the Debtors from any and all Claims or Causes of Action arising from or related to their relationship with the Debtors or the Chapter 11 Cases, but not, for the avoidance of doubt, Professional Fee Claims or rights to enforce this Plan. For the avoidance of doubt, and notwithstanding anything herein to the contrary, in no event shall an Entity that appropriately marks a Ballot to opt out of the third party release provided in Section

⁴ For voting purposes only, subject to the tabulation rules ("Tabulation Rules").

VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order be a Released Party, except that a member of the Committee who either holds a Claim that has opted out of the Third Party Release or represents a Claim that has opted out of the Third Party Release shall be a Released Party only in his or her capacity as a member of the Committee.

(b) Section VII.F.2 of the Plan provides:

ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF THE DEBTORS, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE PLAN, THE DISCLOSURE STATEMENT, THESE CHAPTER 11 CASES, OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND (II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST ON ACCOUNT OF AN ALLOWED CLAIM AGAINST THE DEBTORS PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL INCLUDE (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I) VOTE TO ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE PROVIDED BY THIS SECTION PURSUANT TO A DULY EXECUTED BALLOT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE TO ACCEPT OR REJECT THE PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z) APPROPRIATELY MARKS THE BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE PROVIDED IN THIS SECTION AND RETURNS SUCH BALLOT IN ACCORDANCE WITH THE SOLICITATION PROCEDURES ORDER, BE A RELEASING PARTY.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF

THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

NOTWITHSTANDING ANY PROVISION HEREIN, THERE SHALL BE NO RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO § 1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER, AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES' PRE- AND/OR POST-PETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION, OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER IF YOU HAVE NOT VOTED TO ACCEPT THE PLAN, YOU MAY OPT OUT OF THE RELEASE BY HOLDERS OF CLAIMS (REFERRED TO HEREIN AS THE "THIRD PARTY RELEASE") PROVIDED IN SECTION VII.F.2 OF THE PLAN BY CHECKING THE BOX BELOW AND YOU WILL NOT BE BOUND BY SUCH RELEASE. CHECK THE BOX BELOW IF YOU ELECT NOT TO GRANT THE THIRD PARTY RELEASE CONTAINED IN SECTION VII.F.2 OF THE PLAN. IF YOU CAST MORE THAN ONE BALLOT AND YOU WISH TO OPT OUT OF THE THIRD PARTY RELEASE, YOU MUST CHECK THE OPT OUT BOX ON ALL BALLOTS. IF YOU DO NOT CHECK THE OPT OUT BOX ON ALL BALLOTS, YOU WILL BE DEEMED TO HAVE CONSENTED TO THE RELEASE.

You may only elect to opt out of the Third Party Release if you ~~have not~~ voted to accept the Plan in Item 1. ~~For the avoidance of doubt, any election~~ If you voted to reject the Plan in Item 1, you are automatically deemed to opt out of the Third Party Release ~~by a Holder of a Claim that votes to accept the Plan shall be automatically deemed void ab initio.~~

The Holder of the Claims set forth in Item 1 elects to:

Opt Out of the Third Party Release

Item 3. Acknowledgments. By signing this Ballot, the undersigned acknowledges receipt of the Disclosure Statement and the other applicable solicitation materials and certifies that the undersigned is the claimant or has the power and authority to vote to accept or reject the Plan on behalf of the claimant. The undersigned understands that

an otherwise properly completed, executed and timely returned Ballot that does not indicate either acceptance or rejection of the Plan or indicates both acceptance and rejection of the Plan will not be counted.

Name of Creditor

Signature

If by Authorized Agent, Name and Title

Name of Institution

Street Address

City, State, Zip Code

Telephone Number

Email Address

Date Completed

VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT

- (a) **In the boxes provided in Item 1 of the Ballot, please indicate either acceptance or rejection of the Plan.** Complete the Ballot by providing all the information requested in Items 1, 2 and 3, and sign, date and return the Ballot to the Debtors by ONLY ONE of the following approved return methods:

- By U.S. First Class Mail or Hand Delivery or Overnight Mail to:

Astria Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
222 North Pacific Coast Highway, Suite 300
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

- Alternatively, to submit your Ballot via the Balloting Agent’s online balloting portal, visit <http://www.kccllc.net/astriahealth>. Click on the “Submit E-Ballot” section of the website and follow the instructions to submit your Ballot.

IMPORTANT NOTE: You will need the following information to retrieve and submit your customized electronic Ballot:

Unique E-Ballot ID#: _____
PIN#: _____

The Balloting Agent’s online balloting portal is the sole manner in which Ballots will be accepted via electronic or online transmission.

Each E-Ballot ID# is to be used solely for voting only those Claims described in Item 1 of your electronic Ballot. Please complete and submit an electronic Ballot for each E-Ballot ID# you receive, as applicable. Creditors who cast a Ballot using the Notice and Claims Agent’s online portal should NOT also submit a paper Ballot.

- (b) **Ballots must be received by KCC on or before December 4, 2020 at 4:00 p.m. (Pacific Time)** (the “Voting Deadline”). If a Ballot is received after the Voting Deadline, it will not be counted (even if post-marked prior to the Voting Deadline), except in the Debtors’ discretion with the consent of the Committee. An envelope addressed to KCC is enclosed for your convenience (which address may differ from the address above). Ballots transmitted to anyone other than KCC, above, and/or transmitted to KCC by facsimile, electronic mail, or other means not specifically approved by the Bankruptcy Court, may be accepted by the Plan Proponents, after consultation with the Committee, on a case-by-case basis. If neither the “accept” nor “reject” box is checked in Item 1 for an otherwise properly completed, executed and timely returned Ballot, the Ballot will not be counted.
- (c) You must vote all your Claims within a single Class under the Plan either to accept or reject the Plan. Accordingly, if you return more than one Ballot voting different Claims within a single Class under the Plan and the Ballots are not voted in the same manner, those Ballots will not be counted. An otherwise properly executed Ballot that attempts to partially accept and partially reject the Plan likewise will not be counted. Further, inconsistent duplicate Ballots with respect to the same claim shall not be counted.
- (d) Your Claim has been temporarily allowed solely for purposes of voting to accept or reject the Plan in accordance with certain Tabulation Rules approved by the Bankruptcy Court. The Tabulation Rules are set forth in the Disclosure Statement Order. The temporary allowance of claims for voting purposes does not constitute an allowance of claims for purposes of distribution under the Plan and is without prejudice to the rights of the Debtors, the Committee, or any other party-in-interest in any other context, including, without limitation, to contest the amount or validity of any claim for purposes of allowance under the Plan. More specifically, the Debtors (or the Committee) may object to any Claim (as defined in section 101(5) of the

Bankruptcy Code) solely for Plan voting purposes by filing a determination motion (the “Determination Motion”), no later than the Voting Objection Deadline. If an objection to a Claim (made by way of a Determination Motion or otherwise) is filed by the Debtors or the Committee, on or before the Voting Objection Deadline requesting that such Claim be reduced or reclassified, such claimant’s Ballot shall, subject to such claimant’s right to file a responsive pleading (including, but not limited to, a Claims Estimation Motion (as defined below) as set forth herein, be counted in such reduced amount or as falling into the reclassified category, unless otherwise ordered by the Court. Further, if you have cast a Ballot and if you have timely filed a Proof of Claim (or have otherwise had a Proof of Claim deemed timely filed by the Bankruptcy Court under applicable law), but your Claim is the subject of an objection (made by way of a Determination Motion or otherwise) filed no later than the Voting Objection Deadline, your Ballot will not be counted to the extent it is challenged by the objection, unless such claim is temporarily allowed by the Bankruptcy Court for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) after the creditor files a motion for such temporary allowance (the “Claims Estimation Motion”). If you seek to have your Claim temporarily allowed for purposes of voting to accept or reject the Plan pursuant to Bankruptcy Rule 3018(a), you are required to file a Claims Estimation Motion for such temporary allowance by the later of (i) the Voting Objection Deadline or (ii) if such Claim is the subject of an objection or a Determination Motion, seven (7) days after the filing of the applicable objection or Determination Motion. In the event that a Determination Motion or Claims Estimation Motion is filed, and the non-moving party wants to file a reply to the motion, such reply must be filed by the later of (i) the Voting Objection Deadline, or (ii) seven (7) days after the filing of the applicable motion (the “Voting Objection Reply Deadline”). A hearing will be scheduled (subject to the Bankruptcy Court’s availability) on such motion within seven (7) days of the Voting Objection Reply Deadline but in no event later than the Confirmation Hearing. The ruling by the Bankruptcy Court on any Determination Motion or Claims Estimation Motion shall be a ruling with respect to the allowance of the Claim(s) under Bankruptcy Rule 3018 and such Claim(s) will be counted, for voting purposes only, in the amount determined by the Bankruptcy Court. In the event a claimant reaches an agreement with the Plan Proponents, in consultation with the Committee, as to the treatment of a Claim for voting purposes, the Claim may be treated in such manner.

- (e) The Ballot does not constitute and will not be deemed a Proof of Claim or an assertion of a Claim.
- (f) If you cast more than one Ballot voting the same Claim prior to the Voting Deadline, the latest received properly completed Ballot will supersede any prior received Ballots.
- (g) NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT.
- (h) PLEASE RETURN YOUR BALLOT PROMPTLY. BALLOTS TRANSMITTED BY E-MAIL, FACSIMILE OR OTHER MEANS NOT SPECIFICALLY APPROVED BY THE BANKRUPTCY COURT, MAY BE ACCEPTED BY THE PLAN PROPONENTS ON A CASE-BY-CASE BASIS.
- (i) IF YOU HAVE RECEIVED A DAMAGED BALLOT, HAVE LOST YOUR BALLOT, OR IF YOU HAVE ANY QUESTIONS CONCERNING THIS BALLOT OR THE VOTING PROCEDURES, PLEASE CONTACT THE DEBTORS AT

Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

DO NOT CONTACT THE DEBTORS OR KCC FOR LEGAL ADVICE. THE DEBTORS AND KCC CANNOT AND WILL NOT PROVIDE PARTIES WITH LEGAL ADVICE.

NOTICE REGARDING CERTAIN RELEASE, EXCULPATION, INJUNCTION AND NON-RECOURSE PROVISIONS IN THE PLAN

PLEASE BE ADVISED THAT SECTIONS VII.A, B, C, E, F, G and H OF THE PLAN CONTAIN CERTAIN DISCHARGE, RELEASE, EXCULPATION, INJUNCTION, AND WAIVER PROVISIONS, INCLUDING:

Section VII.A of the Plan contains the following Discharge:

This is a reorganization plan. The rights afforded in the Plan and the treatment of all Claims shall be in exchange for and in complete satisfaction, discharge, and release of all Claims of any nature whatsoever arising prior to the Effective Date, including any interest accrued on such Claims from and after the Petition Date (except as otherwise ordered by the Court), against the Debtors, the Estates and their property.

Except as otherwise provided in the Plan or the Confirmation Order or in any Executory Contract assumed by Debtors during the Chapter 11 Cases (including, without limitation, the Debtors' indemnification obligations thereunder), the Plan and Confirmation Order shall: (a) on the Effective Date, discharge and release the Debtors, the Estate, the Reorganized Debtors, and their property to the fullest extent permitted by §§ 524 and 1141 from all Claims, including all debts, obligations, demands, liabilities, and Claims that arose before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i), regardless of whether or not (i) a proof of Claim based on such debt is Filed or deemed Filed, (ii) a Claim based on such debt is allowed pursuant to § 502, or (iii) the Holder of a Claim based on such debt or Interest has or has not accepted the Plan; (b) void any judgment underlying a Claim discharged hereunder; and (c) preclude all Entities from asserting against the Debtors, the Estate, the Reorganized Debtors, or their respective property any Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date. To the extent any Claim is paid other than under the Plan, Debtors will be deemed discharged and released with respect to such Claim and such Claim and shall not receive a distribution under the Plan.

Except as otherwise provided in the Plan or the Confirmation Order, or as provided in contracts assumed during the Case and Debtor's indemnification obligations thereunder, on and after the Effective Date, all Entities who have held, currently hold, or may hold a debt or Claim against the Debtors, the Estate, the Reorganized Debtors, or their respective property that is based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, that otherwise arose or accrued prior to the Effective Date, or that is otherwise discharged pursuant to the Plan, shall be permanently enjoined from taking any of the following actions on account of any such discharged debt, Claim, or Interest (the "Permanent Injunction"): (a) commencing or continuing in any manner any action or other proceeding against the Debtors, the Estates, the Reorganized Debtors, or their respective property that is inconsistent with the Plan or the Confirmation Order; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Debtors, the Estate, the Reorganized Debtors, or their respective property other than as specifically permitted under the Plan, as approved by the Confirmation Order; (c) creating, perfecting, or enforcing any lien or encumbrance against the Debtors, the Estate, the Reorganized Debtors, or their respective property; and (d) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan, the Confirmation Order, or the discharge provisions of § 1141. Any Entity injured by any willful violation of such Permanent Injunction shall recover actual damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

Section VII.B of the Plan contains the following Compromise and Settlement of Claims, Interests, and Controversies:

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete settlement, compromise, and release, effective as of the Effective Date, of Claims, Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, including, but not limited to, all known or unknown liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtor or any of

its assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability to the extent such Claims or Interests relate to services performed by employees of the Debtor before the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i), in each case whether or not: (a) a Proof of Claim or proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to § 501; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to § 502; or (c) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtor or its Affiliates with respect to any Claim or Interest that existed immediately before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the settlement, compromise, and release of all Claims and Interests, subject to the Effective Date occurring.

Section VII.C of the Plan contains the following Release of Liens:

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released, settled, and compromised and all rights, titles, and interests of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall revert or otherwise transfer to the Reorganized Debtors or the Liquidation Trust, as applicable, and their successors and assigns. For the avoidance of doubt, this Section shall not apply to DIP Claims, Senior Secured Bond Claims or Senior Secured Credit Agreement Claims.

Section VII.E of the Plan contains the following Exculpation:

The Exculpated Parties shall neither have, nor incur any liability to any Entity for any prepetition or ~~post-petition~~postpetition act taken or omitted to be taken in connection with the Chapter 11 Cases, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or implementing the Plan or consummating the Plan, the Disclosure Statement, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, or any other prepetition or ~~post-petition~~postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Reorganized Debtors, liquidation of the Liquidating Debtors, or administration of the GUC Distribution Trust. Without limiting the foregoing “Exculpation” provided under this Section, the rights of any Holder of a Claim or Interest to enforce rights arising under the Plan shall be preserved, including the right to compel payment of distributions in accordance with the Plan; provided, that the foregoing “Exculpation” shall have no effect on the liability of any Entity for liability solely to the extent resulting from any such act or omission taken after the Effective Date or of any Entity solely to the extent resulting from any act or omission that is determined in a final order to have constituted gross negligence or willful misconduct; provided, further, that, subject to the foregoing exclusions, each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement. The exculpation of the Lapis Parties is an integral component of the Senior Debt 9019 Settlement.

Section VII.F.2 of the Plan contains the following Releases:

ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN OR UNKNOWN, FORESEEN OR

UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF THE DEBTORS, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE PLAN, THE DISCLOSURE STATEMENT, THESE CHAPTER 11 CASES, OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND (II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST ON ACCOUNT OF AN ALLOWED CLAIM AGAINST THE DEBTORS PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL INCLUDE (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I) VOTE TO ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE PROVIDED BY THIS SECTION PURSUANT TO A DULY EXECUTED BALLOT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE TO ACCEPT OR REJECT THE PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z) APPROPRIATELY MARKS THE BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE PROVIDED IN THIS SECTION AND RETURNS SUCH BALLOT IN ACCORDANCE WITH THE SOLICITATION PROCEDURES ORDER, BE A RELEASING PARTY.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

NOTWITHSTANDING ANY PROVISION HEREIN, THERE SHALL BE NO RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO § 1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER, AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES' PRE- AND/OR POST-PETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION, OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER.

Section VII.G of the Plan contains the following Injunction:

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS, INTERESTS, CAUSES OF ACTION, OR LIABILITIES THAT: (1) ARE SUBJECT TO COMPROMISE AND SETTLEMENT PURSUANT TO THE TERMS OF THE PLAN; (2) HAVE BEEN RELEASED PURSUANT TO SECTION VII.F.1 HEREOF; (3) HAVE BEEN RELEASED PURSUANT TO SECTION VII.F.2 HEREOF; (4) ARE SUBJECT TO EXCULPATION PURSUANT TO SECTION VII.E HEREOF; OR (5) ARE OTHERWISE STAYED OR TERMINATED PURSUANT TO THE TERMS OF THE PLAN, ARE PERMANENTLY ENJOINED AND PRECLUDED, FROM AND AFTER THE EFFECTIVE DATE, FROM: (A) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND, INCLUDING ON ACCOUNT OF ANY CLAIMS, INTERESTS, CAUSES OF ACTIONS, OR LIABILITIES THAT HAVE BEEN COMPROMISED OR SETTLED AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF ANY ENTITY, DIRECTLY OR INDIRECTLY, SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (B) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (C) CREATING, PERFECTING, OR ENFORCING ANY LIEN, CLAIM, OR ENCUMBRANCE OF ANY KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (D) ASSERTING ANY RIGHT OF SETOFF OR SUBROGATION OF ANY KIND AGAINST ANY OBLIGATION DUE FROM THE DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATES OF THE DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF OR SUBROGATION RIGHT PRIOR TO CONFIRMATION IN A DOCUMENT FILED WITH THE COURT EXPLICITLY PRESERVING SUCH SETOFF OR SUBROGATION; AND (E) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES RELEASED, SETTLED, OR COMPROMISED PURSUANT TO THE PLAN; PROVIDED THAT NOTHING CONTAINED IN THE PLAN SHALL PRECLUDE AN ENTITY FROM OBTAINING BENEFITS DIRECTLY AND EXPRESSLY PROVIDED TO SUCH ENTITY PURSUANT TO THE TERMS OF THE PLAN; *PROVIDED, FURTHER, THAT* NOTHING CONTAINED IN THE PLAN SHALL BE CONSTRUED TO PREVENT ANY ENTITY FROM DEFENDING AGAINST CLAIMS OBJECTIONS OR COLLECTION ACTIONS WHETHER BY ASSERTING A RIGHT OF SETOFF OR OTHERWISE TO THE EXTENT PERMITTED BY LAW.

Section VII.H of the Plan contains the following Waiver of Statutory Limitations on Releases:

EACH RELEASING PARTY IN EACH OF THE RELEASES CONTAINED IN THE PLAN (INCLUDING UNDER THIS SECTION) EXPRESSLY ACKNOWLEDGES THAT ALTHOUGH ORDINARILY A GENERAL RELEASE MAY NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT

KNOW OR SUSPECT TO EXIST IN HIS FAVOR, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE PARTY RELEASED, THEY HAVE CAREFULLY CONSIDERED AND TAKEN INTO ACCOUNT IN DETERMINING TO ENTER INTO THE ABOVE RELEASES THE POSSIBLE EXISTENCE OF SUCH UNKNOWN LOSSES OR CLAIMS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH RELEASING PARTY EXPRESSLY WAIVES ANY AND ALL RIGHTS CONFERRED UPON IT BY ANY STATUTE OR RULE OF LAW WHICH PROVIDES THAT A RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CLAIMANT DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE RELEASED PARTY. THE RELEASES CONTAINED IN THIS SECTION ARE EFFECTIVE REGARDLESS OF WHETHER THOSE RELEASED MATTERS ARE PRESENTLY KNOWN, UNKNOWN, SUSPECTED OR UNSUSPECTED, FORESEEN OR UNFORESEEN.

The Plan term “Released Parties” means (a) the Debtors, (b) the Lapis Parties, (c) the Committee and the Committee Members, (d) the ~~Patient Care Ombudsman~~PCO, (e) the Board Trustees, and (f) except as otherwise set forth below or in the this Plan, each of the ~~foregoing~~foregoing Entities’ respective predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries, beneficial owners, managed accounts or funds, current and former officers, directors, principals, shareholders, direct and indirect equity holders, members partners (general and limited), employees, agents, advisory board members, financial advisors, attorneys accountants, investment bankers, consultants, representatives, management companies, fund advisors, Professionals, and other professionals; provided, AHM, Inc., the officers of the Debtors ~~and~~, Non-Debtor Affiliates and AHM, Inc., and any Board Trustee acting in the capacity of an officer of any of the foregoing, shall not constitute Released Parties for purposes of this Plan and provided further, that as a condition to receiving or enforcing any release granted pursuant to Section VII.F.2 hereof, each Released Party and its Affiliates shall be deemed to have released the Releasing Parties, the Estate, and the Debtors or the Chapter 11 Cases, but not, for the avoidance of doubt, Professional Fee Claims or rights to enforce this Plan. For the avoidance of doubt, and notwithstanding anything herein to the contrary, in no event shall an Entity that appropriately marks a Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order be a Released Party, except that a member of the Committee who either holds a Claim that has opted out of the Third Party Release or represents a Claim that has opted out of the Third Party Release shall be a Released Party only in his or her capacity as a member of the Committee.

The Plan term “Releasing Party” means (a) the Released Parties; and (b) all Holders of Claims that (i) vote to accept the Plan, and (ii) do not affirmatively opt out of the third party release provided by Section VII.F.2 hereof pursuant to a duly executed Ballot; provided, that, notwithstanding anything contained herein to the contrary, in no event shall an Entity that (x) does not vote to accept or reject the Plan, (y) votes to reject the Plan, or (z) appropriately marks the Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order, be a Releasing Party.

THE DISCHARGE, RELEASE, EXCULPATION, INJUNCTION, AND WAIVER PROVISIONS ARE FOUND IN SECTIONS VII.A, B, C, E, F, G AND H OF THE PLAN. YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THESE PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.

Document comparison by Workshare 9.5 on Tuesday, November 10, 2020
9:52:27 PM

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Moved cell	
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Padding cell	

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Moved to	0
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Format changed	0
Total changes	45

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re

ASTRIA HEALTH, *et al.*,

Debtors and Debtors In Possession.

Chapter 11

Lead Case No. 19-01189-11

Jointly Administered

**BALLOT FOR VOTING TO ACCEPT OR REJECT
THE JOINT CHAPTER 11 PLAN OF
REORGANIZATION OF ASTRIA HEALTH AND ITS
AFFILIATES**

CLASS 2B Senior Secured Credit Agreement Claims

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS DECEMBER 4,
2020 AT 4:00 P.M. (PACIFIC TIME).**

**YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE BALLOTING AGENT,
KURTZMAN CARSON CONSULTANTS, LLC (“KCC”), BY THIS DEADLINE IN
ORDER TO BE COUNTED.**

This ballot (the “Ballot”) is submitted to you to solicit your vote to accept or reject the ~~First~~Second Amended Joint Chapter 11 Plan of Reorganization of Astria Health and Its Affiliates (including all exhibits thereto and as amended, modified or supplemented from time to time, the “Plan”) [Docket No. ~~1967~~],¹ submitted by the Plan Proponents² and described in the related disclosure statement (the “Disclosure Statement”) [Docket No. ~~1968~~] approved by order of the United States Bankruptcy Court for the Eastern District of Washington (the “Bankruptcy Court”) entered on _____, 2020 [Docket No. ____] (the “Disclosure Statement Order”). The Disclosure Statement provides information to assist you in deciding how to vote your Ballot. Copies of the Disclosure Statement Order, the Plan, and the Disclosure Statement may be obtained by contacting the Debtors in care of

Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

Additionally, copies of the Disclosure Statement Order, the Plan and the Disclosure Statement are available for inspection and may be obtained on the Bankruptcy Court’s website and at the website for KCC.³

Please review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Capitalized terms used in this Ballot or the attached instructions that are not otherwise defined have the meanings given to them in the Plan, the Disclosure Statement, or the Disclosure Statement Order, as applicable.

¹ All capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the Plan.

² The Plan Proponents are the Debtors, Lapis Advisers, LP as lender under the debtor in possession facility in the chapter 11 cases, agent under the Debtors’ prepetition credit agreement, and as investment advisor and investment manager for certain funds which are beneficial holders of those certain Washington Health Care Facilities Authority Revenue Bonds.

³ <http://www.waeb.uscourts.gov/> (a PACER login and password are required to access documents on the Bankruptcy Court’s website). Documents may also be accessed at KCC’s website: <http://www.kccllc.net/astriahealth>.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of the Claims in each impaired Class to vote on the Plan and if the Plan otherwise satisfies the applicable requirements of section 1129(a) under title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”). If the requisite acceptances are not obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan and (ii) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

To have your vote counted, you must complete, sign and return this Ballot to the following address so that it is **received** by the deadline indicated above:

- By U.S. First Class Mail, Overnight Mail or Hand Delivery to:

Astria Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

- Or, in the alternative, by submitting your Ballot via the Balloting Agent’s online balloting portal, as explained at page 7 of this Ballot.

Ballots transmitted to anyone other than KCC, above, and/or by facsimile, electronic mail or other means not specifically approved by the Bankruptcy Court, may be accepted by the Plan Proponents on a case-by-case basis.

PLEASE READ THE ATTACHED VOTING INFORMATION AND INSTRUCTIONS BEFORE COMPLETING THIS BALLOT.

PLEASE COMPLETE ITEMS 1, 2 AND 3. IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES, THIS BALLOT WILL NOT BE VALID OR NOT COUNTED AS HAVING BEEN CAST.

Item 1. Class Vote. The undersigned, a holder of a Class 2B Senior Secured Credit Agreement Claim in the voting amount indicated below, votes to (check one box only):

Accept the Plan.

Reject the Plan.

Voting Amount \$ _____⁴

~~BY VOTING IF YOU VOTE TO ACCEPT THE PLAN, YOU HAVE CONSENTED TO AND DO NOT EXERCISE YOUR RIGHT TO OPT OUT OF~~ THE RELEASE BY HOLDERS OF CLAIMS (DEFINED BELOW AS A “THIRD PARTY RELEASE”), YOU HAVE CONSENTED TO THE THIRD PARTY RELEASE. IF YOU VOTE TO REJECT THE PLAN, YOU AUTOMATICALLY ARE DEEMED TO OPT OUT OF THE THIRD PARTY RELEASE.

Item 2. Important Information Regarding the Release by Holders of Claims

THE PLAN CONTAINS A SERIES OF RELEASES. Parties should be aware that, if the Plan is confirmed and if the Effective Date occurs, the Released Parties, as defined in Section I.A.1.132 of the Plan and as reproduced in paragraph (a) below, will be receiving releases and being exculpated and certain parties will be giving releases and be bound by injunctions as set forth in Section VII of the Plan and as further described in Section VI.S of the Disclosure Statement. Pursuant to Section VII.F.2 of the Plan, and with respect to the Releases by Holders of Claims and Interests described in Section VII.F.2 and reproduced in paragraph (b) below, each Holder is automatically deemed to have consented to the release provisions of the Plan, if the Holder either (a) votes to accept the Plan or (b) either (1) abstains from voting (whether or not the Beneficial Owner returns a Ballot) or (2) votes to reject the Plan and, in the case of either (1) or (2), does not affirmatively check the opt out box below. Only those not voting to accept the Plan may opt out of the Releases by Holders of Claims and Interests.

(a) Section I.A.1.132 of the Plan defines “Released Parties” as:

(a) the Debtors, (b) the Lapis Parties, (c) the Committee and the Committee Members, (d) the ~~Patient Care Ombudsman~~ PCO, (e) the Board Trustees, and (f) except as otherwise set forth below or in the this Plan, each of the ~~forgoing~~ foregoing Entities’ respective predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries, beneficial owners, managed accounts or funds, current and former officers, directors, principals, shareholders, direct and indirect equity holders, members partners (general and limited), employees, agents, advisory board members, financial advisors, attorneys accountants, investment bankers, consultants, representatives, management companies, fund advisors, Professionals, and other professionals; provided, AHM, Inc., the officers of the Debtors ~~and~~ Non-Debtor Affiliates and AHM, Inc., and any Board Trustee acting in the capacity of an officer of any of the foregoing, shall not constitute Released Parties for purposes of this Plan and provided further, that as a condition to receiving or enforcing any release granted pursuant to Section VII.F.2 hereof, each Released Party and its Affiliates shall be deemed to have released the Releasing Parties, the Estate, and the Debtors from any and all Claims or Causes of Action arising from or related to their relationship with the Debtors or the Chapter 11 Cases, but not, for the avoidance of doubt, Professional Fee Claims or rights to enforce this Plan. For the avoidance of doubt, and notwithstanding anything herein to the contrary, in no event shall an Entity that appropriately marks a Ballot to opt out of the third party release provided in Section

⁴ For voting purposes only, subject to the tabulation rules (“Tabulation Rules”).

VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order be a Released Party, except that a member of the Committee who either holds a Claim that has opted out of the Third Party Release or represents a Claim that has opted out of the Third Party Release shall be a Released Party only in his or her capacity as a member of the Committee.

(b) Section VII.F.2 of the Plan provides:

ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF THE DEBTORS, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE PLAN, THE DISCLOSURE STATEMENT, THESE CHAPTER 11 CASES, OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND (II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST ON ACCOUNT OF AN ALLOWED CLAIM AGAINST THE DEBTORS PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL INCLUDE (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I) VOTE TO ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE PROVIDED BY THIS SECTION PURSUANT TO A DULY EXECUTED BALLOT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE TO ACCEPT OR REJECT THE PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z) APPROPRIATELY MARKS THE BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE PROVIDED IN THIS SECTION AND RETURNS SUCH BALLOT IN ACCORDANCE WITH THE SOLICITATION PROCEDURES ORDER, BE A RELEASING PARTY.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF

THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

NOTWITHSTANDING ANY PROVISION HEREIN, THERE SHALL BE NO RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO § 1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER, AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES' PRE- AND/OR POST-PETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION, OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER IF YOU HAVE NOT VOTED TO ACCEPT THE PLAN, YOU MAY OPT OUT OF THE RELEASE BY HOLDERS OF CLAIMS (REFERRED TO HEREIN AS THE "THIRD PARTY RELEASE") PROVIDED IN SECTION VII.F.2 OF THE PLAN BY CHECKING THE BOX BELOW AND YOU WILL NOT BE BOUND BY SUCH RELEASE. CHECK THE BOX BELOW IF YOU ELECT NOT TO GRANT THE THIRD PARTY RELEASE CONTAINED IN SECTION VII.F.2 OF THE PLAN. IF YOU CAST MORE THAN ONE BALLOT AND YOU WISH TO OPT OUT OF THE THIRD PARTY RELEASE, YOU MUST CHECK THE OPT OUT BOX ON ALL BALLOTS. IF YOU DO NOT CHECK THE OPT OUT BOX ON ALL BALLOTS, YOU WILL BE DEEMED TO HAVE CONSENTED TO THE RELEASE.

You may only elect to opt out of the Third Party Release if you ~~have not~~ voted to accept the Plan in Item 1. ~~For the avoidance of doubt, any election~~ If you voted to reject the Plan in Item 1, you are automatically deemed to opt out of the Third Party Release ~~by a Holder of a Claim that votes to accept the Plan shall be automatically deemed void ab initio.~~

The Holder of the Claims set forth in Item 1 elects to:

Opt Out of the Third Party Release

Item 3. Acknowledgments. By signing this Ballot, the undersigned acknowledges receipt of the Disclosure Statement and the other applicable solicitation materials and certifies that the undersigned is the claimant or has the power and authority to vote to accept or reject the Plan on behalf of the claimant. The undersigned understands that

an otherwise properly completed, executed and timely returned Ballot that does not indicate either acceptance or rejection of the Plan or indicates both acceptance and rejection of the Plan will not be counted.

Name of Creditor

Signature

If by Authorized Agent, Name and Title

Name of Institution

Street Address

City, State, Zip Code

Telephone Number

Email Address

Date Completed

VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT

- (a) **In the boxes provided in Item 1 of the Ballot, please indicate either acceptance or rejection of the Plan.** Complete the Ballot by providing all the information requested in Items 1, 2 and 3, and sign, date and return the Ballot to the Debtors by ONLY ONE of the following approved return methods:

- By U.S. First Class Mail or Hand Delivery or Overnight Mail to:

Astria Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
222 North Pacific Coast Highway, Suite 300
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

- Alternatively, to submit your Ballot via the Balloting Agent's online balloting portal, visit <http://www.kccllc.net/astriahealth>. Click on the "Submit E-Ballot" section of the website and follow the instructions to submit your Ballot.

IMPORTANT NOTE: You will need the following information to retrieve and submit your customized electronic Ballot:

Unique E-Ballot ID#: _____
PIN#: _____

The Balloting Agent's online balloting portal is the sole manner in which Ballots will be accepted via electronic or online transmission.

Each E-Ballot ID# is to be used solely for voting only those Claims described in Item 1 of your electronic Ballot. Please complete and submit an electronic Ballot for each E-Ballot ID# you receive, as applicable. Creditors who cast a Ballot using the Notice and Claims Agent's online portal should NOT also submit a paper Ballot.

- (b) **Ballots must be received by KCC on or before December 4, 2020 at 4:00 p.m. (Pacific Time)** (the "Voting Deadline"). If a Ballot is received after the Voting Deadline, it will not be counted (even if post-marked prior to the Voting Deadline), except in the Debtors' discretion with the consent of the Committee. An envelope addressed to KCC is enclosed for your convenience (which address may differ from the address above). Ballots transmitted to anyone other than KCC, above, and/or transmitted to KCC by facsimile, electronic mail, or other means not specifically approved by the Bankruptcy Court, may be accepted by the Plan Proponents, after consultation with the Committee, on a case-by-case basis. If neither the "accept" nor "reject" box is checked in Item 1 for an otherwise properly completed, executed and timely returned Ballot, the Ballot will not be counted.
- (c) You must vote all your Claims within a single Class under the Plan either to accept or reject the Plan. Accordingly, if you return more than one Ballot voting different Claims within a single Class under the Plan and the Ballots are not voted in the same manner, those Ballots will not be counted. An otherwise properly executed Ballot that attempts to partially accept and partially reject the Plan likewise will not be counted. Further, inconsistent duplicate Ballots with respect to the same claim shall not be counted.
- (d) Your Claim has been temporarily allowed solely for purposes of voting to accept or reject the Plan in accordance with certain Tabulation Rules approved by the Bankruptcy Court. The Tabulation Rules are set forth in the Disclosure Statement Order. The temporary allowance of claims for voting purposes does not constitute an allowance of claims for purposes of distribution under the Plan and is without prejudice to the rights of the Debtors, the Committee, or any other party-in-interest in any other context, including, without limitation, to contest the amount or validity of any claim for purposes of allowance under the Plan. More specifically, the Debtors (or the Committee) may object to any Claim (as defined in section 101(5) of the

Bankruptcy Code) solely for Plan voting purposes by filing a determination motion (the “Determination Motion”), no later than the Voting Objection Deadline. If an objection to a Claim (made by way of a Determination Motion or otherwise) is filed by the Debtors or the Committee, on or before the Voting Objection Deadline requesting that such Claim be reduced or reclassified, such claimant’s Ballot shall, subject to such claimant’s right to file a responsive pleading (including, but not limited to, a Claims Estimation Motion (as defined below) as set forth herein, be counted in such reduced amount or as falling into the reclassified category, unless otherwise ordered by the Court. Further, if you have cast a Ballot and if you have timely filed a Proof of Claim (or have otherwise had a Proof of Claim deemed timely filed by the Bankruptcy Court under applicable law), but your Claim is the subject of an objection (made by way of a Determination Motion or otherwise) filed no later than the Voting Objection Deadline, your Ballot will not be counted to the extent it is challenged by the objection, unless such claim is temporarily allowed by the Bankruptcy Court for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) after the creditor files a motion for such temporary allowance (the “Claims Estimation Motion”). If you seek to have your Claim temporarily allowed for purposes of voting to accept or reject the Plan pursuant to Bankruptcy Rule 3018(a), you are required to file a Claims Estimation Motion for such temporary allowance by the later of (i) the Voting Objection Deadline or (ii) if such Claim is the subject of an objection or a Determination Motion, seven (7) days after the filing of the applicable objection or Determination Motion. In the event that a Determination Motion or Claims Estimation Motion is filed, and the non-moving party wants to file a reply to the motion, such reply must be filed by the later of (i) the Voting Objection Deadline, or (ii) seven (7) days after the filing of the applicable motion (the “Voting Objection Reply Deadline”). A hearing will be scheduled (subject to the Bankruptcy Court’s availability) on such motion within seven (7) days of the Voting Objection Reply Deadline but in no event later than the Confirmation Hearing. The ruling by the Bankruptcy Court on any Determination Motion or Claims Estimation Motion shall be a ruling with respect to the allowance of the Claim(s) under Bankruptcy Rule 3018 and such Claim(s) will be counted, for voting purposes only, in the amount determined by the Bankruptcy Court. In the event a claimant reaches an agreement with the Plan Proponents, in consultation with the Committee, as to the treatment of a Claim for voting purposes, the Claim may be treated in such manner.

- (e) The Ballot does not constitute and will not be deemed a Proof of Claim or an assertion of a Claim.
- (f) If you cast more than one Ballot voting the same Claim prior to the Voting Deadline, the latest received properly completed Ballot will supersede any prior received Ballots.
- (g) NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT.
- (h) PLEASE RETURN YOUR BALLOT PROMPTLY. BALLOTS TRANSMITTED BY E-MAIL, FACSIMILE OR OTHER MEANS NOT SPECIFICALLY APPROVED BY THE BANKRUPTCY COURT, MAY BE ACCEPTED BY THE PLAN PROPONENTS ON A CASE-BY-CASE BASIS.
- (i) IF YOU HAVE RECEIVED A DAMAGED BALLOT, HAVE LOST YOUR BALLOT, OR IF YOU HAVE ANY QUESTIONS CONCERNING THIS BALLOT OR THE VOTING PROCEDURES, PLEASE CONTACT THE DEBTORS AT

Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

DO NOT CONTACT THE DEBTORS OR KCC FOR LEGAL ADVICE. THE DEBTORS AND KCC CANNOT AND WILL NOT PROVIDE PARTIES WITH LEGAL ADVICE.

NOTICE REGARDING CERTAIN RELEASE, EXCULPATION, INJUNCTION AND NON-RECOURSE PROVISIONS IN THE PLAN

PLEASE BE ADVISED THAT SECTIONS VII.A, B, C, E, F, G and H OF THE PLAN CONTAIN CERTAIN DISCHARGE, RELEASE, EXCULPATION, INJUNCTION, AND WAIVER PROVISIONS, INCLUDING:

Section VII.A of the Plan contains the following Discharge:

This is a reorganization plan. The rights afforded in the Plan and the treatment of all Claims shall be in exchange for and in complete satisfaction, discharge, and release of all Claims of any nature whatsoever arising prior to the Effective Date, including any interest accrued on such Claims from and after the Petition Date (except as otherwise ordered by the Court), against the Debtors, the Estates and their property.

Except as otherwise provided in the Plan or the Confirmation Order or in any Executory Contract assumed by Debtors during the Chapter 11 Cases (including, without limitation, the Debtors' indemnification obligations thereunder), the Plan and Confirmation Order shall: (a) on the Effective Date, discharge and release the Debtors, the Estate, the Reorganized Debtors, and their property to the fullest extent permitted by §§ 524 and 1141 from all Claims, including all debts, obligations, demands, liabilities, and Claims that arose before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i), regardless of whether or not (i) a proof of Claim based on such debt is Filed or deemed Filed, (ii) a Claim based on such debt is allowed pursuant to § 502, or (iii) the Holder of a Claim based on such debt or Interest has or has not accepted the Plan; (b) void any judgment underlying a Claim discharged hereunder; and (c) preclude all Entities from asserting against the Debtors, the Estate, the Reorganized Debtors, or their respective property any Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date. To the extent any Claim is paid other than under the Plan, Debtors will be deemed discharged and released with respect to such Claim and such Claim and shall not receive a distribution under the Plan.

Except as otherwise provided in the Plan or the Confirmation Order, or as provided in contracts assumed during the Case and Debtor's indemnification obligations thereunder, on and after the Effective Date, all Entities who have held, currently hold, or may hold a debt or Claim against the Debtors, the Estate, the Reorganized Debtors, or their respective property that is based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, that otherwise arose or accrued prior to the Effective Date, or that is otherwise discharged pursuant to the Plan, shall be permanently enjoined from taking any of the following actions on account of any such discharged debt, Claim, or Interest (the "Permanent Injunction"): (a) commencing or continuing in any manner any action or other proceeding against the Debtors, the Estates, the Reorganized Debtors, or their respective property that is inconsistent with the Plan or the Confirmation Order; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Debtors, the Estate, the Reorganized Debtors, or their respective property other than as specifically permitted under the Plan, as approved by the Confirmation Order; (c) creating, perfecting, or enforcing any lien or encumbrance against the Debtors, the Estate, the Reorganized Debtors, or their respective property; and (d) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan, the Confirmation Order, or the discharge provisions of § 1141. Any Entity injured by any willful violation of such Permanent Injunction shall recover actual damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

Section VII.B of the Plan contains the following Compromise and Settlement of Claims, Interests, and Controversies:

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete settlement, compromise, and release, effective as of the Effective Date, of Claims, Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, including, but not limited to, all known or unknown liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtor or any of

its assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability to the extent such Claims or Interests relate to services performed by employees of the Debtor before the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i), in each case whether or not: (a) a Proof of Claim or proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to § 501; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to § 502; or (c) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtor or its Affiliates with respect to any Claim or Interest that existed immediately before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the settlement, compromise, and release of all Claims and Interests, subject to the Effective Date occurring.

Section VII.C of the Plan contains the following Release of Liens:

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released, settled, and compromised and all rights, titles, and interests of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall revert or otherwise transfer to the Reorganized Debtors or the Liquidation Trust, as applicable, and their successors and assigns. For the avoidance of doubt, this Section shall not apply to DIP Claims, Senior Secured Bond Claims or Senior Secured Credit Agreement Claims.

Section VII.E of the Plan contains the following Exculpation:

The Exculpated Parties shall neither have, nor incur any liability to any Entity for any prepetition or ~~post-petition~~postpetition act taken or omitted to be taken in connection with the Chapter 11 Cases, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or implementing the Plan or consummating the Plan, the Disclosure Statement, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, or any other prepetition or ~~post-petition~~postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Reorganized Debtors, liquidation of the Liquidating Debtors, or administration of the GUC Distribution Trust. Without limiting the foregoing “Exculpation” provided under this Section, the rights of any Holder of a Claim or Interest to enforce rights arising under the Plan shall be preserved, including the right to compel payment of distributions in accordance with the Plan; provided, that the foregoing “Exculpation” shall have no effect on the liability of any Entity for liability solely to the extent resulting from any such act or omission taken after the Effective Date or of any Entity solely to the extent resulting from any act or omission that is determined in a final order to have constituted gross negligence or willful misconduct; provided, further, that, subject to the foregoing exclusions, each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement. The exculpation of the Lapis Parties is an integral component of the Senior Debt 9019 Settlement.

Section VII.F.2 of the Plan contains the following Releases:

ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN OR UNKNOWN, FORESEEN OR

UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF THE DEBTORS, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE PLAN, THE DISCLOSURE STATEMENT, THESE CHAPTER 11 CASES, OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND (II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST ON ACCOUNT OF AN ALLOWED CLAIM AGAINST THE DEBTORS PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL INCLUDE (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I) VOTE TO ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE PROVIDED BY THIS SECTION PURSUANT TO A DULY EXECUTED BALLOT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE TO ACCEPT OR REJECT THE PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z) APPROPRIATELY MARKS THE BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE PROVIDED IN THIS SECTION AND RETURNS SUCH BALLOT IN ACCORDANCE WITH THE SOLICITATION PROCEDURES ORDER, BE A RELEASING PARTY.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

NOTWITHSTANDING ANY PROVISION HEREIN, THERE SHALL BE NO RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO § 1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER, AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES' PRE- AND/OR POST-PETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION, OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER.

Section VII.G of the Plan contains the following Injunction:

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS, INTERESTS, CAUSES OF ACTION, OR LIABILITIES THAT: (1) ARE SUBJECT TO COMPROMISE AND SETTLEMENT PURSUANT TO THE TERMS OF THE PLAN; (2) HAVE BEEN RELEASED PURSUANT TO SECTION VII.F.1 HEREOF; (3) HAVE BEEN RELEASED PURSUANT TO SECTION VII.F.2 HEREOF; (4) ARE SUBJECT TO EXCULPATION PURSUANT TO SECTION VII.E HEREOF; OR (5) ARE OTHERWISE STAYED OR TERMINATED PURSUANT TO THE TERMS OF THE PLAN, ARE PERMANENTLY ENJOINED AND PRECLUDED, FROM AND AFTER THE EFFECTIVE DATE, FROM: (A) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND, INCLUDING ON ACCOUNT OF ANY CLAIMS, INTERESTS, CAUSES OF ACTIONS, OR LIABILITIES THAT HAVE BEEN COMPROMISED OR SETTLED AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF ANY ENTITY, DIRECTLY OR INDIRECTLY, SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (B) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (C) CREATING, PERFECTING, OR ENFORCING ANY LIEN, CLAIM, OR ENCUMBRANCE OF ANY KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (D) ASSERTING ANY RIGHT OF SETOFF OR SUBROGATION OF ANY KIND AGAINST ANY OBLIGATION DUE FROM THE DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATES OF THE DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF OR SUBROGATION RIGHT PRIOR TO CONFIRMATION IN A DOCUMENT FILED WITH THE COURT EXPLICITLY PRESERVING SUCH SETOFF OR SUBROGATION; AND (E) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES RELEASED, SETTLED, OR COMPROMISED PURSUANT TO THE PLAN; PROVIDED THAT NOTHING CONTAINED IN THE PLAN SHALL PRECLUDE AN ENTITY FROM OBTAINING BENEFITS DIRECTLY AND EXPRESSLY PROVIDED TO SUCH ENTITY PURSUANT TO THE TERMS OF THE PLAN; *PROVIDED, FURTHER, THAT* NOTHING CONTAINED IN THE PLAN SHALL BE CONSTRUED TO PREVENT ANY ENTITY FROM DEFENDING AGAINST CLAIMS OBJECTIONS OR COLLECTION ACTIONS WHETHER BY ASSERTING A RIGHT OF SETOFF OR OTHERWISE TO THE EXTENT PERMITTED BY LAW.

Section VII.H of the Plan contains the following Waiver of Statutory Limitations on Releases:

EACH RELEASING PARTY IN EACH OF THE RELEASES CONTAINED IN THE PLAN (INCLUDING UNDER THIS SECTION) EXPRESSLY ACKNOWLEDGES THAT ALTHOUGH ORDINARILY A GENERAL RELEASE MAY NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT

KNOW OR SUSPECT TO EXIST IN HIS FAVOR, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE PARTY RELEASED, THEY HAVE CAREFULLY CONSIDERED AND TAKEN INTO ACCOUNT IN DETERMINING TO ENTER INTO THE ABOVE RELEASES THE POSSIBLE EXISTENCE OF SUCH UNKNOWN LOSSES OR CLAIMS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH RELEASING PARTY EXPRESSLY WAIVES ANY AND ALL RIGHTS CONFERRED UPON IT BY ANY STATUTE OR RULE OF LAW WHICH PROVIDES THAT A RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CLAIMANT DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE RELEASED PARTY. THE RELEASES CONTAINED IN THIS SECTION ARE EFFECTIVE REGARDLESS OF WHETHER THOSE RELEASED MATTERS ARE PRESENTLY KNOWN, UNKNOWN, SUSPECTED OR UNSUSPECTED, FORESEEN OR UNFORESEEN.

The Plan term “Released Parties” means (a) the Debtors, (b) the Lapis Parties, (c) the Committee and the Committee Members, (d) the ~~Patient Care Ombudsman~~PCO, (e) the Board Trustees, and (f) except as otherwise set forth below or in the this Plan, each of the ~~foregoing~~foregoing Entities’ respective predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries, beneficial owners, managed accounts or funds, current and former officers, directors, principals, shareholders, direct and indirect equity holders, members partners (general and limited), employees, agents, advisory board members, financial advisors, attorneys accountants, investment bankers, consultants, representatives, management companies, fund advisors, Professionals, and other professionals; provided, AHM, Inc., the officers of the Debtors ~~and~~, Non-Debtor Affiliates and AHM, Inc., and any Board Trustee acting in the capacity of an officer of any of the foregoing, shall not constitute Released Parties for purposes of this Plan and provided further, that as a condition to receiving or enforcing any release granted pursuant to Section VII.F.2 hereof, each Released Party and its Affiliates shall be deemed to have released the Releasing Parties, the Estate, and the Debtors from any and all Claims or Causes of Action arising from or related to their relationship with the Debtors or the Chapter 11 Cases, but not, for the avoidance of doubt, Professional Fee Claims or rights to enforce this Plan. For the avoidance of doubt, and notwithstanding anything herein to the contrary, in no event shall an Entity that appropriately marks a Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order be a Released Party, except that a member of the Committee who either holds a Claim that has opted out of the Third Party Release or represents a Claim that has opted out of the Third Party Release shall be a Released Party only in his or her capacity as a member of the Committee.

The Plan term “Releasing Party” means (a) the Released Parties; and (b) all Holders of Claims that (i) vote to accept the Plan, and (ii) do not affirmatively opt out of the third party release provided by Section VII.F.2 hereof pursuant to a duly executed Ballot; provided, that, notwithstanding anything contained herein to the contrary, in no event shall an Entity that (x) does not vote to accept or reject the Plan, (y) votes to reject the Plan, or (z) appropriately marks the Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order, be a Releasing Party.

THE DISCHARGE, RELEASE, EXCULPATION, INJUNCTION, AND WAIVER PROVISIONS ARE FOUND IN SECTIONS VII.A, B, C, E, F, G AND H OF THE PLAN. YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THESE PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.

Document comparison by Workshare 9.5 on Tuesday, November 10, 2020
9:53:56 PM

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Legend:	
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Moved cell	
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Moved to	0
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Format changed	0
Total changes	45

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re

ASTRIA HEALTH, *et al.*,

Debtors and Debtors In Possession.

Chapter 11

Lead Case No. 19-01189-11

Jointly Administered

**BALLOT FOR VOTING TO ACCEPT OR REJECT
THE JOINT CHAPTER 11 PLAN OF
REORGANIZATION OF ASTRIA HEALTH AND ITS
AFFILIATES**

CLASS 2C Other Secured Claims

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS DECEMBER 4,
2020 AT 4:00 P.M. (PACIFIC TIME).**

**YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE BALLOTING AGENT,
KURTZMAN CARSON CONSULTANTS, LLC (“KCC”), BY THIS DEADLINE IN
ORDER TO BE COUNTED.**

This ballot (the “Ballot”) is submitted to you to solicit your vote to accept or reject the ~~First~~Second Amended Joint Chapter 11 Plan of Reorganization of Astria Health and Its Affiliates (including all exhibits thereto and as amended, modified or supplemented from time to time, the “Plan”) [Docket No. ~~1967~~],¹ submitted by the Plan Proponents² and described in the related disclosure statement (the “Disclosure Statement”) [Docket No. ~~1968~~] approved by order of the United States Bankruptcy Court for the Eastern District of Washington (the “Bankruptcy Court”) entered on _____, 2020 [Docket No. ____] (the “Disclosure Statement Order”). The Disclosure Statement provides information to assist you in deciding how to vote your Ballot. Copies of the Disclosure Statement Order, the Plan, and the Disclosure Statement may be obtained by contacting the Debtors in care of

Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

Additionally, copies of the Disclosure Statement Order, the Plan and the Disclosure Statement are available for inspection and may be obtained on the Bankruptcy Court’s website and at the website for KCC.³

Please review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Capitalized terms used in this Ballot or the attached instructions that are not otherwise defined have the meanings given to them in the Plan, the Disclosure Statement, or the Disclosure Statement Order, as applicable.

¹ All capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the Plan.

² The Plan Proponents are the Debtors, Lapis Advisers, LP as lender under the debtor in possession facility in the chapter 11 cases, agent under the Debtors’ prepetition credit agreement, and as investment advisor and investment manager for certain funds which are beneficial holders of those certain Washington Health Care Facilities Authority Revenue Bonds.

³ <http://www.waeb.uscourts.gov/> (a PACER login and password are required to access documents on the Bankruptcy Court’s website). Documents may also be accessed at KCC’s website: ~~https~~<http://www.kccllc.net/astriahealth>.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of the Claims in each impaired Class to vote on the Plan and if the Plan otherwise satisfies the applicable requirements of section 1129(a) under title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”). If the requisite acceptances are not obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan and (ii) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

To have your vote counted, you must complete, sign and return this Ballot to the following address so that it is **received** by the deadline indicated above:

- By U.S. First Class Mail, Overnight Mail or Hand Delivery to:

Astria Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

- Or, in the alternative, by submitting your Ballot via the Balloting Agent’s online balloting portal, as explained at page [47](#) of this Ballot.

Ballots transmitted to anyone other than KCC, above, and/or by facsimile, electronic mail or other means not specifically approved by the Bankruptcy Court, may be accepted by the Plan Proponents on a case-by-case basis.

**PLEASE READ THE ATTACHED VOTING INFORMATION AND
INSTRUCTIONS BEFORE COMPLETING THIS BALLOT.**

PLEASE COMPLETE ITEMS 1, 2 AND 3. IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE
LINES, THIS BALLOT WILL NOT BE VALID OR NOT COUNTED AS HAVING BEEN CAST.

Item 1. Class Vote. The undersigned, a holder of a Class 2C Other Secured Claim in the voting amount indicated below, votes to (check one box only):

Accept the Plan.

Reject the Plan.

Voting Amount \$ _____⁴

BY VOTING IF YOU VOTE TO ACCEPT THE PLAN, YOU HAVE CONSENTED TO AND DO NOT EXERCISE YOUR RIGHT TO OPT OUT OF THE RELEASE BY HOLDERS OF CLAIMS (DEFINED BELOW AS A "THIRD PARTY RELEASE"). YOU HAVE CONSENTED TO THE THIRD PARTY RELEASE. IF YOU VOTE TO REJECT THE PLAN, YOU AUTOMATICALLY ARE DEEMED TO OPT OUT OF THE THIRD PARTY RELEASE.

Item 2. Important Information Regarding the Release by Holders of Claims

THE PLAN CONTAINS A SERIES OF RELEASES. Parties should be aware that, if the Plan is confirmed and if the Effective Date occurs, the Released Parties, as defined in Section I.A.1.132 of the Plan and as reproduced in paragraph (a) below, will be receiving releases and being exculpated and certain parties will be giving releases and be bound by injunctions as set forth in Section VII of the Plan and as further described in Section VI.S of the Disclosure Statement. Pursuant to Section VII.F.2 of the Plan, and with respect to the Releases by Holders of Claims and Interests described in Section VII.F.2 and reproduced in paragraph (b) below, each Holder is automatically deemed to have consented to the release provisions of the Plan, if the Holder either (a) votes to accept the Plan or (b) either (1) abstains from voting (whether or not the Beneficial Owner returns a Ballot) or (2) votes to reject the Plan and, in the case of either (1) or (2), does not affirmatively check the opt out box below. Only those not voting to accept the Plan may opt out of the Releases by Holders of Claims and Interests.

(a) Section I.A.1.132 of the Plan defines "Released Parties" as:

(a) the Debtors, (b) the Lapis Parties, (c) the Committee and the Committee Members, (d) the ~~Patient Care Ombudsman~~ PCO, (e) the Board Trustees, and (f) except as otherwise set forth below or in the this Plan, each of the ~~forgoing~~ foregoing Entities' respective predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries, beneficial owners, managed accounts or funds, current and former officers, directors, principals, shareholders, direct and indirect equity holders, members partners (general and limited), employees, agents, advisory board members, financial advisors, attorneys accountants, investment bankers, consultants, representatives, management companies, fund advisors, Professionals, and other professionals; provided, AHM, Inc., the officers of the Debtors ~~and~~ Non-Debtor Affiliates and AHM, Inc., and any Board Trustee acting in the capacity of an officer of any of the foregoing, shall not constitute Released Parties for purposes of this Plan and provided further, that as a condition to receiving or enforcing any release granted pursuant to Section VII.F.2 hereof, each Released Party and its Affiliates shall be deemed to have released the Releasing Parties, the Estate, and the Debtors from any and all Claims or Causes of Action arising from or related to their relationship with the Debtors or the Chapter 11 Cases, but not, for the avoidance of doubt, Professional Fee Claims or rights to enforce this Plan. For the avoidance of doubt, and notwithstanding anything herein to the contrary, in no event shall an Entity that appropriately marks a Ballot to opt out of the third party release provided in Section

⁴ For voting purposes only, subject to the tabulation rules ("Tabulation Rules").

VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order be a Released Party, except that a member of the Committee who either holds a Claim that has opted out of the Third Party Release or represents a Claim that has opted out of the Third Party Release shall be a Released Party only in his or her capacity as a member of the Committee.

(b) Section VII.F.2 of the Plan provides:

ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF THE DEBTORS, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE PLAN, THE DISCLOSURE STATEMENT, THESE CHAPTER 11 CASES, OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND (II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST ON ACCOUNT OF AN ALLOWED CLAIM AGAINST THE DEBTORS PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL INCLUDE (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I) VOTE TO ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE PROVIDED BY THIS SECTION PURSUANT TO A DULY EXECUTED BALLOT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE TO ACCEPT OR REJECT THE PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z) APPROPRIATELY MARKS THE BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE PROVIDED IN THIS SECTION AND RETURNS SUCH BALLOT IN ACCORDANCE WITH THE SOLICITATION PROCEDURES ORDER, BE A RELEASING PARTY.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF

THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

NOTWITHSTANDING ANY PROVISION HEREIN, THERE SHALL BE NO RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO § 1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER, AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES' PRE- AND/OR POST-PETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION, OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER IF YOU HAVE NOT VOTED TO ACCEPT THE PLAN, YOU MAY OPT OUT OF THE RELEASE BY HOLDERS OF CLAIMS (REFERRED TO HEREIN AS THE "THIRD PARTY RELEASE") PROVIDED IN SECTION VII.F.2 OF THE PLAN BY CHECKING THE BOX BELOW AND YOU WILL NOT BE BOUND BY SUCH RELEASE. CHECK THE BOX BELOW IF YOU ELECT NOT TO GRANT THE THIRD PARTY RELEASE CONTAINED IN SECTION VII.F.2 OF THE PLAN. IF YOU CAST MORE THAN ONE BALLOT AND YOU WISH TO OPT OUT OF THE THIRD PARTY RELEASE, YOU MUST CHECK THE OPT OUT BOX ON ALL BALLOTS. IF YOU DO NOT CHECK THE OPT OUT BOX ON ALL BALLOTS, YOU WILL BE DEEMED TO HAVE CONSENTED TO THE RELEASE.

You may only elect to opt out of the Third Party Release if you ~~have not~~ voted to accept the Plan in Item 1. ~~For the avoidance of doubt, any election~~ If you voted to reject the Plan in Item 1, you are automatically deemed to opt out of the Third Party Release ~~by a Holder of a Claim that votes to accept the Plan shall be automatically deemed void ab initio.~~

The Holder of the Claims set forth in Item 1 elects to:

Opt Out of the Third Party Release

Item 3. Acknowledgments. By signing this Ballot, the undersigned acknowledges receipt of the Disclosure Statement and the other applicable solicitation materials and certifies that the undersigned is the claimant or has the power and authority to vote to accept or reject the Plan on behalf of the claimant. The undersigned understands that

an otherwise properly completed, executed and timely returned Ballot that does not indicate either acceptance or rejection of the Plan or indicates both acceptance and rejection of the Plan will not be counted.

Name of Creditor

Signature

If by Authorized Agent, Name and Title

Name of Institution

Street Address

City, State, Zip Code

Telephone Number

Email Address

Date Completed

VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT

- (a) **In the boxes provided in Item 1 of the Ballot, please indicate either acceptance or rejection of the Plan.** Complete the Ballot by providing all the information requested in Items 1, 2 and 3, and sign, date and return the Ballot to the Debtors by ONLY ONE of the following approved return methods:

- By U.S. First Class Mail or Hand Delivery or Overnight Mail to:

Astria Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
222 North Pacific Coast Highway, Suite 300
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

- Alternatively, to submit your Ballot via the Balloting Agent's online balloting portal, visit <http://www.kccllc.net/astriahealth>. Click on the "Submit E-Ballot" section of the website and follow the instructions to submit your Ballot.

IMPORTANT NOTE: You will need the following information to retrieve and submit your customized electronic Ballot:

Unique E-Ballot ID#: _____
PIN#: _____

The Balloting Agent's online balloting portal is the sole manner in which Ballots will be accepted via electronic or online transmission.

Each E-Ballot ID# is to be used solely for voting only those Claims described in Item 1 of your electronic Ballot. Please complete and submit an electronic Ballot for each E-Ballot ID# you receive, as applicable. Creditors who cast a Ballot using the Notice and Claims Agent's online portal should NOT also submit a paper Ballot.

- (b) **Ballots must be received by KCC on or before December 4, 2020 at 4:00 p.m. (Pacific Time)** (the "Voting Deadline"). If a Ballot is received after the Voting Deadline, it will not be counted (even if post-marked prior to the Voting Deadline), except in the Debtors' discretion with the consent of the Committee. An envelope addressed to KCC is enclosed for your convenience (which address may differ from the address above). Ballots transmitted to anyone other than KCC, above, and/or transmitted to KCC by facsimile, electronic mail, or other means not specifically approved by the Bankruptcy Court, may be accepted by the Plan Proponents, after consultation with the Committee, on a case-by-case basis. If neither the "accept" nor "reject" box is checked in Item 1 for an otherwise properly completed, executed and timely returned Ballot, the Ballot will not be counted.
- (c) You must vote all your Claims within a single Class under the Plan either to accept or reject the Plan. Accordingly, if you return more than one Ballot voting different Claims within a single Class under the Plan and the Ballots are not voted in the same manner, those Ballots will not be counted. An otherwise properly executed Ballot that attempts to partially accept and partially reject the Plan likewise will not be counted. Further, inconsistent duplicate Ballots with respect to the same claim shall not be counted.
- (d) Your Claim has been temporarily allowed solely for purposes of voting to accept or reject the Plan in accordance with certain Tabulation Rules approved by the Bankruptcy Court. The Tabulation Rules are set forth in the Disclosure Statement Order. The temporary allowance of claims for voting purposes does not constitute an allowance of claims for purposes of distribution under the Plan and is without prejudice to the rights of the Debtors, the Committee, or any other party-in-interest in any other context, including, without limitation, to contest the amount or validity of any claim for purposes of allowance under the Plan. More specifically, the Debtors (or the Committee, ~~if permitted by the Debtors~~) may object to any Claim (as defined in

section 101(5) of the Bankruptcy Code) solely for Plan voting purposes by filing a determination motion (the “Determination Motion”), no later than the Voting Objection Deadline. If an objection to a Claim (made by way of a Determination Motion or otherwise) is filed by the Debtors, ~~or the Committee pursuant to a grant of permission from the Debtors to file a Determination Motion or a Stipulation and Order granting the Committee standing to object to such Claim (if otherwise required)~~ or the Committee, on or before the Voting Objection Deadline requesting that such Claim be reduced or reclassified, such claimant’s Ballot shall, subject to such claimant’s right to file a responsive pleading (including, but not limited to, a Claims Estimation Motion (as defined below) as set forth herein, be counted in such reduced amount or as falling into the reclassified category, unless otherwise ordered by the Court. Further, if you have cast a Ballot and if you have timely filed a Proof of Claim (or have otherwise had a Proof of Claim deemed timely filed by the Bankruptcy Court under applicable law), but your Claim is the subject of an objection (made by way of a Determination Motion or otherwise) filed no later than the Voting Objection Deadline, your Ballot will not be counted to the extent it is challenged by the objection, unless such claim is temporarily allowed by the Bankruptcy Court for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) after the creditor files a motion for such temporary allowance (the “Claims Estimation Motion”). If you seek to have your Claim temporarily allowed for purposes of voting to accept or reject the Plan pursuant to Bankruptcy Rule 3018(a), you are required to file a Claims Estimation Motion for such temporary allowance by the later of (i) the Voting Objection Deadline or (ii) if such Claim is the subject of an objection or a Determination Motion, seven (7) days after the filing of the applicable objection or Determination Motion. In the event that a Determination Motion or Claims Estimation Motion is filed, and the non-moving party wants to file a reply to the motion, such reply must be filed by the later of (i) the Voting Objection Deadline, or (ii) seven (7) days after the filing of the applicable motion (the “Voting Objection Reply Deadline”). A hearing will be scheduled (subject to the Bankruptcy Court’s availability) on such motion within seven (7) days of the Voting Objection Reply Deadline but in no event later than the Confirmation Hearing. The ruling by the Bankruptcy Court on any Determination Motion or Claims Estimation Motion shall be a ruling with respect to the allowance of the Claim(s) under Bankruptcy Rule 3018 and such Claim(s) will be counted, for voting purposes only, in the amount determined by the Bankruptcy Court. In the event a claimant reaches an agreement with the Plan Proponents, in consultation with the Committee, as to the treatment of a Claim for voting purposes, the Claim may be treated in such manner.

- (e) The Ballot does not constitute and will not be deemed a Proof of Claim or an assertion of a Claim.
- (f) If you cast more than one Ballot voting the same Claim prior to the Voting Deadline, the latest received properly completed Ballot will supersede any prior received Ballots.
- (g) NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT.
- (h) PLEASE RETURN YOUR BALLOT PROMPTLY. BALLOTS TRANSMITTED BY E-MAIL, FACSIMILE OR OTHER MEANS NOT SPECIFICALLY APPROVED BY THE BANKRUPTCY COURT, MAY BE ACCEPTED BY THE PLAN PROPONENTS ON A CASE-BY-CASE BASIS.
- (i) IF YOU HAVE RECEIVED A DAMAGED BALLOT, HAVE LOST YOUR BALLOT, OR IF YOU HAVE ANY QUESTIONS CONCERNING THIS BALLOT OR THE VOTING PROCEDURES, PLEASE CONTACT THE DEBTORS AT

Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

DO NOT CONTACT THE DEBTORS OR KCC FOR LEGAL ADVICE. THE DEBTORS AND KCC CANNOT AND WILL NOT PROVIDE PARTIES WITH LEGAL ADVICE.

NOTICE REGARDING CERTAIN RELEASE, EXCULPATION, INJUNCTION AND NON-RECOURSE PROVISIONS IN THE PLAN

PLEASE BE ADVISED THAT SECTIONS VII.A, B, C, E, F, G and H OF THE PLAN CONTAIN CERTAIN DISCHARGE, RELEASE, EXCULPATION, INJUNCTION, AND WAIVER PROVISIONS, INCLUDING:

Section VII.A of the Plan contains the following Discharge:

This is a reorganization plan. The rights afforded in the Plan and the treatment of all Claims shall be in exchange for and in complete satisfaction, discharge, and release of all Claims of any nature whatsoever arising prior to the Effective Date, including any interest accrued on such Claims from and after the Petition Date (except as otherwise ordered by the Court), against the Debtors, the Estates and their property.

Except as otherwise provided in the Plan or the Confirmation Order or in any Executory Contract assumed by Debtors during the Chapter 11 Cases (including, without limitation, the Debtors' indemnification obligations thereunder), the Plan and Confirmation Order shall: (a) on the Effective Date, discharge and release the Debtors, the Estate, the Reorganized Debtors, and their property to the fullest extent permitted by §§ 524 and 1141 from all Claims, including all debts, obligations, demands, liabilities, and Claims that arose before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i), regardless of whether or not (i) a proof of Claim based on such debt is Filed or deemed Filed, (ii) a Claim based on such debt is allowed pursuant to § 502, or (iii) the Holder of a Claim based on such debt or Interest has or has not accepted the Plan; (b) void any judgment underlying a Claim discharged hereunder; and (c) preclude all Entities from asserting against the Debtors, the Estate, the Reorganized Debtors, or their respective property any Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date. To the extent any Claim is paid other than under the Plan, Debtors will be deemed discharged and released with respect to such Claim and such Claim and shall not receive a distribution under the Plan.

Except as otherwise provided in the Plan or the Confirmation Order, or as provided in contracts assumed during the Case and Debtor's indemnification obligations thereunder, on and after the Effective Date, all Entities who have held, currently hold, or may hold a debt or Claim against the Debtors, the Estate, the Reorganized Debtors, or their respective property that is based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, that otherwise arose or accrued prior to the Effective Date, or that is otherwise discharged pursuant to the Plan, shall be permanently enjoined from taking any of the following actions on account of any such discharged debt, Claim, or Interest (the "Permanent Injunction"): (a) commencing or continuing in any manner any action or other proceeding against the Debtors, the Estates, the Reorganized Debtors, or their respective property that is inconsistent with the Plan or the Confirmation Order; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Debtors, the Estate, the Reorganized Debtors, or their respective property other than as specifically permitted under the Plan, as approved by the Confirmation Order; (c) creating, perfecting, or enforcing any lien or encumbrance against the Debtors, the Estate, the Reorganized Debtors, or their respective property; and (d) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan, the Confirmation Order, or the discharge provisions of § 1141. Any Entity injured by any willful violation of such Permanent Injunction shall recover actual damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

Section VII.B of the Plan contains the following Compromise and Settlement of Claims, Interests, and Controversies:

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete settlement, compromise, and release, effective as of the Effective Date, of Claims, Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, including, but not limited to, all known or unknown liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtor or any of

its assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability to the extent such Claims or Interests relate to services performed by employees of the Debtor before the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i), in each case whether or not: (a) a Proof of Claim or proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to § 501; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to § 502; or (c) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtor or its Affiliates with respect to any Claim or Interest that existed immediately before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the settlement, compromise, and release of all Claims and Interests, subject to the Effective Date occurring.

Section VII.C of the Plan contains the following Release of Liens:

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released, settled, and compromised and all rights, titles, and interests of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall revert or otherwise transfer to the Reorganized Debtors or the Liquidation Trust, as applicable, and their successors and assigns. For the avoidance of doubt, this Section shall not apply to DIP Claims, Senior Secured Bond Claims or Senior Secured Credit Agreement Claims.

Section VII.E of the Plan contains the following Exculpation:

The Exculpated Parties shall neither have, nor incur any liability to any Entity for any prepetition or ~~post-petition~~postpetition act taken or omitted to be taken in connection with the Chapter 11 Cases, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or implementing the Plan or consummating the Plan, the Disclosure Statement, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, or any other prepetition or ~~post-petition~~postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Reorganized Debtors, liquidation of the Liquidating Debtors, or administration of the GUC Distribution Trust. Without limiting the foregoing “Exculpation” provided under this Section, the rights of any Holder of a Claim or Interest to enforce rights arising under the Plan shall be preserved, including the right to compel payment of distributions in accordance with the Plan; provided, that the foregoing “Exculpation” shall have no effect on the liability of any Entity for liability solely to the extent resulting from any such act or omission taken after the Effective Date or of any Entity solely to the extent resulting from any act or omission that is determined in a final order to have constituted gross negligence or willful misconduct; provided, further, that, subject to the foregoing exclusions, each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement. The exculpation of the Lapis Parties is an integral component of the Senior Debt 9019 Settlement.

Section VII.F.2 of the Plan contains the following Releases:

ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN OR UNKNOWN, FORESEEN OR

UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF THE DEBTORS, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE PLAN, THE DISCLOSURE STATEMENT, THESE CHAPTER 11 CASES, OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND (II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST ON ACCOUNT OF AN ALLOWED CLAIM AGAINST THE DEBTORS PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL INCLUDE (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I) VOTE TO ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE PROVIDED BY THIS SECTION PURSUANT TO A DULY EXECUTED BALLOT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE TO ACCEPT OR REJECT THE PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z) APPROPRIATELY MARKS THE BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE PROVIDED IN THIS SECTION AND RETURNS SUCH BALLOT IN ACCORDANCE WITH THE SOLICITATION PROCEDURES ORDER, BE A RELEASING PARTY.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

NOTWITHSTANDING ANY PROVISION HEREIN, THERE SHALL BE NO RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO § 1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER, AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES' PRE- AND/OR POST-PETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION, OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER.

Section VII.G of the Plan contains the following Injunction:

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS, INTERESTS, CAUSES OF ACTION, OR LIABILITIES THAT: (1) ARE SUBJECT TO COMPROMISE AND SETTLEMENT PURSUANT TO THE TERMS OF THE PLAN; (2) HAVE BEEN RELEASED PURSUANT TO SECTION VII.F.1 HEREOF; (3) HAVE BEEN RELEASED PURSUANT TO SECTION VII.F.2 HEREOF; (4) ARE SUBJECT TO EXCULPATION PURSUANT TO SECTION VII.E HEREOF; OR (5) ARE OTHERWISE STAYED OR TERMINATED PURSUANT TO THE TERMS OF THE PLAN, ARE PERMANENTLY ENJOINED AND PRECLUDED, FROM AND AFTER THE EFFECTIVE DATE, FROM: (A) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND, INCLUDING ON ACCOUNT OF ANY CLAIMS, INTERESTS, CAUSES OF ACTIONS, OR LIABILITIES THAT HAVE BEEN COMPROMISED OR SETTLED AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF ANY ENTITY, DIRECTLY OR INDIRECTLY, SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (B) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (C) CREATING, PERFECTING, OR ENFORCING ANY LIEN, CLAIM, OR ENCUMBRANCE OF ANY KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (D) ASSERTING ANY RIGHT OF SETOFF OR SUBROGATION OF ANY KIND AGAINST ANY OBLIGATION DUE FROM THE DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATES OF THE DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF OR SUBROGATION RIGHT PRIOR TO CONFIRMATION IN A DOCUMENT FILED WITH THE COURT EXPLICITLY PRESERVING SUCH SETOFF OR SUBROGATION; AND (E) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES RELEASED, SETTLED, OR COMPROMISED PURSUANT TO THE PLAN; PROVIDED THAT NOTHING CONTAINED IN THE PLAN SHALL PRECLUDE AN ENTITY FROM OBTAINING BENEFITS DIRECTLY AND EXPRESSLY PROVIDED TO SUCH ENTITY PURSUANT TO THE TERMS OF THE PLAN; *PROVIDED, FURTHER, THAT* NOTHING CONTAINED IN THE PLAN SHALL BE CONSTRUED TO PREVENT ANY ENTITY FROM DEFENDING AGAINST CLAIMS OBJECTIONS OR COLLECTION ACTIONS WHETHER BY ASSERTING A RIGHT OF SETOFF OR OTHERWISE TO THE EXTENT PERMITTED BY LAW.

Section VII.H of the Plan contains the following Waiver of Statutory Limitations on Releases:

EACH RELEASING PARTY IN EACH OF THE RELEASES CONTAINED IN THE PLAN (INCLUDING UNDER THIS SECTION) EXPRESSLY ACKNOWLEDGES THAT ALTHOUGH ORDINARILY A GENERAL RELEASE MAY NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT

KNOW OR SUSPECT TO EXIST IN HIS FAVOR, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE PARTY RELEASED, THEY HAVE CAREFULLY CONSIDERED AND TAKEN INTO ACCOUNT IN DETERMINING TO ENTER INTO THE ABOVE RELEASES THE POSSIBLE EXISTENCE OF SUCH UNKNOWN LOSSES OR CLAIMS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH RELEASING PARTY EXPRESSLY WAIVES ANY AND ALL RIGHTS CONFERRED UPON IT BY ANY STATUTE OR RULE OF LAW WHICH PROVIDES THAT A RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CLAIMANT DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE RELEASED PARTY. THE RELEASES CONTAINED IN THIS SECTION ARE EFFECTIVE REGARDLESS OF WHETHER THOSE RELEASED MATTERS ARE PRESENTLY KNOWN, UNKNOWN, SUSPECTED OR UNSUSPECTED, FORESEEN OR UNFORESEEN.

The Plan term “Released Parties” means (a) the Debtors, (b) the Lapis Parties, (c) the Committee and the Committee Members, (d) the ~~Patient Care Ombudsman~~PCO, (e) the Board Trustees, and (f) except as otherwise set forth below or in the this Plan, each of the ~~foregoing~~foregoing Entities’ respective predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries, beneficial owners, managed accounts or funds, current and former officers, directors, principals, shareholders, direct and indirect equity holders, members partners (general and limited), employees, agents, advisory board members, financial advisors, attorneys accountants, investment bankers, consultants, representatives, management companies, fund advisors, Professionals, and other professionals; provided, AHM, Inc., the officers of the Debtors ~~and~~, Non-Debtor Affiliates and AHM, Inc., and any Board Trustee acting in the capacity of an officer of any of the foregoing, shall not constitute Released Parties for purposes of this Plan and provided further, that as a condition to receiving or enforcing any release granted pursuant to Section VII.F.2 hereof, each Released Party and its Affiliates shall be deemed to have released the Releasing Parties, the Estate, and the Debtors or the Chapter 11 Cases, but not, for the avoidance of doubt, Professional Fee Claims or rights to enforce this Plan. For the avoidance of doubt, and notwithstanding anything herein to the contrary, in no event shall an Entity that appropriately marks a Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order be a Released Party, except that a member of the Committee who either holds a Claim that has opted out of the Third Party Release or represents a Claim that has opted out of the Third Party Release shall be a Released Party only in his or her capacity as a member of the Committee.

The Plan term “Releasing Party” means (a) the Released Parties; and (b) all Holders of Claims that (i) vote to accept the Plan, and (ii) do not affirmatively opt out of the third party release provided by Section VII.F.2 hereof pursuant to a duly executed Ballot; provided, that, notwithstanding anything contained herein to the contrary, in no event shall an Entity that (x) does not vote to accept or reject the Plan, (y) votes to reject the Plan, or (z) appropriately marks the Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order, be a Releasing Party.

THE DISCHARGE, RELEASE, EXCULPATION, INJUNCTION, AND WAIVER PROVISIONS ARE FOUND IN SECTIONS VII.A, B, C, E, F, G AND H OF THE PLAN. YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THESE PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.

Document comparison by Workshare 9.5 on Tuesday, November 10, 2020
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Moved to	0
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Format changed	0
Total changes	58

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re

ASTRIA HEALTH, *et al.*,

Debtors and Debtors In Possession.

Chapter 11
Lead Case No. 19-01189-11
Jointly Administered

**BALLOT FOR VOTING TO ACCEPT OR REJECT
THE JOINT CHAPTER 11 PLAN OF
REORGANIZATION OF ASTRIA HEALTH AND ITS
AFFILIATES**

CLASS 3 Convenience Class Claims

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS DECEMBER 4,
2020 AT 4:00 P.M. (PACIFIC TIME).**

**YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE BALLOTING AGENT,
KURTZMAN CARSON CONSULTANTS, LLC (“KCC”), BY THIS DEADLINE IN
ORDER TO BE COUNTED.**

This ballot (the “Ballot”) is submitted to you to solicit your vote to accept or reject the ~~First~~Second Amended Joint Chapter 11 Plan of Reorganization of Astria Health and Its Affiliates (including all exhibits thereto and as amended, modified or supplemented from time to time, the “Plan”) [Docket No. ~~1967~~],¹ submitted by the Plan Proponents² and described in the related disclosure statement (the “Disclosure Statement”) [Docket No. ~~1968~~] approved by order of the United States Bankruptcy Court for the Eastern District of Washington (the “Bankruptcy Court”) entered on _____, 2020 [Docket No. ____] (the “Disclosure Statement Order”). The Disclosure Statement provides information to assist you in deciding how to vote your Ballot. Copies of the Disclosure Statement Order, the Plan, and the Disclosure Statement may be obtained by contacting the Debtors in care of

Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

Additionally, copies of the Disclosure Statement Order, the Plan and the Disclosure Statement are available for inspection and may be obtained on the Bankruptcy Court’s website and at the website for KCC.³

Please review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Capitalized terms used in this Ballot or the attached instructions that are not otherwise defined have the meanings given to them in the Plan, the Disclosure Statement, or the Disclosure Statement Order, as applicable.

¹ All capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the Plan.

² The Plan Proponents are the Debtors, Lapis Advisers, LP as lender under the debtor in possession facility in the chapter 11 cases, agent under the Debtors’ prepetition credit agreement, and as investment advisor and investment manager for certain funds which are beneficial holders of those certain Washington Health Care Facilities Authority Revenue Bonds.

³ <http://www.waeb.uscourts.gov/> (a PACER login and password are required to access documents on the Bankruptcy Court’s website). Documents may also be accessed at KCC’s website: <http://www.kccllc.net/astriahealth>.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of the Claims in each impaired Class to vote on the Plan and if the Plan otherwise satisfies the applicable requirements of section 1129(a) under title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”). If the requisite acceptances are not obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan and (ii) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

To have your vote counted, you must complete, sign and return this Ballot to the following address so that it is **received** by the deadline indicated above:

- By U.S. First Class Mail, Overnight Mail or Hand Delivery to:

Astria Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

- Or, in the alternative, by submitting your Ballot via the Balloting Agent’s online balloting portal, as explained at page 7 of this Ballot.

Ballots transmitted to anyone other than KCC, above, and/or by facsimile, electronic mail or other means not specifically approved by the Bankruptcy Court, may be accepted by the Plan Proponents on a case-by-case basis.

PLEASE READ THE ATTACHED VOTING INFORMATION AND INSTRUCTIONS BEFORE COMPLETING THIS BALLOT.

PLEASE COMPLETE ITEMS 1, 2 AND 3. IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES, THIS BALLOT WILL NOT BE VALID OR NOT COUNTED AS HAVING BEEN CAST.

Item 1. Class Vote. The undersigned, a holder of a Class 3 Convenience Class Claim in the voting amount indicated below, votes to (check one box only):

Accept the Plan.

Reject the Plan.

Voting Amount \$ _____⁴

BY VOTING IF YOU VOTE TO ACCEPT THE PLAN, YOU HAVE CONSENTED TO AND DO NOT EXERCISE YOUR RIGHT TO OPT OUT OF THE RELEASE BY HOLDERS OF CLAIMS (DEFINED BELOW AS A "THIRD PARTY RELEASE"). YOU HAVE CONSENTED TO THE THIRD PARTY RELEASE. IF YOU VOTE TO REJECT THE PLAN, YOU AUTOMATICALLY ARE DEEMED TO OPT OUT OF THE THIRD PARTY RELEASE.

Item 2. Important Information Regarding the Release by Holders of Claims

THE PLAN CONTAINS A SERIES OF RELEASES. Parties should be aware that, if the Plan is confirmed and if the Effective Date occurs, the Released Parties, as defined in Section I.A.1.132 of the Plan and as reproduced in paragraph (a) below, will be receiving releases and being exculpated and certain parties will be giving releases and be bound by injunctions as set forth in Section VII of the Plan and as further described in Section VI.S of the Disclosure Statement. Pursuant to Section VII.F.2 of the Plan, and with respect to the Releases by Holders of Claims and Interests described in Section VII.F.2 and reproduced in paragraph (b) below, each Holder is automatically deemed to have consented to the release provisions of the Plan, if the Holder either (a) votes to accept the Plan or (b) either (1) abstains from voting (whether or not the Beneficial Owner returns a Ballot) or (2) votes to reject the Plan and, in the case of either (1) or (2), does not affirmatively check the opt out box below. Only those not voting to accept the Plan may opt out of the Releases by Holders of Claims and Interests.

(a) Section I.A.1.132 of the Plan defines "Released Parties" as:

(a) the Debtors, (b) the Lapis Parties, (c) the Committee and the Committee Members, (d) the ~~Patient Care Ombudsman~~ PCO, (e) the Board Trustees, and (f) except as otherwise set forth below or in the this Plan, each of the ~~forgoing~~ foregoing Entities' respective predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries, beneficial owners, managed accounts or funds, current and former officers, directors, principals, shareholders, direct and indirect equity holders, members partners (general and limited), employees, agents, advisory board members, financial advisors, attorneys accountants, investment bankers, consultants, representatives, management companies, fund advisors, Professionals, and other professionals; provided, AHM, Inc., the officers of the Debtors and Non-Debtor Affiliates and AHM, Inc., and any Board Trustee acting in the capacity of an officer of any of the foregoing, shall not constitute Released Parties for purposes of this Plan and provided further, that as a condition to receiving or enforcing any release granted pursuant to Section VII.F.2 hereof, each Released Party and its Affiliates shall be deemed to have released the Releasing Parties, the Estate, and the Debtors from any and all Claims or Causes of Action arising from or related to their relationship with the Debtors or the Chapter 11 Cases, but not, for the avoidance of doubt, Professional Fee Claims or rights to enforce this Plan. For the avoidance of doubt, and notwithstanding anything herein to the contrary, in no event shall an Entity that appropriately marks a Ballot to opt out of the third party release provided in Section

⁴ For voting purposes only, subject to the tabulation rules ("Tabulation Rules").

VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order be a Released Party, except that a member of the Committee who either holds a Claim that has opted out of the Third Party Release or represents a Claim that has opted out of the Third Party Release shall be a Released Party only in his or her capacity as a member of the Committee.

(b) Section VII.F.2 of the Plan provides:

ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF THE DEBTORS, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE PLAN, THE DISCLOSURE STATEMENT, THESE CHAPTER 11 CASES, OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND (II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST ON ACCOUNT OF AN ALLOWED CLAIM AGAINST THE DEBTORS PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL INCLUDE (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I) VOTE TO ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE PROVIDED BY THIS SECTION PURSUANT TO A DULY EXECUTED BALLOT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE TO ACCEPT OR REJECT THE PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z) APPROPRIATELY MARKS THE BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE PROVIDED IN THIS SECTION AND RETURNS SUCH BALLOT IN ACCORDANCE WITH THE SOLICITATION PROCEDURES ORDER, BE A RELEASING PARTY.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF

THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

NOTWITHSTANDING ANY PROVISION HEREIN, THERE SHALL BE NO RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO § 1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER, AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES' PRE- AND/OR POST-PETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION, OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER IF YOU HAVE NOT VOTED TO ACCEPT THE PLAN, YOU MAY OPT OUT OF THE RELEASE BY HOLDERS OF CLAIMS (REFERRED TO HEREIN AS THE "THIRD PARTY RELEASE") PROVIDED IN SECTION VII.F.2 OF THE PLAN BY CHECKING THE BOX BELOW AND YOU WILL NOT BE BOUND BY SUCH RELEASE. CHECK THE BOX BELOW IF YOU ELECT NOT TO GRANT THE THIRD PARTY RELEASE CONTAINED IN SECTION VII.F.2 OF THE PLAN. IF YOU CAST MORE THAN ONE BALLOT AND YOU WISH TO OPT OUT OF THE THIRD PARTY RELEASE, YOU MUST CHECK THE OPT OUT BOX ON ALL BALLOTS. IF YOU DO NOT CHECK THE OPT OUT BOX ON ALL BALLOTS, YOU WILL BE DEEMED TO HAVE CONSENTED TO THE RELEASE.

You may only elect to opt out of the Third Party Release if you ~~have not~~ voted to accept the Plan in Item 1. ~~For the avoidance of doubt, any election~~ If you voted to reject the Plan in Item 1, you are automatically deemed to opt out of the Third Party Release ~~by a Holder of a Claim that votes to accept the Plan shall be automatically deemed void ab initio.~~

The Holder of the Claims set forth in Item 1 elects to:

Opt Out of the Third Party Release

Item 3. Acknowledgments. By signing this Ballot, the undersigned acknowledges receipt of the Disclosure Statement and the other applicable solicitation materials and certifies that the undersigned is the claimant or has the power and authority to vote to accept or reject the Plan on behalf of the claimant. The undersigned understands that

an otherwise properly completed, executed and timely returned Ballot that does not indicate either acceptance or rejection of the Plan or indicates both acceptance and rejection of the Plan will not be counted.

Name of Creditor

Signature

If by Authorized Agent, Name and Title

Name of Institution

Street Address

City, State, Zip Code

Telephone Number

Email Address

Date Completed

VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT

- (a) **In the boxes provided in Item 1 of the Ballot, please indicate either acceptance or rejection of the Plan.** Complete the Ballot by providing all the information requested in Items 1, 2 and 3, and sign, date and return the Ballot to the Debtors by ONLY ONE of the following approved return methods:

- By U.S. First Class Mail or Hand Delivery or Overnight Mail to:

Astria Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
222 North Pacific Coast Highway, Suite 300
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

- Alternatively, to submit your Ballot via the Balloting Agent's online balloting portal, visit <http://www.kccllc.net/astriahealth>. Click on the "Submit E-Ballot" section of the website and follow the instructions to submit your Ballot.

IMPORTANT NOTE: You will need the following information to retrieve and submit your customized electronic Ballot:

Unique E-Ballot ID#: _____
PIN#: _____

The Balloting Agent's online balloting portal is the sole manner in which Ballots will be accepted via electronic or online transmission.

Each E-Ballot ID# is to be used solely for voting only those Claims described in Item 1 of your electronic Ballot. Please complete and submit an electronic Ballot for each E-Ballot ID# you receive, as applicable. Creditors who cast a Ballot using the Notice and Claims Agent's online portal should NOT also submit a paper Ballot.

- (b) **Ballots must be received by KCC on or before December 4, 2020 at 4:00 p.m. (Pacific Time)** (the "Voting Deadline"). If a Ballot is received after the Voting Deadline, it will not be counted (even if post-marked prior to the Voting Deadline), except in the Debtors' discretion with the consent of the Committee. An envelope addressed to KCC is enclosed for your convenience (which address may differ from the address above). Ballots transmitted to anyone other than KCC, above, and/or transmitted to KCC by facsimile, electronic mail, or other means not specifically approved by the Bankruptcy Court, may be accepted by the Plan Proponents, after consultation with the Committee, on a case-by-case basis. If neither the "accept" nor "reject" box is checked in Item 1 for an otherwise properly completed, executed and timely returned Ballot, the Ballot will not be counted.
- (c) You must vote all your Claims within a single Class under the Plan either to accept or reject the Plan. Accordingly, if you return more than one Ballot voting different Claims within a single Class under the Plan and the Ballots are not voted in the same manner, those Ballots will not be counted. An otherwise properly executed Ballot that attempts to partially accept and partially reject the Plan likewise will not be counted. Further, inconsistent duplicate Ballots with respect to the same claim shall not be counted.
- (d) Your Claim has been temporarily allowed solely for purposes of voting to accept or reject the Plan in accordance with certain Tabulation Rules approved by the Bankruptcy Court. The Tabulation Rules are set forth in the Disclosure Statement Order. The temporary allowance of claims for voting purposes does not constitute an allowance of claims for purposes of distribution under the Plan and is without prejudice to the rights of the Debtors, the Committee, or any other party-in-interest in any other context, including, without limitation, to contest the amount or validity of any claim for purposes of allowance under the Plan. More specifically, the Debtors (or the Committee) may object to any Claim (as defined in section 101(5) of the

Bankruptcy Code) solely for Plan voting purposes by filing a determination motion (the “Determination Motion”), no later than the Voting Objection Deadline. If an objection to a Claim (made by way of a Determination Motion or otherwise) is filed by the Debtors or the Committee, on or before the Voting Objection Deadline requesting that such Claim be reduced or reclassified, such claimant’s Ballot shall, subject to such claimant’s right to file a responsive pleading (including, but not limited to, a Claims Estimation Motion (as defined below) as set forth herein, be counted in such reduced amount or as falling into the reclassified category, unless otherwise ordered by the Court. Further, if you have cast a Ballot and if you have timely filed a Proof of Claim (or have otherwise had a Proof of Claim deemed timely filed by the Bankruptcy Court under applicable law), but your Claim is the subject of an objection (made by way of a Determination Motion or otherwise) filed no later than the Voting Objection Deadline, your Ballot will not be counted to the extent it is challenged by the objection, unless such claim is temporarily allowed by the Bankruptcy Court for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) after the creditor files a motion for such temporary allowance (the “Claims Estimation Motion”). If you seek to have your Claim temporarily allowed for purposes of voting to accept or reject the Plan pursuant to Bankruptcy Rule 3018(a), you are required to file a Claims Estimation Motion for such temporary allowance by the later of (i) the Voting Objection Deadline or (ii) if such Claim is the subject of an objection or a Determination Motion, seven (7) days after the filing of the applicable objection or Determination Motion. In the event that a Determination Motion or Claims Estimation Motion is filed, and the non-moving party wants to file a reply to the motion, such reply must be filed by the later of (i) the Voting Objection Deadline, or (ii) seven (7) days after the filing of the applicable motion (the “Voting Objection Reply Deadline”). A hearing will be scheduled (subject to the Bankruptcy Court’s availability) on such motion within seven (7) days of the Voting Objection Reply Deadline but in no event later than the Confirmation Hearing. The ruling by the Bankruptcy Court on any Determination Motion or Claims Estimation Motion shall be a ruling with respect to the allowance of the Claim(s) under Bankruptcy Rule 3018 and such Claim(s) will be counted, for voting purposes only, in the amount determined by the Bankruptcy Court. In the event a claimant reaches an agreement with the Plan Proponents, in consultation with the Committee, as to the treatment of a Claim for voting purposes, the Claim may be treated in such manner.

- (e) The Ballot does not constitute and will not be deemed a Proof of Claim or an assertion of a Claim.
- (f) If you cast more than one Ballot voting the same Claim prior to the Voting Deadline, the latest received properly completed Ballot will supersede any prior received Ballots.
- (g) NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT.
- (h) PLEASE RETURN YOUR BALLOT PROMPTLY. BALLOTS TRANSMITTED BY E-MAIL, FACSIMILE OR OTHER MEANS NOT SPECIFICALLY APPROVED BY THE BANKRUPTCY COURT, MAY BE ACCEPTED BY THE PLAN PROPONENTS ON A CASE-BY-CASE BASIS.
- (i) IF YOU HAVE RECEIVED A DAMAGED BALLOT, HAVE LOST YOUR BALLOT, OR IF YOU HAVE ANY QUESTIONS CONCERNING THIS BALLOT OR THE VOTING PROCEDURES, PLEASE CONTACT THE DEBTORS AT

Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

DO NOT CONTACT THE DEBTORS OR KCC FOR LEGAL ADVICE. THE DEBTORS AND KCC CANNOT AND WILL NOT PROVIDE PARTIES WITH LEGAL ADVICE.

NOTICE REGARDING CERTAIN RELEASE, EXCULPATION, INJUNCTION AND NON-RECOURSE PROVISIONS IN THE PLAN

PLEASE BE ADVISED THAT SECTIONS VII.A, B, C, E, F, G and H OF THE PLAN CONTAIN CERTAIN DISCHARGE, RELEASE, EXCULPATION, INJUNCTION, AND WAIVER PROVISIONS, INCLUDING:

Section VII.A of the Plan contains the following Discharge:

This is a reorganization plan. The rights afforded in the Plan and the treatment of all Claims shall be in exchange for and in complete satisfaction, discharge, and release of all Claims of any nature whatsoever arising prior to the Effective Date, including any interest accrued on such Claims from and after the Petition Date (except as otherwise ordered by the Court), against the Debtors, the Estates and their property.

Except as otherwise provided in the Plan or the Confirmation Order or in any Executory Contract assumed by Debtors during the Chapter 11 Cases (including, without limitation, the Debtors' indemnification obligations thereunder), the Plan and Confirmation Order shall: (a) on the Effective Date, discharge and release the Debtors, the Estate, the Reorganized Debtors, and their property to the fullest extent permitted by §§ 524 and 1141 from all Claims, including all debts, obligations, demands, liabilities, and Claims that arose before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i), regardless of whether or not (i) a proof of Claim based on such debt is Filed or deemed Filed, (ii) a Claim based on such debt is allowed pursuant to § 502, or (iii) the Holder of a Claim based on such debt or Interest has or has not accepted the Plan; (b) void any judgment underlying a Claim discharged hereunder; and (c) preclude all Entities from asserting against the Debtors, the Estate, the Reorganized Debtors, or their respective property any Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date. To the extent any Claim is paid other than under the Plan, Debtors will be deemed discharged and released with respect to such Claim and such Claim and shall not receive a distribution under the Plan.

Except as otherwise provided in the Plan or the Confirmation Order, or as provided in contracts assumed during the Case and Debtor's indemnification obligations thereunder, on and after the Effective Date, all Entities who have held, currently hold, or may hold a debt or Claim against the Debtors, the Estate, the Reorganized Debtors, or their respective property that is based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, that otherwise arose or accrued prior to the Effective Date, or that is otherwise discharged pursuant to the Plan, shall be permanently enjoined from taking any of the following actions on account of any such discharged debt, Claim, or Interest (the "Permanent Injunction"): (a) commencing or continuing in any manner any action or other proceeding against the Debtors, the Estates, the Reorganized Debtors, or their respective property that is inconsistent with the Plan or the Confirmation Order; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Debtors, the Estate, the Reorganized Debtors, or their respective property other than as specifically permitted under the Plan, as approved by the Confirmation Order; (c) creating, perfecting, or enforcing any lien or encumbrance against the Debtors, the Estate, the Reorganized Debtors, or their respective property; and (d) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan, the Confirmation Order, or the discharge provisions of § 1141. Any Entity injured by any willful violation of such Permanent Injunction shall recover actual damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

Section VII.B of the Plan contains the following Compromise and Settlement of Claims, Interests, and Controversies:

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete settlement, compromise, and release, effective as of the Effective Date, of Claims, Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, including, but not limited to, all known or unknown liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtor or any of

its assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability to the extent such Claims or Interests relate to services performed by employees of the Debtor before the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i), in each case whether or not: (a) a Proof of Claim or proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to § 501; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to § 502; or (c) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtor or its Affiliates with respect to any Claim or Interest that existed immediately before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the settlement, compromise, and release of all Claims and Interests, subject to the Effective Date occurring.

Section VII.C of the Plan contains the following Release of Liens:

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released, settled, and compromised and all rights, titles, and interests of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall revert or otherwise transfer to the Reorganized Debtors or the Liquidation Trust, as applicable, and their successors and assigns. For the avoidance of doubt, this Section shall not apply to DIP Claims, Senior Secured Bond Claims or Senior Secured Credit Agreement Claims.

Section VII.E of the Plan contains the following Exculpation:

The Exculpated Parties shall neither have, nor incur any liability to any Entity for any prepetition or ~~post-petition~~postpetition act taken or omitted to be taken in connection with the Chapter 11 Cases, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or implementing the Plan or consummating the Plan, the Disclosure Statement, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, or any other prepetition or ~~post-petition~~postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Reorganized Debtors, liquidation of the Liquidating Debtors, or administration of the GUC Distribution Trust. Without limiting the foregoing “Exculpation” provided under this Section, the rights of any Holder of a Claim or Interest to enforce rights arising under the Plan shall be preserved, including the right to compel payment of distributions in accordance with the Plan; provided, that the foregoing “Exculpation” shall have no effect on the liability of any Entity for liability solely to the extent resulting from any such act or omission taken after the Effective Date or of any Entity solely to the extent resulting from any act or omission that is determined in a final order to have constituted gross negligence or willful misconduct; provided, further, that, subject to the foregoing exclusions, each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement. The exculpation of the Lapis Parties is an integral component of the Senior Debt 9019 Settlement.

Section VII.F.2 of the Plan contains the following Releases:

ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN OR UNKNOWN, FORESEEN OR

UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF THE DEBTORS, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE PLAN, THE DISCLOSURE STATEMENT, THESE CHAPTER 11 CASES, OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND (II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST ON ACCOUNT OF AN ALLOWED CLAIM AGAINST THE DEBTORS PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL INCLUDE (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I) VOTE TO ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE PROVIDED BY THIS SECTION PURSUANT TO A DULY EXECUTED BALLOT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE TO ACCEPT OR REJECT THE PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z) APPROPRIATELY MARKS THE BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE PROVIDED IN THIS SECTION AND RETURNS SUCH BALLOT IN ACCORDANCE WITH THE SOLICITATION PROCEDURES ORDER, BE A RELEASING PARTY.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

NOTWITHSTANDING ANY PROVISION HEREIN, THERE SHALL BE NO RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO § 1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER, AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES' PRE- AND/OR POST-PETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION, OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER.

Section VII.G of the Plan contains the following Injunction:

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS, INTERESTS, CAUSES OF ACTION, OR LIABILITIES THAT: (1) ARE SUBJECT TO COMPROMISE AND SETTLEMENT PURSUANT TO THE TERMS OF THE PLAN; (2) HAVE BEEN RELEASED PURSUANT TO SECTION VII.F.1 HEREOF; (3) HAVE BEEN RELEASED PURSUANT TO SECTION VII.F.2 HEREOF; (4) ARE SUBJECT TO EXCULPATION PURSUANT TO SECTION VII.E HEREOF; OR (5) ARE OTHERWISE STAYED OR TERMINATED PURSUANT TO THE TERMS OF THE PLAN, ARE PERMANENTLY ENJOINED AND PRECLUDED, FROM AND AFTER THE EFFECTIVE DATE, FROM: (A) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND, INCLUDING ON ACCOUNT OF ANY CLAIMS, INTERESTS, CAUSES OF ACTIONS, OR LIABILITIES THAT HAVE BEEN COMPROMISED OR SETTLED AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF ANY ENTITY, DIRECTLY OR INDIRECTLY, SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (B) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (C) CREATING, PERFECTING, OR ENFORCING ANY LIEN, CLAIM, OR ENCUMBRANCE OF ANY KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (D) ASSERTING ANY RIGHT OF SETOFF OR SUBROGATION OF ANY KIND AGAINST ANY OBLIGATION DUE FROM THE DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATES OF THE DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF OR SUBROGATION RIGHT PRIOR TO CONFIRMATION IN A DOCUMENT FILED WITH THE COURT EXPLICITLY PRESERVING SUCH SETOFF OR SUBROGATION; AND (E) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES RELEASED, SETTLED, OR COMPROMISED PURSUANT TO THE PLAN; PROVIDED THAT NOTHING CONTAINED IN THE PLAN SHALL PRECLUDE AN ENTITY FROM OBTAINING BENEFITS DIRECTLY AND EXPRESSLY PROVIDED TO SUCH ENTITY PURSUANT TO THE TERMS OF THE PLAN; *PROVIDED, FURTHER, THAT* NOTHING CONTAINED IN THE PLAN SHALL BE CONSTRUED TO PREVENT ANY ENTITY FROM DEFENDING AGAINST CLAIMS OBJECTIONS OR COLLECTION ACTIONS WHETHER BY ASSERTING A RIGHT OF SETOFF OR OTHERWISE TO THE EXTENT PERMITTED BY LAW.

Section VII.H of the Plan contains the following Waiver of Statutory Limitations on Releases:

EACH RELEASING PARTY IN EACH OF THE RELEASES CONTAINED IN THE PLAN (INCLUDING UNDER THIS SECTION) EXPRESSLY ACKNOWLEDGES THAT ALTHOUGH ORDINARILY A GENERAL RELEASE MAY NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT

KNOW OR SUSPECT TO EXIST IN HIS FAVOR, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE PARTY RELEASED, THEY HAVE CAREFULLY CONSIDERED AND TAKEN INTO ACCOUNT IN DETERMINING TO ENTER INTO THE ABOVE RELEASES THE POSSIBLE EXISTENCE OF SUCH UNKNOWN LOSSES OR CLAIMS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH RELEASING PARTY EXPRESSLY WAIVES ANY AND ALL RIGHTS CONFERRED UPON IT BY ANY STATUTE OR RULE OF LAW WHICH PROVIDES THAT A RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CLAIMANT DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE RELEASED PARTY. THE RELEASES CONTAINED IN THIS SECTION ARE EFFECTIVE REGARDLESS OF WHETHER THOSE RELEASED MATTERS ARE PRESENTLY KNOWN, UNKNOWN, SUSPECTED OR UNSUSPECTED, FORESEEN OR UNFORESEEN.

The Plan term “Released Parties” means (a) the Debtors, (b) the Lapis Parties, (c) the Committee and the Committee Members, (d) the ~~Patient Care Ombudsman~~PCO, (e) the Board Trustees, and (f) except as otherwise set forth below or in the this Plan, each of the ~~foregoing~~foregoing Entities’ respective predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries, beneficial owners, managed accounts or funds, current and former officers, directors, principals, shareholders, direct and indirect equity holders, members partners (general and limited), employees, agents, advisory board members, financial advisors, attorneys accountants, investment bankers, consultants, representatives, management companies, fund advisors, Professionals, and other professionals; provided, AHM, Inc., the officers of the Debtors ~~and~~, Non-Debtor Affiliates and AHM, Inc., and any Board Trustee acting in the capacity of an officer of any of the foregoing, shall not constitute Released Parties for purposes of this Plan and provided further, that as a condition to receiving or enforcing any release granted pursuant to Section VII.F.2 hereof, each Released Party and its Affiliates shall be deemed to have released the Releasing Parties, the Estate, and the Debtors or the Chapter 11 Cases, but not, for the avoidance of doubt, Professional Fee Claims or rights to enforce this Plan. For the avoidance of doubt, and notwithstanding anything herein to the contrary, in no event shall an Entity that appropriately marks a Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order be a Released Party, except that a member of the Committee who either holds a Claim that has opted out of the Third Party Release or represents a Claim that has opted out of the Third Party Release shall be a Released Party only in his or her capacity as a member of the Committee.

The Plan term “Releasing Party” means (a) the Released Parties; and (b) all Holders of Claims that (i) vote to accept the Plan, and (ii) do not affirmatively opt out of the third party release provided by Section VII.F.2 hereof pursuant to a duly executed Ballot; provided, that, notwithstanding anything contained herein to the contrary, in no event shall an Entity that (x) does not vote to accept or reject the Plan, (y) votes to reject the Plan, or (z) appropriately marks the Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order, be a Releasing Party.

THE DISCHARGE, RELEASE, EXCULPATION, INJUNCTION, AND WAIVER PROVISIONS ARE FOUND IN SECTIONS VII.A, B, C, E, F, G AND H OF THE PLAN. YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THESE PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.

Document comparison by Workshare 9.5 on Tuesday, November 10, 2020
9:55:54 PM

Input:	
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Document 2 ID	interwovenSite://USDMS/US_Active/115860273/4
Description	#115860273v4<US_Active> - Astria - Draft Ballot 3
Rendering set	Underline Strikethrough

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved-deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Deletions	22
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Moved to	0
Style change	0
Format changed	0
Total changes	45

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re

ASTRIA HEALTH, *et al.*,

Debtors and Debtors In Possession.

Chapter 11
Lead Case No. 19-01189-11
Jointly Administered

**BALLOT FOR VOTING TO ACCEPT OR REJECT
THE FIRST AMENDED JOINT CHAPTER 11 PLAN
OF REORGANIZATION OF ASTRIA HEALTH AND
ITS AFFILIATES**

CLASS 4 General Unsecured Claims

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS DECEMBER 4,
2020 AT 4:00 P.M. (PACIFIC TIME).**

**YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE BALLOTING AGENT,
KURTZMAN CARSON CONSULTANTS, LLC (“KCC”), BY THIS DEADLINE IN
ORDER TO BE COUNTED.**

This ballot (the “Ballot”) is submitted to you to solicit your vote to accept or reject the ~~First~~Second Amended Joint Chapter 11 Plan of Reorganization of Astria Health and Its Affiliates (including all exhibits thereto and as amended, modified or supplemented from time to time, the “Plan”) [Docket No. ~~1967~~],¹ submitted by the Plan Proponents² and described in the related disclosure statement (the “Disclosure Statement”) [Docket No. ~~1968~~] approved by order of the United States Bankruptcy Court for the Eastern District of Washington (the “Bankruptcy Court”) entered on _____, 2020 [Docket No. ____] (the “Disclosure Statement Order”). The Disclosure Statement provides information to assist you in deciding how to vote your Ballot. Copies of the Disclosure Statement Order, the Plan, and the Disclosure Statement may be obtained by contacting the Debtors in care of

Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

Additionally, copies of the Disclosure Statement Order, the Plan and the Disclosure Statement are available for inspection and may be obtained on the Bankruptcy Court’s website and at the website for KCC.³

Please review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Capitalized terms used in this Ballot or the attached instructions that are not otherwise defined have the meanings given to them in the Plan, the Disclosure Statement, or the Disclosure Statement Order, as applicable.

¹ All capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the Plan.

² The Plan Proponents are the Debtors, Lapis Advisers, LP as lender under the debtor in possession facility in the chapter 11 cases, agent under the Debtors’ prepetition credit agreement, and as investment advisor and investment manager for certain funds which are beneficial holders of those certain Washington Health Care Facilities Authority Revenue Bonds.

³ <http://www.waeb.uscourts.gov/> (a PACER login and password are required to access documents on the Bankruptcy Court’s website). Documents may also be accessed at KCC’s website: <http://www.kccllc.net/astriahealth>.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of the Claims in each impaired Class to vote on the Plan and if the Plan otherwise satisfies the applicable requirements of section 1129(a) under title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”). If the requisite acceptances are not obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan and (ii) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

To have your vote counted, you must complete, sign and return this Ballot to the following address so that it is **received** by the deadline indicated above:

- By U.S. First Class Mail, Overnight Mail or Hand Delivery to:

Astria Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

- Or, in the alternative, by submitting your Ballot via the Balloting Agent’s online balloting portal, as explained at page 7 of this Ballot.

Ballots transmitted to anyone other than KCC, above, and/or by facsimile, electronic mail or other means not specifically approved by the Bankruptcy Court, may be accepted by the Plan Proponents on a case-by-case basis.

PLEASE READ THE ATTACHED VOTING INFORMATION AND INSTRUCTIONS BEFORE COMPLETING THIS BALLOT.

PLEASE COMPLETE ITEMS 1, 2, 3 AND 4. IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES, THIS BALLOT WILL NOT BE VALID OR NOT COUNTED AS HAVING BEEN CAST.

Item 1. Class Vote. The undersigned, a holder of a Class 4 General Unsecured Claim in the voting amount indicated below, votes to (check one box only):

Accept the Plan.

Reject the Plan.

Voting Amount \$ _____⁴

BY VOTING IF YOU VOTE TO ACCEPT THE PLAN, YOU HAVE CONSENTED TO AND DO NOT EXERCISE YOUR RIGHT TO OPT OUT OF THE RELEASE BY HOLDERS OF CLAIMS (DEFINED BELOW AS A "THIRD PARTY RELEASE"). YOU HAVE CONSENTED TO THE THIRD PARTY RELEASE. IF YOU VOTE TO REJECT THE PLAN, YOU AUTOMATICALLY ARE DEEMED TO OPT OUT OF THE THIRD PARTY RELEASE.

Item 2. Convenience Class Election.

HOLDERS OF CLASS 4 CLAIMS IN EXCESS OF \$5,000 MAY ELECT TO RECEIVE THE TREATMENT OF CLASS 3 CLAIMS UNDER THE PLAN, IN LIEU OF RECEIVING ANY DISTRIBUTIONS IN CLASS 4, AND ACCEPT PAYMENT OF ONE THOUSAND DOLLARS (\$1,000) AS PAYMENT OF THE CLAIMANT'S CLAIM IN FULL.

The holder of Class 4 Claims set forth in Item 1 elects to:

Participate in Class 3 and accept payment of \$1,000 as satisfaction of its Claim in full.

BY MAKING THE CONVENIENCE CLASS ELECTION, THE UNDERSIGNED UNDERSTANDS THAT ITS ELECTION IS IRREVOCABLE, IT WILL BE DEEMED A HOLDER OF CLASS 3 CLAIMS UNDER THE PLAN, IT WILL RECEIVE A DISTRIBUTION SOLELY UNDER CLASS 3, AND ITS RIGHT TO ASSERT ADDITIONAL CLAIMS ABOVE THE CONVENIENCE CLASS THRESHOLD ARE BEING WAIVED, RELEASED, SETTLED AND COMPROMISED.

Item 3. Important Information Regarding the Release by Holders of Claims

THE PLAN CONTAINS A SERIES OF RELEASES. Parties should be aware that, if the Plan is confirmed and if the Effective Date occurs, the Released Parties, as defined in Section I.A.1.132 of the Plan and as reproduced in paragraph (a) below, will be receiving releases and being exculpated and certain parties will be giving releases and be bound by injunctions as set forth in Section VII of the Plan and as further described in Section VI.S of the Disclosure Statement. Pursuant to Section VII.F.2 of the Plan, and with respect to the Releases by Holders of Claims and Interests described in Section VII.F.2 and reproduced in paragraph (b) below, each Holder is automatically deemed to have consented to the release provisions of the Plan, if the Holder either (a) votes to accept the Plan or (b) either (1) abstains from voting (whether or not the Beneficial Owner returns a Ballot) or (2) votes to reject the Plan and, in the case of either (1) or (2), does not affirmatively check the opt out box below. Only those not voting to accept the Plan may opt out of the Releases by Holders of Claims and Interests.

(a) Section I.A.1.132 of the Plan defines "Released Parties" as:

(a) the Debtors, (b) the Lapis Parties, (c) the Committee and the Committee Members, (d) the ~~Patient Care Ombudsman~~PCO, (e) the Board Trustees, and (f) except as otherwise set forth below or in the this Plan, each of the ~~forgoing~~foregoing Entities' respective

⁴ For voting purposes only, subject to the tabulation rules ("Tabulation Rules").

predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries, beneficial owners, managed accounts or funds, current and former officers, directors, principals, shareholders, direct and indirect equity holders, members partners (general and limited), employees, agents, advisory board members, financial advisors, attorneys accountants, investment bankers, consultants, representatives, management companies, fund advisors, Professionals, and other professionals; provided, AHM, Inc., the officers of the Debtors ~~and~~ Non-Debtor Affiliates and AHM, Inc., and any Board Trustee acting in the capacity of an officer of any of the foregoing, shall not constitute Released Parties for purposes of this Plan and provided further, that as a condition to receiving or enforcing any release granted pursuant to Section VII.F.2 hereof, each Released Party and its Affiliates shall be deemed to have released the Releasing Parties, the Estate, and the Debtors from any and all Claims or Causes of Action arising from or related to their relationship with the Debtors or the Chapter 11 Cases, but not, for the avoidance of doubt, Professional Fee Claims or rights to enforce this Plan. For the avoidance of doubt, and notwithstanding anything herein to the contrary, in no event shall an Entity that appropriately marks a Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order be a Released Party, except that a member of the Committee who either holds a Claim that has opted out of the Third Party Release or represents a Claim that has opted out of the Third Party Release shall be a Released Party only in his or her capacity as a member of the Committee.

(b) Section VII.F.2 of the Plan provides:

ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF THE DEBTORS, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE PLAN, THE DISCLOSURE STATEMENT, THESE CHAPTER 11 CASES, OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND (II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST ON ACCOUNT OF AN ALLOWED CLAIM AGAINST

THE DEBTORS PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL INCLUDE (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I) VOTE TO ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE PROVIDED BY THIS SECTION PURSUANT TO A DULY EXECUTED BALLOT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE TO ACCEPT OR REJECT THE PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z) APPROPRIATELY MARKS THE BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE PROVIDED IN THIS SECTION AND RETURNS SUCH BALLOT IN ACCORDANCE WITH THE SOLICITATION PROCEDURES ORDER, BE A RELEASING PARTY.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

NOTWITHSTANDING ANY PROVISION HEREIN, THERE SHALL BE NO RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO § 1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER, AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES' PRE- AND/OR POST-PETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION, OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER IF YOU HAVE NOT VOTED TO ACCEPT THE PLAN, YOU MAY OPT OUT OF THE RELEASE BY HOLDERS OF CLAIMS (REFERRED TO HEREIN AS THE "THIRD PARTY RELEASE") PROVIDED IN SECTION VII.F.2 OF THE PLAN BY CHECKING THE BOX BELOW AND YOU WILL NOT BE BOUND BY SUCH RELEASE. CHECK THE BOX BELOW IF YOU ELECT NOT TO GRANT THE THIRD PARTY RELEASE CONTAINED IN SECTION VII.F.2 OF THE PLAN. IF YOU CAST MORE THAN ONE BALLOT AND YOU WISH TO OPT OUT OF THE THIRD PARTY RELEASE, YOU MUST

CHECK THE OPT OUT BOX ON ALL BALLOTS. IF YOU DO NOT CHECK THE OPT OUT BOX ON ALL BALLOTS, YOU WILL BE DEEMED TO HAVE CONSENTED TO THE RELEASE.

You may only elect to opt out of the Third Party Release if you ~~have not~~ voted to accept the Plan in Item 1. ~~For the avoidance of doubt, any election~~ If you voted to reject the Plan in Item 1, you are automatically deemed to opt out of the Third Party Release ~~by a Holder of a Claim that votes to accept the Plan shall be automatically deemed void ab initio.~~

The Holder of the Claims set forth in Item 1 elects to:

Opt Out of the Third Party Release

Item 4. Acknowledgments. By signing this Ballot, the undersigned acknowledges receipt of the Disclosure Statement and the other applicable solicitation materials and certifies that the undersigned is the claimant or has the power and authority to vote to accept or reject the Plan on behalf of the claimant. The undersigned understands that an otherwise properly completed, executed and timely returned Ballot that does not indicate either acceptance or rejection of the Plan or indicates both acceptance and rejection of the Plan will not be counted.

Name of Creditor

Signature

If by Authorized Agent, Name and Title

Name of Institution

Street Address

City, State, Zip Code

Telephone Number

Email Address

Date Completed

VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT

- (a) **In the boxes provided in Item 1 of the Ballot, please indicate either acceptance or rejection of the Plan.** Complete the Ballot by providing all the information requested in Items 1, 2 and 3, and sign, date and return the Ballot to the Debtors by ONLY ONE of the following approved return methods:

- By U.S. First Class Mail or Hand Delivery or Overnight Mail to:

Astria Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
222 North Pacific Coast Highway, Suite 300
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

- Alternatively, to submit your Ballot via the Balloting Agent's online balloting portal, visit <http://www.kccllc.net/astriahealth>. Click on the "Submit E-Ballot" section of the website and follow the instructions to submit your Ballot.

IMPORTANT NOTE: You will need the following information to retrieve and submit your customized electronic Ballot:

Unique E-Ballot ID#: _____
PIN#: _____

The Balloting Agent's online balloting portal is the sole manner in which Ballots will be accepted via electronic or online transmission.

Each E-Ballot ID# is to be used solely for voting only those Claims described in Item 1 of your electronic Ballot. Please complete and submit an electronic Ballot for each E-Ballot ID# you receive, as applicable. Creditors who cast a Ballot using the Notice and Claims Agent's online portal should NOT also submit a paper Ballot.

- (b) **Ballots must be received by KCC on or before December 4, 2020 at 4:00 p.m. (Pacific Time)** (the "Voting Deadline"). If a Ballot is received after the Voting Deadline, it will not be counted (even if post-marked prior to the Voting Deadline), except in the Debtors' discretion with the consent of the Committee. An envelope addressed to KCC is enclosed for your convenience (which address may differ from the address above). Ballots transmitted to anyone other than KCC, above, and/or transmitted to KCC by facsimile, electronic mail, or other means not specifically approved by the Bankruptcy Court, may be accepted by the Plan Proponents, after consultation with the Committee, on a case-by-case basis. If neither the "accept" nor "reject" box is checked in Item 1 for an otherwise properly completed, executed and timely returned Ballot, the Ballot will not be counted.
- (c) You must vote all your Claims within a single Class under the Plan either to accept or reject the Plan. Accordingly, if you return more than one Ballot voting different Claims within a single Class under the Plan and the Ballots are not voted in the same manner, those Ballots will not be counted. An otherwise properly executed Ballot that attempts to partially accept and partially reject the Plan likewise will not be counted. Further, inconsistent duplicate Ballots with respect to the same claim shall not be counted.
- (d) Your Claim has been temporarily allowed solely for purposes of voting to accept or reject the Plan in accordance with certain Tabulation Rules approved by the Bankruptcy Court. The Tabulation Rules are set forth in the Disclosure Statement Order. The temporary allowance of claims for voting purposes does not constitute an allowance of claims for purposes of distribution under the Plan and is without prejudice to the rights of the Debtors, the Committee, or any other party-in-interest in any other context, including, without limitation, to contest the amount or validity of any claim for purposes of allowance under the Plan. More specifically, the Debtors (or the Committee) may object to any Claim (as defined in section 101(5) of the

Bankruptcy Code) solely for Plan voting purposes by filing a determination motion (the “Determination Motion”), no later than the Voting Objection Deadline. If an objection to a Claim (made by way of a Determination Motion or otherwise) is filed by the Debtors or the Committee, on or before the Voting Objection Deadline requesting that such Claim be reduced or reclassified, such claimant’s Ballot shall, subject to such claimant’s right to file a responsive pleading (including, but not limited to, a Claims Estimation Motion (as defined below) as set forth herein, be counted in such reduced amount or as falling into the reclassified category, unless otherwise ordered by the Court. Further, if you have cast a Ballot and if you have timely filed a Proof of Claim (or have otherwise had a Proof of Claim deemed timely filed by the Bankruptcy Court under applicable law), but your Claim is the subject of an objection (made by way of a Determination Motion or otherwise) filed no later than the Voting Objection Deadline, your Ballot will not be counted to the extent it is challenged by the objection, unless such claim is temporarily allowed by the Bankruptcy Court for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) after the creditor files a motion for such temporary allowance (the “Claims Estimation Motion”). If you seek to have your Claim temporarily allowed for purposes of voting to accept or reject the Plan pursuant to Bankruptcy Rule 3018(a), you are required to file a Claims Estimation Motion for such temporary allowance by the later of (i) the Voting Objection Deadline or (ii) if such Claim is the subject of an objection or a Determination Motion, seven (7) days after the filing of the applicable objection or Determination Motion. In the event that a Determination Motion or Claims Estimation Motion is filed, and the non-moving party wants to file a reply to the motion, such reply must be filed by the later of (i) the Voting Objection Deadline, or (ii) seven (7) days after the filing of the applicable motion (the “Voting Objection Reply Deadline”). A hearing will be scheduled (subject to the Bankruptcy Court’s availability) on such motion within seven (7) days of the Voting Objection Reply Deadline but in no event later than the Confirmation Hearing. The ruling by the Bankruptcy Court on any Determination Motion or Claims Estimation Motion shall be a ruling with respect to the allowance of the Claim(s) under Bankruptcy Rule 3018 and such Claim(s) will be counted, for voting purposes only, in the amount determined by the Bankruptcy Court. In the event a claimant reaches an agreement with the Plan Proponents, in consultation with the Committee, as to the treatment of a Claim for voting purposes, the Claim may be treated in such manner.

- (e) The Ballot does not constitute and will not be deemed a Proof of Claim or an assertion of a Claim.
- (f) If you cast more than one Ballot voting the same Claim prior to the Voting Deadline, the latest received properly completed Ballot will supersede any prior received Ballots.
- (g) NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT.
- (h) PLEASE RETURN YOUR BALLOT PROMPTLY. BALLOTS TRANSMITTED BY E-MAIL, FACSIMILE OR OTHER MEANS NOT SPECIFICALLY APPROVED BY THE BANKRUPTCY COURT, MAY BE ACCEPTED BY THE PLAN PROPONENTS ON A CASE-BY-CASE BASIS.
- (i) IF YOU HAVE RECEIVED A DAMAGED BALLOT, HAVE LOST YOUR BALLOT, OR IF YOU HAVE ANY QUESTIONS CONCERNING THIS BALLOT OR THE VOTING PROCEDURES, PLEASE CONTACT THE DEBTORS AT

Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

DO NOT CONTACT THE DEBTORS OR KCC FOR LEGAL ADVICE. THE DEBTORS AND KCC CANNOT AND WILL NOT PROVIDE PARTIES WITH LEGAL ADVICE.

NOTICE REGARDING CERTAIN RELEASE, EXCULPATION, INJUNCTION AND NON-RECOURSE PROVISIONS IN THE PLAN

PLEASE BE ADVISED THAT SECTIONS VII.A, B, C, E, F, G and H OF THE PLAN CONTAIN CERTAIN DISCHARGE, RELEASE, EXCULPATION, INJUNCTION, AND WAIVER PROVISIONS, INCLUDING:

Section VII.A of the Plan contains the following Discharge:

This is a reorganization plan. The rights afforded in the Plan and the treatment of all Claims shall be in exchange for and in complete satisfaction, discharge, and release of all Claims of any nature whatsoever arising prior to the Effective Date, including any interest accrued on such Claims from and after the Petition Date (except as otherwise ordered by the Court), against the Debtors, the Estates and their property.

Except as otherwise provided in the Plan or the Confirmation Order or in any Executory Contract assumed by Debtors during the Chapter 11 Cases (including, without limitation, the Debtors' indemnification obligations thereunder), the Plan and Confirmation Order shall: (a) on the Effective Date, discharge and release the Debtors, the Estate, the Reorganized Debtors, and their property to the fullest extent permitted by §§ 524 and 1141 from all Claims, including all debts, obligations, demands, liabilities, and Claims that arose before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i), regardless of whether or not (i) a proof of Claim based on such debt is Filed or deemed Filed, (ii) a Claim based on such debt is allowed pursuant to § 502, or (iii) the Holder of a Claim based on such debt or Interest has or has not accepted the Plan; (b) void any judgment underlying a Claim discharged hereunder; and (c) preclude all Entities from asserting against the Debtors, the Estate, the Reorganized Debtors, or their respective property any Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date. To the extent any Claim is paid other than under the Plan, Debtors will be deemed discharged and released with respect to such Claim and such Claim and shall not receive a distribution under the Plan.

Except as otherwise provided in the Plan or the Confirmation Order, or as provided in contracts assumed during the Case and Debtor's indemnification obligations thereunder, on and after the Effective Date, all Entities who have held, currently hold, or may hold a debt or Claim against the Debtors, the Estate, the Reorganized Debtors, or their respective property that is based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, that otherwise arose or accrued prior to the Effective Date, or that is otherwise discharged pursuant to the Plan, shall be permanently enjoined from taking any of the following actions on account of any such discharged debt, Claim, or Interest (the "Permanent Injunction"): (a) commencing or continuing in any manner any action or other proceeding against the Debtors, the Estates, the Reorganized Debtors, or their respective property that is inconsistent with the Plan or the Confirmation Order; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Debtors, the Estate, the Reorganized Debtors, or their respective property other than as specifically permitted under the Plan, as approved by the Confirmation Order; (c) creating, perfecting, or enforcing any lien or encumbrance against the Debtors, the Estate, the Reorganized Debtors, or their respective property; and (d) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan, the Confirmation Order, or the discharge provisions of § 1141. Any Entity injured by any willful violation of such Permanent Injunction shall recover actual damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

Section VII.B of the Plan contains the following Compromise and Settlement of Claims, Interests, and Controversies:

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete settlement, compromise, and release, effective as of the Effective Date, of Claims, Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, including, but not limited to, all known or unknown liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtor or any of its assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that

arose before the Effective Date, any liability to the extent such Claims or Interests relate to services performed by employees of the Debtor before the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i), in each case whether or not: (a) a Proof of Claim or proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to § 501; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to § 502; or (c) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtor or its Affiliates with respect to any Claim or Interest that existed immediately before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the settlement, compromise, and release of all Claims and Interests, subject to the Effective Date occurring.

Section VII.C of the Plan contains the following Release of Liens:

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released, settled, and compromised and all rights, titles, and interests of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall revert or otherwise transfer to the Reorganized Debtors or the Liquidation Trust, as applicable, and their successors and assigns. For the avoidance of doubt, this Section shall not apply to DIP Claims, Senior Secured Bond Claims or Senior Secured Credit Agreement Claims.

Section VII.E of the Plan contains the following Exculpation:

The Exculpated Parties shall neither have, nor incur any liability to any Entity for any prepetition or ~~post-petition~~postpetition act taken or omitted to be taken in connection with the Chapter 11 Cases, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or implementing the Plan or consummating the Plan, the Disclosure Statement, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, or any other prepetition or ~~post-petition~~postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Reorganized Debtors, liquidation of the Liquidating Debtors, or administration of the GUC Distribution Trust. Without limiting the foregoing “Exculpation” provided under this Section, the rights of any Holder of a Claim or Interest to enforce rights arising under the Plan shall be preserved, including the right to compel payment of distributions in accordance with the Plan; provided, that the foregoing “Exculpation” shall have no effect on the liability of any Entity for liability solely to the extent resulting from any such act or omission taken after the Effective Date or of any Entity solely to the extent resulting from any act or omission that is determined in a final order to have constituted gross negligence or willful misconduct; provided, further, that, subject to the foregoing exclusions, each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement. The exculpation of the Lapis Parties is an integral component of the Senior Debt 9019 Settlement.

Section VII.F.2 of the Plan contains the following Releases:

ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY

OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF THE DEBTORS, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE PLAN, THE DISCLOSURE STATEMENT, THESE CHAPTER 11 CASES, OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND (II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST ON ACCOUNT OF AN ALLOWED CLAIM AGAINST THE DEBTORS PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL INCLUDE (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I) VOTE TO ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE PROVIDED BY THIS SECTION PURSUANT TO A DULY EXECUTED BALLOT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE TO ACCEPT OR REJECT THE PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z) APPROPRIATELY MARKS THE BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE PROVIDED IN THIS SECTION AND RETURNS SUCH BALLOT IN ACCORDANCE WITH THE SOLICITATION PROCEDURES ORDER, BE A RELEASING PARTY.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

NOTWITHSTANDING ANY PROVISION HEREIN, THERE SHALL BE NO RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO § 1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER, AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES' PRE- AND/OR POST-PETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION, OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER.

Section VII.G of the Plan contains the following Injunction:

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS, INTERESTS, CAUSES OF ACTION, OR LIABILITIES THAT: (1) ARE SUBJECT TO COMPROMISE AND SETTLEMENT PURSUANT TO THE TERMS OF THE PLAN; (2) HAVE BEEN RELEASED PURSUANT TO SECTION VII.F.1 HEREOF; (3) HAVE BEEN RELEASED PURSUANT TO SECTION VII.F.2 HEREOF; (4) ARE SUBJECT TO EXCULPATION PURSUANT TO SECTION VII.E HEREOF; OR (5) ARE OTHERWISE STAYED OR TERMINATED PURSUANT TO THE TERMS OF THE PLAN, ARE PERMANENTLY ENJOINED AND PRECLUDED, FROM AND AFTER THE EFFECTIVE DATE, FROM: (A) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND, INCLUDING ON ACCOUNT OF ANY CLAIMS, INTERESTS, CAUSES OF ACTIONS, OR LIABILITIES THAT HAVE BEEN COMPROMISED OR SETTLED AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF ANY ENTITY, DIRECTLY OR INDIRECTLY, SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (B) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (C) CREATING, PERFECTING, OR ENFORCING ANY LIEN, CLAIM, OR ENCUMBRANCE OF ANY KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (D) ASSERTING ANY RIGHT OF SETOFF OR SUBROGATION OF ANY KIND AGAINST ANY OBLIGATION DUE FROM THE DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATES OF THE DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF OR SUBROGATION RIGHT PRIOR TO CONFIRMATION IN A DOCUMENT FILED WITH THE COURT EXPLICITLY PRESERVING SUCH SETOFF OR SUBROGATION; AND (E) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES RELEASED, SETTLED, OR COMPROMISED PURSUANT TO THE PLAN; PROVIDED THAT NOTHING CONTAINED IN THE PLAN SHALL PRECLUDE AN ENTITY FROM OBTAINING BENEFITS DIRECTLY AND EXPRESSLY PROVIDED TO SUCH ENTITY PURSUANT TO THE TERMS OF THE PLAN; *PROVIDED, FURTHER, THAT* NOTHING CONTAINED IN THE PLAN SHALL BE CONSTRUED TO PREVENT ANY ENTITY FROM DEFENDING AGAINST CLAIMS OBJECTIONS OR COLLECTION ACTIONS WHETHER BY ASSERTING A RIGHT OF SETOFF OR OTHERWISE TO THE EXTENT PERMITTED BY LAW.

Section VII.H of the Plan contains the following Waiver of Statutory Limitations on Releases:

EACH RELEASING PARTY IN EACH OF THE RELEASES CONTAINED IN THE PLAN (INCLUDING UNDER THIS SECTION) EXPRESSLY ACKNOWLEDGES THAT ALTHOUGH ORDINARILY A GENERAL RELEASE MAY NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE PARTY RELEASED, THEY HAVE

CAREFULLY CONSIDERED AND TAKEN INTO ACCOUNT IN DETERMINING TO ENTER INTO THE ABOVE RELEASES THE POSSIBLE EXISTENCE OF SUCH UNKNOWN LOSSES OR CLAIMS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH RELEASING PARTY EXPRESSLY WAIVES ANY AND ALL RIGHTS CONFERRED UPON IT BY ANY STATUTE OR RULE OF LAW WHICH PROVIDES THAT A RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CLAIMANT DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE RELEASED PARTY. THE RELEASES CONTAINED IN THIS SECTION ARE EFFECTIVE REGARDLESS OF WHETHER THOSE RELEASED MATTERS ARE PRESENTLY KNOWN, UNKNOWN, SUSPECTED OR UNSUSPECTED, FORESEEN OR UNFORESEEN.

The Plan term “Released Parties” means (a) the Debtors, (b) the Lapis Parties, (c) the Committee and the Committee Members, (d) the ~~Patient Care Ombudsman~~PCO, (e) the Board Trustees, and (f) except as otherwise set forth below or in the this Plan, each of the ~~foregoing~~foregoing Entities’ respective predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries, beneficial owners, managed accounts or funds, current and former officers, directors, principals, shareholders, direct and indirect equity holders, members partners (general and limited), employees, agents, advisory board members, financial advisors, attorneys accountants, investment bankers, consultants, representatives, management companies, fund advisors, Professionals, and other professionals; provided, AHM, Inc., the officers of the Debtors ~~and~~, Non-Debtor Affiliates and AHM, Inc., and any Board Trustee acting in the capacity of an officer of any of the foregoing, shall not constitute Released Parties for purposes of this Plan and provided further, that as a condition to receiving or enforcing any release granted pursuant to Section VII.F.2 hereof, each Released Party and its Affiliates shall be deemed to have released the Releasing Parties, the Estate, and the Debtors from any and all Claims or Causes of Action arising from or related to their relationship with the Debtors or the Chapter 11 Cases, but not, for the avoidance of doubt, Professional Fee Claims or rights to enforce this Plan. For the avoidance of doubt, and notwithstanding anything herein to the contrary, in no event shall an Entity that appropriately marks a Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order be a Released Party, except that a member of the Committee who either holds a Claim that has opted out of the Third Party Release or represents a Claim that has opted out of the Third Party Release shall be a Released Party only in his or her capacity as a member of the Committee.

The Plan term “Releasing Party” means (a) the Released Parties; and (b) all Holders of Claims that (i) vote to accept the Plan, and (ii) do not affirmatively opt out of the third party release provided by Section VII.F.2 hereof pursuant to a duly executed Ballot; provided, that, notwithstanding anything contained herein to the contrary, in no event shall an Entity that (x) does not vote to accept or reject the Plan, (y) votes to reject the Plan, or (z) appropriately marks the Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order, be a Releasing Party.

THE DISCHARGE, RELEASE, EXCULPATION, INJUNCTION, AND WAIVER PROVISIONS ARE FOUND IN SECTIONS VII.A, B, C, E, F, G AND H OF THE PLAN. YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THESE PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.

Document comparison by Workshare 9.5 on Tuesday, November 10, 2020
9:57:12 PM

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Description	#115525324v4<US_Active> - Astria - Draft Ballot GUC - Updated
Rendering set	Underline Strikethrough

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Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Moved to	0
Style change	0
Format changed	0
Total changes	48

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re

ASTRIA HEALTH, *et al.*,

Debtors and Debtors In Possession.

Chapter 11
Lead Case No. 19-01189-11
Jointly Administered

**BALLOT FOR VOTING TO ACCEPT OR REJECT
THE JOINT CHAPTER 11 PLAN OF
REORGANIZATION OF ASTRIA HEALTH AND ITS
AFFILIATES**

CLASS 4A Insured Claims

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS DECEMBER 4,
2020, 2020 AT 4:00 P.M. (PACIFIC TIME).**

**YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE BALLOTING AGENT,
KURTZMAN CARSON CONSULTANTS, LLC (“KCC”), BY THIS DEADLINE IN
ORDER TO BE COUNTED.**

This ballot (the “Ballot”) is submitted to you to solicit your vote to accept or reject the ~~First~~Second Amended Joint Chapter 11 Plan of Reorganization of Astria Health and Its Affiliates (including all exhibits thereto and as amended, modified or supplemented from time to time, the “Plan”) [Docket No. ~~1967~~],¹ submitted by the Plan Proponents² and described in the related disclosure statement (the “Disclosure Statement”) [Docket No. ~~1968~~] approved by order of the United States Bankruptcy Court for the Eastern District of Washington (the “Bankruptcy Court”) entered on _____, 2020 [Docket No. ____] (the “Disclosure Statement Order”). The Disclosure Statement provides information to assist you in deciding how to vote your Ballot. Copies of the Disclosure Statement Order, the Plan, and the Disclosure Statement may be obtained by contacting the Debtors in care of

Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

Additionally, copies of the Disclosure Statement Order, the Plan and the Disclosure Statement are available for inspection and may be obtained on the Bankruptcy Court’s website and at the website for KCC.³

Please review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Capitalized terms used in this Ballot or the attached instructions that are not otherwise defined have the meanings given to them in the Plan, the Disclosure Statement, or the Disclosure Statement Order, as applicable.

¹ All capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the Plan.

² The Plan Proponents are the Debtors, Lapis Advisers, LP as lender under the debtor in possession facility in the chapter 11 cases, agent under the Debtors’ prepetition credit agreement, and as investment advisor and investment manager for certain funds which are beneficial holders of those certain Washington Health Care Facilities Authority Revenue Bonds.

³ <http://www.waeb.uscourts.gov/> (a PACER login and password are required to access documents on the Bankruptcy Court’s website). Documents may also be accessed at KCC’s website: <http://www.kccllc.net/astriahealth>.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of the Claims in each impaired Class to vote on the Plan and if the Plan otherwise satisfies the applicable requirements of section 1129(a) under title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”). If the requisite acceptances are not obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan and (ii) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

To have your vote counted, you must complete, sign and return this Ballot to the following address so that it is **received** by the deadline indicated above:

- By U.S. First Class Mail, Overnight Mail or Hand Delivery to:

Astria Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

- Or, in the alternative, by submitting your Ballot via the Balloting Agent’s online balloting portal, as explained at page 7 of this Ballot.

Ballots transmitted to anyone other than KCC, above, and/or by facsimile, electronic mail or other means not specifically approved by the Bankruptcy Court, may be accepted by the Plan Proponents on a case-by-case basis.

**PLEASE READ THE ATTACHED VOTING INFORMATION AND
INSTRUCTIONS BEFORE COMPLETING THIS BALLOT.**

PLEASE COMPLETE ITEMS 1, 2 AND 3. IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE
LINES, THIS BALLOT WILL NOT BE VALID OR NOT COUNTED AS HAVING BEEN CAST.

Item 1. Class Vote. The undersigned, a holder of a Class 4A Insured Claim in the voting amount indicated below, votes to (check one box only):

Accept the Plan.

Reject the Plan.

Voting Amount \$ _____⁴

BY VOTING IF YOU VOTE TO ACCEPT THE PLAN, YOU HAVE CONSENTED TO AND DO NOT EXERCISE YOUR RIGHT TO OPT OUT OF THE RELEASE BY HOLDERS OF CLAIMS (DEFINED BELOW AS A "THIRD PARTY RELEASE"). YOU HAVE CONSENTED TO THE THIRD PARTY RELEASE. IF YOU VOTE TO REJECT THE PLAN, YOU AUTOMATICALLY ARE DEEMED TO OPT OUT OF THE THIRD PARTY RELEASE.

Item 2. Important Information Regarding the Release by Holders of Claims

THE PLAN CONTAINS A SERIES OF RELEASES. Parties should be aware that, if the Plan is confirmed and if the Effective Date occurs, the Released Parties, as defined in Section I.A.1.132 of the Plan and as reproduced in paragraph (a) below, will be receiving releases and being exculpated and certain parties will be giving releases and be bound by injunctions as set forth in Section VII of the Plan and as further described in Section VI.S of the Disclosure Statement. Pursuant to Section VII.F.2 of the Plan, and with respect to the Releases by Holders of Claims and Interests described in Section VII.F.2 and reproduced in paragraph (b) below, each Holder is automatically deemed to have consented to the release provisions of the Plan, if the Holder either (a) votes to accept the Plan or (b) either (1) abstains from voting (whether or not the Beneficial Owner returns a Ballot) or (2) votes to reject the Plan and, in the case of either (1) or (2), does not affirmatively check the opt out box below. Only those not voting to accept the Plan may opt out of the Releases by Holders of Claims and Interests.

(a) Section I.A.1.132 of the Plan defines "Released Parties" as:

(a) the Debtors, (b) the Lapis Parties, (c) the Committee and the Committee Members, (d) the ~~Patient Care Ombudsman~~ PCO, (e) the Board Trustees, and (f) except as otherwise set forth below or in the this Plan, each of the ~~forgoing~~ foregoing Entities' respective predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries, beneficial owners, managed accounts or funds, current and former officers, directors, principals, shareholders, direct and indirect equity holders, members partners (general and limited), employees, agents, advisory board members, financial advisors, attorneys accountants, investment bankers, consultants, representatives, management companies, fund advisors, Professionals, and other professionals; provided, AHM, Inc., the officers of the Debtors ~~and~~ Non-Debtor Affiliates and AHM, Inc., and any Board Trustee acting in the capacity of an officer of any of the foregoing, shall not constitute Released Parties for purposes of this Plan and provided further, that as a condition to receiving or enforcing any release granted pursuant to Section VII.F.2 hereof, each Released Party and its Affiliates shall be deemed to have released the Releasing Parties, the Estate, and the Debtors from any and all Claims or Causes of Action arising from or related to their relationship with the Debtors or the Chapter 11 Cases, but not, for the avoidance of doubt, Professional Fee Claims or rights to enforce this Plan. For the avoidance of doubt, and notwithstanding anything herein to the contrary, in no event shall an Entity that appropriately marks a Ballot to opt out of the third party release provided in Section

⁴ For voting purposes only, subject to the tabulation rules ("Tabulation Rules").

VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order be a Released Party, except that a member of the Committee who either holds a Claim that has opted out of the Third Party Release or represents a Claim that has opted out of the Third Party Release shall be a Released Party only in his or her capacity as a member of the Committee.

(b) Section VII.F.2 of the Plan provides:

ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF THE DEBTORS, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE PLAN, THE DISCLOSURE STATEMENT, THESE CHAPTER 11 CASES, OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND (II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST ON ACCOUNT OF AN ALLOWED CLAIM AGAINST THE DEBTORS PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL INCLUDE (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I) VOTE TO ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE PROVIDED BY THIS SECTION PURSUANT TO A DULY EXECUTED BALLOT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE TO ACCEPT OR REJECT THE PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z) APPROPRIATELY MARKS THE BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE PROVIDED IN THIS SECTION AND RETURNS SUCH BALLOT IN ACCORDANCE WITH THE SOLICITATION PROCEDURES ORDER, BE A RELEASING PARTY.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF

THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

NOTWITHSTANDING ANY PROVISION HEREIN, THERE SHALL BE NO RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO § 1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER, AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES' PRE- AND/OR POST-PETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION, OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER IF YOU HAVE NOT VOTED TO ACCEPT THE PLAN, YOU MAY OPT OUT OF THE RELEASE BY HOLDERS OF CLAIMS (REFERRED TO HEREIN AS THE "THIRD PARTY RELEASE") PROVIDED IN SECTION VII.F.2 OF THE PLAN BY CHECKING THE BOX BELOW AND YOU WILL NOT BE BOUND BY SUCH RELEASE. CHECK THE BOX BELOW IF YOU ELECT NOT TO GRANT THE THIRD PARTY RELEASE CONTAINED IN SECTION VII.F.2 OF THE PLAN. IF YOU CAST MORE THAN ONE BALLOT AND YOU WISH TO OPT OUT OF THE THIRD PARTY RELEASE, YOU MUST CHECK THE OPT OUT BOX ON ALL BALLOTS. IF YOU DO NOT CHECK THE OPT OUT BOX ON ALL BALLOTS, YOU WILL BE DEEMED TO HAVE CONSENTED TO THE RELEASE.

You may only elect to opt out of the Third Party Release if you ~~have not~~ voted to accept the Plan in Item 1. ~~For the avoidance of doubt, any election~~ If you voted to reject the Plan in Item 1, you are automatically deemed to opt out of the Third Party Release ~~by a Holder of a Claim that votes to accept the Plan shall be automatically deemed void ab initio.~~

The Holder of the Claims set forth in Item 1 elects to:

Opt Out of the Third Party Release

Item 3. Acknowledgments. By signing this Ballot, the undersigned acknowledges receipt of the Disclosure Statement and the other applicable solicitation materials and certifies that the undersigned is the claimant or has the power and authority to vote to accept or reject the Plan on behalf of the claimant. The undersigned understands that

an otherwise properly completed, executed and timely returned Ballot that does not indicate either acceptance or rejection of the Plan or indicates both acceptance and rejection of the Plan will not be counted.

Name of Creditor

Signature

If by Authorized Agent, Name and Title

Name of Institution

Street Address

City, State, Zip Code

Telephone Number

Email Address

Date Completed

VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT

- (a) **In the boxes provided in Item 1 of the Ballot, please indicate either acceptance or rejection of the Plan.** Complete the Ballot by providing all the information requested in Items 1, 2 and 3, and sign, date and return the Ballot to the Debtors by ONLY ONE of the following approved return methods:

- By U.S. First Class Mail or Hand Delivery or Overnight Mail to:

Astria Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
222 North Pacific Coast Highway, Suite 300
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

- Alternatively, to submit your Ballot via the Balloting Agent's online balloting portal, visit <http://www.kccllc.net/astriahealth>. Click on the "Submit E-Ballot" section of the website and follow the instructions to submit your Ballot.

IMPORTANT NOTE: You will need the following information to retrieve and submit your customized electronic Ballot:

Unique E-Ballot ID#: _____
PIN#: _____

The Balloting Agent's online balloting portal is the sole manner in which Ballots will be accepted via electronic or online transmission.

Each E-Ballot ID# is to be used solely for voting only those Claims described in Item 1 of your electronic Ballot. Please complete and submit an electronic Ballot for each E-Ballot ID# you receive, as applicable. Creditors who cast a Ballot using the Notice and Claims Agent's online portal should NOT also submit a paper Ballot.

- (b) **Ballots must be received by KCC on or before December 4, 2020 at 4:00 p.m. (Pacific Time)** (the "Voting Deadline"). If a Ballot is received after the Voting Deadline, it will not be counted (even if post-marked prior to the Voting Deadline), except in the Debtors' discretion with the consent of the Committee. An envelope addressed to KCC is enclosed for your convenience (which address may differ from the address above). Ballots transmitted to anyone other than KCC, above, and/or transmitted to KCC by facsimile, electronic mail, or other means not specifically approved by the Bankruptcy Court, may be accepted by the Plan Proponents, after consultation with the Committee, on a case-by-case basis. If neither the "accept" nor "reject" box is checked in Item 1 for an otherwise properly completed, executed and timely returned Ballot, the Ballot will not be counted.
- (c) You must vote all your Claims within a single Class under the Plan either to accept or reject the Plan. Accordingly, if you return more than one Ballot voting different Claims within a single Class under the Plan and the Ballots are not voted in the same manner, those Ballots will not be counted. An otherwise properly executed Ballot that attempts to partially accept and partially reject the Plan likewise will not be counted. Further, inconsistent duplicate Ballots with respect to the same claim shall not be counted.
- (d) Your Claim has been temporarily allowed solely for purposes of voting to accept or reject the Plan in accordance with certain Tabulation Rules approved by the Bankruptcy Court. The Tabulation Rules are set forth in the Disclosure Statement Order. The temporary allowance of claims for voting purposes does not constitute an allowance of claims for purposes of distribution under the Plan and is without prejudice to the rights of the Debtors, the Committee, or any other party-in-interest in any other context, including, without limitation, to contest the amount or validity of any claim for purposes of allowance under the Plan. More specifically, the Debtors (or the Committee) may object to any Claim (as defined in section 101(5) of the

Bankruptcy Code) solely for Plan voting purposes by filing a determination motion (the “Determination Motion”), no later than the Voting Objection Deadline. If an objection to a Claim (made by way of a Determination Motion or otherwise) is filed by the Debtors or the Committee, on or before the Voting Objection Deadline requesting that such Claim be reduced or reclassified, such claimant’s Ballot shall, subject to such claimant’s right to file a responsive pleading (including, but not limited to, a Claims Estimation Motion (as defined below) as set forth herein, be counted in such reduced amount or as falling into the reclassified category, unless otherwise ordered by the Court. Further, if you have cast a Ballot and if you have timely filed a Proof of Claim (or have otherwise had a Proof of Claim deemed timely filed by the Bankruptcy Court under applicable law), but your Claim is the subject of an objection (made by way of a Determination Motion or otherwise) filed no later than the Voting Objection Deadline, your Ballot will not be counted to the extent it is challenged by the objection, unless such claim is temporarily allowed by the Bankruptcy Court for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) after the creditor files a motion for such temporary allowance (the “Claims Estimation Motion”). If you seek to have your Claim temporarily allowed for purposes of voting to accept or reject the Plan pursuant to Bankruptcy Rule 3018(a), you are required to file a Claims Estimation Motion for such temporary allowance by the later of (i) the Voting Objection Deadline or (ii) if such Claim is the subject of an objection or a Determination Motion, seven (7) days after the filing of the applicable objection or Determination Motion. In the event that a Determination Motion or Claims Estimation Motion is filed, and the non-moving party wants to file a reply to the motion, such reply must be filed by the later of (i) the Voting Objection Deadline, or (ii) seven (7) days after the filing of the applicable motion (the “Voting Objection Reply Deadline”). A hearing will be scheduled (subject to the Bankruptcy Court’s availability) on such motion within seven (7) days of the Voting Objection Reply Deadline but in no event later than the Confirmation Hearing. The ruling by the Bankruptcy Court on any Determination Motion or Claims Estimation Motion shall be a ruling with respect to the allowance of the Claim(s) under Bankruptcy Rule 3018 and such Claim(s) will be counted, for voting purposes only, in the amount determined by the Bankruptcy Court. In the event a claimant reaches an agreement with the Plan Proponents, in consultation with the Committee, as to the treatment of a Claim for voting purposes, the Claim may be treated in such manner.

- (e) The Ballot does not constitute and will not be deemed a Proof of Claim or an assertion of a Claim.
- (f) If you cast more than one Ballot voting the same Claim prior to the Voting Deadline, the latest received properly completed Ballot will supersede any prior received Ballots.
- (g) NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT.
- (h) PLEASE RETURN YOUR BALLOT PROMPTLY. BALLOTS TRANSMITTED BY E-MAIL, FACSIMILE OR OTHER MEANS NOT SPECIFICALLY APPROVED BY THE BANKRUPTCY COURT, MAY BE ACCEPTED BY THE PLAN PROPONENTS ON A CASE-BY-CASE BASIS.
- (i) IF YOU HAVE RECEIVED A DAMAGED BALLOT, HAVE LOST YOUR BALLOT, OR IF YOU HAVE ANY QUESTIONS CONCERNING THIS BALLOT OR THE VOTING PROCEDURES, PLEASE CONTACT THE DEBTORS AT

Kurtzman Carson Consultants LLC
Suite 300
222 North Pacific Coast Highway
El Segundo, California 90245-5614
+1 (877) 726-6508 (U.S./Canada)
+1 (424) 236-7248 (International)

DO NOT CONTACT THE DEBTORS OR KCC FOR LEGAL ADVICE. THE DEBTORS AND KCC CANNOT AND WILL NOT PROVIDE PARTIES WITH LEGAL ADVICE.

NOTICE REGARDING CERTAIN RELEASE, EXCULPATION, INJUNCTION AND NON-RECOURSE PROVISIONS IN THE PLAN

PLEASE BE ADVISED THAT SECTIONS VII.A, B, C, E, F, G and H OF THE PLAN CONTAIN CERTAIN DISCHARGE, RELEASE, EXCULPATION, INJUNCTION, AND WAIVER PROVISIONS, INCLUDING:

Section VII.A of the Plan contains the following Discharge:

This is a reorganization plan. The rights afforded in the Plan and the treatment of all Claims shall be in exchange for and in complete satisfaction, discharge, and release of all Claims of any nature whatsoever arising prior to the Effective Date, including any interest accrued on such Claims from and after the Petition Date (except as otherwise ordered by the Court), against the Debtors, the Estates and their property.

Except as otherwise provided in the Plan or the Confirmation Order or in any Executory Contract assumed by Debtors during the Chapter 11 Cases (including, without limitation, the Debtors' indemnification obligations thereunder), the Plan and Confirmation Order shall: (a) on the Effective Date, discharge and release the Debtors, the Estate, the Reorganized Debtors, and their property to the fullest extent permitted by §§ 524 and 1141 from all Claims, including all debts, obligations, demands, liabilities, and Claims that arose before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i), regardless of whether or not (i) a proof of Claim based on such debt is Filed or deemed Filed, (ii) a Claim based on such debt is allowed pursuant to § 502, or (iii) the Holder of a Claim based on such debt or Interest has or has not accepted the Plan; (b) void any judgment underlying a Claim discharged hereunder; and (c) preclude all Entities from asserting against the Debtors, the Estate, the Reorganized Debtors, or their respective property any Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date. To the extent any Claim is paid other than under the Plan, Debtors will be deemed discharged and released with respect to such Claim and such Claim and shall not receive a distribution under the Plan.

Except as otherwise provided in the Plan or the Confirmation Order, or as provided in contracts assumed during the Case and Debtor's indemnification obligations thereunder, on and after the Effective Date, all Entities who have held, currently hold, or may hold a debt or Claim against the Debtors, the Estate, the Reorganized Debtors, or their respective property that is based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, that otherwise arose or accrued prior to the Effective Date, or that is otherwise discharged pursuant to the Plan, shall be permanently enjoined from taking any of the following actions on account of any such discharged debt, Claim, or Interest (the "Permanent Injunction"): (a) commencing or continuing in any manner any action or other proceeding against the Debtors, the Estates, the Reorganized Debtors, or their respective property that is inconsistent with the Plan or the Confirmation Order; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Debtors, the Estate, the Reorganized Debtors, or their respective property other than as specifically permitted under the Plan, as approved by the Confirmation Order; (c) creating, perfecting, or enforcing any lien or encumbrance against the Debtors, the Estate, the Reorganized Debtors, or their respective property; and (d) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan, the Confirmation Order, or the discharge provisions of § 1141. Any Entity injured by any willful violation of such Permanent Injunction shall recover actual damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

Section VII.B of the Plan contains the following Compromise and Settlement of Claims, Interests, and Controversies:

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete settlement, compromise, and release, effective as of the Effective Date, of Claims, Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, including, but not limited to, all known or unknown liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtor or any of

its assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability to the extent such Claims or Interests relate to services performed by employees of the Debtor before the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i), in each case whether or not: (a) a Proof of Claim or proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to § 501; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to § 502; or (c) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtor or its Affiliates with respect to any Claim or Interest that existed immediately before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the settlement, compromise, and release of all Claims and Interests, subject to the Effective Date occurring.

Section VII.C of the Plan contains the following Release of Liens:

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released, settled, and compromised and all rights, titles, and interests of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall revert or otherwise transfer to the Reorganized Debtors or the Liquidation Trust, as applicable, and their successors and assigns. For the avoidance of doubt, this Section shall not apply to DIP Claims, Senior Secured Bond Claims or Senior Secured Credit Agreement Claims.

Section VII.E of the Plan contains the following Exculpation:

The Exculpated Parties shall neither have, nor incur any liability to any Entity for any prepetition or ~~post-petition~~postpetition act taken or omitted to be taken in connection with the Chapter 11 Cases, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or implementing the Plan or consummating the Plan, the Disclosure Statement, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, or any other prepetition or ~~post-petition~~postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Reorganized Debtors, liquidation of the Liquidating Debtors, or administration of the GUC Distribution Trust. Without limiting the foregoing “Exculpation” provided under this Section, the rights of any Holder of a Claim or Interest to enforce rights arising under the Plan shall be preserved, including the right to compel payment of distributions in accordance with the Plan; provided, that the foregoing “Exculpation” shall have no effect on the liability of any Entity for liability solely to the extent resulting from any such act or omission taken after the Effective Date or of any Entity solely to the extent resulting from any act or omission that is determined in a final order to have constituted gross negligence or willful misconduct; provided, further, that, subject to the foregoing exclusions, each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement. The exculpation of the Lapis Parties is an integral component of the Senior Debt 9019 Settlement.

Section VII.F.2 of the Plan contains the following Releases:

ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN OR UNKNOWN, FORESEEN OR

UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF THE DEBTORS, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE PLAN, THE DISCLOSURE STATEMENT, THESE CHAPTER 11 CASES, OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD HAVE BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND (II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, OR THE LIQUIDATION TRUST ON ACCOUNT OF AN ALLOWED CLAIM AGAINST THE DEBTORS PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL INCLUDE (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I) VOTE TO ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE PROVIDED BY THIS SECTION PURSUANT TO A DULY EXECUTED BALLOT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE TO ACCEPT OR REJECT THE PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z) APPROPRIATELY MARKS THE BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE PROVIDED IN THIS SECTION AND RETURNS SUCH BALLOT IN ACCORDANCE WITH THE SOLICITATION PROCEDURES ORDER, BE A RELEASING PARTY.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

NOTWITHSTANDING ANY PROVISION HEREIN, THERE SHALL BE NO RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO § 1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER, AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES' PRE- AND/OR POST-PETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION, OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER.

Section VII.G of the Plan contains the following Injunction:

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS, INTERESTS, CAUSES OF ACTION, OR LIABILITIES THAT: (1) ARE SUBJECT TO COMPROMISE AND SETTLEMENT PURSUANT TO THE TERMS OF THE PLAN; (2) HAVE BEEN RELEASED PURSUANT TO SECTION VII.F.1 HEREOF; (3) HAVE BEEN RELEASED PURSUANT TO SECTION VII.F.2 HEREOF; (4) ARE SUBJECT TO EXCULPATION PURSUANT TO SECTION VII.E HEREOF; OR (5) ARE OTHERWISE STAYED OR TERMINATED PURSUANT TO THE TERMS OF THE PLAN, ARE PERMANENTLY ENJOINED AND PRECLUDED, FROM AND AFTER THE EFFECTIVE DATE, FROM: (A) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND, INCLUDING ON ACCOUNT OF ANY CLAIMS, INTERESTS, CAUSES OF ACTIONS, OR LIABILITIES THAT HAVE BEEN COMPROMISED OR SETTLED AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF ANY ENTITY, DIRECTLY OR INDIRECTLY, SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (B) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (C) CREATING, PERFECTING, OR ENFORCING ANY LIEN, CLAIM, OR ENCUMBRANCE OF ANY KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES; (D) ASSERTING ANY RIGHT OF SETOFF OR SUBROGATION OF ANY KIND AGAINST ANY OBLIGATION DUE FROM THE DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATES OF THE DEBTORS OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF OR SUBROGATION RIGHT PRIOR TO CONFIRMATION IN A DOCUMENT FILED WITH THE COURT EXPLICITLY PRESERVING SUCH SETOFF OR SUBROGATION; AND (E) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE GUC DISTRIBUTION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, CAUSES OF ACTION, OR LIABILITIES RELEASED, SETTLED, OR COMPROMISED PURSUANT TO THE PLAN; PROVIDED THAT NOTHING CONTAINED IN THE PLAN SHALL PRECLUDE AN ENTITY FROM OBTAINING BENEFITS DIRECTLY AND EXPRESSLY PROVIDED TO SUCH ENTITY PURSUANT TO THE TERMS OF THE PLAN; *PROVIDED, FURTHER, THAT* NOTHING CONTAINED IN THE PLAN SHALL BE CONSTRUED TO PREVENT ANY ENTITY FROM DEFENDING AGAINST CLAIMS OBJECTIONS OR COLLECTION ACTIONS WHETHER BY ASSERTING A RIGHT OF SETOFF OR OTHERWISE TO THE EXTENT PERMITTED BY LAW.

Section VII.H of the Plan contains the following Waiver of Statutory Limitations on Releases:

EACH RELEASING PARTY IN EACH OF THE RELEASES CONTAINED IN THE PLAN (INCLUDING UNDER THIS SECTION) EXPRESSLY ACKNOWLEDGES THAT ALTHOUGH ORDINARILY A GENERAL RELEASE MAY NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT

KNOW OR SUSPECT TO EXIST IN HIS FAVOR, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE PARTY RELEASED, THEY HAVE CAREFULLY CONSIDERED AND TAKEN INTO ACCOUNT IN DETERMINING TO ENTER INTO THE ABOVE RELEASES THE POSSIBLE EXISTENCE OF SUCH UNKNOWN LOSSES OR CLAIMS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH RELEASING PARTY EXPRESSLY WAIVES ANY AND ALL RIGHTS CONFERRED UPON IT BY ANY STATUTE OR RULE OF LAW WHICH PROVIDES THAT A RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CLAIMANT DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE RELEASED PARTY. THE RELEASES CONTAINED IN THIS SECTION ARE EFFECTIVE REGARDLESS OF WHETHER THOSE RELEASED MATTERS ARE PRESENTLY KNOWN, UNKNOWN, SUSPECTED OR UNSUSPECTED, FORESEEN OR UNFORESEEN.

The Plan term “Released Parties” means (a) the Debtors, (b) the Lapis Parties, (c) the Committee and the Committee Members, (d) the ~~Patient Care Ombudsman~~PCO, (e) the Board Trustees, and (f) except as otherwise set forth below or in the this Plan, each of the ~~foregoing~~foregoing Entities’ respective predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries, beneficial owners, managed accounts or funds, current and former officers, directors, principals, shareholders, direct and indirect equity holders, members partners (general and limited), employees, agents, advisory board members, financial advisors, attorneys accountants, investment bankers, consultants, representatives, management companies, fund advisors, Professionals, and other professionals; provided, AHM, Inc., the officers of the Debtors ~~and~~, Non-Debtor Affiliates and AHM, Inc., and any Board Trustee acting in the capacity of an officer of any of the foregoing, shall not constitute Released Parties for purposes of this Plan and provided further, that as a condition to receiving or enforcing any release granted pursuant to Section VII.F.2 hereof, each Released Party and its Affiliates shall be deemed to have released the Releasing Parties, the Estate, and the Debtors or the Chapter 11 Cases, but not, for the avoidance of doubt, Professional Fee Claims or rights to enforce this Plan. For the avoidance of doubt, and notwithstanding anything herein to the contrary, in no event shall an Entity that appropriately marks a Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order be a Released Party, except that a member of the Committee who either holds a Claim that has opted out of the Third Party Release or represents a Claim that has opted out of the Third Party Release shall be a Released Party only in his or her capacity as a member of the Committee.

The Plan term “Releasing Party” means (a) the Released Parties; and (b) all Holders of Claims that (i) vote to accept the Plan, and (ii) do not affirmatively opt out of the third party release provided by Section VII.F.2 hereof pursuant to a duly executed Ballot; provided, that, notwithstanding anything contained herein to the contrary, in no event shall an Entity that (x) does not vote to accept or reject the Plan, (y) votes to reject the Plan, or (z) appropriately marks the Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order, be a Releasing Party.

THE DISCHARGE, RELEASE, EXCULPATION, INJUNCTION, AND WAIVER PROVISIONS ARE FOUND IN SECTIONS VII.A, B, C, E, F, G AND H OF THE PLAN. YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THESE PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.

Document comparison by Workshare 9.5 on Tuesday, November 10, 2020
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Legend:	
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Deletion	
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Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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