

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:

KidsPeace Corporation, et. al.,

Debtors.

Chapter 11

Case No. 13-14508 (REF)

Jointly Administered

ORDER MODIFYING THE FIRST MODIFIED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF KIDSPACE CORPORATION, KIDSPACE CHILDREN'S HOSPITAL, INC., KIDSPACE MESABI ACADEMY, INC., KIDSPACE NATIONAL CENTERS, INC., KIDSPACE NATIONAL CENTERS OF NEW ENGLAND, INC., KIDSPACE NATIONAL CENTERS OF NORTH AMERICA, INC., IRON RANGE SCHOOL, INC., AND KIDSPACE NATIONAL CENTERS OF NEW YORK, INC.

Upon the motion (the "Motion")¹ of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for an order authorizing the Debtors to modify the First Modified Joint Chapter 11 Plan of Reorganization of KidsPeace Corporation, KidsPeace Children's Hospital, Inc., KidsPeace Mesabi Academy, Inc., KidsPeace National Centers, Inc., KidsPeace National Centers of New England, Inc., KidsPeace National Centers of North America, Inc., Iron Range School, Inc., and KidsPeace National Centers of New York, Inc. (the "First Modified Plan"); and it appearing that the relief requested is in the best interest of the Debtors' estates, their creditors and other parties in interest; and it appearing that proper and adequate notice has been given and that no further notice is necessary; and upon the record herein; and good and sufficient cause appearing therefor, IT IS HEREBY FOUND AND DETERMINED AS FOLLOWS:

A. This Court has subject matter jurisdiction to consider the Motion and the relief requested pursuant to 28 U.S.C. § 1334.

¹ Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

B. Consideration of the Motion and the relief requested therein is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

C. Venue is proper in this District and before this Court pursuant to 28 U.S.C. §§1408 and 1409.

D. Sufficient notice of the Motion was provided to the Core Group, the Bondholders and all appropriate parties pursuant to applicable Bankruptcy and Local Bankruptcy Rules of this Court.

E. The modifications to the Plan are not sufficiently material and adverse so as to require further notice and re-solicitation of the Plan.

F. The proposed modifications do not adversely change the treatment of the claim of any creditor or interest of any equity security holder who has not accepted the modifications in writing and, as such, the First Modified Plan shall be deemed accepted by all creditors and equity security holders who have previously accepted the First Modified Plan.

G. The legal and factual bases set forth in the Motion establish just cause for the relief granted herein.

ORDERED that:

1. The Debtors' Motion is granted as set forth herein.
2. Based upon the above-findings by the Court, incorporated by reference and made a part hereof, the Debtors shall not be required to file a further disclosure statement and no further solicitation of the First Modified Plan shall be required.
3. Paragraph 14.4(a) of the First Modified Plan be and is hereby modified as follows:

(a) Releases by Debtors. For good and valuable consideration, the adequacy of which is hereby confirmed, upon the Effective Date, the Debtors shall be deemed forever to release, waive, and discharge all claims, obligations, suits,

judgments, damages, demands, debts, rights, Causes of Action, and liabilities (other than any rights to enforce the terms of the Plan and the contracts, instruments, releases, and other agreements or documents delivered in connection with the Plan), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or in part on any act, omission, transaction, event, cause, matter, or thing taking place on or before the Effective Date against (i) the ACA Parties, if the Bondholders have voted to accept the Plan in accordance with section 1126(c) of the Bankruptcy Code, (ii) the Majority Bondholders, if the Bondholders have voted to accept the Plan in accordance with section 1126(c) of the Bankruptcy Code, (iii) the Bond Trustee, if the Bondholders have voted to accept the Plan in accordance with section 1126(c) of the Bankruptcy Code, unless the Bond Trustee has filed an objection to the Plan, (iv) the PBGC, if PBGC has voted to accept the Plan in accordance with section 1126(c) of the Bankruptcy Code, unless PBGC has filed an objection to the Plan, (v) Lehigh County, (vi) the Lehigh County General Purpose Authority, and (vii) the DIP Lender Parties.

4. Paragraph 14.4(b) of the First Modified Plan be and is hereby modified as follows:

(b) Releases by the ACA Parties, the Bond Trustee, the Majority Bondholders, Lehigh County, the Lehigh County General Purpose Authority and the PBGC. For good and valuable consideration, the adequacy of which is hereby confirmed, assuming that the Plan is confirmed as provided herein or otherwise with the consent of the ACA Parties, the Bond Trustee, the Majority Bondholders, Lehigh County, the Lehigh County General Purpose Authority and the PBGC, upon the Effective Date, the ACA Parties, the Bond Trustee, the Majority Bondholders, Lehigh County, the Lehigh County General Purpose Authority and the PBGC (each respectively only if it is eligible to receive a release pursuant to Section 14.4(a)) shall be deemed forever to release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities (other than any rights to enforce the terms of the Plan and the contracts, instruments, releases, and other agreements or documents delivered in connection with the Plan, including without limitation, the obligations of the Debtor Parties and the Reorganized Debtors with respect to the New Bonds), whether liquidated or unliquidated, fixed or contingent,

matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or in part on any act, omission, transaction, event, cause, matter, or thing taking place on or before the Effective Date against the Debtor Parties.

5. Paragraph 14.5 of the First Modified Plan be and is hereby modified as follows:

14.5 Exculpation - Debtors, Bond Trustee, Majority Bondholders, Lehigh County, the Lehigh County General Purpose Authority, the Committee, DIP Lenders, Exit Lenders and PBGC. Neither the Debtors, the Bond Trustee, the ACA Parties, the Majority Bondholders, Lehigh County, the Lehigh County General Purpose Authority, the Committee, the DIP Lender Group, the Exit Lender Group, the PBGC, nor their officers, directors, employees, agents, members and/or Professionals shall be liable for any claims, obligations, suits, judgments, demands, debts, rights, causes of action or liabilities related to or arising in connection with or out of the administration of the Chapter 11 Cases, pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for gross negligence or willful misconduct as determined by Final Order of the Bankruptcy Court. The Confirmation Order shall enjoin all holders of Claims and other parties from asserting or prosecuting any claims, obligations, suits, judgments, demands, debts, rights, causes of action or liabilities against the Debtors, the Bond Trustee, Lehigh County, the Lehigh County General Purpose Authority, the ACA Parties, the PBGC, the Committee, the DIP Lender Group, the Exit Lender Group and/or their officers, directors, employees, agents, members and Professionals as to which such Person has been exculpated from liability pursuant to the preceding sentence.

6. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: April 14, 2014
Reading, Pennsylvania

BY THE COURT



RICHARD E. FEHLING
UNITED STATES BANKRUPTCY JUDGE