



Order Filed on January 21, 2016
by Clerk
U.S. Bankruptcy Court
District of New Jersey

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY Caption in Compliance with D.N.J. LBR 9004-1	
LOWENSTEIN SANDLER LLP Kenneth A. Rosen, Esq. Gerald C. Bender, Esq. Michael Savetsky, Esq. Barry Z. Bazian, Esq. 65 Livingston Avenue Roseland, New Jersey 07068 (973) 597-2500 (Telephone) (973) 597-2400 (Facsimile) <i>Counsel to the Debtors and Debtors-in-Possession</i>	
In re: East Orange General Hospital, Inc., <i>et al.</i> , ¹ <p style="text-align: center;">Debtors.</p>	Chapter 11 Case No. 15-31232 (VFP) (Jointly Administered)

ORDER AUTHORIZING THE DEBTORS TO (A) SELL SUBSTANTIALLY ALL THEIR ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES, AND (B) ASSUME AND ASSIGN CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES

The relief set forth on the following pages, numbered two (2) through and including thirty-one (31), is hereby **ORDERED**

DATED: January 21, 2016

Honorable Vincent F. Papalia
United States Bankruptcy Judge

¹ The Debtors and the last four digits of their Employer Identification Numbers are East Orange General Hospital, Inc. (7166) and Essex Valley Healthcare, Inc. (7667). The Debtors' principal place of business is located at 300 Central Avenue, East Orange, NJ 07018.

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THIS MATTER is before the Court on the motion [Docket No. 57] (the “Sale Motion”)² of Essex Valley Healthcare, Inc. and East Orange General Hospital, Inc., the above-captioned debtors and debtors in possession (collectively, the “Debtors”), for entry of an order, pursuant to 11 U.S.C. §§ 363(b) and 365 (the “Bankruptcy Code”), and Rules 2002, 6004, and 6006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 6004-1 of the Local Rules of the Bankruptcy Court (i) approving (a) bidding procedures, including bid protections (b) form and manner of sale notices, and (c) sale hearing date, and (ii) authorizing and approving (a) the sale (the “Sale”) of substantially all of the Debtors’ assets free and clear of liens, claims, and encumbrances and (b) assumption and assignment of certain executory contracts and unexpired leases, pursuant to the Amended and Restated Asset Purchase Agreement, as amended (the “Agreement” or “Asset Purchase Agreement”), substantially in the form attached hereto as **Exhibit A**, by and between the Debtors as Sellers, on the one hand, and Prospect EOGH, Inc. (“Successful Bidder” or “Buyer”) and Prospect Medical Holdings, Inc. as guarantor, on the other hand, pursuant to which the Successful Bidder has offered to acquire the Purchased Assets as set forth in the Agreement; and upon the Debtors’ supplemental submission in support of the Sale Motion [Docket No. 312] (the “Supplemental Submission”); and upon the First Day Declaration and the declarations of Martin A. Bieber [Docket No. 316], Perry

² Unless otherwise noted, capitalized terms used but not defined herein have the meanings set forth in the Sale Motion.

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Mandarino [Docket No. 317], and Stewart Kahn [Docket No. 318] in support of the Sale Motion; and upon the certification of Gerald C. Bender in connection with the Sale Motion [Docket No. 319]; and it further appearing that the legal and factual bases set forth in the Sale Motion and at the hearing thereon which took place on January 20, 2016 (the “Sale Hearing”) establish just cause for the relief granted herein; and after due deliberation thereon,

NOW, THEREFORE, THE COURT HEREBY FINDS THAT:³

1. **Jurisdiction and Venue.** This Court has jurisdiction over the Sale Motion pursuant to 28 U.S.C. § 1334. This proceeding is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A), (N) and (O). Venue is proper in this District and in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. **Petition Date.** On November 10, 2015 (the “Petition Date”), each of the Debtors filed voluntary petitions under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to Bankruptcy Code section 1107 and 1108.

3. **Bidding Procedures Order.** On December 15, 2015, this Court entered the *Order Approving (A) Bidding Procedures, (B) Form and Manner of Sale Notices, and (C) Sale Hearing Date* [Docket No. 171] (the “Bidding Procedures Order”), which established the

³ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. *See* Fed. R. Bankr. P. 7052.

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bidding and auction procedures, sale timeline, form and manner of sale-related notices, procedures for noticing and determining cure amounts related to the Debtors' executory contracts and unexpired leases, and granting certain related relief.

4. **Opportunity to Object.** A fair and reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein has been afforded to all interested persons and entities.

5. **Adequate Notice.** Notice of the Sale Motion was provided in accordance with the Bidding Procedures Order as evidenced by the affidavits of service filed with the Court and representations of counsel at the Sale Hearing. Such notice was due, proper, timely, adequate, and sufficient notice of the Sale Motion, the Sale, the Bidding Procedures, the Bid Deadline, the Auction, and the deadline for contract or lease counterparties to object to the proposed assumption and assignment of executory contracts and unexpired leases to the Successful Bidder including amounts necessary to be paid to cure and compensate for any existing default in accordance with sections 365(b) and 365(f)(2) of the Bankruptcy Code, and was provided in accordance with sections 102(1), 363, and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006, 9007, and 9014 and in compliance with the Bidding Procedures Order. Such notice was and is good, sufficient, and appropriate under the circumstances and no further notice of the Sale Motion, the Bidding Procedures Order, the

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Bidding Procedures hearing, the proposed assumption or assignment of the Assumed Contracts or Assumed Leases, the Auction, the Sale, or the sale Hearing is, or shall be, required.

6. **Compliance with Bidding Procedures Order.** The Debtors conducted an Auction with respect to the Assets in accordance with, and have otherwise complied in all respects with, the Bidding Procedures Order as evidenced by the declarations in support of Sale, the testimony and evidence proffered at the Sale Hearing, and representations of counsel made on the record at the Sale Hearing. The Bidding Procedures afforded a full, fair and reasonable opportunity for any person or entity to make a higher or otherwise better offer to purchase the Assets. The Auction was duly noticed and conducted in a non-collusive, fair and good faith manner and a reasonable opportunity was provided to any interested party to make a higher or otherwise better offer for the Purchased Assets.

7. **Highest and Best Offer.** The Agreement constitutes the highest or best offer for the Purchased Assets. The Debtors' determination that the terms of the Agreement constitute the highest or best offer for the Assets constitutes a valid and sound exercise of the Debtors' business judgment. No other person or entity or group of entities has offered to purchase the Purchased Assets on better terms than the Successful Bidder.

8. **Fair Value.** The consideration provided by the Successful Bidder pursuant to the Agreement constitutes reasonably equivalent value, fair consideration, and fair

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value for the Purchased Assets under the Bankruptcy Code and under the laws of the United States, any state, territory, possession or the District of Columbia.

9. **Good Faith Purchaser.** The Successful Bidder is purchasing the Purchased Assets in good faith and is a good faith purchaser within the meaning of 11 U.S.C. § 363(m). Neither the Successful Bidder nor any of its affiliates, officers, directors, members, partners, principals, or shareholders, or any of their respective representatives is an “insider” (as defined under section 101(31) of the Bankruptcy Code) and is therefore entitled to the full protections of that provision, and otherwise has proceeded in good faith in all respects in connection with these chapter 11 cases in that: (a) the Successful Bidder recognized that the Debtors were free to deal with any other party interested in acquiring the Purchased Assets; (b) the Successful Bidder complied with the provisions in the Bidding Procedures Order; (c) all payments to be made by the Successful Bidder and other agreements or arrangements entered into by the Successful Bidder in connection with the sale have been disclosed; and (d) the negotiation and execution of the Agreement and any other agreements or instruments related thereto was in good faith.

10. **Arm’s Length Transaction.** The Agreement and the transactions contemplated thereby cannot be avoided under section 363(n) of the Bankruptcy Code. Neither the Debtors and Successful Bidder, nor any of their affiliates, officers, directors, members, partners, principals, or shareholders (or equivalent) or any of their respective representatives,

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successors, or assigns have engaged in any conduct that would cause or permit the Agreement or the consummation of the transactions contemplated thereby to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code.

11. **Business Judgment/ Best Interests of Estate.** Approval of the Sale Motion and the Agreement and the consummation of the transactions contemplated thereby are in the best interests of the Debtors, their creditors, their estates and other parties in interest. The Debtors have demonstrated compelling circumstances and a good, sufficient, and sound business purpose and justification for the sale prior to, and outside of, a plan of reorganization.

12. **Reallocation of a Portion of Foundation Funding.** In accordance with the Agreement and the agreement of the Debtors and the Official Committee of Unsecured Creditors (the "Committee") relating to the Sale, the funds comprising the Foundation Commitment that were to be paid to the Foundation shall be reallocated in accordance with the Agreement and paid by Buyer at Closing directly to the Foundation, the GUC Trust and the Debtors' estates as follows: (i) \$6,500,000 to the Foundation, (ii) \$2,500,000⁴ to the GUC Trust or the trust fund account for counsel to the Committee if the GUC Trust has not yet been established as of the Closing, and (iii) \$1,000,000 to the Debtors' estates.

⁴ For the avoidance of doubt, the \$2,500,000 payment to the GUC Trust is part of the GUC Trust Payment that shall be paid directly to the GUC Trust at Closing in accordance with Amendment No. 2, Section 2.6(a)(ix) of the Agreement.

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13. **No Successor Liability.** The Successful Bidder is not a mere continuation of the Debtors, there is not substantial continuity between the Successful Bidder and the Debtors, and there is no continuity of enterprise and no common identity between the Debtors and the Successful Bidder. The Successful Bidder is not holding itself out to the public as a continuation of any Debtor. The Successful Bidder is not a successor to any Debtor or any Debtor's estate by reason of any theory of law or equity, and the Sale does not amount to a consolidation, merger, or de facto merger of Buyer and the Debtors. Neither Successful Bidder nor any of its Affiliates and their respective successors, assigns, members, partners, principals, and shareholders (or equivalent) shall assume or in any way be responsible for any obligation or liability of any Debtor (or any Affiliates thereof) and/or any Debtor's estate, including any obligation under any collective bargaining agreement or labor practice agreement, except as expressly provided in the Agreement.

14. **Not a Sub Rosa Plan.** The Sale does not constitute a sub rosa or de facto plan of reorganization or liquidation as it does not propose to (i) impair or restructure existing debt of, or equity interests in, the Debtors, (ii) impair or circumvent voting rights with respect to any plan proposed by the Debtors, (iii) circumvent chapter 11 safeguards, such as those set forth in sections 1125 and 1129 of the Bankruptcy Code, or (iv) classify claims or equity interests or extend debt maturities.

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15. **Free and Clear**. The conditions of Section 363(f) of the Bankruptcy Code have been satisfied in full; therefore, the Debtors may sell the Purchased Assets free and clear of any interest in such property, with all Claims and Interests (defined below) to attach to the cash proceeds of the Sale in the order of their priority, with the same validity, force and effect that they now have as against the Purchased Assets, subject to any claims and defenses the Debtors may possess with respect thereto, except as otherwise provided in the Agreement and subject to the Assumed Liabilities, because in each instance one or more standards set forth in section 363(f)(1) through (5) of the Bankruptcy Code has been satisfied. Those holders of Claims and Interests against any Seller, its estate, or any of the Purchased Assets who did not object, or who withdrew their objections, to the Sale or the Sale Motion are deemed to have consented thereto pursuant to section 363(f)(2) of the Bankruptcy Code. Those holders of such Claims and Interests who did object fall within one or more of the other subsections of section 363(f) and are adequately protected by having their Claims and Interests, if any, in each instance against any Seller, its estate, or any of the Assets, attach to the cash proceeds of the Sale ultimately attributable to the Assets in which such creditor alleges an interest, in the same order of priority, with the same validity, force, and effect that such creditor had prior to the Sale, subject to any claims and defenses that any Seller or any other Debtor may possess with respect thereto.

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16. The Successful Bidder would not have entered into the Agreement and would not consummate the transactions contemplated thereby if the sale of the Purchased Assets to the Successful Bidder or (to the extent permitted by the Agreement) its respective assignees, the assumption, assignment and sale of the Assumed Contracts and Assumed Leases to the Successful Bidder or (to the extent permitted by the Agreement) its respective assignees, and the assumption of the Assumed Liabilities by the Successful Bidder or (to the extent permitted by the Agreement) its respective assignees were not, except as otherwise provided in the Agreement or otherwise set forth herein and subject to the Assumed Liabilities, free and clear of all Claims and Interests of any kind or nature whatsoever, or if the Successful Bidder would, or in the future could (except as provided in the Agreement and subject to the Assumed Liabilities), be liable for any of such Claims and Interests or other future liabilities arising out of past conduct of the Debtors or its past ownership of the Purchased Assets.

17. **Assumption of Executory Contracts and Unexpired Leases.** Subject to, and at the date and time (the “Closing Date”) of, the closing (the “Closing”) of the Sale of the Purchased Assets contemplated by this Order, the Debtors may assume the Assumed Contracts and the Assumed Leases, as identified in the Agreement, and assign each of them to the Successful Bidder pursuant to section 365 of the Bankruptcy Code free and clear of all Claims and Interests except as otherwise provided in the Agreement and subject to the Assumed Liabilities, and notwithstanding any anti-assignment clause as provided in section 365(f) of the

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Bankruptcy Code. The assumption and assignment of the Assumed Contracts and Assumed Leases pursuant to the terms of this Order is integral to the Agreement and is in the best interests of the Debtors and their estates, creditors and other parties in interest, and represents the reasonable exercise of sound and prudent business judgment by the Debtors.

18. Sellers have, to the extent necessary, satisfied the requirements of section 365 of the Bankruptcy Code, including sections 365(b)(1)(A), 365(b)(1)(B), 365(b)(3) (to the extent applicable) and 365(f) of the Bankruptcy Code, in connection with the sale and assumption and assignment of the Assumed Contracts and Assumed Leases to the extent provided under the Agreement and have: (1) cured any default existing prior to the date hereof under any of the Assumed Contracts or Assumed Leases, within the meaning of section 365(b)(1)(A) of the Bankruptcy Code, and (2) provided compensation or adequate assurance of compensation to any party for any actual pecuniary loss to such party resulting from a default prior to the date hereof under any of the Assumed Contracts or Assumed Leases, within the meaning of section 365(b)(1)(B) of the Bankruptcy Code.

19. As and to the extent requested or required, Buyer has provided adequate assurance of future performance of and under the Assumed Contracts or Assumed Leases, within the meaning of sections 365(b)(1), 365(b)(3) (to the extent applicable) and 365(f)(2) of the Bankruptcy Code.

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20. The Assumed Contracts and Assumed Leases are assignable notwithstanding any provisions contained therein to the contrary, and any provisions in any Assumed Leases that prohibit or condition the assignment of such Assumed Leases or allow the non-Debtor counterparty to such Assumed Leases to terminate, recapture, impose any penalty, condition on renewal or extension or modify any term or condition upon the assignment of such Assumed Leases constitute unenforceable anti-assignment provisions that are void and of no force and effect.

21. The respective amounts set forth on the cure notices approved and served pursuant to the Bidding Procedures Order [Docket Nos. 231, 305] (each a “Cure Notice” and, collectively, the “Cure Notices”), and served upon each counterparty to the Assumed Contracts and Assumed Leases (each a “Counterparty”), are the sole amounts necessary under sections 365(b)(1)(A) and (B) and 365(f)(2)(A) of the Bankruptcy Code to cure all defaults and pay all actual pecuniary losses thereunder (the “Cure Amounts”), except as to any Counterparties that either contacted the Debtors and requested revised cure amounts prior to the Sale Hearing or that timely filed an unresolved objection to the Cure Amounts or the assumption and assignment of their respective contracts or leases, which objections shall be addressed at a later date set by the Court. The Successful Bidder shall pay the Cure Amounts for each of the Assumed Contracts and Assumed Leases, except as to any Counterparties that timely filed an unresolved objection to the assumption and assignment of their respective contracts or leases, which

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objections shall be addressed at a later date set by the Court, subject to the right of the Successful Bidder to remove any such contracts or leases from the Schedule of Assumed Contracts or Schedule of Assumed Leases through and including the Closing Date.

22. Notwithstanding anything to the contrary herein, the Responses (as such term is defined in the Supplemental Submission) relating to the proposed assumption and assignment of contracts or leases as specified in such Responses that have not been resolved or determined by the Court as of the date of this Order shall be preserved and, if necessary, addressed at a later date set by the Court.

23. **Agreement Valid and Binding.** The Agreement is a valid and binding contract between Sellers and Successful Bidder and shall be enforceable pursuant to its terms. The Agreement was not entered into for the purpose of hindering, delaying or defrauding creditors under the Bankruptcy Code or under laws of the United States, any state, territory, possession or the District of Columbia. The Agreement and the Sale itself, and the consummation thereof shall, to the extent provided in the Agreement, be specifically enforceable against and binding upon (without posting any bond) the Debtors or any chapter 7 or chapter 11 trustee appointed in any of the Debtors' chapter 11 cases, and shall not be subject to rejection or avoidance by the foregoing parties or any other person.

24. The transfer of each of the Purchased Assets to the Successful Bidder or other transferee will be as of the Closing Date a legal, valid, and effective transfer of such assets,

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and vests or will vest Successful Bidder or such other transferee with all right, title, and interest of Sellers to the Purchased Assets free and clear of all Claims and Interests (as defined below) accruing, arising or relating thereto any time prior to the Closing Date, unless otherwise expressly assumed under, or expressly permitted by, the Agreement.

25. **Corporate Authority.** The Debtors have full corporate power and authority to execute and deliver the Agreement and all other documents contemplated thereby, and no further consents or approvals are required for the Debtors to consummate the transactions contemplated by the Agreement, except as otherwise set forth in the Agreement.

26. Given all of the circumstances of the Debtors' chapter 11 cases and the adequacy and fair value of the purchase price under the Agreement, the proposed sale of the Purchased Assets to the Successful Bidder constitutes a reasonable and sound exercise of the Debtors' business judgment and should be approved.

27. The consummation of the Sale is legal, valid, and properly authorized under all applicable provisions of the Bankruptcy Code including sections 105(a), 363(b), 363(f), 363(m), 365(b), and 365(f) and all of the applicable requirements of such sections have been complied with in respect of the Sale.

28. All findings of fact and conclusions of law announced by the Court at the Sale Hearing are hereby incorporated herein.

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NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

29. The Sale Motion is approved.

30. All objections to the Sale Motion or the relief requested therein that have not been withdrawn, waived, or settled as announced to the Court at the hearing on the Sale Motion or by stipulation filed with the Court, and all reservations of rights included therein, are hereby overruled on the merits or the interests of such objections have been otherwise satisfied or adequately provided for, and are overruled.

31. The Sale, including all of the agreements, documents and transactions related to, ancillary to, contemplated by or otherwise necessary to consummate the Sale—including, but not limited to, (a) the Asset Purchase Agreement; (b) the Foundation Agreement; (c) the Supportive Housing Service Agreement; (d) the Ancillary Agreements; (e) the transfer of the Foundation as an independent entity; (f) the transfer to the Foundation of certain assets and liabilities relating to Hope Gardens; (g) the transfer to the Foundation of Debtors' interests in Essex Valley Housing, Inc.; (h) the transfer to the Foundation of any assets of the Foundation held by the Debtors; (i) the transfer to the Foundation of the Charitable Restricted Assets and East Orange General Hospital Auxiliary, as an operating division of EOGH, and its assets (as all such terms are defined in the Agreement)—and all of the terms and conditions thereof, are hereby authorized and approved in all respects.

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Sale and Transfer of the Purchased Assets

32. Pursuant to sections 363(b) and 365 of the Bankruptcy Code, entry by the Debtors into the Agreement and is hereby authorized and approved as a valid exercise of the Debtors' business judgment and the Debtors are authorized and empowered to execute and deliver to the Successful Bidder the Agreement and any other agreements or documents contemplated thereby, and to implement and consummate all of the transactions and perform all obligations contemplated by the Agreement, including, without limitation, to sell the Purchased Assets to the Successful Bidder and to assume and assign to the Successful Bidder the Assumed Contracts and Assumed Leases, and to transfer funds and other property to the Foundation on the terms of the Agreement. The Debtors are authorized and empowered to deliver deeds, bills of sale, assignments and other such instruments and/or documentation that may be necessary or requested by the Successful Bidder in accordance with the terms of the Agreement to evidence the transfers required or otherwise contemplated by the Agreement. Neither Buyer nor Sellers shall have any obligation to proceed with the Closing under the Agreement until all conditions precedent to its obligations to do so have been met, satisfied, or waived.

33. Pursuant to sections 105(a), 363(b), 363(f), 365(b) and 365(f) of the Bankruptcy Code, upon the Closing Date and pursuant to and except as otherwise set forth in the Agreement, the Assets shall be transferred to Buyer free and clear of all Encumbrances, Claims, interests, and liens, mortgages, restrictions, hypothecations, charges, indentures, loan

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agreements, instruments, options, security interests, other interests, conditional sale or other title retention agreements, pledges, and other liens (including mechanics', materialman's, and other consensual and non-consensual liens and statutory liens), judgments, demands, rights of first refusal, offsets, contracts, recoupment, rights of recovery, reservations, equities, claims for reimbursement, contribution, indemnity, exoneration, products liability, alter-ego, environmental, or tax, decrees of any court or foreign or domestic governmental entity, or charges of any kind or nature, if any, including any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership, debts arising in any way in connection with any agreements, acts, or failures to act, liabilities related to the Internal Revenue Code, or any other liability relating to Debtors or any of the Debtors' predecessors or Affiliates, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material or non-material, direct or indirect, disputed or undisputed, whether arising prior to or subsequent to the commencement of these chapter 11 cases, and whether imposed by agreement, understanding, law, equity or otherwise, including claims otherwise arising under doctrines of successor liability (other than Assumed Liabilities and Permitted Liens) (collectively, the "Claims and Interests"), with all such Claims and Interests to attach to the cash proceeds of the Sale in the order of their

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priority, with the same validity, force, and effect that they now have as against the Purchased Assets, subject to any claims and defenses the Debtors may possess with respect thereto.

34. On the Closing Date, this Order shall be construed and shall constitute for any and all purposes a full and complete general assignment, conveyance, and transfer of all of the Purchased Assets or a bill of sale transferring good and marketable title in such Purchased Assets to Buyer pursuant to the terms and allocations set forth in the Agreement. For the avoidance of doubt, the Excluded Assets set forth in the Agreement are not included in the Purchased Assets, and the Excluded Liabilities set forth in the Agreement are not Assumed Liabilities.

35. All persons are prohibited and enjoined from taking any action to adversely affect or interfere with the ability of the Debtors to transfer the Purchased Assets to Buyer in accordance with the Asset Purchase Agreement and this Order. All entities that are presently, or on the Closing may be, in possession of some or all of the Purchased Assets to be sold, transferred, or conveyed (wherever located) to Buyer pursuant to the Agreement are hereby directed to surrender possession of the Assets to Buyer on the Closing Date.

36. To the maximum extent permitted under applicable law, Buyer, to the extent provided by the Asset Purchase Agreement, shall be authorized, as of the Closing Date, to operate under any license, permit, registration, and governmental authorization or approval of the Sellers constituting Purchased Assets, and all such licenses, permits, registrations, and

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governmental authorizations and approvals are deemed to have been, and hereby are, directed to be transferred to Buyer as of the Closing Date as provided by the Asset Purchase Agreement. To the extent provided by section 525 of the Bankruptcy Code, no governmental unit may revoke or suspend any grant, permit, or license relating to the operation of the Purchased Assets sold, transferred, assigned, or conveyed to Buyer on account of the filing or pendency of these chapter 11 cases or the consummation of the Sale. Each and every federal, state, and local governmental agency or department is hereby authorized to accept any and all documents and instruments necessary and appropriate to consummate the Sale set forth in the Asset Purchase Agreement. This Order is deemed to be in recordable form sufficient to be placed in the filing or recording system of each and every federal, state, or local government agency, department, or office.

37. Upon consummation of the Sale set forth in the Asset Purchase Agreement, if any person or entity that has filed financing statements, mortgages, mechanic's liens, lis pendens, or other documents or agreements evidencing Claims and Interests against or in the Assets shall not have delivered to the Debtors prior to the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfactions, releases of all Claims and Interests that the person or entity has with respect to the Assets, or otherwise, then (a) the Debtors are hereby authorized to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Assets and (b) Buyer is hereby authorized to file, register, or otherwise record an

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entered copy of this Order, which, once filed, registered or otherwise recorded, shall constitute conclusive evidence of the release of all Claims and Interests in the Assets of any kind or nature; provided, that, notwithstanding anything in this Order or the Asset Purchase Agreement to the contrary, the provisions of this Order shall be self-executing, and neither the Debtors nor Buyer shall be required to execute or file releases, termination statements, assignments, consents, or other instruments in order to effectuate, consummate, and implement the provisions of this Order. For the avoidance of doubt, upon consummation of the Sale as set forth in the Asset Purchase Agreement, Buyer is authorized to file termination statements, lien terminations, or other amendments in any required jurisdiction to remove and record, notice filings or financing statements recorded to attach, perfect, or otherwise notice any lien or encumbrance that is extinguished or otherwise released pursuant to this Order under section 363 and the related provisions of the Bankruptcy Code.

38. Upon consummation of the Sale set forth in the Asset Purchase Agreement, except to the extent included in Assumed Liabilities or Permitted Liens, or to enforce the Asset Purchase Agreement, all entities, including all lenders, debt security holders, equity security holders, governmental, tax, and regulatory authorities, parties to executory contracts and unexpired leases, contract counterparties, customers, licensors, litigation claimants, employees and former employees, and trade or other creditors holding Claims and Interests against the Debtors of the Purchased Assets arising under or out of, in connection with, or in any

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way relating to, the Assets or the transfer of the Assets to Buyer, hereby are forever barred, estopped, and permanently enjoined from asserting any Claims and Interests relating to the Assets or the transfer of the Assets against Buyer and its Affiliates, successors, designees, assigns, or property or the Assets including, without limitation taking any of the following actions with respect to or based on any Interest or Claim relating to the Assets or the transfer of the Assets (other than Assumed Liabilities): (a) commencing or continuing in any manner any action or other proceeding against Buyer, its Affiliates, successors or assigns, assets or properties; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree, or order against Buyer, its Affiliates, successors or assigns, assets, or properties; (c) creating, perfecting, or enforcing any Interest or Claims against Buyer, its successors or assigns, assets or properties; (d) asserting an Interest or Claim as a setoff, right of subrogation or recoupment of any kind against any obligation due Buyer or its successors or assigns; (e) commencing or continuing any action in any manner or place that does not comply, or is inconsistent, with the provisions of this Order or the agreements or actions contemplated or taken in respect thereof; (f) interfering with, preventing, restricting, prohibiting or otherwise enjoining the consummation of the Sale. No such persons shall assert or pursue against Buyer or its Affiliates, successors or assigns any such Interest or Claim.

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No Successor Liability

39. Buyer and its Affiliates and their respective successors, assigns, members, partners, principals and shareholders (or equivalent) are not and shall not be (a) deemed a “successor” in any respect to the Debtors or their estates as a result of the consummation of the transactions contemplated by the Asset Purchase Agreement or any other event occurring in the Debtors’ chapter 11 cases under any theory of law or equity, (b) deemed to have, de facto or otherwise, merged or consolidated with or into the Debtors or their estates, (c) deemed to have a common identity with the Debtors, (d) deemed to have a continuity of enterprise with the Debtors, or (e) deemed to be a continuation or substantial continuation of the Debtors or any enterprise of the Debtors. The transfer of the Purchased Assets to Buyer under the Asset Purchase Agreement shall not result in (i) Buyer and its Affiliates and their respective successors, assigns, members, partners, principals and shareholders (or equivalent), or the Assets, having any liability or responsibility for any claim against the Debtors or against an insider of the Debtors, (ii) Buyer and its Affiliates and their respective successors, assigns, members, partners, principals and shareholders (or equivalent), or the Assets, having any liability whatsoever with respect to or be required to satisfy in any manner, whether at law or in equity, whether by payment, setoff or otherwise, directly or indirectly, any Claims and Interests or Excluded Liability or (iii) Buyer and its Affiliates and their respective successors, assigns, members, partners, principals and shareholders (or equivalent), or the Assets, having any liability

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or responsibility to the Debtors except as is expressly set forth in the Asset Purchase Agreement.

Without limiting the effect or scope of the foregoing, as of the Closing Date, Buyer and its Affiliates and their respective successors, assigns, members, partners, principals and shareholders (or equivalent) shall have no successor or vicarious liabilities of any kind or character.

40. The Successful Bidder is not purchasing all of the Debtors' assets. The Successful Bidder is only purchasing the Purchased Assets and is not purchasing any assets other than the Purchased Assets, to the extent set forth in the Agreement. The Purchased Assets do not include the Excluded Assets, as defined in the Agreement.

41. The Successful Bidder is assuming the Assumed Liabilities, as set forth in the Agreement, and is not assuming any obligations other than the Assumed Liabilities. Except for the Assumed Liabilities or as otherwise provided for in this Order or the Agreement, the Successful Bidder shall not have any liability or responsibility for any liability or other obligation of the Debtors arising under or related to the Purchased Assets. Without limiting the generality of the foregoing, and except as otherwise specifically provided herein or in the Agreement, the Successful Bidder shall not be liable for any claims against the Debtors or any of its predecessors or affiliates, whether known or unknown as of the Closing Date, now existing or hereafter arising, whether fixed or contingent, with respect to the Debtors or any obligations of the Debtors arising prior to the Closing, whether relating to or arising out of the Business, the

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Excluded Assets or the Purchased Assets or otherwise, other than the Assumed Liabilities.

Assumed Contracts and Leases

42. Subject to, and at the time of, the Closing, the Debtors are authorized to assume and assign each Assumed Contract and Assumed Lease to the Successful Bidder free and clear of all Claims and Interests pursuant to sections 105(a), 363, and 365 of the Bankruptcy Code, except as otherwise provided in the Agreement and subject to the Assumed Liabilities. The payment of Cure Amounts (if any) shall (a) effect a cure of all defaults existing thereunder as of the Closing Date, (b) compensate for any actual pecuniary loss to such non-debtor party resulting from such default, and (c) together with the assumption of the Assumed Contracts and Assumed Leases by the Successful Bidder, constitute adequate assurance of future performance thereof. The Debtors shall then have assumed the Assumed Contracts and Assumed Leases and, pursuant to section 365(f) and 365(k) of the Bankruptcy Code, the assignment by the Debtors of such Assumed Contracts or Assumed Leases to the Successful Bidder shall not be a default thereunder. After the payment of the relevant Cure Amounts, neither the Debtors nor the Successful Bidder shall have any further liabilities to the non-debtor parties to the Assumed Contracts or Assumed Leases other than the Successful Bidder's obligations thereunder that become due and payable on or after the Closing Date.

43. Any provisions in any Assumed Contract or Assumed Lease that prohibit or condition the assignment of such Assumed Contract or Assumed Lease or allow the party to

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such Assumed Contract or Assumed Lease to terminate, recapture, impose any penalty, condition on renewal or extension or modify any term or condition upon the assignment of such Assumed Contract or Assumed Lease, constitute unenforceable anti-assignment provisions that are void and of no force and effect. All other requirements and conditions under sections 363 and 365 of the Bankruptcy Code for the assumption by the Debtors and assignment to the Successful Bidder of the Assumed Contracts have been satisfied. Upon the Closing, in accordance with sections 363 and 365 of the Bankruptcy Code, the Successful Bidder shall be fully and irrevocably vested with all rights, title and interest of the Debtors under the applicable Assumed Contracts and Assumed Leases.

44. Any party having the right to consent to the assumption or assignment of any Assumed Contract or Assumed Lease that failed to object to such assumption or assignment is deemed to have consented to such assumption and assignment under section 365(c) of the Bankruptcy Code.

45. As and to the extent requested or required, the Successful Bidder has provided adequate assurance of its future performance under the relevant Assumed Contracts and Assumed Leases within the meaning of sections 365(b)(1)(C), 365(b)(3) (to the extent applicable) and 365(f)(2)(B) of the Bankruptcy Code.

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46. There shall be no rent accelerations, assignment fees, increases or any other fees charged to Successful Bidder as a result of the assumption and assignment of the Assumed Contracts.

47. Pursuant to sections 105(a), 363 and 365 of the Bankruptcy Code, all parties to the Assumed Contracts or Assumed Leases are forever barred and enjoined from raising or asserting against Successful Bidder any assignment fee, default, breach or claim or pecuniary loss, or condition to assignment, arising under or related to the Assumed Contracts or Assumed Leases existing as of the Closing or arising by reason of the Closing, except for any amounts that are Assumed Liabilities being assumed by the Successful Bidder under the Agreement.

48. Nothing in this Order shall be construed as authorizing the sale of the Medicare Provider Agreement as an asset to the Buyer free and clear of successor liability for pre-Closing Medicare debt, whether or not such debt is as of yet undetermined, nor as restricting Medicare's right of setoff and recoupment. Any assumption and assignment of the Medicare Provider Agreement will be authorized in a stipulation pursuant to 11 U.S.C. § 365, which will be negotiated by the parties (*i.e.*, the United States, the Debtors and the Buyer) and submitted for this Court's approval. The Debtors acknowledge the \$0.00 cure amount listed in the Cure Notice [Docket No. 231] is erroneous with respect to the Medicare Provider Agreement. Further, the parties agree the cure amounts required to be paid in connection with such assumption and

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assignment, the terms of such repayment and the Buyer's liability for Medicare debt, whether presently known or unknown, will be addressed by the terms of said stipulation.

Additional Provisions

49. The Successful Bidder is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to the full protections of section 363(m) of the Bankruptcy Code. The Sale contemplated by the Agreement is undertaken by the Buyer without collusion and in good faith, as that term is defined in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Sale shall not affect the validity of the Sale, unless such authorization and consummation of such Sale are duly stayed pending such appeal.

50. As a good-faith purchaser of the Assets, Buyer has not colluded with any of the other bidders, potential bidders, or any other parties interested in the Purchased Assets, and therefore neither the Debtors for any successor in interest to the Debtors' estates nor any other party in interest shall be entitled to bring an action against Buyer or any of its Affiliates and the Sale of the Assets may not be avoided pursuant to section 363(n) of the Bankruptcy Code.

51. Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), and to any extent necessary under Bankruptcy Rule 9014 and Rule 54(b) of the Federal Rules of Civil Procedure as made applicable by Bankruptcy Rule 7054, this Order shall be effective immediately upon entry and the Debtors are authorized to close the sale immediately upon entry of the Order.

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52. Pursuant to the Bidding Procedures Order, in the event that the Successful Bidder fails to consummate an approved sale because of a breach or failure to perform on the part of the Successful Bidder, the Debtors are authorized, but not required, without any other or further order or authorization from the Court and without any other or further notice, to consummate the sale with Prime Healthcare Foundation – East Orange, LLC (the “Back-Up Bidder”) on the terms of the agreement with such Back-Up Bidder, and the Back-Up Bidder shall have all of the rights and privileges of the “Successful Bidder” for purposes of this Order, and shall be treated in all respects as the “Successful Bidder” under the terms of this Order.

53. This Order is and shall be binding upon and govern the acts of all entities, including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease; and each of the foregoing persons and entities is hereby directed to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the transactions contemplated by the Agreement.

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54. This Order constitutes authorization under all applicable jurisdictions' versions of the Uniform Commercial Code for the Successful Bidder to file upon Closing of the Sale UCC termination statements with respect to all security interests in or liens on the Purchased Assets.

55. The failure specifically to include any particular provision of the Agreement in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Agreement be authorized and approved in its entirety.

56. This Court shall retain exclusive jurisdiction to, among other things, interpret, implement, and enforce the terms and provisions of this Order and the Agreement, all modifications thereto and any waivers and consents thereunder and each of the agreements executed in connection therewith to which the Debtors are a party or which has been assigned by the Debtors to the Successful Bidder, and to adjudicate, if necessary, any and all disputes concerning or relating in any way to the Sale.

57. To the extent that any provisions of this Order shall be inconsistent with the provisions in the Agreement or any related instrument or document, any prior order, or any pleading with respect to the motions in this case, the terms of this Order shall control.

58. This Order shall be binding in all respects upon the Debtors, their estates, all creditors, all holders of equity interests in the Debtors, all holders of any Interests or Claims (whether known or unknown) against any Debtor, any holders of Claims and Interests against or

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on all or any portion of the Purchased Assets, all counterparties to any executory contract or unexpired lease of the Debtors (including any collective bargaining agreement or labor practice agreement), Buyer and all successors and assigns of Buyer, and any trustees, examiners, or other fiduciary under any section of the Bankruptcy Code, if any, subsequently appointed in any of the Debtors' chapter 11 cases or upon a conversion to chapter 7 under the Bankruptcy Code of the Debtors' cases. The terms and provisions of the Asset Purchase Agreement and this Order shall inure to the benefit of the Debtors, their estates, and their creditors, Buyer, and its respective Affiliates, successors and assigns, and any other affected third parties, including all persons asserting any Claims and Interests in the Assets to be sold to Buyer pursuant to the Asset Purchase Agreement, notwithstanding any subsequent appointment of any trustee(s), party, entity, or other fiduciary under any section of any chapter of the Bankruptcy Code, as to which trustee(s), party, entity, or other fiduciary such terms and provisions likewise shall be binding.

59. Nothing herein shall affect or otherwise modify the rights of Indigo Capital Markets, LLC or its affiliates or assigns (the "DIP Lender") or PNC Bank, National Association or its affiliates or assigns ("PNC") under the terms of the *Final Order (I) Authorizing the Debtors to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105(a), 362 and 364(c), (II) Granting Liens and Superpriority Claims to the DIP Lender Pursuant to 11 U.S.C. §§ 364(c), and (III) Modifying the Automatic Stay*, entered December 29, 2015 [Docket No. 230] (the "Final DIP Order"). The DIP Financing Obligations (as such term is defined in the

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Final DIP Order) shall be paid in full to the DIP Lender at the Closing from the proceeds of the Sale.

60. Article 6 of the Uniform Commercial Code governing bulk sale transfers is not applicable to the sale of the Purchased Assets to the Buyer.

61. The sale and conveyance of the Assets shall be exempt from any transfer tax, stamp tax or similar tax pursuant to section 1146(c) of the Bankruptcy Code, to the fullest extent permissible by law.

62. Notwithstanding anything to the contrary herein, at Closing, the Debtors shall be authorized and directed to pay in full from the proceeds of the sale of Purchased Assets the allowed claims of PNC together with interest at the applicable rate plus reasonable fees and costs incurred through the Closing Date.